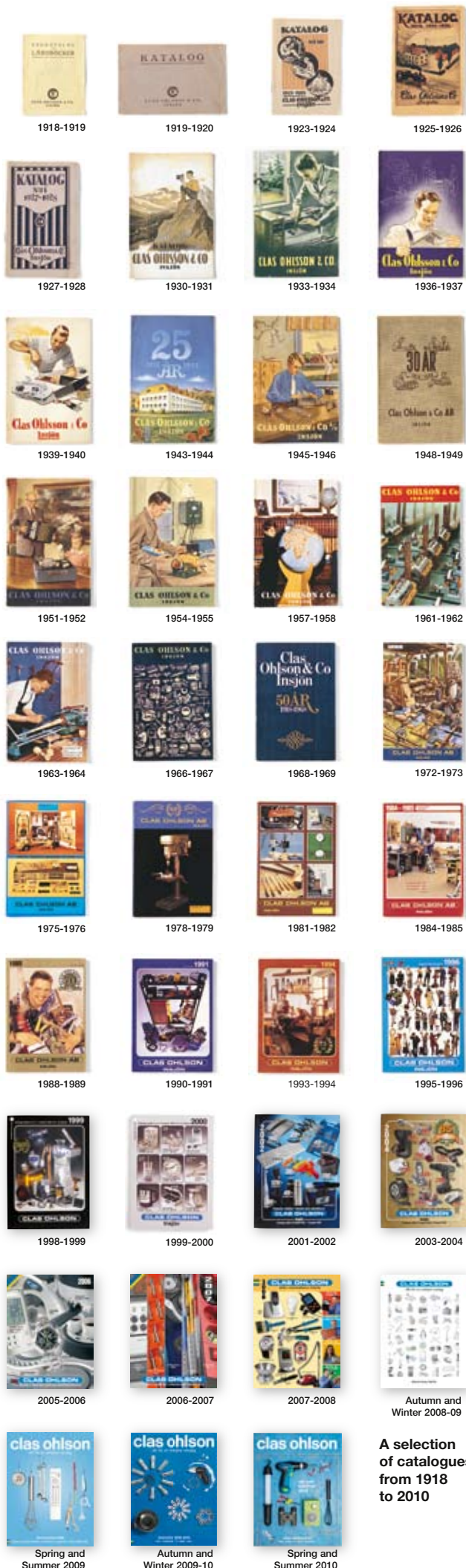


clas ohlson



Annual Report 2009/10



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**A selection
of catalogues
from 1918
to 2010**

From the world's first to the world's largest Clas



In the spring of 1920, Clas Ohlson found its first premises at Insjön; a 25 square-metre Falun red cottage (image on page 1). Nearly 90 years later to the day, what is popularly known as "Mega-Clas" was launched, adjacent to the original premises.

Today, the world's first Clas Ohlson store is also the world's largest, with new, modern décor and 3,200 square metres filled with products.

During the financial year, we also managed to expand the distribution centre in Insjön. Today, our facility is one of the most sophisticated and efficient in the Nordic region, with the capacity to handle intensive and expanding goods flows to our stores in Sweden, Norway, Finland and the UK, as well as to our mail order/Internet customers.

More customers and YES to Clas Ohlson

Clas Ohlson in one minute

Clas Ohlson is a listed retail company with great visions and ambitious goals. We are very proud of our origins and our strong customer focus.

Our head office, the base of all distribution and the first and largest store are located in Clas Ohlson's home town of Insjön in Dalarna.

With a broad and affordable range, personal service and high availability, we assist our customers in finding solutions to practical, everyday problems.

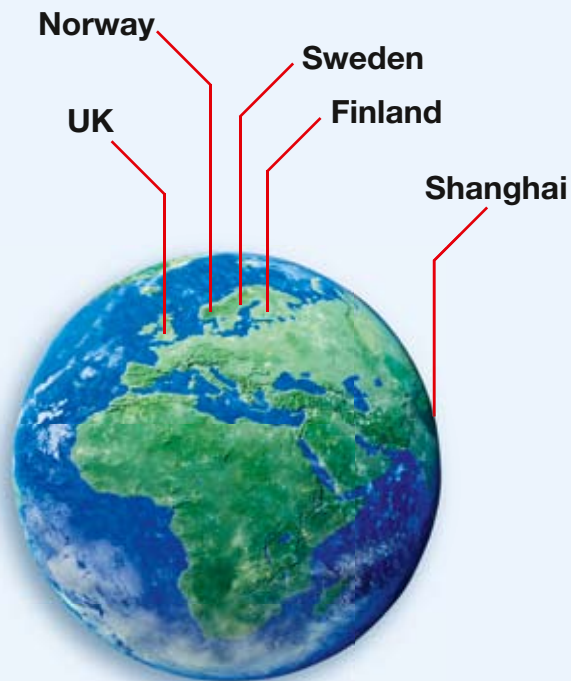
Our range comprises 15,000 products in the Hardware, Home, Multimedia, Electrical and Leisure categories.

Our customers are able to shop in 120 stores in Sweden, Norway, Finland and the UK. In Sweden and Norway, mail order/Internet shopping is also available through the Internet and by telephone.

The Clas Ohlson spirit is based on a major and honest commitment to customers and employees. Equally important is the fact that we are active in environmental and social issues.

Clas Ohlson has grown and reported a profit every year since 1918. Today, we have 3,430 employees and total annual sales of SEK 5.6 billion.

are saying JA, KYLLÄ



Sweden

Start: 1918. Number of stores: 56, of which six newly opened during the financial year. Number of employees: 1,899 (1,826 in 2008/2009). Sales: SEK 2,752 M (2,558 in 2008/2009).

Norway

Start: 1985. Number of stores: 41, of which three newly opened during the financial year. Number of employees: 1,003 (874 in 2008/2009). Sales: SEK 2,220 M (1,923 in 2008/2009).

Finland

Start: 2002. Number of stores: 16. Number of employees: 271 (286 in 2008/2009). Sales in Finland and the UK: SEK 584 M (449 in 2008/2009).

UK

Start: 2008. Number of stores: seven, of which five newly opened during the financial year. Number of employees: 257 (114 in 2008/2009). Sales in Finland and UK: SEK 584 M (449 in 2008/2009). Read more about our expansion in the UK on page 19.

China (Shanghai)

Clas Ohlson's own purchasing offices and CSR department with responsibility for controlling, assessing, monitoring, as well as training and supplying information to our suppliers and manufacturers in Asia, are located in Shanghai. The operations in China commenced in 2008. Number of employees: 28 (16 in 2008/2009). Number of implemented CSR audits during the financial year: 444 (357 in 2008/09). Read more about our CSR work on pages 29-45.

Four exciting events in one year with Clas Ohlson



The completion of the expansion of the store and distribution centre at Insjön. In May 2009, the new picking facility was deployed, in January 2010, the new high bay storage facility was taken into operation and on 27 May 2010, the world's largest Clas Ohlson store was opened.



14 store openings in Sweden, Norway and the UK. June 2009: Strömstad, Helsingborg. Oct 2009: Västra Frölunda, Molde. Nov 2009: Västerås, Bryne, Reading. Dec 2009: Norrköping, Kingston, Watford. March 2010: Burlöv. April 2010: Södertälje, Leeds, Liverpool.



On 31 March 2010, a contract was signed for a new Clas Ohlson store on Drottninggatan 53 in Central Stockholm. The store opening is scheduled for autumn 2010.



During the financial year, a total of 70 UK employees participated in our extensive basic training conducted by Clas Ohlson Academy at Insjön.

From Insjön to Europe



Clas Ohlson's vision is to develop a strong European retail chain, with high profitability and favourable value growth for our shareholders. We strive to become the obvious choice for people searching for solutions to practical problems in daily life.

During the financial year, we established 14 new stores and increased sales by 13 per cent. Clas Ohlson's profits were the highest in the company's history and earnings per share increased 20 per cent, compared with the preceding year.

According to a recent survey conducted by the trade magazine Market (April 2010), Clas Ohlson is the retail store that customers would most like to see in a shopping centre (read more on page 16).

This is both gratifying and stimulating, and strengthens our opinion that more customers in Europe should have access to what Clas Ohlson has to offer.

**Welcome to the Annual Report
for yet another excellent year for
Clas Ohlson!**

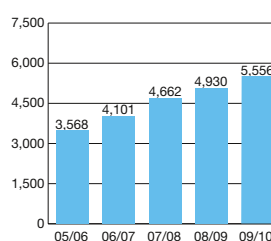
The year in brief

- Sales totalled SEK 5,556 M (4,930), up 13%
- Operating profit totalled SEK 591 M (503), up 17%
- Profit after tax amounted to SEK 433 M (366), up 18%
- Earnings per share amounted to SEK 6.72 (5.62), up 20%
- Dividend of SEK 3.75 per share (3.00) is proposed, up 25%
- 14 new stores opened

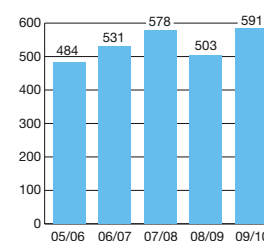
| Key ratios | 2009/10 | 2008/09 | Change |
|--|---------|---------|--------|
| Net sales, SEK M | 5,556 | 4,930 | +13 % |
| Operating profit, SEK M | 591 | 503 | +17 % |
| Profit before tax, SEK M | 588 | 504 | +17 % |
| Profit after tax, SEK M | 433 | 366 | +18 % |
| Operating margin, % | 10.6 | 10.2 | +0.4 |
| Return on equity, % | 28.0 | 24.4 | +3.6 |
| Return on capital employed, % | 32.6 | 32.6 | 0.0 |
| Equity/assets ratio, % | 57.9 | 58.1 | -0.2 |
| Earnings per share, SEK | 6.72 | 5.62 | +20 % |
| Dividend per share, SEK | 3.75 | 3.00 | +25 % |
| Total number of stores | 120 | 106 | +13 % |
| Number of full-time equivalent employees | 2,025 | 1,927 | +5 % |

* Proposed dividend

Sales, SEK M



Operating profit, SEK M



Calendar

| | |
|---|-------------------|
| Interim report, first quarter | 8 September 2010 |
| Annual General Meeting for the 2009/10 financial year | 11 September 2010 |
| Six-month report | 14 December 2010 |
| Interim report, third quarter | 9 March 2011 |
| Interim report, fourth quarter for the 2010/2011 financial year | 8 June 2011 |

CEO's statement



Our aim is to become a European retail company. During the past financial year, we took a number of steps forward in that direction. We continue to capture market shares with growth of 13 per cent and earnings per share improved 20 per cent, compared with the preceding year.

Interaction with our customers gives strength and positive energy

In attempting to sum up yet another eventful and successful year for Clas Ohlson, I would like to begin with the positive commitment from our customers. I frequently receive letters from customers who sometimes highlight issues that we can improve, but every now and then the letters express gratitude for the excellent service they received from our competent employees. Praise and complaints spur us to be even better and the commitment also strengthens our conviction that the Clas Ohlson spirit is something out of the ordinary. This has been proven time and time again with various nominations. This happened most recently last autumn, when we once again received the award for "Sweden's best customer service."

We solve our customers' practical problems

We want to make it easy for people to solve their everyday practical daily problems that are on most people's "to-do list" at home. A broad range of affordable products, excellent service thanks to helpful and competent employees, inspiring stores that are accessible and an operation that takes into account people and the environment, are some of the prerequisites for us keeping our promise to our customers.

Preferably, we would also like to surpass our customers' expectations. Competition for our customers' attention is increasing and, consequently, we must continuously enhance our offering, make it better and more attractive. This work has intensified in recent years, which is something that will continue.

We continue to develop the company based on our strategic plan

To achieve our goals, we have established a long-term plan under the headings "Growth and expansion", "Develop and strengthen the organisation", and "Simplicity and efficiency". I will give a brief account of the areas on which we will focus during the year.

Continued expansion in the UK

We have gone from two to seven stores in the UK. To date, we are located in two geographic regions: London and

Manchester, Leeds and Liverpool. Customers' response to our arrival has been positive. We have more visitors and customers in our UK stores than the average in our stores in our home markets. Customers are also discovering our entire range of products. This signifies a great deal of curiosity and, in particular, major potential.

Some of the numerous customers I met on my travels were quite lyrical and stated that we had brought hardware back to the High Street, but in a new format, with an affordable range presented in modern stores. I believe this is an excellent picture of what we are actually trying to achieve.

We have succeeded in arousing curiosity and interest. The future potential is to get people who visit us to shop more. Ultimately, it involves building trust for the company and our products and this will take time. This is normal for a new player in the market and I am highly confident of the future.

We also received attention in the industry in the UK. Retail Week, the leading retail industrial magazine in the UK, nominated us as "Emerging Retailer of the Year". This stimulates and strengthens us for continued expansion.

More stores in our Nordic markets

In addition to the stores we opened in the UK, we established nine new stores in our Nordic markets. A decrease compared with the preceding year, which is due to the decision made on the onset of the global financial crisis. Consequently, the number of new stores was significantly lower compared with earlier years, which is reflected primarily in sales during our fourth quarter. We are now increasing our expansion pace in the Nordic and UK markets.

More efficient purchasing

We have also devoted a great deal of energy to improving and enhancing the efficiency of our purchasing, and reviewing our range. By publishing our popular catalogue twice per year, we have now created the opportunity of presenting new products within our range more often. We have increased the portion of products that we purchase ourselves, instead of through agents in Sweden and the rest of Europe. Our purchasing office in Shanghai is gradually establishing an increasingly stronger role in the purchase chain and the positive effects are now beginning to show in our figures.

Most efficient logistics facility in the Nordic region

During the year, our new logistics facility in Insjön was completed. This facilitates storage and distribution to more than 150 stores. This is, without a doubt, one of the most modern and efficient distribution facilities in the Nordic region. Higher efficiency will generate the prerequisites for further growth and, in particular, offer low prices to our customers.

Easier to find in our stores

In the stores, our focus in the past year has primarily been on making it easier to find items. What we call "navigation" is crucial for the purchasing process to feel simple. Customers must be able to locate the products they are searching for and preferably find a number of other products that they can use before going to the cashier. Other issues that we have devoted a great deal of energy on in the stores are goods placement and product information – everything to display our broad and affordable range as attractively as possible.

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We export our Clas Ohlson spirit to new markets

We have also focused a great deal of time and energy on exporting what we call the Clas Ohlson spirit, our values, to stores in the UK. The Clas Ohlson spirit is the foundation on which our culture and our organisation are built. We are also developing our organisation to be more international and streamlining our internal processes to cope with the challenges facing us.

Our sustainability work is the key to our future

I am also pleased that we were able to address sustainability issues more distinctly during the year. Clas Ohlson sells affordable products. This means quality at the best price. For us, it is an important part of the quality concept that products are manufactured and transported in a manner that complies with the high requirements for environmental and social responsibility.

Our future priorities

Although a lot has happened in many areas in Clas Ohlson this year, I am respectful of the work that is ahead to develop Clas Ohlson into a European retail chain. We will continue to prioritise our long-term strategic plan, which includes growth and expansion, simplicity and efficiency, as well as development of our organisation. Everything aimed at creating a Clas Ohlson that will stand firm, not only in the coming quarter and next year, but also for the next 90 years.

Highest results ever in a turbulent business environment

In recent years, competition has increased significantly and we noted a continued uncertain economic climate, which had a general impact on retail. Based on this, it is gratifying to state that Clas Ohlson reported an excellent year, with increased market shares and improved profits. Growth was in line with our long-term goal up to the last quarter, when the sales increase was weaker than we are accustomed to. Consequently, we reported growth somewhat under our long-term growth goal for the full year. In spite of a number of larger future investments, we improved earnings to SEK 590 million, our highest results in the company's history and in line with our long-term profitability goal.

Finally, I would like to finish where I started by expressing my sincere gratitude to all of our customers who put their trust in us every day, and to our competent employees who have all contributed to the development of Clas Ohlson.

Insjön, June 2010
Klas Balkow

clas ohlson



clas ohlson

Strategic orientation

Clas Ohlson's vision is to develop a European retail chain characterised by high profitability and healthy growth in shareholder value. The market penetration in the Nordic region is relatively high, which means that new markets will be increasingly key to Clas Ohlson's future growth.

There is significant potential in continued growth in new and existing markets. The business concept is assessed to be competitive and distinctive on a European basis, which facilitates expansion in a number of new markets in the future.

To strengthen Clas Ohlson and our competitiveness, we focus on three strategic development areas: Growth and expansion, simplicity and efficiency, as well as developing our organisation.

Business concept

Our business concept is to make it easy for people to solve their everyday practical problems in life.

This business concept is based on the original saying of the founder Clas Ohlson: "We will sell dependable products at low prices and the right quality according to need."

Vision and objectives

We will develop a strong European retail chain characterised by high profitability and healthy growth in shareholder value. This will be done by being the self-evident choice for people's practical problem-solving in everyday life.

Growth in sales of 15 per cent

The Group's long-term objective is that sales will grow annually at a rate of 15 per cent. The objective is measured in terms of the average annual increase in sales over five years. This growth in sales of 15 per cent will be achieved through increased sales in existing sales channels and continued new store openings in both existing and new markets. During the 2009/10 financial year, sales increased 13 per cent and sales growth over the past five years has averaged 14 per cent.

Profit margin more than 10 per cent

The profitability objective is an operating margin of at least 10 per cent. During the coming years, it is estimated that the establishment in new markets (currently the UK) will have a negative impact on Clas Ohlson's operating margin by up to 2-3 percentage points during a financial year. Growth in new markets in Europe shall occur in accordance with the long-term financial goals. The operating margin during the 2009/10 financial year was 10.6 per cent. The operating margin over the past five years has averaged 11.9 per cent.



GPS receiver, Gamin eTrex Legend HCx with 2.2" colour display. Inbuilt basic map. Place for microSD memory card to easily add detailed maps. WAAS/EGNOS for best accuracy. Watertight according to IPX7 standard. Up to 25 hours operating time with two LR6 batteries. Weight 156 grams with batteries. Size: 107x56x30mm. 38-3221

Strategies

An affordable and attractive range

Our product range will be adapted and focused on meeting the needs of customers in their everyday lives. The products are inexpensive and at the right quality according to need. Clas Ohlson's range will be versatile and contain smart and affordable solutions.

High level of service

We will provide a high of service level through helpful and knowledgeable employees who guide customers to simple solutions. Our employees have broad and thorough knowledge of the product range.

Accessible and inspiring

Clas Ohlson will be present in attractive locations that people frequent in their everyday lives. Customers will find that it is convenient and inspiring to solve their everyday practical problems in life through us. Our stores will preferably be located in strong central shopping centres. A total of 14 new stores were opened during the financial year, compared with 20 in the preceding year.

Responsibility for people and the environment

We take responsibility for our own operations and for our impact on people and the environment. We also stipulate requirements for our suppliers with regard to working conditions, working environment and environmental impact.

Sub-objectives

As part of the work to meet our objectives, we have established a number of sub-objectives regarding market position, customer satisfaction and employees, logistics and sustainability.

Strengthening the Clas Ohlson brand

The Clas Ohlson brand is one of the strongest retail brands in Sweden and Norway. In Finland and the UK, recognition is lower, which is due to the short period that the company has been in operation. The brand will be further strengthened through continued development of the company's marketing, particularly in new markets where the company is not already known.



Silva Ranger 3 compass. With a magnifying glass and tilted rear edge. Soft and grip-friendly compass housing. Measurement: 105x55mm.
34-3738

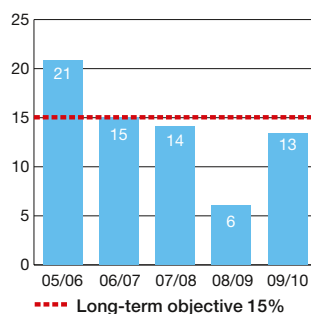
Adapting and modernising the product range

We shall offer our customers a broad and attractive product range. Accordingly, 10-15 per cent of the range is renewed each year by introducing new product areas, and adding to and replacing products in existing areas. The breadth of the product range will be maintained or expanded, while certain duplicates, for example similar goods, will be phased out. There will be greater variation between catalogue and store products, partly in order to operate with a more seasonal range and items to order. Since March 2009, Clas Ohlson publishes two catalogues per year, one autumn and winter catalogue that is published in late summer, and the spring and summer catalogue that is published in March. This provides greater flexibility in terms of adapting both the range and prices.

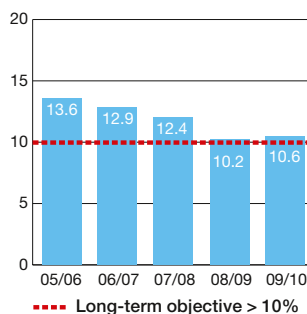
The year's catalogues contained almost 2,200 new products, compared with 2,000 in the preceding year. This means that 18 per cent of the catalogue range was changed in relation to 2009/10. Many new products and product lines have been added, including computer accessories, leisure and household items.

Clas Ohlson supplements familiar brands with a range of unknown brands and own-brand goods such as Clas Ohl-

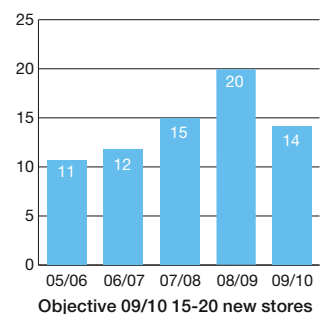
Growth in sales, %



Operating margin



Number of new stores



son, Cotech, Cocraft, Coline and Exibel. The objective is for the proportion of own-brand goods to account for at least 25 per cent of sales. At the end of the financial year, the proportion slightly exceeded 20 per cent.

High level of service

The level of service in both stores and in mail order/Internet channels is high. We achieve this by having an integrated and automated logistics and sales system. Our experience is that the level of service in stores, meaning that items are in the store when the customer wishes to purchase them, exceeds 95 per cent.

Rate of stock turnover 6–7 times in the distribution centre

Warehouses tie up capital, which means that the rate of stock turnover is an important measure of efficiency. We aim for a rate of stock turnover of 6-7 times in the distribution centre.

The rate of stock turnover in the distribution centre during the financial year was 6.4 times, compared with 6.3 times in the preceding financial year. This means that we replace the entire stock more often than once every two months.

Rate of stock turnover in in-store inventories

Inventories in our stores principally consist of the products held in the store. The objective is a rate of stock turnover of 8-10 times in stores. Our large stores meet the objective of 8–10 times a year, while the medium-sized stores have individual objectives based on their annual sales.

Satisfied and reassured customers

Good customer service is the key to Clas Ohlson's business concept. Our customer-service policy specifies that humility and service-mindedness should be apparent in every customer contact. The aim is a satisfied customer after every contact. For extra reassurance, we also apply a 30-day open purchase/cancellation right for customers in stores as well as mail order/Internet shopping customers. All employees in our stores are trained in dealing with complaints. Because we firmly believe that good customer care will be one of the principal competitive tools in the future, we make continuous efforts to become even more professional in our contacts with customers.

Motivated, knowledgeable and committed staff

Our focus on our employees is evident in the relatively low rate of staff turnover in the Group, compared with the industry. Staff turnover among full-time employees in the Group averaged 9.5 per cent during the financial year (preceding year: 8.8 per cent).

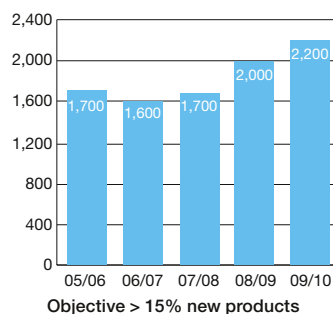
Staff turnover among our staff at the head office and in the distribution centre in Insjön during the same period was 4.4 per cent (preceding year: 2.1 per cent). All new permanent employees begin their employment with introductory training in Insjön in Sweden with the aim of creating shared values based on service-mindedness.

Responsibility for people and the environment

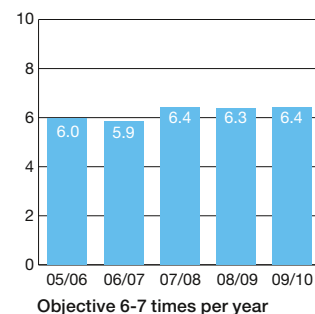
We aim to offer our customers high-quality and affordable products while contributing to sustainable development for people and the environment. Clas Ohlson's general environmental objective is that, together with its suppliers, emissions of carbon dioxide will be reduced by 30 per cent per tonne-kilometre by 2020. Our customers should also feel assured that the products we sell have been manufactured under acceptable conditions with respect to people and the environment. The aim is to audit all manufacturers at least once every two years. During the financial year, Clas Ohlson conducted 444 plant audits to ensure compliance with the Code of Conduct according to plan.



Number of new products



Rate of stock turnover, distribution centre





hej!
our swedish
lifestyle is
now open on
the headrow

welcom to us i stockholm

Market overview

As was the case for many other sectors, the retail trade was negatively impacted by the weak economy in the past year. Despite challenging market conditions, Clas Ohlson continued to capture market shares and grew sales by 13 per cent.

Clas Ohlson sells products that solve our customers everyday practical problems in life. The product range is readily available for a large target group and more than 80 per cent of the products sold have a price that is lower than SEK 300. Clas Ohlson's broad and reasonably priced range is less sensitive to economic fluctuations compared with many other retailers. The division into five different product categories provides the Group with a good balance and diversification of risk. If demand contracts in one of our categories, it can simultaneously increase in another.

Developments in the retail trade

Sweden

In 2009, a slightly higher rate of growth was noted for Swedish retail compared with the preceding year. The average increase was 1.3 per cent in terms of fixed prices compared with 1.1 per cent in 2008, according to Statistics Sweden. Consumer durables demonstrated lower growth, increasing an average of 0.9 per cent in fixed prices in 2009, compared with 2.5 per cent in 2008.

Private consumption declined by an average of 0.8 per cent, compared with a decline of 0.2 per cent in 2008. In current prices, Clas Ohlson's sales in Sweden rose 8 per cent in 2009/10.

The Swedish Research Institute for Trade (HUI) anticipates a continued upward growth trend in Swedish retail sales. This will mean an increase of 2.0 per cent in fixed prices in 2010 and 2011, according to HUI. Sales of consumer durables are also expected to increase. HUI forecasts sales growth in 2010 and 2011 of 2.5 per cent.

Norway

Lower growth was reported for retail sales in Norway during the financial year. According to Statistics Norway, SSB, retail sales increased by an average of 1.4 per cent in fixed prices in 2009, compared with 2.2 per cent in 2008.

Private consumption declined 0.1 per cent in 2009, compared with a rise of 1.2 per cent in 2008. Clas Ohlson's sales in Norway rose 12 per cent in current prices in 2009/10.

According to the Federation of Norwegian Commercial and Service Enterprises (HSH), the positive trend is expected to continue for the next year. The forecast for 2010 is that retail sales will increase by a full 5.0 per cent in fixed prices.

Finland

The retail trade in Finland contracted during the financial year. According to Statistics Finland, retail sales declined by an average of 2.5 per cent in fixed prices in 2009, compa-

red with a decline of 1.2 per cent in 2008.

Private consumption in Finland decreased 2.1 per cent in 2009, compared with a rise of 1.7 per cent in 2008.

The UK

Lower growth in retail sales was reported in the UK during the financial year. According to UK National Statistics, retail sales rose an average of 1.7 per cent in fixed prices in 2009, compared with 2.8 per cent in 2008.

Private consumption in the UK increased 0.8 per cent in 2009, compared with 2.5 per cent in 2008.



Boat Flag. Woven polyester flag fabric (marine polyester) with extra long heaband rope for fastening directly onto flagpoles.
Sv 31-868 No 31-887 Fi 31-2529 UK 34-8889

Market trends

International chains

The market for the type of products sold by Clas Ohlson continues to expand throughout Europe, but is starting to become relatively mature. This applies in particular to the largest markets, including Germany, France and the UK.

The sector has previously been dominated by local chains in each country, which have been able to grow and increase their market shares, mainly at the expense of individual specialist retailers. International chains such as Clas Ohlson have major purchasing volumes and marketing resources, more efficient logistics and benefit from other economies of scale, enabling them to offer better prices and a more up-to-date product range than individual specialist retailers. As the growth rate is now starting to decline, chains are increasingly branching out beyond national borders.

International players are still quite rare in the Nordic region. Exceptions include Bauhaus, Hornbach and Media Markt. At the same time, the weaker retail sales have also resulted in a few players choosing to withdraw from the Swedish market, including PC City and Silvan. Examples of cross-border Nordic players, apart from Clas Ohlson, are the Swedish company Biltema with stores in Sweden, Norway, Finland and Denmark, and the Finnish company K-rauta with stores in Finland and Sweden.

In recent years, large chains in the Nordic countries have also captured market shares at the expense of individual specialist retailers. Chains tend to opt for large stores away from town centres. The exception is Clas Ohlson, whose stores are primarily located in town and city centres that people frequent in their everyday lives.

Larger stores

Another trend is that the size of stores is increasing. In large European countries, it is not unusual to find stores of between 5,000 and 10,000 square metres, primarily located close to out-of-town shopping centres.

This runs completely contrary to Clas Ohlson's store-opening strategy, which aims instead to open stores of between 700 and 2,500 square metres, preferably in town-centre locations.

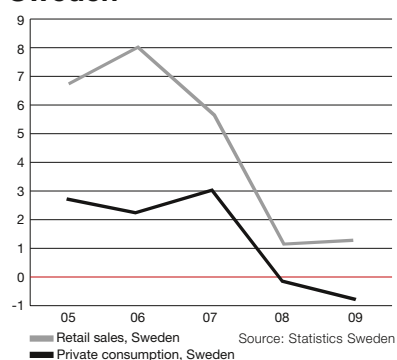
Own-brand goods

It is becoming increasingly common for retail chains to market products under their own brands.



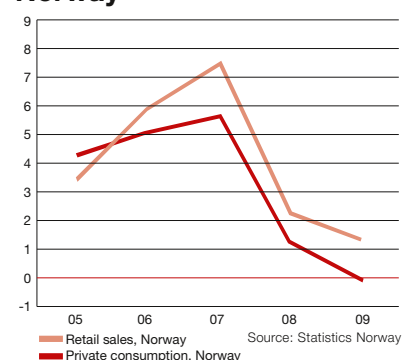
Private consumption and retail sales
Trend in private consumption and retail sales in fixed prices in Sweden 2005-2009, %

Sweden



Private consumption and retail sales
Trend in private consumption and retail sales in fixed prices in Norway 2005-2009, %

Norway



Over a period of many years, Clas Ohlson has focused on own brands, including Cotech, Cocraft, Coline and Exibel. At the end of the financial year, our own brands accounted for 20 per cent of sales and the goal is not less than 25 per cent. By developing own brands, Clas Ohlson is able to offer customers high quality at lower prices since development costs and marketing costs are lower.

Competitors

Few competitors can rival the breadth of product range offered by Clas Ohlson.

The ones who come closest are Jula in Sweden and Norway, and Biltema, with stores in all the Nordic countries. In addition, Clas Ohlson competes in its five specific product

categories with a number of companies, such as Media Markt, Järnia, Bauhaus, K-rauta, Teknikmagasinet and Kjell & Co. The company also competes to some extent with supermarkets and superstores, such as Coop Forum and Ica Maxi in Sweden, Obs in Norway and Anttila in Finland. Teknikmagasinet and Kjell & Co are the only competitors mentioned above that have a store-opening philosophy similar to that of Clas Ohlson, with stores located in town centres, preferably in busy shopping centres.

In the UK, Clas Ohlson will compete with such companies as the retail chain Argos and Maplin and Robert Dyas, which offer products in some of Clas Ohlson's five product categories. However, no competitor in the UK has a concept or range strategy that resembles that of Clas Ohlson.

Clas Ohlson compared with a selection of competitors

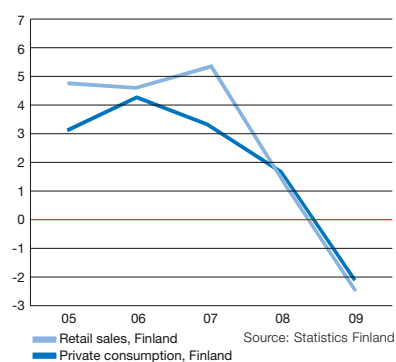
Main competitors and the number of stores in each country

| | Sweden | Norway | Finland | UK | Year started* | Electrical | Multimedia | Leisure | Hardware | Home |
|--------------------|--------|--------|---------|------|---------------|------------|------------|---------|----------|------|
| clas ohlson | 56 | 41 | 16 | 7 | 1918 | • | • | • | • | • |
| Biltema | 20 | 37 | 9 | | 1963 | • | • | • | • | • |
| Jula | 31 | 9 | | | 1979 | • | • | • | • | • |
| Teknikmagasinet | 73 | 20 | 2 | | 1989 | • | • | | | |
| Kjell & Co | 50 | | | | 1990 | • | • | | | |
| Jernia | 73 | 156 | | | 1951 | | | | • | • |
| Obs | | 44 | | | 1907 | • | | | • | • |
| Maxbo | | 75 | | | 1995 | • | | | • | |
| Anttila | | | 30 | | 1953 | • | • | | • | • |
| K-rauta | 19 | | 41 | | 1940 | • | • | | • | |
| Argos | | | | >700 | 1973 | • | • | • | • | • |
| Maplin | | | | 172 | 1972 | • | • | | | |
| Robert Dyas | | | | 100 | 1872 | • | | | • | • |

* Source: Websites

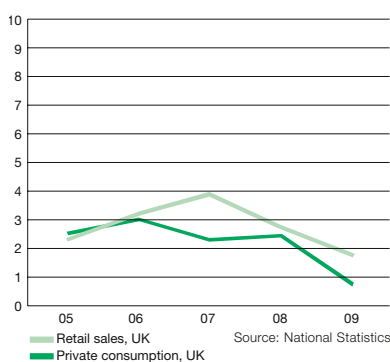
Private consumption and retail sales
Trend in private consumption and retail sales in fixed prices in Finland 2005-2009, %

Finland



Private consumption and retail sales
Trend in private consumption and retail sales in fixed prices in the UK 2005-2009, %

UK





clas ohlson

clas ohlson
usefulshöpp

find us in clayton square shopping centre
HOME • HARDWARE • MULTIMEDIA • ELECTRICAL • LEISURE



Operations

The Clas Ohlson brand is one of the company's greatest assets. We have a unique history and are one of the most popular retail chains in Sweden and Norway, applying a business concept that appeals to men and women of all ages. During the financial year, we developed our marketing activities and customer communication in order to make them more distinct.

In our efforts in 2009/10 to develop the customer interface in the store and on the Internet, a new store concept was launched, we intensified our focus on mail order/Internet and increased the availability of our customer service. Customers should experience all contact with us as easy, positive, competent and inspiring. Shopping at Clas Ohlson shall be a pleasant experience and it should be easy to find solutions to every imaginable problem in everyday life.

Developed communication strategy

With the help of regular market surveys and analysis, we gain a solid understanding of how the Clas Ohlson brand is perceived, what type of customer visits our stores and what they think about our concept, stores, service and range.

Based on this data, we developed a new communications platform and channel strategy during the year, meaning where and how we should communicate with existing and prospective customers to achieve optimal impact in our various markets.

The degree of maturity varies depending on the length of time we have been active in the market and – based on the different circumstances in the market – we adapt our marketing activities accordingly.

One brand, several markets

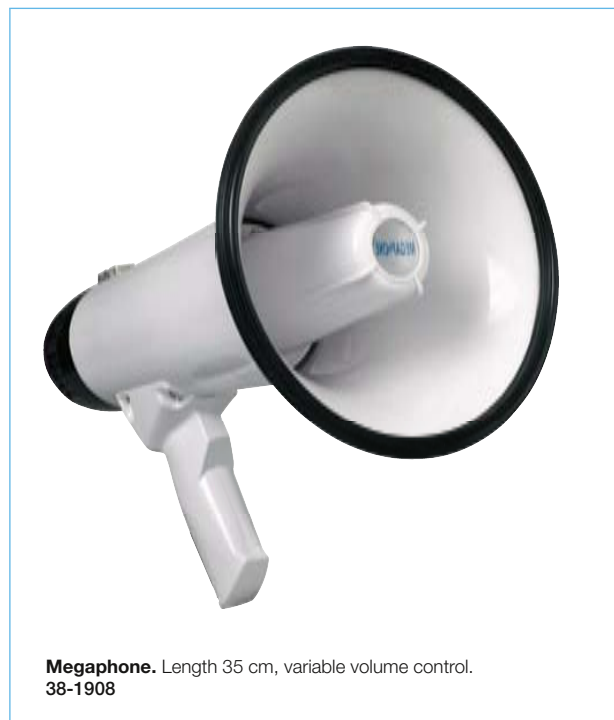
In Sweden and Norway, Clas Ohlson is well established, with brand awareness of 98 and 97 per cent, respectively. In these markets, our main strategy is to raise the average purchase amount, strengthen loyalty and increase customer satisfaction.

In Finland, awareness of Clas Ohlson is 78 per cent compared with 57 per cent in 2008, which demonstrates a positive trend over the past two years. Accordingly, we are focusing more on brand-building activities combined with more pronounced sales campaigns.

In the UK, we are still in the start-up phase where many potential customers are not aware of Clas Ohlson, its range or where its stores are located. This is a challenge that requires that we adapt our message, activities and media investments in pace with development.

Multi-channel strategy

Clas Ohlson offers solutions to everyday problems and we do so in dialogue with our customers. Customers can quickly and easily receive help in solving problems and can purchase what they require via the channel that suits them best.



Development and customisation of our catalogue, store concept, mail order/Internet and customer service is therefore conducted in parallel. It is also vital that we capitalise on all the energy and expertise that exists within Clas Ohlson. Our employees are the interface between Clas Ohlson and the customer and they are the ones who build the brand in day-to-day operations.

The basic principle of our marketing activities is to create a common thread in all campaigns, in all channels and in all stores by adapting to the degree of maturity and competitive situation of the market in question.



Hand Counter. Diam. 45 mm. Zero setting, four-digit counter, thumb button and ring holder. Nickel-plated brass.
20-1681

Catalogue strategy

The Clas Ohlson catalogue has been published since 1918 and is today a strategically important communication channel.

A total of 6.1 million copies of our catalogues were printed during the year. At the beginning of 2009, we made the transition to two seasonal catalogues published in the spring and autumn. This has given us greater flexibility and the opportunity to update the range and prices during the year. The catalogues can be collected from the stores or ordered on our website. The special catalogues that we published in the past are now integrated into the two seasonal catalogues.

Marketing prior to store openings

Clas Ohlson's establishment strategy involves local marketing activities in the area in question for a number of weeks prior to the opening of the store. This takes the form of direct advertising, advertisements in publications, radio advertisements and public relations activities. Marketing efforts are intensified in the final few days prior to opening.

In the UK, the store-opening campaigns are even more extensive to ensure that the brand is established quickly in the respective catchment areas of the stores.

Sponsorship and support

Our policy regarding sponsorship is to primarily support clubs, associations and events in the Swedish region of Dalarna, where Clas Ohlson was founded and the company's head office is located.

Our sponsorship commitments during the year included the ice hockey team Leksands IF, Olympic rower Lassi Karonen and the music scene Dalhalla outside Rättvik.

We also supported the Swedish Cancer Society, mainly through our participation in the "Pink Ribbon" and "Moustache Fight" campaigns, and the Red Cross' "Hug" Christmas campaign, which aims to combat loneliness.



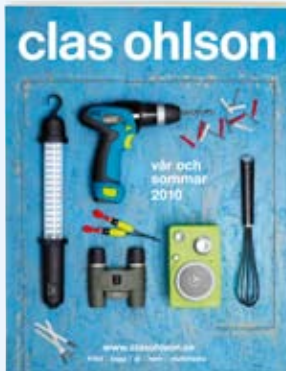
Preprogrammed Remote Control with energy-saving function. Preprogrammed for TV, video, DVD, satellite receiver, etc. Enables remote activation/deactivation of connected devices. (Can control up to 16 different modules). Range approximately 10 m.
38-3375



Clas Ohlson's commitment

Clas Ohlson has long shown its commitment to sports, culture and other social issues. During the year, we supported and cooperated with a number of organisations, including Leksands IF, Olympic rower Lassi Karonen, the music scene Dalhalla, and a number of smaller associations and organisations in Insjön and the surrounding area. In Sweden, we cooperated with, among others, the Swedish Cancer Society, and the equivalent organisation in Norway, the Norwegian Cancer Society.

Clas Ohlson's new store concept shall make it easier for customers to find what they are looking for in the range and receive assistance to solve their everyday problems. The concept is being introduced in all new stores and the existing stores are gradually being remodelled in pace with the need for modernisation.



The Clas Ohlson catalogue has been one of our most important communication channels since 1918. Some 6.1 copies are currently printed and the catalogue is published twice a year: in the spring and autumn.



In spring 2010, we published the first issue of the magazine *Fixa själv* (DIY). The magazine is published by Clas Ohlson in cooperation with Bonnier Tidskrifter and is aimed at DIY enthusiasts who enjoy decorating and renovating the house, apartment or country house. *Fixa Själv* is sold in stores and it is also possible to subscribe to the magazine.



Our sales channels

More than 90 years of successful mail-order operations have laid the foundation for the strong position held by Clas Ohlson today. Although the company continues to conduct mail-order sales, an increasing portion of its mail order/Internet sales now takes place online. The company's largest sales channel is made up of its 120 stores in Sweden, Norway, Finland and the UK, which accounts for 98 per cent of Clas Ohlson's sales.

Stores

Central locations

Clas Ohlson's stores should preferably be situated in strong, centrally located shopping centres, where the company works together with other stores and chains to bring about repeat visits.

Clas Ohlson does not operate on a franchise basis, but rather owns and manages the stores itself. Store premises are rented on long-term leases. Most of the product range in each store is easily accessible for self-service. Less than 10 per cent of products are sold over the counter.

Three different sizes

Clas Ohlson has customers of all ages and social classes. To improve accessibility, the company offers three different store concepts of varying sizes: 1,500-2,500 square metres for large cities and catchment areas, 1,000-1,500 square metres for medium-sized towns and 700-1,000 square metres for small towns or to complement the company's existing stores in large cities.

In smaller stores, the product range concentrates on Clas Ohlson's most popular products. Other products can be ordered and collected from the store within 48 hours. This

concept is now in place in several towns in Sweden and Norway.

Popular chain store

Clas Ohlson is considered an attractive and popular store among its customers and other stores in its shopping centres. Its store openings often result in a substantial increase in the number of visitors to the entire centre. Clas Ohlson stores attract new customer groups, and their broad range brings in visitors of all ages, both men and women.

According to a survey conducted by the trade magazine Market, Clas Ohlson is the store that consumers between the ages of 15 and 64 would most like to see in a shopping centre (besides Systembolaget and Apoteket).

New store concept

Clas Ohlson launched a new store concept in 2009 that will make it easier for customers to find their way around the stores. The concept includes a new décor, signs, customer terminals, information and order counters and checkouts.

The store concept was launched in 2008/09, and all stores opened in the past year were built according to the new concept. Existing stores are gradually being adapted, with four stores renovated and modernised in 2009/10.

Financial commitment

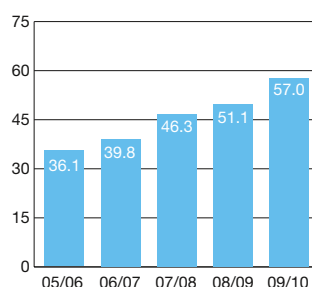
A new store initially entails a financial commitment of SEK 12-14 M, broken down into SEK 3 M in start-up expenses, SEK 4-5 M in investments in store interiors and computer systems, and SEK 5-6 M in inventories.

Start-up costs for stores in the UK are initially higher, mainly due to higher marketing costs. New stores in Sweden and Norway have become profitable as early as their first 12 months of operation. The same applies to some stores in Finland. It generally takes longer to achieve profitability in countries where Clas Ohlson is a new name and where the brand is less familiar.

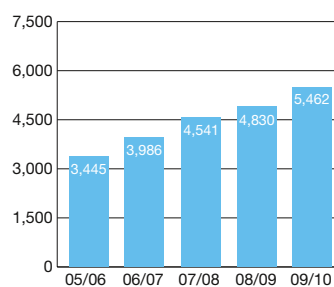
Continued store expansion

Clas Ohlson continues to open new stores in markets where it has already established a presence. A total of 14 new stores were opened in the 2009/10 financial year, fewer than in the preceding year when 20 new stores were es-

Number of visitors, millions



Sales in stores, SEK M



established. The company decided to reduce its rate of store openings during the financial crisis, since market conditions at the time were characterised by considerable uncertainty. The opening of 17-22 additional stores is planned for the 2010/11 financial year, including between six and ten in the UK.

The organisation is continuously primed for future growth in both existing and new markets. The size of each store is determined by the store location we choose to lease.

Sales and profits

Store sales during the financial year totalled SEK 5,462 M (4,830), up 13 per cent on the preceding year. Accordingly, store sales accounted for 98 per cent of total Group sales.

Start-up costs for new and refurbished stores, including the disposal of equipment, amounted to SEK 60 M (67).

Stores in Sweden

Clas Ohlson's Swedish stores attracted 34.5 million visitors in 2009/10, up 1.9 million or 6 per cent compared with the preceding year. Of these visitors, 15.9 million made purchases.

The number of stores increased by six during the financial year, and the total number of stores in Sweden at the end of the financial year was 56.

The Swedish market still offers the scope to continue opening new stores, despite the company's already relatively high market penetration in the country. Several stores with catchment areas with a population of 30,000-50,000 show that the company can also achieve favourable profitability in smaller towns.

Stores in Norway

Clas Ohlson's Norwegian stores attracted 13.0 million visitors in 2009/10, up 0.8 million or 7 per cent compared with the preceding year. Of these visitors, 8.8 million made purchases.

Three new stores were opened during the financial year, and the total number of stores in Norway at the end of the



financial year was 41. Like the Swedish market, the Norwegian market has not yet reached its saturation point in terms of continued openings of Clas Ohlson stores. Profitability was also strong for stores in smaller towns that have catchment areas with a population of 30,000-50,000.

Stores in Finland

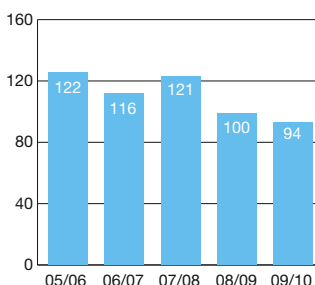
Clas Ohlson's Finnish stores attracted 6.0 million visitors in 2009/10, up 0.2 million or 3 per cent compared with the preceding year. Of these visitors, 2.7 million made purchases.

The company has a total of 16 stores in Finland, and no new stores were opened during the financial year. Finland also offers considerable potential to increase sales in existing stores by continuing to clarify Clas Ohlson's offering in the Finnish market.

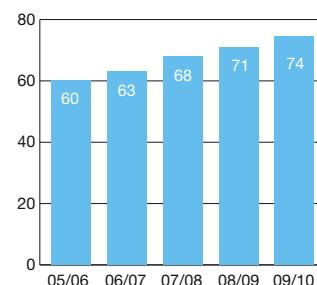
Increase in sales

| | |
|-------------------------------------|---------------------|
| Comparable stores in local currency | 0 per cent |
| New stores | + 11 per cent |
| Exchange-rate effects | + 2 per cent |
| Total | +13 per cent |

Mail order/Internet sales, SEK M



Percentage of Internet orders, %



Stores in the UK

Clas Ohlson's UK stores attracted 3.4 million visitors in 2009/10, up 2.9 million compared with the preceding year.

Five new stores were opened during the financial year, and the total number of stores in the UK at the end of the financial year was seven.

The conversion rate, meaning the number of visitors who also made purchases, and the average purchase in the UK were lower than the Group average. This is a normal phenomenon associated with entry into a new market, since it takes time to establish a brand and position. Clas Ohlson expects that the conversion rate and average purchase value will increase over the next few years, since many attractive store locations are expected to become available.

Mail order/Internet

Mail order/Internet sales (via the Internet, telephone and catalogue) totalled SEK 94 M (100), corresponding to a 6-per cent decrease compared with the preceding year. The decline was primarily due to Clas Ohlson opening stores during the year in areas that previously were offered only the mail order/Internet channel.

The Internet accounted for 74 (71) per cent of the Group's mail order/Internet sales during the financial year.

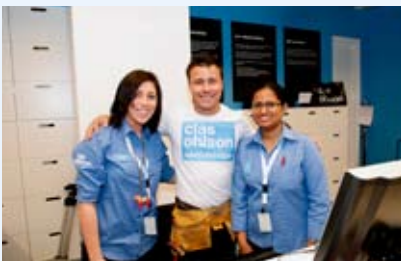
Clas Ohlson's mail order/Internet sales are of strategic importance to the Group. Although this channel is currently limited to Sweden and Norway, the company intends to expand the service to Finland and the UK in the future. Customers are displaying a distinct trend of wanting to make purchases both in stores and online. These two channels, store and Internet, complement each other well and offer new opportunities to further strengthen customer relations.

A new e-commerce platform will be developed over the next few years, which will form the basis for expanding the mail order/Internet channel.

New stores and future openings*

| Location | Opening month | Retail space, square metres |
|--|---------------|-----------------------------|
| Sverige | | |
| Emporia, Malmö | 2011/12 | 1,200 |
| Norrtälje | Spring 2012 | 1,110 |
| Erikslund, Västerås | Sep 2011 | 1,264 |
| Gränby, Uppsala | Sep 2011 | 1,200 |
| Jönköping | Nov 2010 | 1,200 |
| Kiruna | Oct/Nov 2010 | 1,200 |
| Drottninggatan, Stockholm | Oct/Nov 2010 | 2,673 |
| Liljeholmen, Stockholm | Oct 2010 | 1,241 |
| Bromma Center, Stockholm | Sep 2010 | 1,366 |
| Lunagallerian, Södertälje | April 2010 | 1,215 |
| Burlöv, Malmö | Mar 2010 | 800 |
| Hageby Centrum, Norrköping | Dec 2009 | 1,129 |
| Igor, Västerås (moved to new premises) | Nov 2009 | 1,450 |
| Västra Frölunda, Göteborg | Oct 2009 | 1,330 |
| Kullagatan, Helsingborg | Jun 2009 | 785 |
| Nordby, Strömstad | Jun 2009 | 865 |
| Norge | | |
| Elverum | Nov 2011 | 1,000 |
| Bodø | Nov 2011 | 1,300 |
| Alta | Oct/Nov 2011 | 1,300 |
| Kristiansund | Mar 2011 | 1,200 |
| Lillehammer | Nov 2010 | 1,390 |
| Lambertseter, Oslo | Oct 2010 | 650 |
| Bryn Senter, Oslo | Aug 2010 | 950 |
| Kongsberg | Jun 2010 | 1,200 |
| Bryne | Nov 2009 | 800 |
| Molde | Oct 2009 | 950 |
| Steinkjer | Oct 2009 | 1,000 |
| UK | | |
| Birmingham | Nov/Dec 2010 | 1,200 |
| Liverpool | April 2010 | 1,696 |
| Leeds | April 2010 | 2,150 |
| Watford | Dec 2009 | 1,053 |
| Kingston | Dec 2009 | 1,943 |
| Reading | Nov 2009 | 1,775 |

* Contracts signed as of June 2010.



Clas Ohlson was launched in the UK through an intensive marketing campaign in the areas surrounding the first stores.

Since Swedish retailers have an excellent reputation in the UK, the advertising campaign highlighted Clas Ohlson's Swedish origins in a playful, attention-grabbing manner.



Continued expansion in the UK

Clas Ohlson's expansion in the UK continues. The company opened five additional stores in 2009/10 and had a total of seven stores at the end of the financial year, of which four were located in the London area, one in Manchester, one in Leeds and one in Liverpool.

The first store located outside the Nordic region was opened in November 2008 in Croydon, London. This represented a major step in Clas Ohlson's efforts to achieve its vision of becoming a leading European retailer. Clas Ohlson's business concept has been well received and UK consumers who visited one of the company's stores had a positive reaction to the range, as well as Clas Ohlson's prices and service. The objective is to open an additional six to ten stores in the UK during the 2010/11 financial year.

Excellent opportunities

With a population of 60 million, the UK presents excellent long-term opportunities for Clas Ohlson. The factors that have had a bearing on the choice of a new market include the number of potential customers. Another factor in favour of the UK is the generally favourable prices of Clas Ohlson's products. Town-centre trading is strong, and a large proportion of shopping is carried out in centrally located shopping malls. This fits Clas Ohlson's strategy of having stores in strong shopping centres in city locations.

Extensive customer surveys of the target group also indicate favourable demand for a chain like Clas Ohlson in the UK market. No other chain currently offers an equivalent concept in central retail locations. Clas Ohlson's range, stores and service represent a new, sensational and appreciated element in UK retailing. However, Clas Ohlson expects that it will take time to establish a brand and market position in an entirely new market.

Product range and deliveries

Some components of Clas Ohlson's range required adaptation to the UK market since certain standards differ, such as with regard to electrical products. Of the standard catalogue range, approximately 1,400 products had to be adapted, changed or replaced. The company also adapted the range by selecting brands with which UK consumers are familiar and used to buying. Deliveries to the UK stores are conducted from the distribution centre in Insjön. As the operation expands, Clas Ohlson will regularly assess other alternatives that entail shorter transport routes.

Clas Ohlson's first stores in the UK

Clas Ohlson's entry into the UK is a long-term venture and the continued weak economic climate is generating opportunities to sign contracts for attractive store locations that were not previously available. Rent levels have also decreased due to a decline in retail sales. Clas Ohlson has opened stores in attractive retail locations, either on heavily trafficked pedestrian streets in city centres or in centrally located shopping malls.

Local marketing has an impact

Clas Ohlson's marketing focuses on highlighting the business concept in the catchment areas in which its stores are established. Since Swedish retailers have an excellent reputation in the UK, the company places a particular emphasis on Clas Ohlson's origins and history. To clarify Clas Ohlson's offering, the company was introduced as a modern hardware store that sells useful products that make everyday life easier. Marketing has reached consumers through outdoor advertisements, direct-mail advertising, radio commercials and local distribution of the Clas Ohlson catalogue in the areas where stores are located.

Surveys conducted in Clas Ohlson stores have shown that customers generally appreciate the company's business concept in terms of range, prices and service, and readily recommend Clas Ohlson to others.

Purchasing and product range

Clas Ohlson's product range is intended to help customers in Sweden, Norway, Finland and the UK to solve everyday problems. The range has a high rate of renewal, focusing on technology, function and quality. Environmental and ethical issues are also key factors in the choice of products and suppliers.

Extensive work on the product range

Following Clas Ohlson's entrance into new markets, the demands placed on the company's purchasing operations have intensified. It is important to ensure that the product range is always attractive, distinctive and competitive at a European level, and that it focuses on meeting and solving customers' practical problems.

In addition to the approximately 15,000 items in Clas Ohlson's range, the company also offers spare parts and accessories. The products are divided into five categories. This means that the company does not depend on any individual product area and that declining demand in one area can be offset by increased demand in another.

Clas Ohlson does not conduct any manufacturing operations itself. It holds no product patents and is not dependent on any single supplier.

High rate of renewal

Every year, Clas Ohlson replaces approximately 2,000 products in its range. Demand, customer satisfaction and profitability are decisive factors when determining whether a product will be removed from the range. The product's lifecycle also plays a crucial role in the decision.

When selecting new products, the main selection criteria are usually technology, function, price and quality.

Many of Clas Ohlson's products have a high technical content, and the company aims to be at the leading edge of technology, without setting trends or being technological pioneers.

Quality and function tests

Before a new product is added to the range, in-depth tests are carried out to assess its quality, function, safety, lifecycle and other qualities. Products are tested in Clas Ohlson's own workshops. Several products are also passed on to various testing organisations, such as Intertek Semko and the Swedish National Testing and Research Institute.

Active purchasing work

Clas Ohlson's purchasing department is divided into five groups based on the company's product categories: Hardware, Home, Multimedia, Electrical and Leisure. Category and product managers attend large trade fairs and visit suppliers around the world to find new products and develop the existing range.

By conducting regular factory visits, Clas Ohlson, in consultation with its suppliers and manufacturers, can also influence product design, choice of materials, manufacturing methods and manufacturing conditions in terms of work environment, working conditions and environmental impact.

Experience and continuity

Many employees in the purchasing department have worked at Clas Ohlson for several years. Their knowledge and experience is passed on to the next generation of employees, thus providing the company with solid continuity with regard to purchasing and range development.

The company believes it is important for present-day buyers and product managers to feel the same curiosity about new products as the company's founder Clas Ohlson did. This curiosity is part of our culture and something that we strive to uphold.

Employees receive training in the company's Code of Conduct and its methods and tools for checking and supporting suppliers. Purchasers have an important role to play in efforts to improve the work environment and working conditions, and in ensuring that the environmental properties of the products are acceptable.

600 suppliers in 30 countries

Clas Ohlson purchases products from approximately 600 suppliers in 30 different countries. Swedish suppliers accounted for 58 per cent of the company's total purchases during the financial year, while direct purchases from Asia accounted for 37 per cent.

Clas Ohlson's five product areas



Hardware



Home



Multimedia



Electrical



Leisure

The largest Swedish suppliers are trading houses or agents who hold import rights or type approvals for various products. The country of origin of these products is usually in Asia or Europe. When combined with the company's direct purchases, the proportion of products manufactured in Asia exceeds 50 per cent, which is unchanged compared with the preceding year. Clas Ohlson is working to concentrate its purchasing activities to fewer suppliers, with the goal of cutting its purchasing costs and developing closer partnerships with its European suppliers and Asian manufacturers. This also facilitates efforts to monitor compliance with the Code of Conduct.

Increased share of purchasing through Clas Ohlson's purchasing company in China

Asia – and China in particular – is Clas Ohlson's single most important purchasing market. To further strengthen the company's competitiveness, Clas Ohlson has operated its own wholly owned purchasing company in Shanghai since 2008. By combining purchases through the office in Shanghai and agents in Asia, the company is able to make better and more efficient purchases.

Clas Ohlson's partner agents have experience and contact networks that contribute value to the company. However, the goal is to reduce the number of agents as the company's own buyers in Shanghai begin to purchase more products directly from the manufacturer. Clas Ohlson's purchasing strategy also involves carrying out continuous assessments of products that are manufactured in Asia but sold through intermediaries in Sweden and Europe, to allow the company to identify alternatives that can be purchased directly from Asian manufacturers.

Purchasing policy

One of the stipulations of Clas Ohlson's purchasing policy is that the company must purchase its products as close to the manufacturers as possible so as to avoid costly intermediaries.

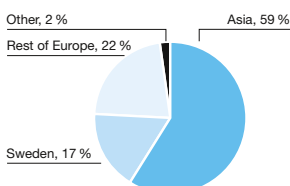
Increased proportion of own goods

Clas Ohlson's broad range of approximately 15,000 products is divided into five product areas: Hardware, Home, Multimedia, Electrical and Leisure.

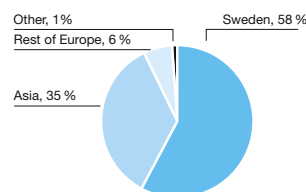
In recent years, the company has invested heavily in own-brand goods, which now account for approximately 20 per cent of sales. The objective is to increase this figure to at least 25 per cent. The products sold as own-brand goods are hallmarked by their high quality and attractive prices.

Offering a combination of own-brand goods and other well-known brands provides Clas Ohlson's customers with a broad selection and an opportunity to choose the price level and product features that best suit their needs.

Countries of origin



Countries of purchase



Own brands

Clas Ohlson has about 15,000 products in its range. The range is divided into five different product areas: Hardware, Home, Multimedia, Electrical and Leisure.

In recent years, the company has invested heavily in own-brand goods, which now account for approximately 20 per cent of sales. The objective is to increase this figure to at least 25 per cent. The products sold as own-brand goods are hallmarked by their high quality and attractive prices.

| | | | |
|--|---|---|---|
|  |  |  |  |
| ASAKLITT Outdoor equipment | Capere Kitchen utensils | PROAQUA Aquatic sports equipment | north LIGHT Lighting |
|  |  |  |  |
| Cocraft Hand tools | GAVIA Fishing gear | EXIBEL Telephony, video and audio | Sanyo Artists' materials |
|  |  |  | |
| coline Domestic appliances | prologue Watches | CO2TECH Power tools, batteries and electrical components | |

Logistics, IT and security

Efficient logistics are one of Clas Ohlson's key success factors. With a new sorting facility and the expansion of its fully automated high-bay warehouse, Clas Ohlson has one of the most efficient logistics facilities in the Nordic region.

Logistics

The company's distribution centre in Insjön is the logistics hub of the entire Group, and all goods destined for Clas Ohlson stores and mail order/Internet customers pass through the facility. Automated systems facilitate high availability in stores and for mail order/Internet sales. The average rate of stock turnover in the distribution centre during the financial year was 6.4 times (6.3). This means that the company replaced its entire stock of a full 15,000 items more often than once every two months. With this high rate of turnover, the distribution centre is more comparable to a terminal than a warehouse. In recent years, Clas Ohlson has been nominated for a number of logistics awards based on its work on developing efficient logistics processes and its involvement in environmental issues related to inward and outward freight.

Distribution centre expanded to accommodate continued growth

Clas Ohlson's distribution centre in Insjön was expanded during the financial year to create capacity to store and distribute products to at least 150 stores in a highly efficient manner. As of 30 April 2010, SEK 572 M of the total ongoing investment of SEK 615 M had been utilised. The new picking facility was deployed in May 2009 and the new additional high-bay warehouse was put into operation in January 2010. Following this expansion, the distribution centre in Insjön has become one of the most modern and efficient logistics facilities in the Nordic region.

Distribution during the year

The company's inward delivery unit received about 270,000 pallets and 2,190 freight containers during the financial year. The equivalent figures for 2008/09 were 245,000 pallets and 1,746 freight containers.

A total of 6.6 million (6.2) picking rows were supplied to the stores during the financial year, representing an increase of 6.5 per cent compared with the preceding year. The normal delivery time to the stores is one to three days, and ordering takes place automatically via the in-store computer system in each store when a product reaches its re-ordering point. Clas Ohlson also delivered approximately 132,000 (140,000) mail order/Internet consignments, corresponding to 530 a day.

IT systems and security

Clas Ohlson has worked for many years to develop IT systems that support its operations. These systems make it

easier to handle the ordering, delivery, replenishing, picking and final delivery of goods. All systems affecting the handling of goods are fully integrated, meaning that the information is only registered once and is displayed in real time. To ensure a high level of service, the systems are built up at three different levels: the central system, the in-store computer system and the checkout system.

Central system

All information relating to products, customers, suppliers and so forth is registered in the company's shared central database system.

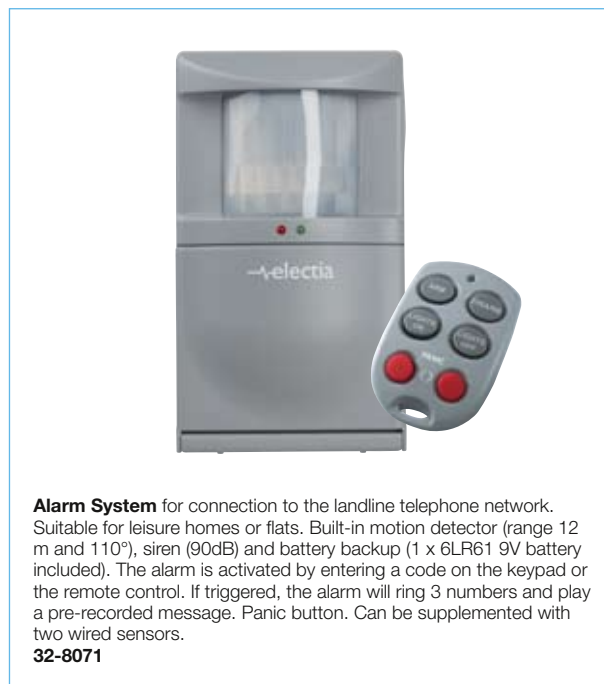
Purchasing routines, warehousing routines and shared functions, such as financial and accounting systems, are run in this central system. Many of the programmes are customised and developed in-house to suit Clas Ohlson's particular operation. An exception is the financial and accounting system, which is a standard system.

In-store computer system

All data relating to the flow of internal information within a store and between stores is available in the in-store computer system. Ordering points for all items in the store are entered into the system. When an item reaches its re-ordering point, an order is automatically sent to the central system.

Checkout system

A special checkout system that processes the sales transactions in the specific store is linked to each in-store system. The checkout systems communicate with both the in-store computer system and the central system at all times, but can also work completely independently should communication with the other systems fail.



Alarm System for connection to the landline telephone network. Suitable for leisure homes or flats. Built-in motion detector (range 12 m and 110°), siren (90dB) and battery backup (1 x 6LR61 9V battery included). The alarm is activated by entering a code on the keypad or the remote control. If triggered, the alarm will ring 3 numbers and play a pre-recorded message. Panic button. Can be supplemented with two wired sensors.
32-8071



With a new sorting facility and high-bay warehouse, Clas Ohlson's expanded distribution centre is able to store and sort goods for more than 150 stores at a high rate of activity. The facility, which is located in Insjön in Sweden's Dalarna region, is one of the most modern and efficient in the Nordic region.

IT security a high priority

Clas Ohlson's operations are based on the integrated systems working with as few interruptions as possible. All of the systems are duplicated to ensure high availability and short down time. This enables quicker re-starts and a higher level of security than if the systems were run in a single-computer environment.

All of the systems and transactions are backed up every night. Firewalls and virus protection are other elements of Clas Ohlson's security system.

Insurance cover

Clas Ohlson has insurance policies that provide the company with adequate cover for inventories, buildings, machinery and equipment, as well as interruptions and liability, including product liability.

General safety activities

Clas Ohlson enhanced the general safety work carried out at the company during the financial year. A central safety department works on such issues as in-store safety, fire safety and crisis management. Shrinkage is a major problem for the retail sector as a whole. Clas Ohlson has adopted

a long-term approach to its processes and procedures, training and technical tools to minimise shrinkage within the company.

To prevent fires, strict regulations govern all handling of flammable substances. All employees receive training in fire safety and a special emergency fire team specialising in fire prevention is also stationed in Insjön.

The distribution centre in Insjön is divided into several fire compartments, which are separated by firewalls and fire shutters. The fire alarm system, which has about 625 fire detectors, is linked directly to the emergency services switchboard and to the internal on-call team.

The building is equipped with a sprinkler system, consisting of about 29,000 sprinkler valves. It is supplied with water via a sprinkler control room with direct-starting diesel pumps. The water is taken from two reservoirs linked to the sprinkler control room. A special fire pond has been created next to the high-bay warehouse section to ensure that water for fire extinguishing is available. Flammable goods are placed in a special part of the building adapted for this specific purpose. Truck loading takes place in a special truck-loading room, which meets all relevant requirements.

Risks and uncertainties

Clas Ohlson's operations are associated with risks that to a varying extent may have a negative impact on the Group. These risks can be divided into those related to operations, such as a competitive product range or a changed competitive situation, and those related to financial considerations, principally foreign-exchange exposure.

Both operational and financial risks can have a short and long-term impact on Clas Ohlson's ability to attain the goals set out in its business plan. The scope of the company's work pertaining to its general risks was further extended during the financial year, firstly by continuing to conduct audits of the company's risk profile, and secondly by continuing to develop processes for pursuing regular risk-related work. The main aim of the company's regular work, undertaken in a coordinated and systematic manner, is to rapidly identify new risks and limit the company's risk exposure and the impact in the event that a risk becomes a reality. This work will remain a high priority as the company grows and develops.

Operational risks

Store openings in the UK

Store openings in the UK, with a population of 60 million, give rise to opportunities for Clas Ohlson in the form of another market, but also entail risks. One of the risks is that the brand is unknown to most people and is expected to take a long time to establish. Further information on the start-up of the UK operation is provided on pages 18-19.

Purchasing in Asia

Clas Ohlson currently purchases about 35 per cent of its products from Asia, mostly from China. The percentage of

purchases made in Asia is to be further increased through Clas Ohlson's own purchasing company, thus strengthening the company's competitiveness in its continued expansion. The increased exposure to a single country will entail increased risks (political risks, transport risks and so forth).

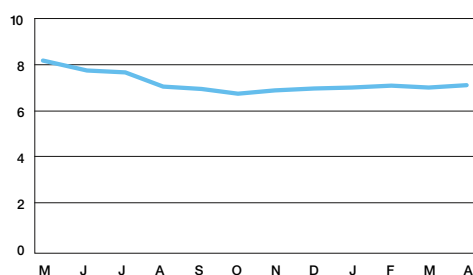
Competition

The European retail sector is showing a clear trend toward the growth of large, nationwide chains, generally at the expense of smaller, individual specialist dealers. The large chains are also becoming established in more countries through their own stores and acquisitions. The players in the market have consequently become both fewer in number and larger in size. Competition intensified during the financial year, particularly in the Nordic region, as a result of more stores and shopping centres. The number of competing stores in Sweden has increased by 50 per cent in the past three years.



Surge protector. Extra-powerful surge protector with nine protective components. Five variable resistors, including two extra-powerful, three fuses and one gas discharge tube. Signal light that indicates full protection. 230V/16A. Grounded with childproof socket. **36-3390**

USD/SEK exchange rate



The USD is Clas Ohlson's principal purchasing currency. The exchange rate against the SEK at the start of the financial year on 1 May 2009 was SEK 8.02. The exchange rate weakened substantially during the summer and autumn before subsequently strengthening somewhat during the winter. On 30 April 2010, the rate was at SEK 7.23, down 10 per cent.

The highest exchange rate during the financial year was SEK 8.02, recorded in May 2009, while the lowest was SEK 6.77, noted in October 2009. The average exchange rate for 2009/10 was approximately SEK

Logistics

Clas Ohlson's distribution centre in Insjön represents the hub of the entire Group's logistics chain. Goods are distributed from the centre to all of the stores and to mail order/Internet customers. In recent years, the distribution centre has been expanded to further enhance the efficiency of the company's logistics. However, having logistics concentrated in one place entails risks. This applies, for example, to interruptions to communication and infrastructure, fires or strikes. Investments in the distribution centre also involve higher overheads, which could have a negative impact on profitability if Clas Ohlson's growth rate declines. For further information, see pages 22-23.

Key individuals

An increasingly important factor for success is the ability to attract and retain key skills. Clas Ohlson's principles of remuneration were changed during the 2008/09 financial year to include a larger percentage of performance-based variable remuneration. For further information, see page 65.

The company's geographical location necessitates flexible work patterns, which are a vital element in attracting and retaining key individuals from elsewhere.

Corporate Social Responsibility (CSR)

Society is increasingly focusing on issues involving Corporate Social Responsibility (CSR). Clas Ohlson works actively on these issues, which are regarded as strategically important and as an element in pursuing sustainable operations. If the company fails from this point of view, it risks losing sales and market shares. For further information on Clas Ohlson's sustainable development activities, see pages 29-45.

Product range

The company's most important task is to offer its customers a broad and attractive range. If Clas Ohlson misjudges new trends or product areas, this could result in lower growth and profitability.

Shrinkage

Clas Ohlson is exposed on a daily basis to various kinds of shrinkage, such as shoplifting and theft. The company makes efforts to reduce shrinkage through long-term active prevention in the form of training programmes, technical equipment and continuous follow-up and evaluation of security measures.

Financial risks

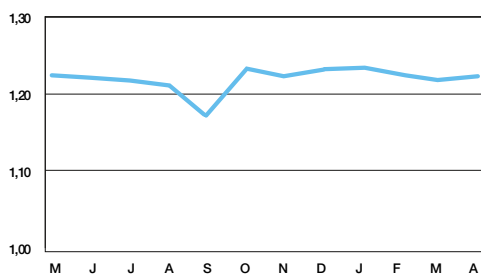
Economic climate

The retail sector as a whole is being adversely impacted by the weak economic climate. Although Clas Ohlson sells products that people need in their everyday lives, the company's sales are being affected by declining retail sales.

Nevertheless, Clas Ohlson's broad and affordable product range is less sensitive to fluctuations in the economy than many other retail companies. More than 80 per cent of Clas Ohlson's products cost less than SEK 300. The company's wide range, with five different product categories, also entails a lower risk since demand in one category may rise, while demand in other diminishes.



NOK/SEK exchange rate



Norway accounts for approximately 40 per cent of Clas Ohlson's sales. At the start of the financial year on 1 May 2009, the exchange rate for the Norwegian krone (NOK) against the SEK was SEK 1.23. The exchange rate then weakened during the summer and subsequently appreciated considerably during the autumn and winter. On 30 April 2010, the exchange rate was SEK 1.23, which meant that it was in line with the beginning of the year.

The highest exchange rate during the financial year was SEK 1.25, recorded in October 2009, while the lowest was SEK 1.17, noted in September 2009. The average exchange rate for 2009/10 was approximately SEK 1.22, compared with SEK 1.18 in 2008/09.

Wage inflation in manufacturing countries

Clas Ohlson is affected by changes in wage levels in the countries where the company's products are manufactured. Changes can vary between different products depending on the percentage of the manufacturing process that is labour-related.

Commodities prices

Purchase prices for the company's products are affected to a relatively large extent by prices for individual commodities on the world market. This applies in particular to electrical equipment (copper), batteries (zinc), lighting (aluminium) and plastic products (oil). The company does not directly hedge its purchases of raw materials, which gives rise to a risk since the purchase prices for the products concerned are affected by trends in commodities prices, while selling prices are fixed during the catalogue period.



GoTech Portable Jump Starter and Air Compressor. Easily starts cars, boats or tractors with 12V batteries without the help of another vehicle. Connects directly to the battery terminals. Delivers up to 450A cranking power. Battery capacity: 17Ah. Built-in compressor and LED work light.
36-4023

Currencies

The company has relatively high exchange-rate exposure through its sales in Norway and through the Group's purchasing. Approximately 42 per cent of purchases are denominated in currencies other than SEK.

The principal currencies for purchasing are the US dollar (USD), Hong Kong dollar (HKD) and euro (EUR). In addition, movements of SEK against the Norwegian krone (NOK) are significant to the Group, since Norway accounts for more than a third of sales. Net exposure to EUR is low, since the company is increasing its sales in EUR through its expansion in the Finnish market. The Group is also increasing its exposure to the pound sterling (GBP) as its sales in the UK grow.

The table below shows how profit is affected by a change in volume of sales for existing units and changes in the principal currencies.

Currency hedging

Estimated exchange rates for each currency, set in June and January each year, are used when pricing products in the main catalogue. About 50 per cent of the expected flow is hedged six months ahead. As a result, the company is guaranteed the estimated exchange rate for a large proportion of its purchases, but at the same time takes the risk of paying for the remaining purchases at the current rate.

Hedging in USD, HKD, EUR and NOK was carried out during the financial year.

Currency movements

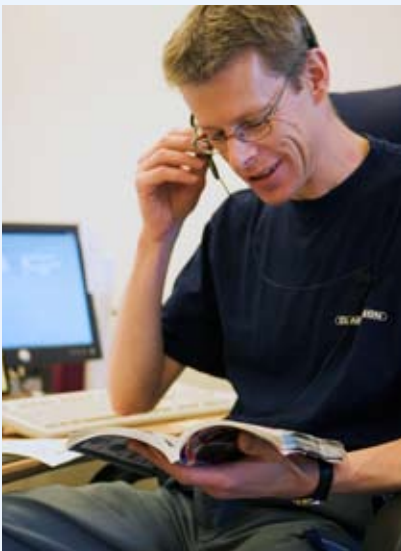
The NOK strengthened in relation to the SEK during the financial year. The average exchange rate for the NOK was SEK 1.22, up 3 per cent up on the average rate for the 2008/09 financial year, when it was SEK 1.18. This had a positive impact on sales, since more than a third of sales take place in NOK.

The USD weakened somewhat against the SEK during the most recent financial year. The average exchange rate during the 2009/10 financial year was 1 per cent lower than in the preceding year (SEK 7.26 compared with SEK 7.30). The same applies to HKD, since it is pegged to the USD exchange rate, and both currencies have therefore shown an identical trend. The Chinese currency (RMB) was unchanged against the SEK.

Sensitivity analysis

| Factor | Change | Impact on profit before tax, SEK M |
|-----------------|----------------|------------------------------------|
| Volume of sales | +/- 5 per cent | +120/-132 |
| Currency | | |
| – NOK | +/- 5 per cent | +/- 48 |
| – USD | +/- 5 per cent | -/+ 39 |
| – HKD | +/- 5 per cent | -/+ 10 |
| – EUR | +/- 5 per cent | +/- 3 |
| – GBP | +/- 5 per cent | -/+ 5 |

The company has a relatively large exchange-rate exposure through its sales in Norway and through the Group's purchasing. The table shows how earnings are affected by changes in the principal currencies. It also shows how earnings are affected by a change in volume of sales for comparable units.



Clas Ohlson's repair service

By offering customers repairs, Clas Ohlson extends the lifecycle of its goods. Repairs reduce the accumulation of waste, unnecessary pollution and excess manufacturing of new products. Thanks to its low prices, the repair service is also a good way to ensure customer satisfaction and repeat patronage.

Clas Ohlson's repair service in brief

- Clas Ohlson has offered repairs since the company was founded in 1918.
- 25 employees work exclusively on repairs.
- Approximately 15,000 items were repaired in 2009.

Repairs

Repair services are available at all Clas Ohlson stores and cover nearly the entire range of goods. The most commonly repaired items are domestic appliances, sound equipment, computer accessories and garden products. Clas Ohlson has approximately 9,000 spare parts in stock to ensure that it is able to carry out the necessary repairs. However, certain suppliers do not allow Clas Ohlson to repair products that are still under warranty.

Reducing the accumulation of waste

Clas Ohlson's repair service extends the lifecycle of the company's products and enables them to be reused instead of being thrown away. Electronic waste is often exported from Europe to poorer countries for dismantling and handling, which can result in health problems and environmental destruction as chemical elements such as cadmium, mercury and beryllium enter the natural surroundings. Repairs also reduce the use of natural resources in the manufacturing of replacement products.

Affordable repairs

Compared with its competitors, Clas Ohlson offers extremely affordable repairs. The service is seen as part of the company's goodwill efforts and repairs are provided at cost price.

Satisfied customers

Clas Ohlson's repair service is a unique service that improves customer satisfaction. Many competitors do not offer such a service and instead depend on their suppliers to carry out any repairs.



Sustainable development

Clas Ohlson is a pure retailer with 120 stores in Sweden, Norway, Finland and the UK. In Sweden and Norway, we also sell through mail order/Internet. The company offers a range of 15,000 products within the areas of hardware, home, multimedia, electrical and leisure. The head office and distribution centre is located in Insjön, Dalarna, and we have a total of approximately 3,400 employees. The company does not own any factories, but cooperates with about 600 suppliers and 750 manufacturers in 30 countries. The impact of our operations on people and the environment and how we address the issue of sustainability is described in this Corporate Social Responsibility (CSR) report.

Basis for Clas Ohlson's CSR work

Our business concept is to make it easy for people to solve their everyday practical problems in life. Our own operations and those of our suppliers and manufacturers are subject to demands concerning working conditions and other human rights, work environment and environmental impact. Through a sustainable business concept and operation, Clas Ohlson aims to create value for its shareholders, customers and employees, as well as for the community as a whole.

Clas Ohlson aims to contribute to sustainable development and protect living conditions for current and future generations.

Efforts to contribute to sustainable social development are of critical importance to our business operations; in part due to increasing demands from customers, employees and other stakeholders, but also because sustainability generates new business opportunities for Clas Ohlson. All major investment decisions shall take economic, social and environmental implications into account.

Our corporate culture is distinguished by the unique Clas Ohlson spirit, which is characterised by responsibility, team spirit, mutual respect and an open exchange of thoughts and ideas. Clas Ohlson's culture and tradition also include caring about customers, employees and the community as a whole.

Our sustainability vision

We shall commit the company's resources to economic, social and environmental development that contributes to sustainable living conditions for current and future generations.

Clas Ohlson's CSR organisation and responsibility

Clas Ohlson's sustainability programmes are led by the CSR forum comprising the CEO, Director of Information, Director of Purchasing, Director of Supply Chain, Director of HR, Environmental Coordinator, Internal Controller and the Code of Conduct Manager.

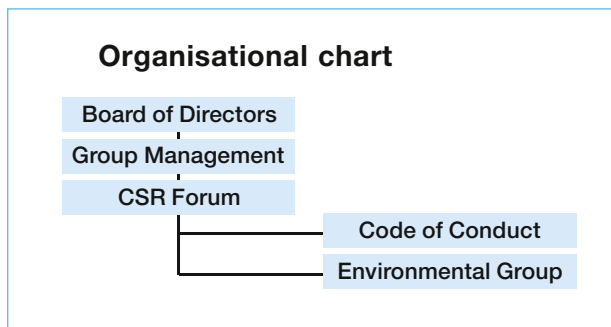
The CSR forum makes decisions pertaining to goals,

strategies and activities for the entire Group's CSR programmes and monitors whether the company is effectively working toward its established goals.

The CEO has overall responsibility, and the CSR programmes shall be integrated into and encompass the entire organisation.

Clas Ohlson works according to the philosophy that issues relating to sustainability require an overall approach and that these issues must permeate the entire organisation and its various operations. This requires the involvement of the entire organisation, down to each individual employee, in efforts to achieve a sustainable society.





Policies and reporting period for Clas Ohlson's Sustainability Report

This is the second Sustainability Report that Clas Ohlson has prepared, and it is based on the latest Global Reporting Initiative (GRI) guidelines. Clas Ohlson has chosen to apply C level* disclosure to this report (not reviewed by an external party). A cross-reference table is presented on page 45 detailing where the various GRI indicators can be found in Clas Ohlson's Annual Report, Sustainability Report and website.

The information and performance indicators provided in the Sustainability Report are selected on the basis of significance and relevance from a sustainability perspective for Clas Ohlson and according to requests from our stakeholders.

The Sustainability Report pertains to the 2009/2010 financial year, meaning the 1 May 2009 – 30 April 2010 period. Some sections contain information, performance indicators and diagrams for the 1 January 2009 – 31 December 2009 period.

Restrictions

The sustainability report relates to Clas Ohlson's own operations, meaning our direct impact on people and the environment, but also the impact of our suppliers' and manufacturers' operations on people and the environment.

We consider the entire lifecycle of the product, meaning how it is manufactured and used and its impact on the environment when its operational life is over.

With respect to suppliers and manufacturers, we are responsible for placing demands, developing long-term relations and supporting these stakeholders in their efforts concerning human rights, working conditions, the work environment and environmental impact. We also conduct continuous reviews and audits and terminate cooperation with manufacturers that will not or cannot live up to our demands.

Clas Ohlson's stakeholders and target groups

Clas Ohlson's key stakeholders and target groups are customers, employees, shareholders, suppliers and manufacturers, as well as the general public.

We engage in a continuous dialogue with key stakeholders and also conduct internal and external surveys to ensure that we keep abreast of opinions and requests concerning the company's operations and development.

The expectations and demands placed on Clas Ohlson by stakeholders differ. An open dialogue will generate increased knowledge and assist in determining the aspects of our sustainability efforts that need improvement.

We engage in meetings with a number of funds and asset management companies and their sustainability analysts

concerning various CSR issues and the opportunities and challenges facing Clas Ohlson. Several of these analysts have also been on factory visits to monitor the methods we use to inspect and check our manufacturers in Asia. During the financial year, Clas Ohlson also held meetings with Amnesty International, Swedwatch and Save the Children in an effort to learn from their experiences, know-how and work with respect to human rights.

Participation in international sustainability initiative

Clas Ohlson is a signatory to the UN petition to promote work in the area of human rights, the UN Global Compact. During the year, we introduced a policy against corruption and bribes that applies to employees, suppliers and manufacturers. In addition, for the second consecutive year, we contributed to the international climate initiative, the Carbon Disclosure Project (CDP). This requires that we report both direct and indirect emissions of greenhouse gases from our operations that occurred in 2009.

Employee surveys

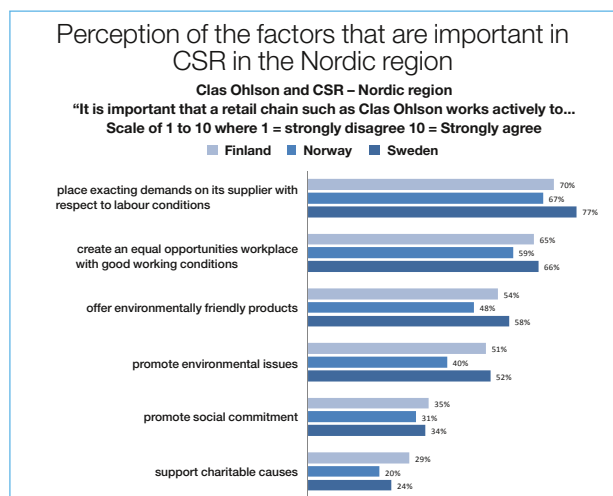
Our work environment survey reveals a high level of job satisfaction and an excellent working environment. During the financial year, an employee survey encompassing the entire Group was implemented – Employee Satisfaction Index (ESI). (Read more on pages 38-41).



Solar-Powered Charger for mobile phones/MP3 players, cameras, etc. (non-original). Compact, convenient emergency charger. Built-in 1100 mAh battery which charges automatically when exposed to light. Can also be charged via the USB port. Comes with 6 interchangeable DC connectors which fit most Sony Ericsson, Nokia, Samsung, and mini USB devices. Size: 94x44x11 mm. **38-3632**

Customer survey

Each year, Clas Ohlson conducts a large customer survey encompassing Sweden, Norway and Finland. The customer survey for this financial year included questions relating to the customers' view on sustainability and which areas they believed were most significant with respect to the environment, ethics and social responsibility.



In this year's survey, customers indicated that they believe that our social work is most important, closely followed by a good personnel policy and our environmental programmes. Dialogue with our customers regarding sustainability is important and will be further developed to include our customers in the development of our business and the products we offer.

Our stores

In conjunction with store establishments, Clas Ohlson cooperates with municipalities, regions and government authorities.

The stores share a common interest in creating a vibrant local business community, particularly in the city locations where Clas Ohlson primarily establishes stores. Central locations mean that people are able to shop where they spend their workdays, thus reducing the need for car journeys to shopping centres outside the city centre. Each year, we open a large number of new stores in our current four markets, thereby creating many new job opportunities.

Significant events in 2009/10

During the financial year, we have taken additional development steps in our long-term programme focused on reviewing our Code of Conduct. During the financial year, 444 factory visits were conducted in Asia compared with 357 in the preceding year.

In partnership with Dalakraft, district heating was introduced at Clas Ohlson's distribution centre and head office in Insjön, thus contributing to reduced carbon emissions.

Clas Ohlson has helped in efforts to phase out traditional light bulbs through aggressive marketing activities. Customers have received guidance from our competent personnel and a specially produced brochure to identify the right alternative.

The implementation of a major employee survey, ESI, contributed to systematic work to develop our employees and our work environment (read more on page 39).

*GRI application levels

The guidelines have three different application levels: A, B and C. The reporting criteria at each level reflect a measure of the extent of application or coverage of the GRI Reporting Framework. At each level, a "plus" (+) may be added, meaning that the item in the report has been verified externally.

The strategies are as follows:

| Strategy | Activity |
|--|--|
| Open dialogue with our stakeholders and opinion-builders pertaining to our CSR work. | <ul style="list-style-type: none"> - Identify and develop relationships with individuals and organisations in the CSR area. - Improved CSR communication both internally and externally. |
| Deepen cooperation with stakeholders and manufacturers to create continuous social and environmental improvements. | <ul style="list-style-type: none"> - Projects to assist selected manufacturers to reduce their environmental impact. - Continued development of CSR programmes to influence working conditions at our manufacturers in Asia. |
| The CSR perspective shall be an integral part of our business. We shall capitalise on the business opportunities that exist in the area of sustainable development and strengthen our long-term competitiveness. | <ul style="list-style-type: none"> - Continue internal training activities in relation to sustainability. - Continued development of stakeholder dialogue, both internally and externally. - Development of system support and performance indicators for improved control and measurement of sustainability programmes |
| Develop the product range and communication, which helps our customers in their selection of products that contribute to sustainable development. | <ul style="list-style-type: none"> - Continuous development of the product range with respect to both commercial potential and sustainability aspects. - Developed customer communication that highlights products and activities that contribute to sustainable development. |
| We shall make a difference in society by supporting selected charitable causes in countries where we conduct operations. | <ul style="list-style-type: none"> - Preparation of long-term strategy for cooperation with charity organisations. - Developed cooperation with international organisations to make a difference in society. |

Clas Ohlson's work to promote human rights and better working conditions

Clas Ohlson aims to contribute to promoting human rights in countries where it operates. The company's responsibility not only extends to its own employees, but also to the individuals that participate in the production of the products it purchases. While part of this responsibility involves placing demands, it is also about developing long-term relationships and supporting our suppliers in their efforts to achieve sustainable improvements.

Our supplier chain

Clas Ohlson is a pure retailing company. The company does not own any factories, but purchases its entire product range from suppliers and manufacturers in 30 countries.

Some 37 per cent is purchased directly from factories in Asia, primarily China. When purchasing directly, we have a better opportunity to monitor and support manufacturers in their efforts to improve working conditions and the work environment.

Long-term commitment and cooperation

We want to contribute to an improved work environment and working conditions for the staff of the suppliers and manufacturers with whom we cooperate. We are also partially responsible for ensuring that the environmental impact of the products is as low as possible throughout their entire lifecycle. These are long-term and complicated programmes that require commitment and input from the entire organisation and from the suppliers and manufacturers with whom we cooperate.

History of Clas Ohlson's CSR work

- 1998 Policy concerning child labour introduced
- 2001 Environmental policy introduced
- 2004 Launched process to develop and introduce Code of Conduct
- 2005 Clas Ohlson's Code of Conduct for suppliers adopted by Board and published
- 2006 Working basis for the company's systematic CSR work is prepared, approved and tested
- 2007 First external CSR audits carried out
- 2008 Establishment of a special Corporate Social Responsibility organisation in Shanghai
- 2009 Expansion of the number of audits and deepening of cooperation with suppliers in regard to our Code of Conduct



In recent years, we have taken several important steps in our cooperation with suppliers. We are aware and are humble ahead of the challenges and opportunities involved in our efforts to achieve sustainable improvements.

Integral part of operations

The CSR work is an integral part of Clas Ohlson's operation. Targets are set, planned and monitored by our CSR forum (read more on page 29).

Our purchasing department in Insjön and CSR department are jointly responsible for ensuring that all of our suppliers and manufactures sign and comply with the stipulations in our Code of Conduct. They are also responsible for supporting our manufacturers in their efforts to achieve continuous improvement. A well-functioning cooperation between both these departments is a fundamental requirement for our work relating to social responsibility in the supplier chain. Consequently, the two departments work closely with one another and jointly plan and review targets.

Our CSR department in Shanghai

Our CSR department in Shanghai is responsible for monitoring, assessing, reviewing and training/informing our suppliers and manufacturers in Asia. The assignment includes CSR audits of manufacturers throughout China. In organisational terms, the department reports to Clas Ohlson's CEO and, at the end of the year, included:

- A CSR Manager, Supply Chain
- A CSR coordinator and team leader
- A CSR administrator
- Four CSR auditors, who perform audits of manufacturers



Our purchasing

Clas Ohlson's purchasing department is one of the largest departments in the company. More than 100 people work in the department tasked with purchasing the 15,000 products included in the range. The purchasing department is divided into five sections, based on Clas Ohlson's five product areas: Hardware, Home, Multimedia, Electrical and Leisure.

Those working on our product range include purchasing assistants, product assistants, product technicians, product managers and category managers. In specific terms, it involves finding the right product at the right price and quality and developing the cooperation with suppliers who can comply with our Code of Conduct.

Nina Rosén is one of the people working in Clas Ohlson's purchasing department. She is product manager for about 1,500 products in gardening, nails/screws/fixings and fittings categories. She has worked for the company for a total of 21 years, two of which in her current role.

Describe the process when purchasing a new product.

"If it involves a new supplier that we have not used in the past, a general review is conducted by ourselves or our agents to ascertain whether they comply with our overall requirements placed on quality, delivery capacity and potential to meet the demands of our Code of Conduct.

"The next step is to examine the product features, quality and price level. We order test products that are studied, tested and assessed by our skilled engineers in Insjön. If the product tests and price are considered satisfactory, a preliminary decision is taken to include the product in the range. A new supplier must sign our Code of Conduct and before an order is placed, we or one of our agents must have visited the factory to confirm that it meets our requirements (Short Facility Assessment).

"The final step is to place the actual order and manage all the administration associated with the purchase and delivery. Products from Asia are mainly transported by sea to Gothenburg and then onward to the distribution centre in Insjön. Since it takes at least four months from when an order is placed to when it is delivered, it is necessary to plan well in advance to ensure that the goods reach the stores at the right time, neither too early nor too late."

What is the division of work between you as a purchaser and the CSR organisation in China?

"We work closely together and participate in various parts of the process. We meet our manufacturers at various stages in the purchasing and auditing process and communicate regularly when various questions arise. All product managers at Clas Ohlson participate in an audit to learn the procedure and to be able to contribute to the Code of Conduct process when we perform site visits.

"Prior to placing orders with existing suppliers, we can also view the status of a supplier through a colour-coding system that indicates any shortcomings that may have been highlighted in recent audits. This allows me as the purchaser to make a comprehensive evaluation concerning the selection of supplier taking into consideration price, quality of the products, and the factory's progress in the areas of environment and working conditions.

"In our role as a purchaser, we receive training in social issues. Our agents, who assist us in our purchasing work in Asia, are experienced and also provide us with effective support. I feel that I am part of the process and can make a difference. We are currently working on generally developing our work tools and administrative support in the purchasing process, particularly with respect to our work on our Code of Conduct."



Our tools and processes

Code of Conduct

Clas Ohlson's Code of Conduct is an important tool in efforts to improve working conditions and the work environment. The Code refers to international conventions and national legislation and regulations. It is based on the OECD's guidelines for multinational companies and also adheres to the United Nations' ten principles (UN Global Compact) for human rights, labour, environment and anticorruption.

The Code of Conduct includes the demands concerning working conditions, the work environment and environmental impact that we place on our own operations and those of our suppliers and manufacturers. The Code is available in Swedish, Norwegian, Finnish, English, Mandarin and Vietnamese. Read more at www.clasohlson.se.

We strive to establish long-term relations with our suppliers and manufacturers and believe in the value of cooperation and active dialogue. The Code of Conduct will be developed based on our experiences and cooperation with manufacturers.

Supplier and manufacturer requirements

All of our suppliers and manufacturers must sign our Code of Conduct. Suppliers and manufacturers that refuse to, or cannot, meet our requirements are not permitted to be, or continue to be, a partner of Clas Ohlson.

Suppliers are in turn responsible for ensuring that their sub-suppliers and manufacturers adhere to our Code. Generally speaking, suppliers that are managed by a committed administrative team and have an effective system for reviewing, inspecting and document management are best at meeting the requirements in the Code of Conduct.

Assessment and inspection of factories

Before Clas Ohlson purchases products directly from new suppliers or manufacturers in Asia, an initial assessment of the CSR level of the factory is conducted by visiting the site.

To identify any shortcomings, we also ask the manufacturer to conduct a self-assessment, which involves completing a comprehensive questionnaire. The most extensive inspection takes the form of an audit, when our own or external auditors conduct a review of the manufacturing facility, interview personnel and study various documentation.

The Code refers to:

- UN Convention on Human Rights
- UN Convention on the Rights of the Child (1989)
- ILO Convention on the Minimum Age for Employment (no. 138, 1973)
- ILO Convention concerning the prohibition and immediate action for the elimination of the worst forms of child labour (no. 182, 1999)
- ILO Declaration on Fundamental Principles and Rights at Work (1998)

Our Code of Conduct is currently available in Swedish, Norwegian, Finnish, English, Mandarin and Vietnamese.



Proactive work

Much of our efforts related to the Code of Conduct in the supply chain are focused on manufacturers in Asia from which we purchase products directly via our purchasing office in China or using our local agents/trading houses.

The work is based on the joint ambition of ourselves and the manufacturers to gradually improve any shortcomings. From the beginning, certain manufacturers are not fully aware of the requirements and regulations they must follow or how they should proceed to ensure compliance. Our auditors inform manufacturers of our requirements and which areas they must improve. They also present them with the various possibilities that they can use in the process of continuous improvement. If, despite discussions, the manufacturer does not grant us access to perform an audit or does not carry out the required improvements, we terminate the cooperation.

Recurring audits

Audits are conducted on a regular basis and manufacturers are reviewed at least every two years.

During the financial year, we conducted 444 audits, up 24 per cent on 2008/09. Some 420 audits were carried out by our own inspectors and 24 by independent auditing companies specialising in social responsibility and human rights.

An audit usually takes one to two days, depending on the size of the factory and the number of employees. The audit is documented in a report together with an action plan and measures that must be implemented if the manufacturer does not fulfil the various criteria of the Code.



The CSR audit process

At Clas Ohlson's office in Shanghai, four auditors are employed to check conditions in factories. Clas Ohlson performs internal audits using its own auditors and external audits through independent organisations.

An audit is initiated following an opening meeting at which we meet the owner or a senior official at the factory. During this meeting, we describe the audit process and the factory is presented with a list of documents that will be reviewed. Following the opening meeting, a visual inspection of the factory and all its premises is conducted, including lunch rooms and residences. The auditors take photographs to document everything they see.



The auditors check the status of the following items:

- Are the fire extinguishers easily accessible and labelled?
- Are the exits and evacuation routes clear?
- Do workers have sufficient protective equipment?
- Do they use hearing protection?
- Are the chemicals labelled?
- Are the machines fitted with protective guards?
- Is there first-aid equipment?



In the next phase, a review is conducted of such documents as payrolls, timesheets, ID cards, employment contracts and various types of certificates and permits. This is followed by interviews with employees at the factory. Primarily, these occur individually, but sometimes they may also occur in groups. All interviews are voluntary and confidential, and it is important to protect the individual employee.

The visit is rounded off with a meeting at which factory management is informed of the findings of the audit. If deviations have been identified, a joint discussion is held regarding the changes that must be made and when these must be completed.

A post-control is subsequently conducted at the factory to ensure that it complies with the audit's improvement requirements. The control is conducted either by Clas Ohlson's own representatives or by an independent organisation. We also retain the right to perform unannounced audits at our suppliers. The audits are paid for by Clas Ohlson.

Minimum requirements

Clas Ohlson has a number of minimum requirements that the manufacturer must meet before we can purchase its products. For example, we do not tolerate child labour or forced labour and there must be a satisfactory level of fire safety at the factory. If a serious deviation is identified, it must be immediately rectified before the manufacturer may commence or continue to deliver to Clas Ohlson. Manufacturers' CSR levels are determined in accordance with a colour chart:

- Green** – fulfils the requirements of our Code of Conduct
- Yellow** – a number of deviations from the Code have been identified
- Orange** – we have identified high-risk deviations from the Code
- Red** – we have identified zero-tolerance deviations from the Code

Observations and improvements

The majority of remarks made in our audits related to the areas of health and safety (for example, deviations in relation to the use of safety equipment, evacuation and fire safety) and salary and working hours (for example, overtime and social insurance).

Most improvements also took place in the area of health and safety. For salaries and working hours, it takes a longer time to implement lasting change. The issue is complex and requires long-term improvement work in which both purchasers and manufacturers of goods in Asia, in consultation with authorities and non-profit organisations, must work to jointly develop sustainable solutions.

Nearly all of the manufactures that were assigned the status zero-tolerance (red) or high-risk deviations (orange) immediately implemented the necessary improvements.

Status per active manufacturer 30 April 2010

| Status | Green | Yellow | Orange | Red |
|------------|-------|--------|--------|-----|
| Percentage | 7% | 89% | 3% | 1% |

The current status relates to the status assigned to the manufacturer following the most recent audit.

Number of audits/status per financial year

| Year | 06/07 | 07/08 | 08/09 | 09/10 |
|---------------|-------|-------|-------|-------|
| Green | | | 14 | 11 |
| Yellow | 4 | 24 | 296 | 332 |
| Orange | | | | 50 |
| Red | | 14 | 49 | 51 |
| Total | 4 | 38 | 359 | 444 |

The information relates to the status assigned to the plant following the most recently implemented audit.

The status may be derived from an initial audit, a second audit or follow-up audits.

GRI (Global Reporting Initiative)

In 2009, Clas Ohlson introduced GRI – the global reporting standard for sustainability activities – the aim of which was to make it easier for the outside world to follow our sustainability efforts. The introduction of GRI has also created value for Clas Ohlson by providing a framework with well-defined performance indicators to set targets for, and monitor results in, selected areas.

Reporting of deviations and measures taken

A number of selected performance indicators in the area of human rights (HR) are presented below.

HR4K – Non-discrimination

In connection with manufacturer audits, we have identified 15 deviations relating to discrimination. These cases related to discrimination in conjunction with job advertisements, for example, age/gender requirements of job seekers. Clas Ohlson has demanded that the advertisements be changed and that the company introduce a non-discrimination policy if such a document does not already exist.

HR5K Freedom of Association and Collective Bargaining

We have made nine observations regarding restrictions to freedom of association. We have demanded that these suppliers shall introduce a system to remove these restrictions. In general, freedom of association is a major problem in Asia and represents a major and significant development area that requires cooperation among manufacturers, purchasing companies, non-profit organisations and authorities.

HR6K – Child Labour

We identified one case of child labour – a 15-year-old boy that worked in a factory where his mother also worked. The boy discontinued working at the factory and we worked together with him, his parents and the factory management to identify a good alternative for the boy and his future. He is now enrolled in a three-year vocational course at a boarding school close to his home town. The factory is paying for the course and has also guaranteed that his job will be reserved should he decide to return to the factory on completion of

his training. In a further 26 cases, various factories have not been able to present satisfactory documentation in relation to ID papers that would enable us to establish the age of employees. In these instances, Clas Ohlson has demanded that the companies introduce a policy against child labour and procedures to maintain a register of ID papers.

HR7K - Forced and Compulsory Labour

We have made two remarks relating to the risk of forced and compulsory labour. One of these involved a factory that required the employees to deposit wages in return for a job at the company. The second related to a factory that confiscated the workers' ID papers. In both cases, Clas Ohlson demanded that these practices cease immediately and that the factories introduce policies and procedures to prevent forced and compulsory labour.

Our challenges

Clas Ohlson has a broad range of about 15,000 products and thus has a large number of suppliers and manufacturers. For many suppliers, Clas Ohlson is a small customer that represents less than 5 per cent of their annual sales. Thanks to our CSR department in Shanghai, we have increased our capacity to verify compliance with our Code of Conduct. Challenges faced by Clas Ohlson when working with manufacturers in Asia include:

- excessive overtime work
- absence of or weak trade unions
- low level of knowledge among employees about their rights
- poor working environment and inadequate protective equipment
- falsified documents, for example, time sheets
- corruption, bribes and other practices that make it more difficult to conduct checks.

All companies that directly or indirectly operate in Asia face these challenges and can, in various ways, help to improve the conditions. Clas Ohlson's strategy is to use a combination of in-house CSR auditors and external audit firms. Close cooperation between our CSR department in Shanghai and our purchasing department in Insjön is decisive in efforts to achieve results. Clas Ohlson is also a member of CSR Asia to exchange knowledge and help to improve conditions for workers in Asia.

Deviations based on GRI indicators after the implementation of audits:

| GRI indicators | 2006/07 | 2007/08 | 2008/09 | 2009/10 | Totalt |
|--|---------|---------|---------|---------|--------|
| HR4K – Non-discrimination – total number of incidents of discrimination and actions taken. | | | 16 | 15 | 31 |
| HR5K Freedom of Association and Collective Bargaining – operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | | 1 | 29 | 9 | 39 |
| HR6K – Child Labour – operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour. | | 1 | 1 | 1 | 3 |
| HR7K - Forced and Compulsory Labour – operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour. | | | 5 | 2 | 7 |

Training of employees

Training courses and information are probably the most important success factors in our CSR work.

New Clas Ohlson employees are trained in CSR issues in conjunction with the introduction programme in Insjön. On the company's intranet, employees can view a video training course on Clas Ohlson's social responsibility.

Our purchasing department receives training and regular information about CSR issues. During the financial year, our purchasers also participated in audits at manufacturers in China, which provides increased knowledge and experience concerning the process and creates insight into how they as purchasers can contribute to the improvement programme.

When recruiting CSR auditors, we only employ experienced auditors. During the financial year, our auditors underwent an environment training programme that was developed in cooperation with an external audit firm. The course included information about environmental pollution in various types of industries and production processes.

During the year, we prepared training material for our manufacturers. We also provided in-service training to our agents regarding Clas Ohlson's CSR programmes. These training courses were held in Shanghai, Hong Kong and Taipei.

External information

During the financial year, we produced a brochure on sustainability aimed at both employees and customers, which provided a brief overview of Clas Ohlson's sustainability programmes. We also expanded the CSR information on Clas Ohlson's website, which now includes a number of case studies with examples from various sustainability initiatives that have been conducted in relation to the environment, human capital and human rights.

Cooperation with other companies and organisations

To increase our opportunities to promote change and influence manufacturers, we endeavour to cooperate with other companies and organisations. During the financial year, for example, we became a member of the organisation CSR Asia. As part of our stakeholder dialogue – which is an in-

tegral part of our sustainability efforts – we participated in seminars arranged by Swedwatch, Save the Children and Amnesty International during the year. We also conducted a dialogue with analysts and other representatives of ethical funds who monitor Clas Ohlson.

Glossary and definitions

CSR (Corporate Social Responsibility)

CSR means that companies, on their own initiative, demonstrate active commitment and responsibility in terms of social development. The term encompasses companies' social responsibility, environmental responsibility and HR policies.

Code of Conduct

A Code of Conduct includes guidelines that describe how a company should conduct operations, ethically, socially and environmentally. It is often based on various international agreements, such as UN and ILO conventions, national legislation and regulations. Requirements may also pertain to suppliers' and manufacturers' production. By applying a Code of Conduct, companies aim to ensure that products are manufactured under satisfactory working conditions.

Global Reporting Initiative (GRI)

Global reporting standard for sustainability programmes. Introduced in 2009 at Clas Ohlson.

Suppliers

Companies with whom we place orders.

Manufacturers (factories)

Companies that manufacture our products.

Agents

Suppliers in Asia with whom we have a long-standing relationship and who purchase products from other suppliers and manufacturers in Asia.

Read more

The complete Code of Conduct is available on our website at www.clasohlson.se.

Further information about Clas Ohlson's efforts to promote human rights is also available on the website.

| Qualitative goals | What have we achieved in 2009/10 | Objectives in 2010/11 |
|--|---|---|
| <ul style="list-style-type: none"> Continued efforts to assess, monitor and improve the conditions for humans and the environment among suppliers and manufacturers. | <ul style="list-style-type: none"> Completed an initial assessment and audit of our existing manufacturers in Asia. New manufacturers assessed and audited in conjunction with the initiation of our cooperation. Continuous efforts to monitor manufacturers' improvement work. New assessment and audit performed at least every second year. | <ul style="list-style-type: none"> Further development of the company's assessment and auditing work for manufacturers. Systematic post-control of manufacturers' improvement work. Measure the environmental effects of factories and work to reduce their footprint in partnership with a number of manufacturers. |
| <ul style="list-style-type: none"> Expand our information and training programmes for manufacturers. | <ul style="list-style-type: none"> New training material developed for manufacturers. | <ul style="list-style-type: none"> Expand our work aimed at informing and training manufacturers. |
| <ul style="list-style-type: none"> Continuous training for our CSR auditors. | <ul style="list-style-type: none"> Our auditors underwent a two-day environment training course. | <ul style="list-style-type: none"> Continuous training. |
| <ul style="list-style-type: none"> Strive to establish cooperation with other companies and organisations to further increase the potential to influence and improve. | <ul style="list-style-type: none"> Strategic partners i organisationen CSR Asia | <ul style="list-style-type: none"> Cooperate with more companies and organisations. Examine various initiatives that work to harmonise companies' CSR programmes. |
| <ul style="list-style-type: none"> Endeavour to improve internal and external communication. | <ul style="list-style-type: none"> CSR brochure for our employees and customers. CSR information developed for our website. Marketing of energy-saving products. | <ul style="list-style-type: none"> Increased internal and external CSR communication. Further develop stakeholder dialogue. |

Clas Ohlson's values and employees

Clas Ohlson's employees are the core of the Clas Ohlson brand. A comment we frequently hear from our customers is that we provide good service, have pleasant and knowledgeable staff and they thus expect a little bit more of Clas Ohlson.

Clas Ohlson is continuing to expand at a rapid pace. The company currently has more employees than ever and has stores and offices in Sweden, Norway, Finland, the UK and China. This places exacting demands on Clas Ohlson as a responsible employer.

With the purpose of safeguarding expertise for future growth and expansion, we place great importance on attracting and retaining the industry's best employees. Key success criteria in this work include providing access to internal career opportunities, continuous skills development, market-based salaries, and health and diversity programmes.

An eventful year

The following events, measures and activities provide a brief summary of our HR and training work during the 2009/10 financial year.

- Continued focus on staff optimisation in the store to ensure that we can provide good service to our customers in an efficient manner.
- Focus on skills development with respect to business approach and sales as part of the process to create the conditions for increased sales in our stores.
- Start-up of Clas Ohlson's first trainee programme with the first trainees in place in autumn 2010.

- Implementation of a major employee satisfaction survey (Employee Satisfaction Index, ESI) for the Group's more than 3,000 employees in four countries.

Strong corporate culture

Our corporate culture builds on founder Clas Ohlson's strong way of doing business and the personal care he showed for customers and employees. The goal is for customers to always be satisfied with their purchases and our service. On each separate occasion, the meeting with the customer shall be characterised by friendliness, involvement and knowledge. Managers in the company have a special responsibility to set a good example. We thus place considerable importance on their ability to communicate, delegate and develop members of their team, which is particularly important given the company's rapid rate of expansion.

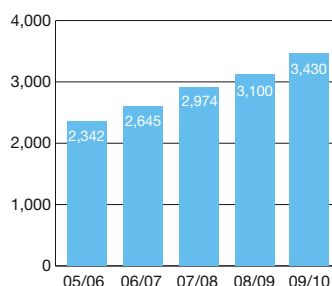
Accordingly, the company's core values form the basis for work to recruit and train new employees and managers in the company. The introduction programme is built up around our history and concept and aims at, an early stage, to provide new employees with knowledge of the range, service and attitude to both customers and employees. During the year, about 210 staff at 14 stores completed our training programme in Insjön. For our employees from the UK, this was a particularly exciting adventure.

As the company grows internationally, we see the need to precisely define the Clas Ohlson spirit. During the year, a project related to core values was launched with the aim of ensuring that all employees, regardless of responsibility or market, understand the significance of our origins and corporate culture. The platform will function as an important framework for how we develop leadership, employeeship, career development programmes and reward systems.

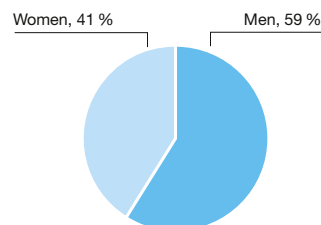
Proud employees

At 30 April 2010, the number of employees in the Group totalled 3,430. Of this number, 54 per cent were full-time employees.

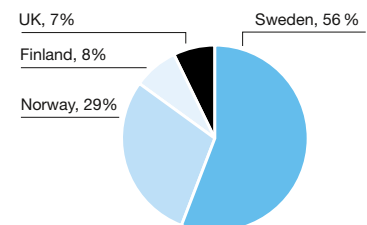
Total number of employees



Number of employees, men/women



Employees per country



| Total | Store employees | Supervisors | Store managers | Salaried workers | Other managers | Stockroom workers | Supervisors, Distribution centre | Total |
|--------------------------------|-----------------|-------------|----------------|------------------|----------------|-------------------|----------------------------------|--------|
| Total number of training hours | 30,784 | 5,007 | 2,746 | 2,309 | 841 | 443 | 96 | 42,226 |
| Average per employee | 14 | 15 | 23 | 6 | 14 | 2 | 4 | 12 |



Sandra Salama is one of many employees who have chosen to pursue a career at Clas Ohlson. She currently deals with HR issues at our head office in the UK.



Sandra took the step over the North Sea

Sandra Salama took an exciting and revolutionary step in her career when, at the end of 2008, she made the move from the Clas Ohlson store in Uddevalla, Sweden, to our newly opened store in Croydon, outside London.

When Sandra was first offered the role of Administrative Controller, she was apprehensive as she was unsure whether she would enjoy handling invoices and salaries. "As it turned out, I think it is great," says Sandra.

Sandra has also assisted in the coaching of colleagues in other newly opened stores in the UK. She has even managed to fit in a return trip to the store in Västra Frölunda, where she helped with the start-up of the new cash register system.

Sandra subsequently became involved in the recruitment of store employees and she has now advanced to the head office in Kingston, where she works with administration and HR issues.

"My job is both enjoyable and challenging. We try to identify people who will be a good match for the special culture, friendly approach and spirit that characterise Clas Ohlson. In general, the British have made a very positive impression on me."

In the beginning, Sandra took a leave of absence from the Uddevalla store, but now she is firmly rooted in the UK.

"I feel that my employer is really prepared to invest in me. I am happy that I took the opportunity to come to the UK, because it's an amazing feeling to know that I have played a part in building up an entirely new company. This is actually true; we were completely unknown in the beginning."

The fact that the British have discovered Clas Ohlson and like the concept is beyond doubt according to Sandra.

"They appreciate our range and more and more people are visiting our stores. The fact that they can find everything under one roof is an impressive feature for the British."

Sandra does not regret leaving the everyday life and safety of Uddevalla.

"Certainly not. It's important to try new things. My plan is to remain here, but for how long I don't know. But I do know that I want to be part of Clas Ohlson's journey in the UK."

During the financial year, 615 new employees were hired, of which 109 in Norway, 286 in Sweden, 145 in the UK and 75 in Finland.

Clas Ohlson conducted the first Group-wide employee survey during the financial year. Some 82 per cent of employees responded to the survey, which is a high response rate. The total result for the Group was an Employee Satisfaction Index (ESI) of 72 per cent, which – according to an external comparison – is well in line with other companies. The employee survey has provided us with a solid platform on which we can develop our strategy for how to attract, reward and motivate staff and how we should design leadership action plans.

The results of the survey showed that the majority of employees are proud to work for Clas Ohlson and feel that they can influence decision-making. Confidence in managers and Group management is strong, and our efforts in the areas of diversity, non-discrimination and equal opportuni-

ties are highly rated. Employees also listed a number of improvement areas, such as more internal information, more rapid IT development and better technical support. We view these as important development areas in the forthcoming financial year.

Diversity enriches

We firmly believe that good results, satisfaction, commitment and teamwork are achieved through diversity. Consequently, we strive to achieve an even distribution of staff with different experiences and backgrounds. No one shall be discriminated against on the grounds of gender, age, religion or belief, sexual preference or ethnic and national background. Results from the employee survey indicate highly favourable results in this area.

The Group's gender equality policy underlies our diversity programmes. The objective is that neither gender should account for less than 40 per cent in any of the occupational

categories, which is achieved through strategic competence development combined with the prioritisation of an even gender distribution in connection with recruitment.

During the 2009/10 financial year, women accounted for 41 per cent of Group employees (41 per cent 2008/09). The portion of women among senior management in the Group was 13 per cent (22 per cent in 2009/10).

A large share of our store employees are younger than 29. This is a natural situation, since many of these are students employed part-time who work on weekends and evenings.

Continuous skills development

Motivated and skilled employees form the basis for our continued expansion and success. Ahead of each financial year, we conduct a review of the Group's collective training

requirements. These requirements are subsequently compared with the prevailing business goals.

The Clas Ohlson Academy in Insjön is responsible for all training in the Group. This includes mandatory and voluntary training, in all countries and for all occupational categories. A trainee programme for young people who wish to grow with the company will be introduced in autumn 2010.

The aim is to safeguard employees' skills and career development as well as regrowth and growth within the company. Another important task is to manage, develop and firmly root the Clas Ohlson spirit.

During the 2009/10 financial year, 2,000 employees completed some form of training. Those who do not have the opportunity to attend on location in Insjön participate via video conference and interactive training, which is efficient in terms of the environment and costs.

Competitive salaries

Clas Ohlson's salary policy requires that salaries shall be competitive and match or surpass those of other companies in the industry, when the company achieves its goals. The salary level is based on competence and performance.

In addition to fixed salary, all employees – regardless of professional capacity – have some form of profit-based salary, health maintenance allowance and staff discounts.

Preventive healthcare programmes

Clas Ohlson shall offer a good working environment where employees feel a sense of satisfaction, security and community in their work, in addition to physical and mental well-being at the workplace. Our approach to employee health forms a natural part of our programmes to address work environment issues.

Our annual employee survey revealed that the work environment is good and the satisfaction factor is high, which in turn is demonstrated by the company's low staff turnover and low levels of ill-health relative to the industry in general.

Total sickness absence in 2009/10 was 3.1 per cent, down 0.5 percentage points on 2008/09. The proportion of total sickness absence accounted for by staff on long-term sick leave during the same period decreased from 27 per cent to 21 per cent.

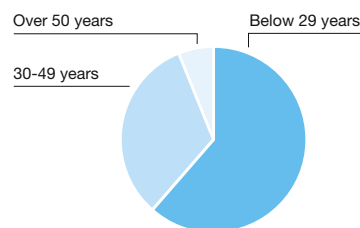


Capere Citrus Juicer, presses fresh juice directly into a glass or container. Stainless steel sieve. 500 ml juice container. Two different sized cones. 220-240 V/85 W. 34-3022

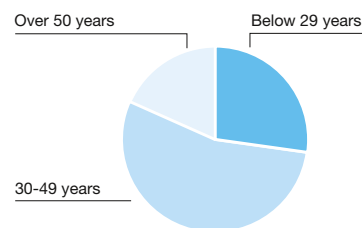
A young organisation

Employees below the age of 29 account for a large proportion of our staff, which is natural as many of the employees in our stores work part-time. It is common for students to work in one of the Clas Ohlson stores at weekends and evenings.

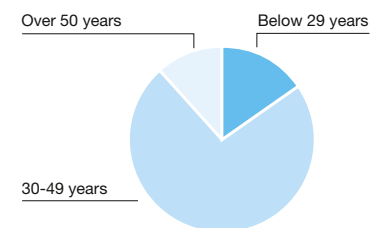
Age breakdown – Stores



Age breakdown – Distribution centre



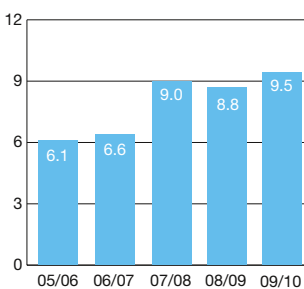
Age breakdown – Salaried employees





We place great importance on ensuring that new employees receive a solid introduction to the company and knowledge of our products, service, corporate culture and history. Our expansion into the UK means that the Clas Ohlson spirit has been exported to yet another country.

Staff turnover



| Number of employees* | Sweden | Norway | Finland | UK | Total |
|----------------------|--------|--------|---------|-----|-------|
| Stores | 1,166 | 913 | 230 | 239 | 2,548 |
| Distribution centre | 347 | 0 | 0 | 0 | 347 |
| Salaried employees | 386 | 90 | 41 | 18 | 535 |
| Total | 1,899 | 1,003 | 271 | 257 | 3,430 |
| – of whom women, % | 41 | 39 | 40 | 53 | 41 |

| Average period of employment in the company, years* | Sweden | Norway | Finland | UK | Total |
|---|--------|--------|---------|----|-------|
| Salaried employees | 7 | 7 | 4 | 1 | 4 |
| Stores/Distribution centre | 6 | 3 | 3 | 1 | 3 |

| Average absence due to sickness, % | Sweden | Norway | Finland | UK | Total |
|------------------------------------|--------|--------|---------|-----|-------|
| Total absence due to sickness | 2.9 | 7.1 | 3.7 | 3.1 | 3.1 |
| – of which, long-term sick leave | 23 | 49 | - | 22 | 21 |
| – of whom, men | 2.4 | 5.4 | 2.7 | 3.6 | 2.6 |
| – of whom, women | 3.6 | 9.8 | 5.2 | 2.6 | 3.9 |
| – of whom, employees aged below 29 | 0.9 | 5.4 | 4.1 | 2.9 | 3.3 |
| – of whom, employees aged 30–49 | 5.8 | 9.6 | 3.5 | 3.7 | 2.8 |
| – of whom, employees aged over 50 | 4.5 | 5.8 | 0.4 | 2.9 | 4.4 |

* 30 April 2010

Our responsibility for the environment

Clas Ohlson purchases products from approximately 600 suppliers in 30 countries. The products are transported by sea, air, road and rail to the distribution centre in Insjön, Dalarna, where they are stored and sorted for onward distribution to Clas Ohlson stores in Sweden, Norway, Finland and the UK. Goods are mainly distributed by road, but sea and rail are also used.

Consideration and responsibility play an important part in Clas Ohlson's corporate culture. We work actively to achieve our environmental targets and believe that improving the company's environmental performance is a task that cannot wait.

Clas Ohlson's environmental policy establishes that the environmental perspective shall be included in all key decisions to create long-term value for Clas Ohlson's customers, employees, shareholders and for society in general. We apply a lifecycle approach that encompasses the entire chain, from manufacturing and transport to use and waste management.

Key events during the year

- All of our own properties in Insjön have been connected to bio-based district heating since December 2009. This yields a reduction in carbon emissions of about 1,000 tonnes per year compared with the earlier heating method that was based on fuel oil.
- During the 2009/10 financial year, the ErP directive gained legal force in the EU. The new demands on energy efficiency have impacted many product categories in Clas Ohlson's range, for example, light sources. Effective

September 2009, light bulbs are being phased out in favour of more energy efficient light sources that entail an energy saving of up to 85 per cent.

- All of our stocks are now centralised to the Distribution Centre (DC) in Insjön, Dalarna. The DC has been equipped with a new pallet crane and miniload system. The investment generates higher efficiency within materials handling and reduces the number of internal transports.
- The shipping companies lowered the cruising speeds of vessels from 22 to 16 knots. Although this results in a 10 per cent reduction in emissions from vessels, it also impacts our purchasing planning since the time for a sea transport from China to Gothenburg increases from between 30-35 days to about 45 days.

Environmental work in a larger context

Our greatest challenge, from a risk and cost perspective, is our dependence on fossil energy types and their impact on the climate, mainly with respect to goods transportation.

Within a few years, global oil production is expected to peak and to subsequently decline. Aside from the threat of a period of shortage, the ongoing political climate work could result in higher taxes and fees.

The impact of logistics on the climate is one of two prioritised areas in our environmental work. In partnership with the transport companies we engage, we are seeking to identify solutions to reduce emissions of carbon dioxide from fossil sources.

Climate change also directs the focus to energy consumption in society. The EU issues directives (for example ErP) that aim to promote the development of products with higher energy efficiency.

Clas Ohlson currently offers a broad range of energy-saving alternatives for the majority of light sources. As a step in this transition process, range and product information is continuously being developed to assist our customers to re-

| Environmental goal | Outcome 2009 | Analysis | Goal 2012 | Activities |
|---|---------------------------|---|-----------|---|
| Sea freight -5 % CO ₂ /tkm (vs 2007) | +2.5 % (3.79 vs 3.70) | Lower space utilisation rate on vessels due to economic conditions resulted in higher performance indicators. | 3.52 | Higher space utilisation rate. Reduced shipping speeds to yield a 10% cut in emissions. |
| Road freight -10 % CO ₂ /tkm (vs 2007) | -4 % (49.9 vs 51.9) | Optimisation of flows yielded lower performance indicators. | 46.7 | Higher space utilisation rate. Mix of biofuel in diesel. |
| Rail freight +10% of the share of road transport (vs 2007) | -6 % (15.1 vs 16.1) | Inflow from Gothenburg to Insjön reached the optimal level, with 85% via rail. | 17.7 | Inter-modal solutions for outflows, meaning deliveries to stores. |
| Air freight -10 % lower share (vs 2007) | -32 % (0.064 vs 0.094) | Surpassed goal for 2012. | 0.085 | |
| Business travel -20 % CO ₂ /km (vs 2007) | -9 % (112.6 vs 124.3) | Journeys by car decreased while rail travel increased. | 99.4 | Revised travel policy. Goal of 140 grams CO ₂ /km for new company cars. |
| Consumption of electricity at DC in Insjön -25 % kWh/pallet (vs 2007) | -3 % (22.2 vs 22.8) | Remodelling of the DC resulted in a temporary rise in energy consumption. | 17.1 | Surplus forklifts to be taken out of service. Optimisation of flows, operating time. |

Explanation of terms used in table: **CO₂/tkm** = carbon emissions per ton-kilometre; **Inter-modal** = the transport of a unit of goods, such as a container, using multiple modes of transportation, for example rail, sea or road; **DC** = Distribution Centre

duce their own electricity consumption, which benefits the environment and the economy.

The EU's REACH regulation has resulted in intensified focus on the chemical substances that may be contained in products. For our part, this requires more distinct and efficient procedures for imposing demands on, and communicating with, our suppliers. This work is based on our risk assessment model, which basically means that we classify products in terms of supplier category, brand, area of application and user group.

Organisation and responsibility

Environmental efforts are part of Clas Ohlson's sustainability programmes and are coordinated in a CSR forum that formulates goals and strategies, and plans and follows up the sustainability programmes. Read more about Clas Ohlson's CSR forum on page 29.

Goods transportation and business travel

Our overall environmental targets entail that emissions of fossil carbon dioxide per tonne/kilometre shall decrease by 30 per cent by 2020, compared with the base year of 2007.

Of the major flows of goods arriving by boat to Gothenburg, about 85 per cent is transported by rail to the terminal in Insjön, Dalarna. Goods from Swedish and European suppliers are collected for consolidated loading in several districts for onward transport by truck to Insjön.

Trucks are currently used for outgoing deliveries to stores. In cooperation with hired haulage contractors, we have increased the space utilisation rate through more effective coordination. Bio-based diesel is nearing market introduction and will involve a reduction in the climate impact from truck transportation. Our long-term objective is to transfer some of this transport to rail, and simulation models show that this would reduce both emissions and costs for some flows.

Results

Clas Ohlson's total carbon dioxide emissions from goods

transport increased from 9,499 tonnes in 2008 to 11,800 tonnes in 2009 as a result of a rise in the number of stores and sales growth, thus increasing the transport requirement. However, emissions per tonne-kilometre declined in all goods flows. The overall performance indicator decreased from 6.6 grams per tonne-kilometre in 2008 to 6.2 grams per tonne-kilometre in 2009, mainly as a result of reduced air freight and an increase in the proportion of sea and rail transportation. The lower emissions generated by shipping by reducing cruising speeds have not yet impacted the established reporting methods. Consequently, reported carbon dioxide emissions for freight transport may be overestimated by about 7 per cent.

Products

Overall environmental goals

The products we sell shall possess properties that correspond to or surpass market expectations with respect to material qualities, energy consumption and quality. The range and information shall be developed to help our customers reduce their environmental impact.

Quality assurance

The number of chemical substances regulated by the EU's REACH regulation is increasing rapidly. Clas Ohlson has made a comprehensive effort to train suppliers in applicable legislation, how to keep updated and which substances can occur in various products. For example, suppliers have been granted access to substance guides and quick links to relevant legislation. Since 2009, the Group has a dedicated chemicals coordinator whose primary task is to develop sustainable procedures and monitor chemical legislation.

Phasing-out of substances hazardous to the environment and health

We are phasing out the substances regarded as risk substances in the REACH regulation by setting a maximum limit

Energy consumption

| | 2009 | 2008 | 2007 |
|----------------------------------|------|------|------|
| Store premises, kWh Electricity* | 139 | 136 | 128 |
| Offices, kWh total * | 205 | 233 | 281 |
| Distribution Centre, kWh * | 83 | 98 | 100 |
| Distribution Centre, kWh/pallet | 22.2 | 19.6 | 22.8 |
| Fuel oil, Insjön, m ³ | 19.8 | 91.0 | 76.7 |

* Per square metre and year

The performance indicators show energy consumption in four different areas: electricity consumption in stores, electricity consumption, district heating and oil consumption of the head office and distribution centre, and electricity consumption per delivered pallet.

Total electricity consumption, GWh

| | 2009 | 2008 | 2007 |
|---------------------|------|------|------|
| Store premises | 23.4 | 19.2 | 15.5 |
| Offices | 2.2 | 2.5 | 2.5 |
| Distribution centre | 4.4 | 3.7 | 4.8 |

Fossil carbon dioxide, tonnes

| | 2009 | 2008 | 2007 |
|-----------------|--------|-------|--------|
| Goods transport | 11 800 | 9 499 | 10 484 |
| Travel | 530 | 420 | 431 |
| Heating | 286* | 233 | 196 |
| Electricity | 1 079 | 507 | 455 |

* Due to a technical problem in 2009, district heating was based on 37 per cent fuel oil instead of the normal 7 per cent.

Carbon dioxide emissions from transport and travel

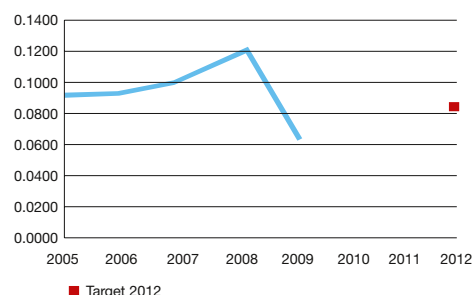
Transport gram CO₂ per ton-kilometre

| | 2009 | 2008 | 2007 |
|---------------------------|------|------|------|
| Outgoing freight | 50.1 | 50.6 | 51.7 |
| Incoming freight – Europe | 18.9 | 24.1 | 28.8 |
| Incoming Freight – Asia | 4.19 | 4.55 | 4.17 |

Corporate travel gram CO₂ per person-kilometre

| | 2009 | 2008 | 2007 |
|--------------------------------------|-------|-------|-------|
| Average value road, air, rail travel | 112.6 | 112.8 | 124.3 |

Proportion of air freight (%) of the total goods flow



of 0.1 per cent by weight. For textiles and leather products, we have identified additional substances, in excess of the legislative requirements, that we are working to minimise in our products. These include nonylphenol, formaldehyde, and allergy-inducing dispersion colours. We also impose stricter requirements for identifying risk substances in materials that come into contact with skin when in use and for products used by children.

Energy efficiency

The EuP directive (Energy-using Products) was introduced in the EU in autumn 2007. In November 2009, it was renamed ErP (Energy-related Products), and was expanded to include products that affect the energy requirement. It aims to integrate environmental aspects early on in the design phase, hence improving the products' energy efficiency. To date, the directive covers some 20 product groups, of which a significant portion is included in Clas Ohlson's range, which contains a large number of electrical and electronic products.

Sustainability and quality - after-market service

Clas Ohlson offers a range of more than 9,000 spare parts for products that are sold in Sweden, Norway, Finland and the UK. This is highly beneficial from an environmental perspective, since the lifecycle of the products is extended by repairing rather than discarding them. Our after-market service, our extensive range of spare parts and the employees' knowledge of the products is highly appreciated by customers.

Energy

Overall environmental goals

All energy use in our own and leased premises and properties will be documented. Efforts will be directed toward specified savings targets for the distribution centre, head office and stores. Energy from fossil sources will be discontinued in our own operations.

Distribution Centre

The performance indicator for our combined energy consumption in the distribution centre has declined 17 per cent in three years (2007-2009).

As the remodelling of the distribution centre is completed and new, efficient handling equipment is made operational in 2009/2010, we expect that our goal to reduce the consumption of electricity in operations by 25 per cent by 2012 will be achieved.

Offices

Clas Ohlson's head office in Insjön, including such Group-wide functions as management, accounting, purchasing, marketing and HR, comprises two buildings totalling 20,000 square metres. These buildings also house the Insjön store and customer service, with workshops, spare parts store and so forth. From December 2009, all sections of the buildings are connected to bio-based district heating. The performance indicator for the combined consumption of electricity, district heating and oil has declined by 27 per cent in three years.

Stores

Clas Ohlson owns no store premises, with the exception of Insjön. Electricity and energy requirements vary strongly among the various stores. For example, some stores have their own escalators, additional electric signs, etc., which

entail increased electricity consumption.

The annual increase in the performance indicator since 2008 from 136 kWh per square metre and year to 139 kWh per square metre and year will be reviewed and measures taken. In Sweden, a project is ongoing to determine electricity consumption in stores and in Norway, Clas Ohlson is participating in a development project that will test and evaluate new lighting technology.

Waste

The WEEE directive (Waste Electrical and Electronic Equipment) is applicable to all our markets, and Clas Ohlson assumes its producer responsibility through membership in the national waste collection systems EI-Kretsen in Sweden, Elretur in Norway, Serty in Finland and Valpak in the UK.

For many years, the distribution centre in Insjön has employed efficient systems for sorting at source and recycling. Surplus packaging is pressed into large bales that are sold and become raw material for new products. This also pertains to various fractions of plastics. Other waste is sorted at source into approximately ten fractions.

Packaging

In cooperation with our suppliers, we shall reduce the proportion of environmentally hazardous product packaging. This shall be accomplished by avoiding the use of plastic packaging or by replacing PVC with PE or PET plastics.

Our stores sell 7.6 million carrier bags annually. Some 16 per cent of these are paper bags, but the majority are manufactured from polyethylenes (PE). During the financial year, customers were given an additional alternative: a durable, reuseable bag of reinforced PP plastic. The packaging used for items purchased by Clas Ohlson's mail order/ Internet sales customers has been environmentally adapted. The proportion of recycled fibre has risen from 38 to 51 per cent and all the adhesives used are bio-based.

Clas Ohlson fulfils producer responsibility for packaging through membership in national waste collection systems in Sweden, Norway, Finland and the UK.

Printed matter

Overall environmental goal

Environmental impact shall be part of the basis for decisions in the choice of communication channels. We strive to increase the proportion of customer and shareholder communication issued on the Internet. The production of our printed matter shall take place using technology and materials that have a well-documented low environmental impact. Printed matter shall be recoverable as high-quality fibre raw material.

Clas Ohlson has issued a catalogue annually since 1918. The catalogue is printed in accordance with the Nordic Swan ecolabel criteria and distributed mainly with deliveries of products to our stores. From the 2008/2009 financial year, the catalogue has been published twice annually to increase flexibility in product range and prices.

In addition to the catalogue, we send out regular direct-mail advertising printed on Swan-labelled paper. The Clas Ohlson Annual Report is printed on Nordic Swan eco-labelled paper and is only distributed to shareholders who have requested printed information from the company. This has led to a reduction of about 70% in the number of issues printed, fewer dispatches and a consequent reduction in environmental impact.

Legislation and guidelines

Clas Ohlson is mainly impacted by the following EU directives:

- Regulation of the use of substances hazardous to the environment and health in products (RoHS, REACH).
- Regulation of products' energy efficiency (ErP).

- Producer responsibility for waste electrical and electronic equipment (WEEE).

Read more

For further information on our environmental and sustainability programmes, visit our website www.clasohlson.se.

RoHS: 2002/95/EC on the Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment.

The RoHS directive forbids the use of mercury, cadmium, lead, hexavalent chromium and the flame-retardant substances PBB and PBDE in new electrical and electronic products released into the market as of 1 July 2006.

The quantity limit is 0.1 per cent by weight (0.01 per cent cadmium by weight) of homogeneous material.

RoHS covers the product categories included in WEEE.

In Sweden, the Swedish Chemicals Agency is the regulatory body.

REACH: 1907/2006/EC Registration, Evaluation, Authorisation and Restriction of Chemicals.

The directive came into effect throughout the EU on 1 June 2007 and the regulations in REACH will be introduced on a step-by-step basis through 2018. REACH is based on the principle that it is the party that manufactures or introduces a chemical into the market who is responsible for determining the risks associated with the chemical before it is put into use.

Chemical manufacturers and users shall prepare data on the chemicals' properties and assess the risks. A new authorisation procedure will be introduced for chemicals with properties that are seriously hazardous to the environment and health. Particularly hazardous substances are entered in a so-called candidate list.

All who manufacture, import or sell goods containing more than 0.1 per cent by weight of a substance on the candidate list must present this information to their customers to ensure that the product can be handled in a safe manner.

WEEE: 2002/96/EC on Waste Electrical and Electronic Equipment.

The aim is to design and produce electrical and electronic products in such a manner so as to prevent waste. When waste anyway occurs, it shall be collected and reused or recycled in an environmentally sound manner.

Manufacturers and importers shall pay for future recycling of products and ensure that collection and environmentally sound recycling is performed.

In Sweden, the Swedish Environmental Protection Agency is the regulatory body.

Clas Ohlson's GRI profile

| A complete version is available at www.clasohlson.se . Clas Ohlson reports at C level. | | |
|--|---|-----------------|
| | Performance indicators | Page |
| | Economic impact | |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | 60 |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation. | 38 |
| | Environmental impact | |
| EN3 | Direct energy consumption by primary energy source. | 43 |
| EN4 | Indirect energy consumption by primary energy source. | 43 |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | 43 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | 43 |
| EN18 | Initiatives to reduce greenhouse gas emissions, and reductions achieved. | 31, 42, 43, 44 |
| | Social impact | |
| LA1 | Total workforce by employment type, employment contract and region. | 41, 75, note 31 |
| LA | Employee turnover. | 41 |
| LA10 | Average hours of training per year per employee per employee category. | 38 |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other diversity indicators. | 41, 78, 79 |
| | Human rights | |
| HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights, and actions taken. | 7, 34 |
| HR4 | Total number of incidents of discrimination, and actions taken. | 36 |
| HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | 36 |
| HR6 | Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour. | 36 |
| HR7 | Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour. | 36 |
| | Product responsibility | |
| PR1 | Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | 43, 44 |



One of Sweden's largest Annual General Meetings

Clas Ohlson B shares are listed on the Nasdaq OMX Nordic Exchange Stockholm and have been listed on the Stockholm Stock Exchange since 1999. The issue price was SEK 106, which following the split (4:1) in October 2001 and the additional split (2:1) implemented in October 2004 totalled SEK 13.25.

During the financial year extending from 1 May 2009 to 30 April 2010, the share price rose from SEK 94 to SEK 128, up 36 per cent. The Affärsvärlden General Index increased 40 per cent during the same period. The lowest price paid during the period was SEK 84.75, quoted in June, while the highest price paid during the period was SEK 155, recorded in December.

Share turnover

During the period, 29,807,356 Clas Ohlson shares were traded on the Nasdaq OMX Nordic Exchange Stockholm, equivalent to a turnover rate of 45 per cent. The total turnover rate on the Nasdaq OMX Nordic Exchange Stockholm during the same period was 98 per cent.

Clas Ohlson's total market capitalisation on 30 April 2010 was SEK 8.4 billion.

Share capital

The share capital of Clas Ohlson totals SEK 82 M, represented by 5,760,000 A shares and 59,840,000 B shares, each with a quotient value of 1.25. Each A share carries ten votes, while each B share carries one vote. All shares carry equal rights to payment of dividends. Holders of A shares can request that their A shares be converted to B shares.

Treasury shares

The number of registered shares amounted to 65,600,000, which is unchanged compared with the preceding year. On 30 April 2010, the company held 1,320,000 shares (645,000) corresponding to 2 per cent (1) of the total number of registered shares. The number of shares outstanding, net after repurchase, was 64,280,000 at the end of the financial year.

To safeguard the company's undertaking regarding the conditional matching shares and the employee stock options in connection with the LTI (Long Term Incentive) programme in 2009, Clas Ohlson bought back 675,000 shares for a total of SEK 73.0 M at an average price of approximately SEK 108 per share during the first quarter of the financial year.

Shareholders

On 30 April 2010, the company had a total of 28,405 shareholders, according to the register of shareholders maintained by Euroclear Sweden, compared with 22,747 on 30 April 2009. The ten largest shareholders at that time held 62 per cent of the capital and 78 per cent of the votes.

Non-Swedish shareholders accounted for 29 per cent of the capital and 37 per cent of the votes. Swedish institutions accounted for 30 per cent of the capital and 17 per

cent of the votes. Swedish private individuals accounted for 41 per cent of the capital and 46 per cent of the votes.

Dividend policy and dividend

Financially, Clas Ohlson is positioned to generate continued favourable growth in its operations and is ready to exploit business opportunities. It is essential that expansion continues, as it has done to date, with no loss of financial strength or freedom of action.

On this basis, the Board has considered that the level of dividend payments should be equivalent to around half the profit after tax. In addition, the Board may propose that surplus liquidity also be distributed.

For the 2009/2010 financial year, the Board proposes that a dividend of SEK 3.75 per share (3.00) be paid.

The Board's proposal is equivalent to about 56 per cent (54) of the Group's profit after tax and 15 per cent (13) of Group equity.

Shareholder information

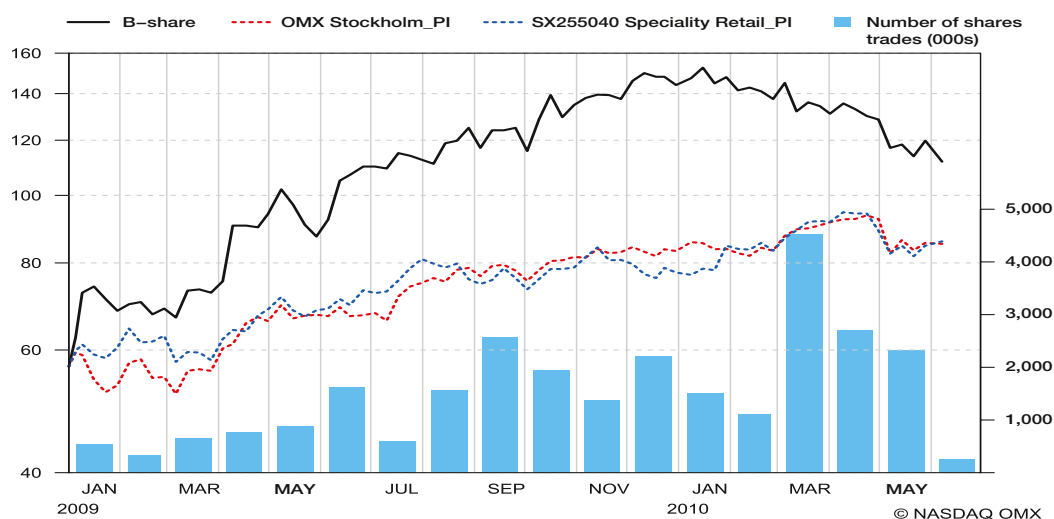
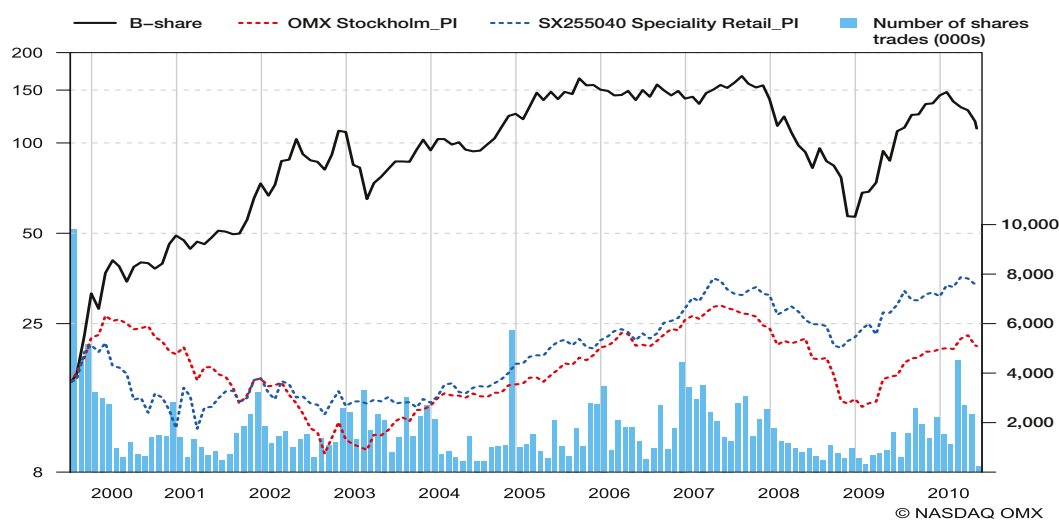
Since Clas Ohlson is intent on keeping the market continuously informed of its sales figures, these figures are reported as often as once a month. The information is issued in a press release mid-way through the following month. Clas Ohlson's financial results are presented four times a year, at the end of each quarter.

The company distributes a printed annual report by post to all shareholders who so request and also regularly sends interim reports to those who express an interest in receiving them. The interim reports can be received by e-mail or in a printed version by post, depending on preference.

All financial information regarding Clas Ohlson is presented on the company's website. Press releases and reports appear there immediately after they are published. The website contains all the press releases, interim reports and annual reports that the company has published since its initial listing on the stock exchange in October 1999. The prospectus for the initial public offering can also be downloaded as a PDF file.

In addition, analysts' presentations that the company holds around the time of the publication of its interim report can be viewed on the website, www.clasohlson.se

The Clas Ohlson share



Data per share

| | 2009/10 | 2008/09 | 2007/08 | 2006/07 | 2005/06 |
|---|-------------------|---------|---------|---------|-------------------|
| Number of shares, millions ³ | 64.4 | 65.1 | 65.6 | 65.6 | 65.6 |
| Earnings per share, SEK | 6.72 | 5.62 | 6.43 | 5.88 | 5.37 |
| Gross cash flow per share, SEK | 8.86 | 7.04 | 7.71 | 7.02 | 6.32 |
| Equity per share, SEK | 25.61 | 22.99 | 22.86 | 20.84 | 19.16 |
| Share price at 30 April, SEK | 128 | 94 | 98 | 150 | 149 |
| Dividend per share, SEK | 3.75 ¹ | 3.00 | 5.00 | 4.50 | 4.00 ² |
| P/E ratio, multiplier | 19 | 17 | 15 | 26 | 28 |
| Share price/gross cash flow, multiple | 15 | 13 | 13 | 21 | 24 |
| Price/equity ratio, % | 502 | 409 | 430 | 722 | 778 |
| Dividend yield, % | 2.9 | 3.2 | 5.1 | 3.0 | 2.7 |
| Payout ratio, % | 56 | 54 | 78 | 77 | 74 |

¹ Proposed dividend.

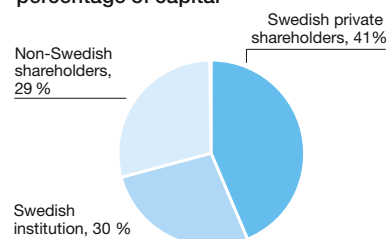
² Including extraordinary dividend of SEK 1.00.

³ Average number of shares before and after dilution.

Trend in share capital

| Year | Transaction | Additional shares | Accumulated no. of shares | Total share capital |
|------|-----------------|-------------------|---------------------------|---------------------|
| 1994 | | | 48,000 | 4,800,000 |
| 1999 | Split 10:1 | 432,000 | 480,000 | 4,800,000 |
| 1999 | Bonus issue | 6,720,000 | 7,200,000 | 72,000,000 |
| 1999 | New share issue | 1,000,000 | 8,200,000 | 82,000,000 |
| 2001 | Split 4:1 | 24,600,000 | 32,800,000 | 82,000,000 |
| 2004 | Split 2:1 | 32,800,000 | 65,600,000 | 82,000,000 |

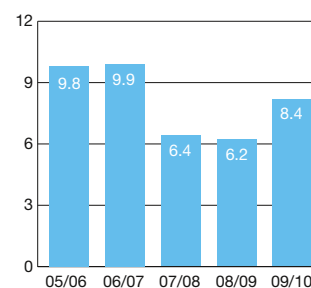
Shareholder categories, percentage of capital



The major shareholders*

| Shareholder | Number of A shares | Number of B shares | Percentage of capital | Percentage of votes |
|--------------------|--------------------|--------------------|-----------------------|---------------------|
| Mary Haid | 2,735,880 | 11,905,200 | 22.3 | 33.4 |
| Helena Tidstrand | 1,368,060 | 6,979,828 | 12.7 | 17.6 |
| Johan Tidstrand | 1,368,060 | 3,309,828 | 7.1 | 14.5 |
| Håkan Thylén | 288,000 | 1,186,800 | 2.2 | 3.5 |
| AFA Försäkring | | 3,233,044 | 4.9 | 2.8 |
| IF Skadeförsäkring | | 2,742,908 | 4.2 | 2.3 |
| Anders Moberg | | 1,389,000 | 2.1 | 1.1 |
| Skandia Liv | | 1,304,001 | 2.0 | 1.1 |
| Lannebo funds | | 1,275,000 | 2.0 | 1.1 |
| SEB Investment | | 1,001,822 | 1.5 | 0.9 |
| Other shareholders | | 25,512,569 | 39.0 | 21.7 |
| Total | 5,760,000 | 59,840,000 | 100.0 | 100.0 |

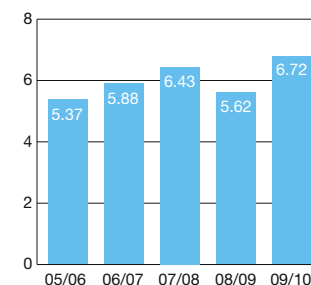
Market capitalisation, SEK billion



Shareholder categories*

| Shareholder | Number of A shares | Number of B shares | Percentage of capital | Percentage of votes |
|-----------------------------|--------------------|--------------------|-----------------------|---------------------|
| Swedish private individuals | 3,024,120 | 24,151,896 | 41.4 | 46.3 |
| Swedish institutions | | 19,470,599 | 29.7 | 16.6 |
| Non-Swedish shareholders | 2,735,880 | 16,217,505 | 28.9 | 37.1 |
| Total | 5,760,000 | 59,840,000 | 100.0 | 100.0 |

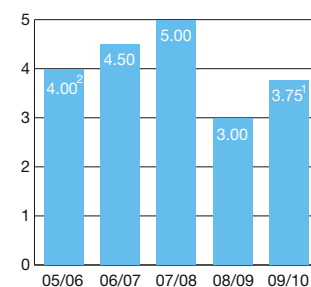
Earnings per share, SEK



Shareholding structure*

| Size interval | Number of shares | Percentage | Number of shareholders |
|-----------------|-------------------|--------------|------------------------|
| 1-500 | 3,429,991 | 5.2 | 21,020 |
| 501-1000 | 3,715,952 | 5.7 | 4,540 |
| 1 001-5 000 | 5,234,657 | 8.0 | 2,415 |
| 5 001-10 000 | 1,803,474 | 2.8 | 244 |
| 10 001-20 000 | 1,202,608 | 1.8 | 83 |
| 20 001-100 000 | 2,613,095 | 4.0 | 59 |
| 100 001-500 000 | 5,268,930 | 8.0 | 26 |
| 500 001- | 42,331,285 | 64.5 | 18 |
| Total | 65,600,000 | 100.0 | 28,405 |

Dividend per share, SEK



¹ Proposed dividend

² Including extraordinary dividend of SEK 1.00

* at 30 April 2010

Directors' report

Clas Ohlson AB (publ),
corporate registration number 556035-8672

The Board of Directors and Chief Executive Officer of Clas Ohlson AB (publ), with registered office and head office in Insjön, in the Municipality of Leksand, hereby present the annual accounts for the financial year 1 May 2009 to 30 April 2010. Unless otherwise stated, the figures relate to the Group. Figures in brackets relate to the preceding year. All figures are stated in millions of Swedish kronor (SEK M) unless otherwise indicated.

Operation

The operation consists of the sale of products in the Hardware, Home, Multimedia, Electrical and Leisure categories through the company's own retail stores and by mail order/Internet. The range is focused on reasonably priced products that are needed in everyday life. The company has operations in Sweden, Norway, Finland and the UK. At the end of the period, the number of stores was 120, of which 56 were located in Sweden, 41 in Norway, 16 in Finland and seven in the UK.

The product range comprises around 15,000 items bought from a large number of suppliers in some 30 countries. The products are bought in to the distribution centre in Insjön and from there are distributed to customers through the company's own stores in Sweden, Norway, Finland and the UK or by mail order/Internet direct to customers.

Significant events

Fourteen new stores were opened during the financial year, of which six in Sweden, three in Norway and five in the UK. To date, Clas Ohlson has established seven stores in the UK market (Croydon, Manchester, Reading, Kingston, Watford, Liverpool and Leeds).

The response from customers in the newly opened UK stores is positive and the number of visitors and customers to date has been higher than the Group average. The conversion rate and average purchase amount have been lower in the UK than the Group average, which is generally the case on entering new markets. Clas Ohlson anticipates that establishing its brand name and position in a completely new market will take time and that the conversion rate, average purchase amount and sales will gradually increase in the next few years.

Sales and profits

Sales totalled SEK 5,556 M, a rise of 13 per cent compared with SEK 4,930 M in the preceding year. In local currencies, sales increased 11 per cent. Mail order/Internet sales amounted to SEK 94 M, compared with SEK 100 M in the preceding year.

Sales are broken down as follows:

| Sales areas (SEK M) | 2009/10 | 2008/09 | Percentage change, local currency | |
|---------------------|--------------|--------------|-----------------------------------|-----------------------------------|
| | | | Percentage change | Percentage change, local currency |
| Countries | | | | |
| Sweden | 2 752 | 2 558 | + 8 | + 8 |
| Norway | 2 220 | 1 923 | + 15 | + 12 |
| Finland and UK | 584 | 449 | + 30 | + 28 |
| | 5 556 | 4 930 | + 13 | + 11 |

The 13 per cent increase in sales by stores is broken down as follows:

| | |
|-------------------------------------|----------------------|
| Comparable stores in local currency | + 0 per cent |
| New stores | + 11 per cent |
| Exchange-rate effects | + 2 per cent |
| Total | + 13 per cent |

The gross margin was 40.8 per cent, which is unchanged from the preceding financial year. The margin was negatively impacted by exchange-rate effects, but this was offset by the sales mix and more efficient purchasing.

The share of selling expenses decreased 0.6 percentage points to 27.6 per cent (28.2). The establishment in the UK resulted in increased sales costs, which were offset by higher sales growth, measures to increase productivity in stores and lower start-up costs.

During the financial year, 14 new stores (20) were opened, of which nine in the Nordic region and five in the UK. In addition, four existing stores (1) were adapted to the new store concept. Start-up costs for new and renovated stores, including disposal of equipment, totalled SEK 60 M (67). The decrease was primarily attributable to fewer new stores and increased efficiency in store establishments in the Nordic region.

Depreciation for the year totalled SEK 130 M, compared with SEK 92 M in the preceding year. The increase was primarily attributable to new stores and the commissioning of Clas Ohlson's new sorting facility and pallet crane warehouse system (May 2009 and January 2010, respectively).

Operating profit amounted to SEK 591 M, up 17 per cent compared with the preceding year (SEK 503 M). The increase was primarily due to higher sales combined with higher productivity.

The operating margin was 10.6 per cent (10.2). Profit after financial items amounted to SEK 588 M, up 17 per cent compared with the preceding year (504).

The exchange rates for the most important currencies averaged 1.22 for the Norwegian krone and 7.26 for the US dollar, compared with 1.18 and 7.30, respectively, in the preceding year. Currency hedging was conducted in USD, HKD, EUR and NOK. The company's policy is to hedge 50 per cent of expected flows during a catalogue period.

Prospects for the next financial year

Clas Ohlson's business concept of offering a broad and reasonably priced product range to conveniently solve the practical problems of everyday life is highly attractive in established markets. The concept is considered unique in Europe and has the potential to expand to several countries and increase the market shares in existing markets. In coming years, establishment in new markets (currently the UK) will be charged against Clas Ohlson's operating margin by up to 2-3 percentage points during one financial year. Growth in new markets in Europe will occur within the framework for the company's long-term financial goals.

During the 2010/11 financial year, Clas Ohlson plans to establish 17-22 new stores, of which six to ten in the UK.

The launch of Clas Ohlson's new store concept in new and existing stores, combined with the new store format, will generate additional growth opportunities for the company in our primary markets in the Nordic region where Clas Ohlson achieved a high market penetration.

Clas Ohlson will continue to strive for simplicity and to increase the efficiency of the entire operation.

The objective for long-term sales growth is 15 per cent, measured as the average annual sales increase over a five-year period. The profitability objective is to achieve an operating margin of at least 10 per cent annually.

Financial position

Cash flow from operating activities during the financial year was SEK 603 M (340). The change was primarily attributable to improved operating income and more efficient management of the working capital. Cash flow for the year, after investing and financing operations, was SEK 19 M (neg: 203). In September 2009, a cash dividend of SEK 193 M (325) was distributed to Clas Ohlson's shareholders. The average value of inventories during the financial year was SEK 1,147 M (1,041), up 10 per cent.

At the end of the financial year, inventories amounted to SEK 1,204 M (1,117). Compared with the same month a year earlier, 14 new stores were added.

The company's repurchase of own shares to secure LTI 2009 (long-term incentive programme 2009) amounted to SEK 73.0 M (58) during the first quarter of the financial year.

The Group's net indebtedness, meaning interest-bearing liabilities less cash and cash equivalents, decreased SEK 9 M to SEK 173 M (182), compared with the preceding year. The equity/assets ratio was 58 per cent (58).

Investments

During the financial year, investments totalling SEK 317 M (434) were made. Of this sum, SEK 93 M (108) pertained to investments in new or renovated stores. A further SEK 149 M (279) related to investments in the expansion of the distribution centre at Insjön. As of 30 April 2010, SEK 572 M of the ongoing investment totalling SEK 615 M has been

utilised. Other investments are mainly investments in the head office and replacement investments.

Shares and share capital

Clas Ohlson B shares are listed on the Nasdaq OMX Nordic Exchange Stockholm. The share capital totals SEK 82 M, broken down into 5,760,000 A shares and 59,840,000 B shares, each with a quotient value of 1.25. Each A share carries ten votes, while each B share carries one vote. All shares carry equal rights to payment of dividend. Holders of A shares can request that A shares be converted to B shares. The share capital is unchanged in comparison with the preceding financial year.

On 30 April 2010, there were a total of 28,405 shareholders according to the register of shareholders held by Euroclear Sweden, compared with 22,747 on 30 April 2009. The ten largest shareholders at the same date accounted for 62 per cent of the capital and 78 per cent of the votes. For a list of shareholders, see pages 47-49 of the printed annual report.

The Articles of Association do not contain any reservations for right of first refusal or other restrictions on the transferability of shares. Apart from authorisation pertaining to the repurchase of shares stated on page 57, there are no other circumstances of the kinds the company is obliged to disclose under the provisions of Chapter 6, Section 2a (4-11) of the Annual Accounts Act. The number of registered shares amounted to 65,600,000, which is unchanged compared with the preceding year. As of 30 April 2010, the company had 1,320,000 shares (645,000), corresponding to 2 per cent (1) of the total number of registered shares. The number of shares outstanding, net after repurchase, amounted to 64,280,000 at the end of the year.

To secure the company's commitment regarding conditional matching shares and employee stock options in connection with LTI 2009, Clas Ohlson repurchased 675,000 shares during the first quarter of the 2009/10 financial year for a total of SEK 73 M at an average price of approximately SEK 108 per share.

Employees

The number of employees in the Group averaged 2,025 (1,927), of whom 871 (790) were women. The distribution by country is 1,275 (1,265) in Sweden, 481 (458) in Norway, 164 (174) in Finland and 105 (30) in the UK. Further information about employees is contained in Notes 6, 31 and 32 to the annual accounts.

Corporate governance

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

Swedish Code of Corporate Governance

The Swedish Code of Corporate Governance is applicable to all major companies listed on the Nasdaq OMX Nordic Exchange Stockholm. The aim is to improve corporate governance in listed companies and foster trust in companies among the general public and in the capital market. The Code is based on the “comply or explain” principle, which means that it is possible to deviate from the Code if an explanation is provided as to why the deviation has been made. Clas Ohlson followed the Swedish Code of Corporate Governance during the financial year.

Annual General Meeting

The ultimate decision-making body within the Group is the Annual General Meeting of Shareholders, which since the initial public offering in 1999, has always been held in Insjön on a Saturday in early September. Each year, the AGM appoints the Board and Chairman of the Board for Clas Ohlson AB. It also appoints auditors for the company at four-year intervals. The AGM also decides how profits are to be appropriated. Other issues that arise are mandatory items under the Companies Act and Clas Ohlson's Articles of Association (the full text can be found at www.clasohlson.se under shareholders/press). The AGM has always been very well attended, and the latest one attracted nearly 2,000 participants, making it one of the largest in Sweden.

On 30 April 2010, the company's largest shareholders, each representing at least 10 per cent of the share capital, were Mary Haid (33.4 per cent), Helena Tidstrand (17.6 per cent) and Johan Tidstrand (14.5 per cent).

Nominating procedure

The AGM decides on the composition of the company's Nomination Committee. The Nomination Committee's task is to submit proposals for Board members or auditors and their fees as well as the Board committees to the next Annual General Meeting at which the Board or auditors are due to be elected. The Nomination Committee also proposes the Chairman of the AGM.

At the AGM on 12 September 2009, it was resolved that a nomination process will be introduced for electing the Nomination Committee. The Chairman of the Board is a member of the Nomination Committee along with the four largest registered shareholders or the representatives of otherwise known shareholders (record date 30 September). If the shareholder does not elect a member, the next largest shareholder will be asked. The Nomination Committee elects a Chairman from within the Committee, which, according to the Swedish Code of Corporate

Governance, shall not be the Chairman of the Board or other Board member. Prior to the 2010 AGM, a Nomination Committee was elected consisting of Lars Öhrstedt, Chairman (representing AFA Försäkring), Anders Moberg (Chairman of the Board of Clas Ohlson AB), Peter Haid (representing the owner family Haid), Göran Sundström (representing the owner family Tidstrand) and Johan Ståhl (representing Lannebo Fonder AB).

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

The group has worked on the nominating procedure for the Annual General Meeting of Clas Ohlson on 11 September 2010 and held ten meetings, at which the composition of the Board was considered and discussed. The focus has been on candidates having to bring the right expertise to the Clas Ohlson Board. The evaluation made of the Board's work, which was implemented by an external party, has also formed the basis for the assessments. The Nomination Committee has also worked to ensure that the directors' fees and committee fees are set at an appropriate level.

The proposals of the Nomination Committee will be presented in the second week of August in conjunction with the publication of the notice of the Annual General Meeting.

Auditors

The Annual General Meeting appoints auditors for the Parent Company at four-year intervals. The current auditors are Öhrlings PricewaterhouseCoopers (ÖPwC), who are represented by Annika Wedin (Auditor-in-Charge) and Lennart Danielsson. Both are authorised public accountants at ÖPwC. ÖPwC was elected in 2008 to serve up to the time of the 2012 Annual General Meeting. Payment for audit engagements in the Group in the past three years has totalled SEK 2.2 M, SEK 1.9 M and SEK 1.6 M, respectively. Remuneration for other consultations in the past three years has totalled SEK 0.9 M, SEK 0.6 M and SEK 0.4 M, respectively. Work in addition to auditing relates primarily to issues pertaining to IFRS accounting rules and consultation on tax issues. The independent position of the auditors is ensured firstly by the internal policies of the auditing firm and secondly by the Board's guidelines indicating what engagements the auditing firm may undertake in addition to auditing.

Board of Directors

The Board of Clas Ohlson comprises eight members, including the CEO, who are elected by the AGM. As well as these members, the Board includes two representatives and two deputies for the trade-union organisations in the company. These individuals are elected by their own organisations. The present Board of Directors is described on page 78 of the annual report.

Board meetings

Immediately following the AGM, the first Board meeting is held, at which the rules of procedure for the Board are

approved. The members of the Board's Audit and Remuneration Committees and authorised signatories for the company are also appointed at this meeting. In addition to this meeting, the Board holds at least six further meetings during the year: once a quarter in conjunction with the publication of the company's financial reports, once in June prior to concluding the annual report and once during the winter for strategic discussions. The strategy meeting usually takes place over two days, while other meetings are held on one day. The strategy meeting principally discusses issues of a strategic nature, such as the Group's goals and strategies, product range, establishment strategy, major investments and so on. Other meetings primarily deal with the usual Board issues, the company's reports and reporting by the Board committees. The company's auditors attend two of the Board meetings to report on what has emerged during the audit. The Board held ten Board meetings during the financial year, of which one was a strategy meeting.

How the Board operates

The rules of procedure for the Board of Directors stipulate which items on the agenda are to be fixed and which may vary. Each Board meeting is normally to be devoted to a specific topic so that the Board can gain more in-depth knowledge and understanding of the various parts of the company's operations. There are also presentations on these topics by employees of the company. Issues addressed by the Board during the year included strategic focus, review of business plans and developments in new markets.

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

The rules of procedure also state that the Board must meet with the company's auditors at least twice per year.

In addition, the rules of procedure also regulate certain formal matters, such as rules for the calling of meetings and secrecy.

Distribution of work between Board and CEO

The Board appoints the Chief Executive Officer (CEO) of the company. The distribution of work between the Board and CEO is indicated in the Board's rules of procedure and in the instructions to the CEO. These state that the Board is responsible for the governance, supervision, organisation, strategies, internal control, budget and policies of the company. In addition, the Board decides on major investments and matters of principle relating to the governance of subsidiaries, as well as the election of Board members and the CEO. The Board is also responsible for the quality of the financial reporting. The CEO in turn is responsible for ensuring that the company is administered in accordance with Board's guidelines and instructions. In addition, the CEO is responsible for budgeting and planning the company's operations so that specified goals are attained. The CEO ensures that the control environment is favourable and that the Group's risk-taking at any time is compatible with the Board's guidelines. Any deviations have to be reported to the Board. The Board also receives regular information from the CEO through a monthly report.

Audit Committee

At its first meeting following the AGM, the Board established an Audit Committee comprising Urban Jansson (Chairman), Cecilia Marlow and Lottie Svedenstedt. The Board has issued instructions for the Committee work. The Audit Committee fulfils the guidelines regarding independence in the Swedish Code of Corporate Governance. The Audit Committee is responsible for quality assurance of risk management and internal control relating to the financial reporting. The members of the Audit Committee met the auditors on two occasions during the financial year to learn about the focus of the audit and discuss views on the risks faced by the company. In addition, the auditors attended the committee's other meetings. Important tasks

Composition of the Board and attendance during the financial year⁷

| Member ^{9,10} | Elected | Independent ¹ | Independent ² | Board meetings | Audit Committee | Remuneration Committee |
|--------------------------------|---------|--------------------------|--------------------------|--------------------|------------------|------------------------|
| Anders Moberg | 2003 | Yes | Yes | 10/10 ⁶ | | 3/3 ⁶ |
| Klas Balkow | 2007 | No ³ | Yes | 10/10 | | |
| Björn Haid | 1990 | No ⁴ | No ⁵ | 10/10 | | 3/3 |
| Cecilia Marlow | 2007 | Yes | Yes | 10/10 | 7/7 | |
| Lottie Svedenstedt | 2004 | Yes | Yes | 10/10 | 7/7 | |
| Elisabet Salander Björklund | 2000 | Yes | Yes | 9/10 | | 3/3 |
| Urban Jansson | 2005 | Yes | Yes | 10/10 | 7/7 ⁶ | |
| Edgar Rosenberger ⁸ | 2009 | Yes | Yes | 5/5 | | 2/2 |

¹ Independent in relation to the company and company management according to the Swedish Code of Corporate Governance.

² Independent in relation to major shareholders of the company according to the Swedish Code of Corporate Governance.

³ President and CEO.

⁴ Employed from 1965 to 2006.

⁵ Son of the single largest shareholder Mary Haid, see page 49.

⁶ Chairman.

⁷ The trade-union organisations have had two representatives on the Board.

For further information on Board members, see page 78. The work of the Board and its committees is described on pages 52-54.

⁸ Elected in conjunction with the 2009 Annual General Meeting.

⁹ For information on date of birth, work experience, assignments and shareholdings, see page 78.

¹⁰ Remuneration of Board members is stated in Note 6, see page 68.

for the Audit Committee are to serve as a communication link, between the Board and the company's auditors and to establish what services over and beyond auditing can be procured from the company's auditors. The auditing effort is evaluated annually, after which information is passed to the Nomination Committee on the outcome. The Audit Committee held seven meetings during the financial year. The attendance is shown in the table on page 53. The meetings are minuted and reported at the next Board meeting. Representatives of the company's management and the company's internal controller attended the committee's meetings as co-opted members. The meetings also addressed issues aimed at quality assuring risk management and internal control relating to the financial reporting. Issues concerning such topics as accounting and liquidity were also addressed by the Committee.

Remuneration Committee

A specific Remuneration Committee was appointed by the Board comprising the Chairman of the Board Anders Moberg and three other Board members, Elisabet Salander Björklund, Björn Haid and Edgar Rosenberger. The Board has issued instructions for the Committee's work. The Remuneration Committee fulfils the guidelines pertaining to independence as stated in the Swedish Code of Corporate Governance.

The Remuneration Committee submits proposals for guidelines pertaining to basic salary and variable remuneration for senior management. The process regarding variable remuneration for all staff works in a similar way. The Committee met three times during the financial year. Attendance is shown in the table on page 53. The meetings were minuted and reported at the next Board meeting. Work during the year focused primarily on issues concerning variable remuneration and pensions.

Governance of subsidiaries

The four wholly owned subsidiaries Clas Ohlson AS in Norway, Clas Ohlson OY in Finland, Clas Ohlson Ltd in the UK and Clas Ohlson Ltd (Shanghai) in China are governed by their own boards in the country concerned, principally consisting of representatives of Clas Ohlson AB in Sweden. The Board in Sweden receives continuous information about the subsidiaries through the President's monthly reports on the subsidiaries. These reports also include the results of operations and financial position of the company concerned.

Remuneration

Fees paid to the Board during the financial year totalled SEK 2.6 M, in accordance with a decision of the AGM. Of the fees paid, SEK 0.6 M pertained to remuneration for work on the Board's Remuneration and Audit Committees. Of the Board's total fee, SEK 0.6 M was paid to the Chairman of the Board. No fee is paid to Board members who are employees of the company.

No remuneration is paid to members of the Nomination Committee.

The company's CEO received pay totalling SEK 5.3 M during the equivalent period, of which SEK 1.4 M was in the form of variable remuneration. In addition, variable

remuneration of SEK 0.5 M pertaining to expenses and unpaid remuneration relating to the long-term incentive programmes (LTI 2008 and LTI 2009) was calculated for the CEO. Remuneration to the other seven senior management totalled SEK 11.6 M, of which SEK 2.5 M was in the form of variable remuneration. Five of these, as well as the CEO, receive the additional benefit of a company car. The 2009 Annual General Meeting decided on guidelines for remuneration to senior management pertaining to the 2009/10 financial year.

Severance pay

Under the contract of employment with the CEO, the mutual period of notice is six months. Twelve months' salary is payable in the event of termination by the company. Applicable basic salary, variable remuneration and benefits are payable during the period of notice.

Pensions

The members of the Board do not receive any pension benefits for their Board engagements.

The retirement age for the CEO is 65 and for other senior management varies between 65 and 67. The CEO has a defined-contribution pension into which SEK 1.4 M was paid during the year. Other members of senior management receive pension entitlements based on the applicable ITP plan, which also covers other salaried staff in Sweden. In addition to this, supplementary pension contributions have been made for four other members of senior management.

Remuneration principles

The general principles of remuneration for senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management shall consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on performance over several years, pension and other benefits. In addition to this, there are terms applicable on notice of termination and severance pay.

Clas Ohlson shall strive to offer a competitive total level of remuneration, focusing on payments based on performance. This means that variable remuneration may comprise a significant portion of total remuneration. The aim is for fixed remuneration to be in line with the median of the comparable market, while total remuneration, when Clas Ohlson AB meets or exceeds its objectives, shall be in the upper quartile of the market. For further information about remuneration, see Note 6 on pages 67-69.

Internal control pertaining to the financial reporting

The Board has overall responsibility for the company's systems pertaining to internal control. The responsibility is regulated by the Swedish Companies Act, which also states that the Audit Committee has a specific responsibility for monitoring quality assurance in risk management and internal control regarding the financial reporting.

The work on internal control follows the framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The framework consists of five individual areas: control environment, risk assessment, control activities, information and communication, and follow-up.

Control environment

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

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

The executive management is responsible for implementing guidelines for the maintenance of good internal control. Work is continuously in progress to evaluate the company's routines according to the COSO model. The executive management and the Audit Committee report continuously to the Board according to approved procedures.

All activity is undertaken in accordance with the ethical guidelines drawn up in the Group's Code of Conduct.

Risk assessment and control activities

A model has been devised in the company to assess the risk of errors in financial reporting. The purpose of the model is to identify a number of items in the income statement and balance sheet and processes for drawing up financial information where the risk of errors is judged to be elevated.

The Group's income consists to 98 per cent of sales in stores where payment is principally made in cash or by credit card. This income is documented in its entirety in bank accounts which are reconciled daily. The risk of errors in the reporting of income is limited. Group expenses primarily comprise goods-related expenses, carriage, salaries and social security contributions, rental expenses and marketing. Budgets pertaining to income and expenses have been distributed to each store and department. The outcome is checked monthly against both the budget and the preceding year. Deviations are documented in writing through non-conformance reports, which are reviewed by the immediate superior.

Clas Ohlson's assets consist to 90 per cent of non-current assets and inventories. Accordingly, particular emphasis has been placed on preventing and detecting deficiencies in these areas when designing internal controls.

The processes and the control structure are documented in a separate financial manual, which is updated regularly. Work is continuously in progress to evaluate the most essential processes in the Group. The greatest risks in each process are analysed. An assessment is then made

of whether the controls that take place are adequate. If there is a need, further compensatory controls are introduced to reduce the risk to an acceptable level.

During the financial year, work was performed on the company's overall risk management to ensure a continuous up-to-date survey of the company's risk situation, thereby determining the measures to be taken in prioritised areas. This review was conducted at Group level and represents a tool for the Board's and company management's strategic and operational control. The review enables a focus on reducing the company's exposure to risk and the consequences of any risks that have occurred.

Information and communication

Major policies, guidelines, instructions and manuals that are of significance to internal control are regularly updated and communicated to employees concerned. General guidelines and instructions are also posted on the company's intranet, to which all staff in the Group have access. There are both formal and informal information channels to the company management and the Board for information from staff. The Board receives regular feedback from the operations on questions that relate to internal control through the Audit Committee. For external communication, there are guidelines that support the requirement to provide the equities market with correct information.

Follow-up

Company management and the Audit Committee regularly report to the Board on the basis of established procedures. The Board also receives regular information from the CEO every month through a monthly report for the Group. This monthly report also contains information on the results and financial positions of the subsidiaries.

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

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

Internal audit

Following evaluations in 2009/10 and preceding years, the Board has not found it necessary to date to establish an internal audit function. The company's Group-wide controller function has instead been adapted to also deal with work on the company's internal control. The question of whether to establish a separate internal audit function will be re-examined annually.

Risks and uncertainties

Clas Ohlson's business operations are exposed to financial and operational risks. Financial risks comprise primarily wage inflation, raw-material prices and exchange-rate exposure, while operational risks relate to establishment in the UK, purchasing in China, competition, logistics, strike, key employees, social responsibility, product range and shrinkage. With regard to the description and quantification of the financial risks, these are stated in Note 2 of the annual report and on pages 24-26 in the printed annual report.

Social responsibility

Continuous work is conducted at Clas Ohlson with respect to social responsibility, including follow-up activities relating to our Code of Conduct. This work is described on pages 29-45 in the annual report and on the company website: www.clasohlson.se.

Environmental impact

The company has a duty of notification with respect to the activity relating to the temporary storage of electronic waste. This duty of notification applies to any Swedish municipality in which Clas Ohlson has a store. The company does not otherwise have any operations for which there is a duty of notification or for which it is mandatory to obtain a permit under the Environmental Code. With regard to electrical and electronic waste, the company cooperates with the Elkretsen organisation in Sweden, which is the joint company owned by the electrical industry for waste disposal. Clas Ohlson is affiliated to the recycling organisation REPA. In Norway, the company is affiliated to the recycling organisations AS Batteriretur, Renas AS, Elektronikkretur AS and Hvitvareretur AS. In Finland, there is equivalent cooperation with Serty and in the UK with Valpak.

Environmental work is undertaken continuously in the Group, and this is described in greater detail on pages 42-45 of the annual report and on the website, www.clasohlson.se.

Guidelines for remuneration of senior management

The 2009 Annual General Meeting decided that remuneration would be paid according to the following principles.

The general principles of remuneration for senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management shall consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objec-

tives, long-term incentives based on performance over several years, pension and other benefits. In addition to this, there are terms applicable on notice of termination and severance pay.

Basic salary

Basic salary will constitute the basis for total remuneration. The salary level will be related to the relevant market and reflect the degree of responsibility the work entails. The basic salary will be reviewed annually to ensure that it is commensurate with the market and competitive.

Variable salary (Short-Term Incentive, "STI")

Senior management will receive, in addition to basic salary, STI for results that surpass one or more predetermined levels of performance during a financial year. The remuneration from the STI programme may constitute no more than 50 per cent of basic salary, which means that the company can calculate maximum levels of remuneration from the outset.

Long-term incentives ("LTI")

On an annual basis, the Board of Directors will evaluate whether a long-term incentive programme (for example based on shares or share price) will be proposed to a general meeting or not. General meetings held in April 2008 and September 2008 adopted the Board's proposal to introduce long-term share-based incentive programmes, LTI 2008 and LTI 2009, for senior management and other key individuals (a maximum of 40 people) judged to have great potential to influence the long-term development of Clas Ohlson. The 2009 Annual General Meeting adopted a corresponding programme for the 2010/2011 financial year (LTI 2010).

Pension

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

Other benefits

Other benefits may occur in accordance with the terms applicable to the country in which the member of senior management is employed. However, such benefits may not constitute a major proportion of the combined remuneration.

Period of notice and severance pay

Senior management will be offered terms in accordance with the legislation and practice applicable to the country in which the person concerned is employed. A member of senior management will be prevented from working in a

competing business during the period of notice. In certain cases, prohibition of competition in return for continued remuneration may be applied for a maximum period of 24 months following expiry of the period of notice.

Authorisation for the Board to depart from the guidelines

The Board will be able to depart from these guidelines if there are special reasons for doing so. In the event of a major deviation, the shareholders will be informed of the reasons for this at the next Annual General Meeting.

For further information on remuneration, see Note 6 and page 54 of the printed annual report.

Parent Company

Parent Company sales amounted to SEK 4,753 M (4,002) and profit after financial items totalled SEK 682 M (340).

Investments for the year totalled SEK 250 M (333). Contingent liabilities for the Parent Company totalled SEK 227 M (177).

Events after the end of the year

The Annual General Meeting of Clas Ohlson AB on 12 September 2009 authorised the Board to acquire not more than 832,000 shares during the period up to the next Annual General Meeting to ensure the company's commitment in connection with the introduction of the share-based incentive programme, LTI 2010. Supported by this authorisation, the Board resolved to acquire 570,000 shares up to the time of the 2010 Annual General Meeting. The acquisition will occur on the Nasdaq OMX Nordic Exchange Stockholm at a price within the share price range registered at any time. The company's holding of Clas Ohlson shares amounted to 1,320,000 as per 30 April 2010, corresponding to 2 per cent of the total number of registered shares.

Dividend

Clas Ohlson will be well-positioned financially for continued good growth in operations as well as being ready to exploit business opportunities. It is essential that the expansion takes place, as it has done to date, with retained high financial strength and continued freedom of action.

On this basis, the Board has considered that the level of dividend should be equivalent to about half the net profit. In addition, the Board may propose that surplus liquidity also be distributed.

For the 2009/10 financial year, the Board proposes that a dividend of SEK 3.75 per share be paid (preceding year SEK 3.00). The Board's proposal is equivalent to around 56 per cent of the Group's net profit (54 per cent).

Proposed allocation of earnings

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

| | |
|-------------------------|-------------|
| Profit brought forward | 615,435,240 |
| Net profit for the year | 346,521,790 |
| Total | 961,957,030 |

The Board and Chief Executive Officer propose:

| | |
|----------------------------------|-------------|
| Dividend payable to shareholders | |
| SEK 3.75 per share | 246,000,000 |
| Carried forward to new account | 715,957,030 |
| Total | 961,957,030 |

The record date for payment of dividend is proposed as 15 September 2010. It is anticipated that the dividend decided upon by the Annual General Meeting will be dispatched on 20 September 2010.

With reference to the information presented above and what has otherwise come to the knowledge of the Board, the view of the Board is as follows: A comprehensive assessment of the financial position of the Parent Company and Group indicates that the dividend is justifiable with reference to the demands made by the nature, size and risks of the operation on the equity and liquidity of the Parent Company and Group. The Group's equity/assets ratio is 57.9 per cent before payment of dividend and 53.9 per cent after payment of dividend. This is judged to be an adequate equity/assets ratio, even when the future expansion in the Nordic countries and the United Kingdom is taken into account.

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

Five-year summary

| SEK M | 2009/2010 | 2008/2009 | 2007/2008 | 2006/2007 | 2005/2006 |
|--|-------------------|----------------|----------------|----------------|-------------------|
| INCOME STATEMENT | | | | | |
| Net sales | 5,555.8 | 4,930.2 | 4,661.6 | 4,101.2 | 3,567.6 |
| Operating profit | 590.5 | 502.8 | 577.5 | 530.9 | 484.5 |
| Profit before tax | 588.2 | 503.8 | 587.8 | 537.8 | 491.0 |
| Income tax | -155.4 | -138.3 | -166.0 | -152.0 | -138.9 |
| Net profit for the year | 432.8 | 365.5 | 421.8 | 385.8 | 352.1 |
| BALANCE SHEET | | | | | |
| Non-current assets | 1,366.5 | 1,197.5 | 852.0 | 683.5 | 642.6 |
| Inventories | 1,204.1 | 1,117.2 | 952.6 | 826.7 | 749.0 |
| Current receivables | 173.4 | 164.5 | 107.1 | 79.6 | 55.3 |
| Cash and cash equivalents, current investments | 98.8 | 92.0 | 280.3 | 347.9 | 338.4 |
| Total assets | 2,842.8 | 2,571.2 | 2,192.0 | 1,937.7 | 1,785.3 |
| Equity | 1,646.1 | 1,493.1 | 1,499.5 | 1,367.3 | 1,256.9 |
| Non-current liabilities, non-interest-bearing | 90.3 | 86.4 | 26.9 | 23.9 | 23.6 |
| Non-current liabilities, interest-bearing | 100.0 | 65.0 | - | - | - |
| Current liabilities, non-interest-bearing | 835.0 | 718.1 | 665.6 | 546.5 | 504.8 |
| Current liabilities, interest-bearing | 171.4 | 208.6 | - | - | - |
| Total equity and liabilities | 2,842.8 | 2,571.2 | 2,192.0 | 1,937.7 | 1,785.3 |
| CASH FLOW | | | | | |
| Cash flow from operations | 602.8 | 339.7 | 480.0 | 405.1 | 187.8 |
| Investments | -315.8 | -433.1 | -250.6 | -125.1 | -140.7 |
| Cash flow after investments | 287.0 | -93.4 | 229.4 | 280.0 | 47.1 |
| KEY RATIOS | | | | | |
| Growth in sales, % | 12.7 | 5.8 | 13.7 | 15.0 | 20.7 |
| Gross margin, % | 40.8 | 40.8 | 40.2 | 39.7 | 39.9 |
| Operating margin, % | 10.6 | 10.2 | 12.4 | 12.9 | 13.6 |
| Return on capital employed, % | 32.6 | 32.6 | 41.8 | 40.9 | 42.4 |
| Return on equity, % | 28.0 | 24.4 | 29.4 | 29.4 | 30.4 |
| Equity/assets ratio, % | 57.9 | 58.1 | 68.4 | 70.6 | 70.4 |
| Sales per square metre in store, SEK 000s | 38 | 38 | 44 | 45 | 48 |
| Number of stores at year-end | 120 | 106 | 86 | 71 | 59 |
| Number of full-time equivalent employees | 2,025 | 1,927 | 1,801 | 1,647 | 1,439 |
| DATA PER SHARE | | | | | |
| Average number of shares before dilution | 64,383,906 | 65,065,008 | 65,600,000 | 65,600,000 | 65,600,000 |
| Average number of shares after dilution | 64,432,321 | 65,075,701 | 65,600,000 | 65,600,000 | 65,600,000 |
| Earnings per share before dilution, SEK | 6.72 | 5.62 | 6.43 | 5.88 | 5.37 |
| Earnings per share after dilution, SEK | 6.72 | 5.62 | 6.43 | 5.88 | 5.37 |
| Gross cash flow per share, SEK | 8.86 | 7.04 | 7.71 | 7.02 | 6.32 |
| Equity per share, SEK | 25.61 | 22.99 | 22.86 | 20.84 | 19.16 |
| Dividend, SEK | 3.75 ¹ | 3.00 | 5.00 | 4.50 | 4.00 ² |

¹ Proposed dividend.

² Including extra dividend of SEK 1.00.

Comments on the five-year trend

Sales

Sales have increased over the past five years from SEK 3,568 M to SEK 5,556 M, a rise of 56 per cent. The growth has been entirely organic, i.e. without acquisitions. The price trend over the period is neutral. The exchange rates for the Norwegian krone and the euro (Finland) are roughly the same as five years ago. However, the rates have fluctuated during the period. Consequently, it can be concluded that the entire increase in sales is due to greater sales volumes.

With respect to the changes in sales in comparable stores in the past five years, these have been 0 per cent (2009/10), -7 per cent (2008/09), 0 per cent (2007/08), +2 per cent (2006/07) and +4 per cent (2005/06), respectively.

Number of stores

The main reason for the increase in sales is that the number of new stores has steadily increased. In 2009/10, 14 new stores were opened, 20 in 2008/09, 15 in 2007/08, 12 in 2006/07 and 11 in 2005/06.

There were 48 stores at the start of the 2005/06 financial year, compared with 120 at the end of the 2009/10 financial year.

Operating profit

Operating profit has increased over the past five years from SEK 484 M to SEK 591 M, a rise of 22 per cent. Profit has therefore not increased at the same rate as sales. This is principally due to establishment in the UK. During the coming years, establishment in new markets (currently

the UK) is anticipated to have a negative impact on Clas Ohlson's operating margin by up to 2-3 percentage points in a financial year. Growth in new markets in Europe will occur according to the long-term financial goals.

Gross margin

Gross margin during the financial year was 40.8 per cent, an increase of 0.9 percentage points compared with 2005/2006.

The margin has been positively affected primarily by economies of scale due to increased volume.

Operating margin

Operating margin has fallen in the past five years from 13.6 per cent to 10.6 per cent. This is principally due to the establishment in the UK (see the explanation above).

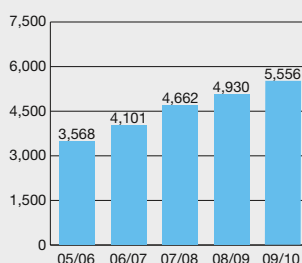
Cash flow

Cash flow from operations has increased over the past five years from SEK 188 M to SEK 603 M, up 220 per cent. The change was due primarily to improved operating profits and more efficient management of the working capital. Average annual investments in the past five years total SEK 253 M.

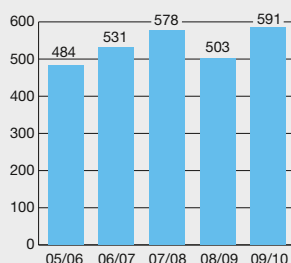
Return

Return on capital employed has fallen over the past five years from 42.4 per cent to 32.6 per cent, while return on equity has fallen from 30.4 per cent to 28.0 per cent. The fall is primarily due to the reduced operating margin.

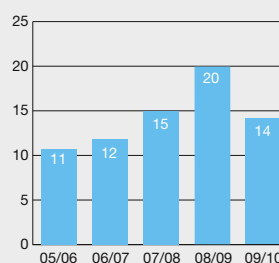
Sales, SEK M



Operating profit, SEK M



Number of new stores



Group

Income statement

| SEK M | Note | 1 May 2009 –30 April 2010 | 1 May 2008 –30 April 2009 |
|---|------------|------------------------------|------------------------------|
| | 1, 2 | | |
| Net sales | | 5,555.8 | 4,930.2 |
| Cost of goods sold | 4 | –3,287.9 | –2,916.5 |
| Gross profit | | 2,267.9 | 2,013.7 |
| Selling expenses | 4, 5, 6 | –1,531.7 | –1,388.7 |
| Administrative expenses | 4, 5, 6, 7 | –138.4 | –119.4 |
| Other operating income | 3 | 2.5 | 1.6 |
| Other operating expenses | 3 | –9.8 | –4.4 |
| Operating profit | | 590.5 | 502.8 |
| <i>Financial items</i> | | | |
| Financial income | 8 | 2.4 | 6.8 |
| Financial expense | 8 | –4.7 | –5.8 |
| Profit before tax | | 588.2 | 503.8 |
| Income tax | 9 | –155.4 | –138.3 |
| Net profit for the year | | 432.8 | 365.5 |
| Number of shares, million | | 64.4 | 65.1 |
| Earnings per share, SEK (before and after dilution for earnings attributable to the Parent Company's shareholders during the year) | 10 | 6.72 | 5.62 |
| Proposed dividend per share, SEK | 11 | 3.75 | 3.00 |

Comprehensive income, Group

| SEK M | | 1 May 2009 –30 April 2010 | 1 May 2008 –30 April 2009 |
|--|--|------------------------------|------------------------------|
| Profit for the year | | 432.8 | 365.5 |
| Other comprehensive income, net after tax: | | | |
| Exchange-rate differences | | –19.9 | 10.1 |
| Cash flow hedging | | 1.4 | –0.7 |
| Other comprehensive income, net after tax: | | –18.5 | 9.4 |
| Comprehensive income for the year | | 414.3 | 374.9 |

Cash flow statement

| SEK M | | 1 May 2009 –30 April 2010 | 1 May 2008 –30 April 2009 |
|--|--|------------------------------|------------------------------|
| <i>Operating activities</i> | | | |
| Operating profit | | 590.5 | 502.8 |
| <i>Adjustment for non-cash items</i> | | | |
| – depreciation | | 137.8 | 92.4 |
| – profit from sale/disposal of fixed assets | | 0.2 | 0.2 |
| – other non-cash items | | 4.7 | 3.4 |
| Interest received | | 2.4 | 9.9 |
| Interest paid | | –6.1 | –3.9 |
| Tax paid | | –96.5 | –206.1 |
| Cash flow from operating activities before changes in working capital | | 633.0 | 398.7 |
| <i>Cash flow from changes in working capital</i> | | | |
| – accounts receivables | | –18.3 | 1.0 |
| – inventories | | –94.7 | –149.3 |
| – other receivables | | 4.7 | –52.2 |
| – accounts payables | | 80.5 | 85.1 |
| – other current interest-free operating liabilities | | –2.4 | 56.4 |
| Cash flow from operating activities | | 602.8 | 339.7 |
| <i>Investing activities</i> | | | |
| Investments in property, plant and equipment | | –316.7 | –434.3 |
| Sale of equipment | | 0.9 | 0.5 |
| Changes in financial assets | | 0.0 | 0.7 |
| Cash flow from investing activities | | –315.8 | –433.1 |
| <i>Financing activities</i> | | | |
| Changes in current interest-bearing liabilities | | –37.2 | 208.6 |
| Changes in non-current interest-bearing liabilities | | 35.0 | 65.0 |
| Repurchase of own shares | | –72.9 | –58.0 |
| Divided to shareholders | | –192.8 | –324.8 |
| Cash flow from financing activities | | –267.9 | –109.2 |
| Cash flow for the year | | 19.1 | –202.6 |
| Cash and cash equivalents at start of year | | 92.0 | 280.3 |
| Exchange-rate differences in cash and cash equivalents | | –12.3 | 14.3 |
| Cash and cash equivalents at end of year | | 98.8 | 92.0 |

Group

Balance sheet

| SEK M | Note | 30 April 2010 | 30 April 2009 |
|---|------|----------------|----------------|
| Assets | | | |
| Non-current assets | 12 | | |
| <i>Property, plant and equipment</i> | | | |
| Land and buildings | | 543.4 | 263.3 |
| Equipment, tools, fixtures and fittings | | 787.6 | 509.2 |
| Construction in progress | | 34.5 | 423.2 |
| Total tangible assets | | 1,365.5 | 1,195.7 |
| <i>Financial assets</i> | | | |
| Shares and interests | | 0.1 | 0.1 |
| Deferred tax asset | 9 | 0.3 | 1.6 |
| Non-current receivables | | 0.6 | 0.3 |
| Total financial assets | | 1.0 | 2.0 |
| Total non-current assets | | 1,366.5 | 1,197.7 |
| Current assets | | | |
| Inventories | 13 | 1,204.1 | 1,117.2 |
| Accounts receivables | 14 | 30.1 | 12.5 |
| Other receivables | 17 | 32.1 | 55.3 |
| Prepaid expenses and accrued income | 15 | 111.2 | 96.5 |
| Cash and cash equivalents | 16 | 98.8 | 92.0 |
| Total current assets | | 1,476.3 | 1,373.5 |
| Total assets | | 2,842.8 | 2,571.2 |

Balance sheet

| SEK M | Note | 30 April 2010 | 30 April 2009 |
|---|--------|----------------|----------------|
| Equity and liabilities | | | |
| Equity | 18 | | |
| <i>Capital and reserves attributable to Parent Company shareholders</i> | | | |
| Share capital, 65,600,000 shares with a quotient value of SEK 1.25 | | 82.0 | 82.0 |
| Other contributed capital | | 90.4 | 90.4 |
| Other reserves | | -17.3 | 1.2 |
| Profit brought forward including net profit for the year | | 1,491.0 | 1,319.5 |
| Total equity | | 1,646.1 | 1,493.1 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 9 | 90.0 | 84.4 |
| Bank loans | 20 | 100.0 | 65.0 |
| Pension obligations | 19 | 0.3 | 0.1 |
| Other provisions | | 0.0 | 1.9 |
| Total non-current liabilities | | 190.3 | 151.4 |
| Current liabilities | | | |
| Utilised credit facilities | 20 | 171.4 | 208.6 |
| Accounts payables | 20 | 403.3 | 323.4 |
| Tax liability | | 122.1 | 36.8 |
| Other current liabilities | 17, 20 | 17.2 | 76.8 |
| Accrued expenses and deferred income | 21 | 270.8 | 259.3 |
| Other provisions | 22 | 21.6 | 21.8 |
| Total current liabilities | | 1,006.4 | 926.7 |
| Total equity and liabilities | | 2,842.8 | 2,571.2 |

Change in Group equity

| SEK M | Attributable to Parent Company shareholders | | | | |
|--|---|---------------------------|----------------|------------------------|----------------|
| | Share capital | Other contributed capital | Other reserves | Profit brought forward | Total |
| Opening balance at 1 May 2008 | 82.0 | 90.4 | -8.2 | 1,335.3 | 1,499.5 |
| Comprehensive income | | | | | |
| Profit for the year | | | | 365.5 | 365.5 |
| Other comprehensive income | | | | | |
| Cash flow hedging after tax | 0.0 | 0.0 | -0.7 | 0.0 | -0.7 |
| Exchange-rate differences | 0.0 | 0.0 | 10.1 | 0.0 | 10.1 |
| Total other comprehensive income | 0.0 | 0.0 | 9.4 | 0.0 | 0.0 |
| Total comprehensive income | 0.0 | 0.0 | 9.4 | 365.5 | 374.9 |
| Transactions with shareholders | | | | | |
| Repurchase of own shares | 0.0 | 0.0 | 0.0 | -58.0 | -58.0 |
| Employee stock options plan: value of employees' service | 0.0 | 0.0 | 0.0 | 1.5 | 1.5 |
| Dividend | 0.0 | 0.0 | 0.0 | -324.8 | -324.8 |
| Total transactions with shareholders | 0.0 | 0.0 | 0.0 | -381.3 | -381.3 |
| Opening balance at 1 May 2009 | 82.0 | 90.4 | 1.2 | 1,319.5 | 1,493.1 |
| Comprehensive income | | | | | |
| Profit for the year | 0.0 | 0.0 | 0.0 | 432.8 | 432.8 |
| Other comprehensive income | | | | | |
| Cash flow hedging after tax | 0.0 | 0.0 | -1.4 | 0.0 | -1.4 |
| Exchange-rate differences | 0.0 | 0.0 | -19.9 | 0.0 | -19.9 |
| Total other comprehensive income | 0.0 | 0.0 | -18.5 | 0.0 | -18.5 |
| Total comprehensive income | 0.0 | 0.0 | -18.5 | 432.8 | 414.3 |
| Transactions with shareholders | | | | | |
| Repurchase of own shares | 0.0 | 0.0 | 0.0 | -72.9 | -72.9 |
| Employee stock options plan: value of employees' service | 0.0 | 0.0 | 0.0 | 4.4 | 4.4 |
| Dividend | 0.0 | 0.0 | 0.0 | -192.8 | -192.8 |
| Total transactions with shareholders | 0.0 | 0.0 | 0.0 | -261.3 | -261.3 |
| Closing balance at 30 April 2010 (see also Note 18) | 82.0 | 90.4 | -17.3 | 1,491.0 | 1,646.1 |

Parent Company

Income statement

| SEK M | Note | 1 May 2009 –30 April 2010 | 1 May 2008 –30 April 2009 |
|--|---------|------------------------------|------------------------------|
| | 1, 2 | | |
| Net sales | 23 | 4,753.0 | 4,001.8 |
| Cost of goods sold | 4, 23 | –3,201.5 | –2,857.6 |
| Gross profit | | 1,551.5 | 1, 144.2 |
| Selling expenses | 4,5,6 | –751.8 | –740.4 |
| Administrative expenses | 4,5,6,7 | –108.7 | –98.2 |
| Other operating income | 3 | 2.1 | 1.3 |
| Other operating expenses | 3 | –8.1 | –3.8 |
| Operating profit | | 685.0 | 303.1 |
| <i>Financial items</i> | | | |
| Dividend from Group companies | 24 | 0.1 | 39.4 |
| Interest income | 8 | 3.4 | 2.4 |
| Interest expenses | 8 | –6.6 | –5.2 |
| Profit after financial items | | 681.9 | 339.7 |
| Appropriations | 25 | –210.6 | –96.4 |
| Profit before tax | | 471.3 | 243.3 |
| Income tax | 9 | –124.8 | –60.2 |
| Net profit for the year | | 346.5 | 183.1 |
| Proposed dividend per share, SEK (before and after dilution) | 11 | 3.75 | 3.00 |

Cash flow statement

| SEK M | 1 May 2009 –30 April 2010 | 1 May 2008 –30 April 2009 |
|---|------------------------------|------------------------------|
| <i>Operating activities</i> | | |
| Operating profit | 685.0 | 303.1 |
| <i>Adjustment for non-cash items</i> | | |
| – depreciation | 93.3 | 61.2 |
| – profit from sale/disposal of fixed assets | 0.2 | 0.2 |
| – other non-cash items | 4.6 | 2.5 |
| Dividends received | 0.0 | 39.4 |
| Interest received | 0.1 | 5.5 |
| Interest paid | –6.1 | –3.3 |
| Tax paid | –78.8 | –172.4 |
| Cash flow from operating activities before change in working capital | 698.3 | 236.2 |
| <i>Cash flow from changes in working capital:</i> | | |
| – accounts receivables | –2.0 | 1.2 |
| – inventories | –65.5 | –96.9 |
| – other receivables | 331.6 | –204.8 |
| – accounts payables | 32.4 | 98.1 |
| – other current interest-free operating liabilities | 14.9 | 15.5 |
| Cash flow from operating activities | 1,009.7 | 49.3 |
| <i>Investing activities</i> | | |
| Investments in property, plant and equipment | –250.1 | –332.6 |
| Sale of equipment | 0.9 | 0.5 |
| Change in financial assets | –334.4 | 0.0 |
| New formation of subsidiaries | 0.0 | –6.5 |
| Cash flow from investing activities | –583.6 | –338.6 |
| <i>Financing activities</i> | | |
| Repurchase of shares | –72.9 | –58.0 |
| Overdraft facility | –147.3 | 426.3 |
| Bank loans | | |
| – new loans | 300.0 | 65.0 |
| – amortization | –265.0 | 0.0 |
| Dividend to shareholders | –192.8 | –324.8 |
| Cash flow from financing activities | –378.0 | 108.5 |
| Cash flow for the year | 48.1 | –180.8 |
| Cash and cash equivalents at start of year | 14.0 | 194.8 |
| Cash and cash equivalents at end of year | 62.1 | 14.0 |

Parent Company

Balance sheet

| SEK M | Note | 30 April 2010 | 30 April 2009 |
|---|------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| <i>Property, plant and equipment</i> | | | |
| Land and buildings | | 541.5 | 263.3 |
| Equipment, tools, fixtures and fittings | | 551.4 | 283.9 |
| Construction in progress | | 34.5 | 423.2 |
| Total tangible assets | | 1,127.4 | 970.4 |
| <i>Financial assets</i> | | | |
| Receivables, Group companies | | 314.7 | 0.0 |
| Participations in Group companies | 24 | 45.7 | 41.0 |
| Shares and participations | | 0.1 | 0.1 |
| Total financial assets | | 360.5 | 41.1 |
| Total non-current assets | | 1,487.9 | 1,011.5 |
| Current assets | | | |
| <i>Inventories</i> | | | |
| Merchandise | 13 | 866.3 | 800.8 |
| Total inventories | | 866.3 | 800.8 |
| <i>Current receivables</i> | | | |
| Accounts receivables | 14 | 9.0 | 7.0 |
| Receivables from Group companies | 23 | 111.0 | 430.3 |
| Other receivables | | 9.4 | 18.9 |
| Prepaid expenses and accrued income | 15 | 62.2 | 64.8 |
| Total current receivables | | 191.6 | 521.0 |
| Cash and bank balances | 26 | 62.1 | 14.0 |
| Total current assets | | 1,120.0 | 1,335.8 |
| Total assets | | 2,607.9 | 2,347.3 |

Balance sheet

| SEK M | Note | 30 April 2010 | 30 April 2009 |
|--|------|----------------|----------------|
| Equity and liabilities | | | |
| Equity | | | |
| <i>Restricted equity</i> | | | |
| Share capital, 65,600,000 shares with a quotient value of SEK 1.25 | | 82.0 | 82.0 |
| Statutory reserves | | 106.8 | 106.8 |
| Total restricted equity | | 188.8 | 188.8 |
| <i>Non-restricted equity</i> | | | |
| Fair value fund | | -14.9 | 0.0 |
| Profit brought forward | | 630.4 | 708.6 |
| Net profit for the year | | 346.5 | 183.1 |
| Total non-restricted equity | | 962.0 | 891.7 |
| Total equity | | 1,150.8 | 1,080.5 |
| Untaxed reserves | 27 | 459.6 | 249.0 |
| Provisions | | | |
| Other provisions | 22 | 12.6 | 12.4 |
| Total provisions | | 12.6 | 12.4 |
| Non-current liabilities | | | |
| Bank loans | 20 | 100.0 | 65.0 |
| Total non-current liabilities | | 100.0 | 65.0 |
| Current liabilities | | | |
| Utilised overdraft facilities | 20 | 279.1 | 426.3 |
| Accounts payables | 20 | 326.4 | 293.9 |
| Tax liability | | 89.6 | 36.6 |
| Other current liabilities | 20 | 10.4 | 10.6 |
| Accrued expenses and deferred income | 21 | 179.4 | 173.0 |
| Total current liabilities | | 884.9 | 940.4 |
| Total equity and liabilities | | 2,607.9 | 2,347.3 |
| Pledged assets | 28 | 97.0 | 97.0 |
| Contingent liabilities | 29 | 226.8 | 176.6 |

Change in Parent Company equity

| SEK M | Share capital | Statutory reserve | Non-restricted equity | Total |
|--|---------------|-------------------|-----------------------|----------------|
| Opening balance at 1 May 2008 | 82.0 | 106.8 | 1,089.7 | 1,278.5 |
| Dividend | | | -324.8 | -324.8 |
| Repurchase of own shares | | | -58.0 | -58.0 |
| Employee stock options plan: value of employees' service | | | 1.7 | 1.7 |
| Net profit for the year | | | 183.1 | 183.1 |
| Closing balance at 30 April 2009 | 82.0 | 106.8 | 891.7 | 1,080.5 |
| Opening balance at 1 May 2009 | 82.0 | 106.8 | 891.7 | 1,080.5 |
| Dividend | | | -192.8 | -192.8 |
| Repurchase of own shares | | | -72.9 | -72.9 |
| Employee stock options plan: value of employees' service | | | 4.4 | 4.4 |
| Translation of net investment | | | -14.9 | -14.9 |
| Net profit for the year | | | 346.5 | 346.5 |
| Closing balance at 30 April 2010 (see also Note 18) | 82.0 | 106.8 | 962.0 | 1,150.8 |

Accounting policies and notes

Amounts are in SEK M unless stated otherwise

Note 1 Accounting and valuation principles

Compliance with standards and legislation

The consolidated financial statements for Clas Ohlson have been prepared in accordance with the Annual Accounts Act, RFR 1.2 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as approved by the EU. The financial statements were prepared in accordance with the cost method, apart from financial assets and liabilities measured at fair value.

The annual accounts of the Parent Company have been prepared in accordance with the Swedish Companies Act and RFR 2.2 Accounting for Legal Entities. The same accounting policies are applied for the Group except in cases indicated under "Parent Company accounting policies". The differences that occur between the policies applied for the Parent Company and Group derive from limitations on the possibilities to apply IFRS in the Parent Company resulting from the Swedish Annual Accounts Act.

Information on future standards

Standards, amendments and interpretations of current standards that have not yet come into effect and will not be applied in advance by the Group.

IFRS 9 "Financial Instruments": (applies from financial years beginning 1 January 2013 or later). IFRS 9 deals with Measurement and classification of financial assets. It contains two primary measurement categories: amortized cost and fair value. Classification is based on the company's business concept and characteristic properties in contractual cash flows. If the company's business concept is to hold financial assets for the purpose of collecting contractual cash flows and the contractual cash flows represent only capital amounts and interest, it shall be measured at amortized cost. All other financial assets shall be measured at fair value. The standard will be supplemented with additional requirements relating to, for example, liabilities, impairment and hedge accounting. When the standard is complete, its impact on the consolidated financial statements will be evaluated.

In addition, there are new standards, amendments and interpretations of current standards that have not yet come into effect and that are not relevant to the Group.

Basis of preparation

The items included in the financial statements for the various units in the Group are valued in the currency used in the financial environment in which each company primarily operates (functional currency). The consolidated financial statements use Swedish kronor (SEK), which is the Parent Company's functional currency and the reporting currency for the Group. All sums, unless otherwise stated, are rounded to the nearest million Swedish kronor plus one decimal point.

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

Estimates and assumptions

Preparing the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that impact upon the application of the accounting policies and the carrying amounts for assets, liabilities, income and expenses. These are based on historical experience and a number of other factors that appear reasonable under the prevailing conditions. The estimates and assumptions are reviewed regularly and are not judged to entail any significant risk of material adjustment of carrying amounts for assets and liabilities during the next financial year. Any changes to estimates are recognised in the period in which the change is made if the change has only impacted upon this period, or in the period in which the change is made and future periods if the change impacts upon both the current period and future periods. Further information on estimates and assumptions made is presented in Notes 13 and 22.

Consolidated financial statements

The consolidated financial statements pertain to the Parent Company and all companies over which the Parent Company directly or indirectly has controlling influence. The consolidated financial statements include the wholly owned subsidiaries Clas Ohlson AS, Clas Ohlson OY, Clas Ohlson Ltd (UK) and Clas Ohlson Ltd (Shanghai). The purchase method has been applied in preparing the consolidated financial statements. The annual accounts of

the foreign subsidiaries have been translated using the current rate method, which means that assets, liabilities and equity have been translated from the functional currency to Swedish kronor at the exchange rate prevailing on the reporting date and income statements at the average exchange rate for the year. The translation difference resulting from this, and resulting from the net investment having been translated at a different exchange rate at the end of the year than at the start of the year, is recognised in equity. Intra-Group sales and inter-company profits have been eliminated in full from the consolidated financial statements.

Translation of foreign currencies

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

Income

The Group's income is generated through the sale of products to consumers in accordance with the terms of sale. Sale income is reported net less VAT, returns, reservations for open purchase and discounts. Income is recognised at the time of sale/delivery to the customer, when material risks and benefits associated with ownership of the goods have been transferred to the purchaser. Interest income pertains to interest on bank balances. The income is recognised in the period to which the interest pertains. Any interest-bearing securities are measured continuously at market value through profit and loss.

Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit and loss except when an underlying transaction is recognised directly in equity, whereby the associated tax effect is recognised in equity. Current tax is tax that is due for payment or receipt in the current year, with application of the tax rates decided upon or in practice decided upon at the balance-sheet date, including adjustment of current tax attributable to prior periods. Deferred tax according to the balance-sheet method is calculated on all temporary differences arising between carrying amounts and values for tax purposes of assets and liabilities. Deferred tax is calculated with application of the tax rates and tax rules decided upon or in practice decided upon at the balance-sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are only recognised insofar as it is likely that it will be possible for these to be utilised. The value of deferred tax assets is reduced when it is no longer judged likely that it will be possible for them to be utilised. These temporary differences have mainly arisen from the depreciation of non-current assets, valuation of inventories and provisions for pensions.

Property, plant and equipment

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

| | |
|---|-------------|
| Equipment, tools, fixtures and fittings | 3–15 years |
| Buildings | 25–33 years |
| Land improvements | 20 years |

New acquisitions and replacements are capitalised, while maintenance and repair costs are expensed. As assets are sold or disposed of, the cost and appurtenant accumulated depreciation are written off. Any profit or loss is recognised. All of Clas Ohlson's properties are owner-occupied properties.

Impairment

Depreciable assets are assessed to determine any decrease in value resulting from events or changes in circumstances indicating that the carrying amount might not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable value. The recoverable value is the higher of the fair value of the asset less selling expenses and value in use. In assessing impairment loss, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

Leases

In the Group and in the Parent Company, lease contracts only occur in the form of rental contracts for retail premises. All the stores, except the one in Insjön, are leased. These contracts have been classified as operational leases as they do not signify that the economic benefits and risks associated with ownership have been transferred to the tenant.

Loan expenses

Loan expenses attributable to the forming of what is known as qualified assets are capitalised where appropriate as part of the qualified asset's cost. A qualified asset is an asset that as a necessity takes a significant amount of time to complete. There are currently no qualified assets.

Other loan expenses are charged against earnings during the period in which they arose.

Inventories

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

Receivables

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

Accounts receivables are recognised initially at fair value and then at amortised cost applying the effective interest rate method, less any provision for depreciation. A provision for depreciation is posted when there is objective evidence that the Group will not be able to receive all sums due according to the original terms of the receivables. The amount of the provision is recognised in profit and loss.

Financial instruments

The Group classifies its financial instruments in the following categories: financial assets measured at fair value through profit and loss, loan receivables and accounts receivables, financial instruments held to maturity and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. The company's management establishes the classification of the instruments at the time of the first reporting and reviews this decision on each reporting occasion.

Purchases and sales of financial instruments are recognised on the trade date – the date when the Group binds itself to purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction expenses, which applies to all financial assets not measured at fair value through profit and loss. Fair value for listed securities is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group will establish the fair value by applying such valuation methods as the use of information concerning recently completed transactions on an arms-length basis, reference to the fair value of another instrument that is essentially equivalent, analyses of discounted cash flow and options valuation methods. In this connection, market information is widely used while company-specific information is used as little as possible. Financial instruments are derecognised from the balance sheet when the right to

receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all the risks and benefits associated with right of ownership. Available-for-sale financial assets and financial assets measured at fair value through profit and loss are recognised after the time of acquisition at fair value. In cases when the transactions constitute hedging that fulfils the conditions for hedge accounting of cash flows, gains/losses are recognised in equity (see under Translation of foreign currency). Loan receivables and accounts receivable are recognised at amortised cost with application of the effective interest method. Realised and unrealised gains and losses due to changes in fair value pertaining to the category of financial assets measured at fair value through profit and loss are included in profit and loss in the period during which they arise. Only loan receivables and accounts receivable existed when the accounts were closed. Financial instruments in the form of interest-bearing securities may occur on a current account basis during the financial year. All financial liabilities belong to the "Other liabilities" category.

With regard to any derivatives that are not categorised as an instrument in currency hedging, changes in fair value are recognised in profit and loss. In hedging cash flow qualified for hedge accounting, the effective portion of changes in the fair value of the hedging instruments is recognised under comprehensive income until the underlying hedged item is recognised, whereby all appurtenant hedging items in comprehensive income are simultaneously transferred to profit and loss and recognised in cost of goods sold. Clas Ohlson applies hedge accounting for forward exchange contracts insofar as they qualify for hedge accounting according to the requirements. In all cases, the hedging pertains to cash flow hedging. Hedging of net investments in foreign operations is recognised in a similar manner as for cash flow hedging. For information concerning the Group's exchange hedging policy, see Note 2 under the section on Currency Risk.

Cash and cash equivalents

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

Employee benefits

The general principles of remuneration for senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management shall consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on performance over several years, pension and other benefits. In addition to this, there are terms applicable on notice of termination and severance pay.

Clas Ohlson shall strive to offer a competitive total level of remuneration, focusing on payments based on performance. This means that variable remuneration may comprise a significant portion of total remuneration. The aim is for fixed remuneration to be in line with the median of the comparable market, while total remuneration, when Clas Ohlson AB meets or exceeds its objectives, shall be in the upper quartile of the market. Refer also to Note 6. With regard to any severance pay, a provision is recognised in cases where the company is demonstrably obliged to terminate a contract of employment before the normal time or as an offer to encourage voluntary redundancy.

With regard to pensions, both defined-benefit and defined-contribution pension plans occur. There are both defined-contribution and defined-benefit pension plans in the Parent Company. However, in accordance with a statement from FAR, the defined-benefit ITP pension plan (Alecta) is treated as a defined-contribution pension policy. Defined-benefit pension plans are available in the Norwegian subsidiary. Future obligations with regard to defined-benefit pension plans are calculated annually according to a method described in detail below.

In defined-contribution plans, the company pays set contributions to a separate legal entity and is not obligated to pay any further contributions. Expenses are charged against Group profits as the benefits are vested. In defined-benefit plans, payments are made to employees and former employees based on final salary and the number of years of service. The Group bears the risk associated with the pledged payments being made. The net sum of the estimated value of obligations and fair value of plan assets is

Note 1 cont.

recognised on the balance sheet as either a provision or a non-current financial receivable. In cases where a surplus in a plan cannot be fully utilised, only that part of the surplus that the company can recover through reduced future contributions or repayments is recognised.

Regarding defined-benefit plans, the pension expense and pension obligation are calculated according to the so called Projected Unit Credit Method. Under this method, the expense is distributed as the employees perform services for the company that increase their entitlement to future remuneration. The calculation is performed annually by independent actuaries. The company's commitments are measured at the current value of expected future payments using a discount rate which is equivalent to the interest on municipal bonds (pertaining to Norway) with a term equivalent to the current commitments. The principal actuarial assumptions are stated in Note 19.

Actuarial gains and losses may arise in establishing the present value of the obligation and the fair value of plan assets. These arise either through the fair value deviating from the assumption made precedingly, or through a change in assumptions. The part of the cumulative actuarial gains and losses, at the end of the preceding year, exceeding 10 per cent of the greater of the present value of the obligations and the fair value of the plan assets is recognised in profit or loss over the average remaining period of service of employees.

Provisions

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

Accounts payable

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

Borrowing

Borrowing is initially recognised at fair value, net after transaction expenses. Borrowing is thereafter recognised at amortised cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in profit and loss distributed over the borrowing period, applying the effective interest method.

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

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

Cash flow statement

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

Segment accounting

IFRS 8 Operating Segments has superseded IAS 14 Segment Reporting. The new standard covers reporting of segments and accordingly, segment information shall be presented based on the internal follow-up of the operations. The division into primary and secondary segments ceased in conjunction with this. Instead, Clas Ohlson reports its segments as follows: Sweden, Norway, other segments (Finland and the UK) as well as Group-wide. The Group-wide segment pertains to the group-wide functions in Sweden that assist sales organisations with purchasing, distribution, marketing, management and other support. A large portion of the Group's value is generated in the Group-wide segment. The Group's internal pricing was adapted to these prerequisites.

Parent Company accounting policies

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2.2 Accounting for Legal Entities, of the Swedish Financial Accounting Standards Council. This means that the Parent Company, in the annual accounts of the legal entity, has to apply all EU-approved IFRS standards and interpretations as far as possible under the terms of the Annual Accounts Act and in consideration of the connection between accounting and taxation. The recommendation specifies the exceptions from and additions to IFRS that are to be made. At Clas Ohlson, the difference between the consolidated and Parent Company accounting policies is that IAS 1 is not applied with regard to preparation of the balance sheets and income statements for the Parent Company, which instead are prepared in accordance with the Annual Accounts Act. The regulations in IAS 39 pertaining to financial guarantee agreements are not applied with respect to guarantee agreements for subsidiaries. In the Parent Company, loan expenses are charged against profits for the period to which they refer.

The accounting policies for the Parent Company have been consistently applied to all periods presented in the Parent Company's financial statements.

Note 2 Financial risks

The Group is exposed to a variety of financial risks through its operations: market risk (including currency risk, interest-rate risk and price risk), credit risk, liquidity risk and cash-flow risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and endeavours to minimise potential unfavourable effects on the Group's financial results. The Group uses derivatives to hedge certain risk exposure.

Risk management is dealt with by a central financial department (Group Finance) in accordance with policies adopted by the Board. Group Finance identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The Board draws up policies for overall risk management and specific areas, such as currency risk, use of derivatives and investment of surplus liquidity.

MARKET RISK

Currency risk

A significant portion of accounts payable comprises liabilities in foreign currencies and is therefore subject to currency risks. In the Group, the principal currencies used in purchases are hedged in order to reduce any currency risks, in accordance with the financial policy. Approximately 50 per cent of the anticipated flow six months ahead is hedged when prices in the main catalogue are set.

Approximately 41 per cent of the company's purchases are made in currencies other than Swedish kronor (SEK). The principal currencies for purchasing are the US dollar (USD), Hong Kong dollar (HKD) and euro (EUR). In addition, movements of SEK against the Norwegian krone (NOK) are very significant to the Group, because more than a third of sales take place in Norway. Net exposure to EUR is low, because the company has higher EUR-denominated sales due to its expansion in the Finnish market. The table below shows how profit is affected by changes in the principal currencies.

| Currency | Change | Impact on profit after tax, SEK M |
|----------|----------------|-----------------------------------|
| NOK | +/- 5 per cent | +/- 48 |
| USD | +/- 5 per cent | -/+ 39 |
| HKD | +/- 5 per cent | -/+ 10 |
| EUR | +/- 5 per cent | +/- 3 |
| GBP | +/- 5 per cent | -/+ 5 |

Cash and cash equivalents are also exposed to currency risk since a certain proportion of the funds is invested in the subsidiaries. No currency hedging is used to hedge cash and cash equivalents.

Interest-rate risk

The interest-rate risk is very low as the company's interest-bearing liabilities are lower in relation to profit and total assets.

Price risk

The price risk is regarded as low as the company buys from more than 600 suppliers. In accordance with its purchasing policy, the company also avoids entering into long-term supply contracts, to retain flexibility with regard to suppliers and products.

Credit risk

Accounts receivables are characterised by a very low risk, as each sub-item is small and the Group's credit policy is restrictive. Provisions for doubtful receivables are made following individual examination, but this has not been necessary in the past three financial years for either the Group or the Parent Company.

Short-term investments normally pertain to investments in commercial papers in the Swedish interest-rate market. The loss risk is low because the policy is to choose commercial papers with a very high credit rating. At the end of the year, there were no short-term investments, but they may occur on a current-account basis during the year.

Cash and cash equivalents are invested in various bank accounts, mainly at Svenska Handelsbanken and its international branches in Norway, Finland and the UK. The credit risk is considered insignificant.

Capital risk

The capital risk is regarded as low because the Group had a low portion of liabilities at the end of the financial year and an equity/assets ratio of 58 per cent.

Note 3 Other operating income and operating expenses

| | Group | | Parent Company | |
|--|-------------|-------------|----------------|-------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Other operating income | | | | |
| Exchange-rate differences | 2.5 | 1.6 | 2.1 | 1.3 |
| Gain/loss on sale or disposal of property, plant and equipment | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 2.5 | 1.6 | 2.1 | 1.3 |
| Other operating expenses | | | | |
| Exchange-rate differences | -2.6 | -3.0 | -2.2 | -2.4 |
| Gain/loss on sale or disposal of property, plant and equipment | -7.2 | -1.4 | -5.9 | -1.4 |
| Total | -9.8 | -4.4 | -8.1 | -3.8 |

Note 4 Depreciation

| Group | 2009/10 | 2008/09 |
|--|--------------|-------------|
| Depreciation broken down by type of asset | | |
| Land and buildings | 24.3 | 14.5 |
| Equipment, tools, fixtures and fittings | 105.9 | 77.9 |
| Total | 130.2 | 92.4 |
| Depreciation broken down by function | | |
| Cost of goods sold | 26.3 | 17.8 |
| Selling expenses | 100.6 | 71.9 |
| Administrative expenses | 3.3 | 2.7 |
| Total | 130.2 | 92.4 |

| Parent Company | 2009/10 | 2008/09 |
|--|-------------|-------------|
| Depreciation broken down by type of asset | | |
| Land and buildings | 24.3 | 14.5 |
| Equipment, tools, fixtures and fittings | 63.5 | 46.7 |
| Total | 87.8 | 61.2 |
| Depreciation broken down by function | | |
| Cost of goods sold | 22.4 | 14.7 |
| Selling expenses | 61.9 | 43.8 |
| Administrative expenses | 3.5 | 2.7 |
| Total | 87.8 | 61.2 |

Note 5 Expenses distributed by type of cost

Payroll expenses including social security expenses during the financial year totalled SEK 1,109.2 M (1,040.6) in the Group and SEK 704.7 M (690.0) in the Parent Company. Depreciation during the financial year totalled SEK 128.3 M (92.4) in the Group and SEK 87.8 M (61.2) in the Parent Company.

Note 6 Expenses for employee benefits

| | 2009/10 | 2008/09 | | |
|--|--------------------------|----------------------------|--------------------------|----------------------------|
| Salaries and other remuneration | | | | |
| Parent Company | 522.4 | 487.7 | | |
| Subsidiaries | 347.6 | 297.4 | | |
| Group total | 870.0 | 785.1 | | |
| | 2009/10 | 2008/09 | | |
| | Social security expenses | of which, pension expenses | Social security expenses | of which, pension expenses |
| Social security expenses | | | | |
| Parent Company | 182.3 | 30.9 | 202.3 | 50.4 |
| Subsidiaries | 56.9 | 16.3 | 53.2 | 16.8 |
| Group total | 239.2 | 47.2 | 255.5 | 67.2 |

Of the Parent Company's pension expenses, SEK 2.1 M (2.7) pertained to the group consisting of the Board, CEO and Deputy CEO. Of the subsidiaries' pension expenses, SEK 1.1 M (0.9) pertained to managing directors of subsidiaries.

In the Group, expenses for defined-contribution pensions amounted to SEK 38.9 M (57.0) and defined-benefit pensions to SEK 0.6 M (1.0).

The Parent Company's pension expenses include negotiated pensions totalling SEK 0.0 M (11.8 resulting from restructuring of the distribution centre).

The Parent Company only has defined-contribution pensions (including Alecta), for which the year's expenses amounted to SEK 23.6 M (29.4). In the Parent Company, the year's expenses for special employer's contribution on pension premiums totalled SEK 7.3 M (9.2). For further information on the defined-benefit pension plans in the Group, see Note 19.

Note 6 cont.

Remuneration of Board members, managing directors and other senior management

| | 2009/10 | 2008/09 |
|----------------------------------|----------------|----------------|
| Parent Company | | |
| Salaries and other remuneration | 20.5 | 18.9 |
| – of which variable remuneration | 0.0 | 0.0 |
| Pension expenses | 5.5 | 5.8 |
| Number of individuals in group | 15 | 15 |
| | 2009/10 | 2008/09 |
| Group | | |
| Salaries and other remuneration | 30.1 | 26.7 |
| – of which variable remuneration | 0.0 | 0.0 |
| Pension expenses | 6.6 | 6.7 |
| Number of individuals in group | 19 | 19 |

Board remuneration

Fees are paid to the members of the Board according to a resolution by the Annual General Meeting. Board members who are employed in the company do not receive director fees. No pensions or other incentive programmes are paid to the company's Board.

In subsidiaries, director fees to external members were paid in the amount of SEK 0.0 M (0.1). No other director fees were paid in the subsidiaries.

| | 2009/10 | | 2008/09 | |
|-----------------------------|---------------|--------------------|---------------|--------------------|
| | Director fees | Other remuneration | Director fees | Other remuneration |
| The Board | | | | |
| Anders Moberg, Chairman | 0.50 | 0.12 | 0.50 | 0.12 |
| Björn Haid, member | 0.25 | 0.06 | 0.25 | 0.06 |
| Cecilia Marlow, member | 0.25 | 0.06 | 0.25 | 0.06 |
| Elisabet S Bjöklund, member | 0.25 | 0.06 | 0.25 | 0.18 |
| Klas Balkow, member and CEO | 0.00 | 0.00 | 0.00 | 0.00 |
| Lottie Svedenstedt, member | 0.25 | 0.06 | 0.25 | 0.06 |
| Urban Jansson, member | 0.25 | 0.12 | 0.25 | 0.12 |
| Edgar Rosenberger, member | 0.25 | 0.06 | 0.00 | 0.00 |
| Board total | 2.00 | 0.56 | 1.75 | 0.62 |

Board member Klas Balkow received remuneration as President and CEO of the company.

During the financial year, the gender distribution among Board members elected by the AGM was five men and three women. In percentage terms, the distribution was thus 62.5 per cent male and 37.5 per cent female. The equivalent distribution in the preceding financial year was the same.

Remuneration of senior management

Remuneration paid to the Chief Executive Officer and other members of senior management is made up of basic salary, variable remuneration and pension contributions. Other members of senior management are the eight individuals who together with the Chief Executive Officer made up the Group management team during the financial year.

For the composition of the senior management at 30 April 2010, see page 79 of the printed annual report.

| | 2009/10 | | | 2008/09 | | |
|---|--------------|------------------------------------|------------|--------------|-----------------------|------------|
| | Basic salary | Variable remuneration ¹ | Benefits | Basic salary | Variable remuneration | Benefits |
| Salaries paid to senior management | | | | | | |
| Klas Balkow, CEO | 3.9 | 1.9 | 0.2 | 3.6 | 0.6 | 0.2 |
| Deputy CEO ² | 1.3 | 0.5 | 0.1 | 3.4 | 0.4 | 0.1 |
| Other senior management (6) ² | 7.8 | 2.7 | 0.4 | 7.8 | 1.3 | 0.3 |
| Total management | 13.0 | 5.1 | 0.7 | 14.8 | 2.3 | 0.6 |

¹ Of the variable remuneration, recognised expenses and unpaid remuneration pertaining to LTI 2008 and LTI 2009 were as follows: CEO SEK 0.5 M (0.2), Deputy CEO SEK 0.2 M (0.2), other senior management SEK 0.8 M (0.3).

² Remuneration to the Deputy CEO pertains to the period from appointment (seven of 12 months). The remaining portion of the remuneration is recognised under other senior management.

| | 2009/10 | | 2008/09 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Defined-contribution | Defined-benefit | Defined-contribution | Defined-benefit |
| Pension expenses for senior management | | | | |
| Klas Balkow, CEO | | 1.4 | 0.0 | 1.3 |
| Deputy CEO ² | | 0.4 | 0.0 | 1.3 |
| Other senior management (6) ² | | 3.7 | 0.0 | 3.2 |
| Total management | | 5.5 | 0.0 | 5.8 |

² Pension expenses pertaining to the Deputy CEO pertains to the period from appointment (seven of 12 months). The remaining portion is recognised under senior management

Under the contract of employment with the Chief Executive Officer, the mutual period of notice is six months. Twelve months' salary is payable in the event of termination by the company. Applicable salary and benefits are payable during the period of notice. The retirement age is 65, and the current pension contribution is equivalent to SEK 1.4 M.

Salary and other remuneration payable to the CEO are decided by the Board and discussed by a Remuneration Committee appointed within the Board. Salary is reviewed at the end of each calendar year.

Salaries and other remuneration for other senior management are decided by the Chief Executive Officer, supported by the Remuneration Committee within the framework decided by the Board.

The principles for variable remuneration are decided by the Annual General Meeting. The performance targets are prepared by the Remuneration Committee and decided by the Board. During the year, two different types, STI and LTI, were payable.

Provisions for STI and LTI are posted continuously. All members of senior management are entitled to annual pension contributions, primarily in accordance with the ITP plan. Retirement age varies between 65 and 67 years.

The gender distribution among senior management of the Parent Company, and of the Group, is seven men and one woman during the financial year. In percentage terms, the distribution is thus 87 per cent male and 13 per cent female. The distribution in the preceding year was 78 per cent male and 22 per cent female.

Further information on decision-making processes in the Group is presented on pages 52-54 of the printed annual report.

Remuneration principles

The general principles of remuneration for senior management are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior management shall consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on performance over several years, pension and other benefits. In addition to this, there are terms applicable on notice of termination and severance pay.

Clas Ohlson shall strive to offer a competitive total level of remuneration, focusing on payments based on performance. This means that variable remuneration may comprise a significant portion of total remuneration. The aim is for fixed remuneration to be in line with the median of the comparable market, while total remuneration, when Clas Ohlson AB meets or exceeds its objectives, shall be in the upper quartile of the market.

Basic salary

The basic salary shall comprise the basis for total remuneration. The salary shall be related to the relevant market and reflect the extent of the responsibilities included in the position. The basic salary's trend shall depend on how well work is performed and how well the employee develops his/her competencies to assume future work assignments with greater responsibility. The basic salary shall be reviewed annually to ensure that it is market-based and competitive.

Short-term Incentive "STI"

In addition to basic salary, senior management shall be able to receive STI for profits that exceed one or several predetermined performance levels during a financial year. Clearly defined performance targets are decided annually by the Board or by individuals elected by the Board. The performance targets may be connected to operational, financial or personal results.

Remuneration from the STI plan is subject to a ceiling, which means that Clas Ohlson can calculate maximum remuneration levels from the beginning. Insofar as performance does not match the lowest performance level, no STI will be paid. STI will depend on the position and may not exceed 50 per cent of salary if the ceiling is achieved, which also represents the maximum outcome of STI.

Long-term Incentive "LTI"

The aim of long-term incentive programmes is to create the prerequisites for retaining and recruiting competent employees to the Group, provide competitive remuneration and unite the interests of shareholders and senior management.

Long-term incentive programmes that entitle employees to acquire shares are subject to approval by the Annual General Meeting. LTI 2008 and LTI 2009 are currently in effect. In addition, LTI 2010 was launched after the close of the financial year. LTI 2008, LTI 2009 and LTI 2010 are share matching and profit-based employee stock option plans.

Long-term incentive programmes LTI 2008 and LTI 2009

An Extraordinary General Meeting held in April 2008 resolved to adopt a performance-based incentive programme (LTI 2008). The LTI 2008 included a maximum of 34 individuals, comprising certain members of senior management and other individuals regarded as having a long-term impact on Clas Ohlson's development.

To participate in the plan, employees must acquire series B shares in Clas Ohlson corresponding to a value of not less than 5 per cent and not more than 10 per cent of their annual basic salary. Participants acquired series B Clas Ohlson shares, at market price, which the company will later match (1:1) free of charge through allotment of shares. If the employee holds the acquired shares and is still employed by the Group three years after the date of acquisition, the company will issue matching shares to the employee.

The employee may also be allotted profit-based employee stock options. Employee stock options are allocated free of charge and each stock option entitles the holder to acquire one series B Clas Ohlson share. When the option is exercised, the price per share will amount to SEK 107.60 per share, corresponding to 110 per cent of the volume-weighted average of the most recent price paid for series B Clas Ohlson shares on the Nasdaq OMX Nordic Exchange Stockholm during a period of 10 trading days prior to the date the options were allocated. The options may be exercised not earlier than three years and not later than seven years from the date they were allotted. For an

option to be exercised, the holder must still be employed by the Clas Ohlson Group and have retained his/her personal investment for three years from the date of allotment. The option holdings do not provide entitlement to receive dividends on the underlying shares.

The number of employee stock options that may be exercised depends on the number of series B shares that the employee has acquired within the framework of the LTI 2008 plan, and whether the company's growth and profit growth per share for 2008/2009 and the subsequent two financial years increase to the levels set by the Board. These established levels are: Entry, Target and Stretch, with a straight-line increase between each profit level.

Entry is a minimum level that must be exceeded in order for an employee stock option to be exercised. The three levels correspond to the following number of employee stock options:

- Entry: five options per acquired series B share
- Target: ten options per acquired series B share
- Stretch: 15 options per acquired series B share

Accordingly, the total number of employee stock options that may be exercised by each participant is limited to 15 per acquired series B share.

LTI 2009 was approved at the Annual General Meeting on 13 September 2008. The plan is based on the same principles as the LTI 2008 and extends from May 2009 to April 2016. The plan includes 38 individuals, who purchased a total of 35,767 shares in May 2009. The redemption price for the conditional employee stock options was set at SEK 98.10 per share, corresponding to 110 per cent of the average, on any given trading day, of the volume-weighted average price paid for series B Clas Ohlson shares on the Nasdaq OMX Nordic Exchange Stockholm during a period of 10 trading days prior to the day the options were acquired. Any exercise of options may be conducted between June 2012 and April 2016.

It was not possible to exercise any of the above options at 30 April 2010. The number of allotted options is based on the maximum outcome in the plan. However, the number that may be exercised after three years is based on achievement of growth and profit targets. The sum that is expensed is based on the level of five options per share for LTI 2008 and 10 options per share for LTI 2009.

In accordance with the above, LTI 2008 and LTI 2009 will include the following number of series B shares and employee stock options for the various participant categories if the target level is achieved (refer to the table below).

Accounting policies

The LTI 2008 and LTI 2009 were reported in accordance with IFRS 2 Share-based Payment. The Group posts a provision for anticipated social security contributions that will be paid when the shares are allotted and when the options are exercised. The provision for social security contributions is reassessed every balance-sheet date based on the fair value. The cost recognised in profit and loss for 2009/10 totalled SEK 5.7 M, of which social security contributions accounted for SEK 1.2 M.

Share repurchased for the LTI programmes

During 2008 and 2009, Clas Ohlson repurchased series B Clas Ohlson shares to fulfil the company's long-term obligations under the incentive programmes. The shares will be allotted or sold to participants. Clas Ohlson intends to sell additional shares in the market in conjunction with options being exercised or shares being allotted to cover payment of social security contributions.

Long-term incentive programmes LTI 2008 and LTI 2009

| Participants | LTI 2008 | | | LTI 2009 | | |
|--------------------------------------|---|---|---------------------------------|---|---|---------------------------------|
| | Matching shares No. of B shares ¹ | No. of employee stock options ¹ | Target value SEK M ² | Matching shares No. of B shares ¹ | No. of employee stock options ¹ | Target value SEK M ² |
| CEO | 3,650 | 36,500 | 0.8 | 3,602 | 36,020 | 1.0 |
| Other members of Group management | 6,460 | 64,600 | 1.5 | 8,390 | 83,900 | 2.4 |
| Other participants | 22,344 | 223,440 | 5.2 | 23,775 | 237,750 | 6.7 |
| Total | 32,454 | 324,540 | 7.5 | 35,767 | 357,670 | 10.1 |

¹ The number of shares and employee stock options may be recalculated due to decisions concerning a new share issue.

² The target value of the plan is calculated based on the fair value on the date of allotment. The share value on the date of allotment was SEK 82.83 (LTI 2008)/SEK 77.22 (LTI 2009) and the fair value of the option was SEK 14.97 (LTI 2008)/SEK20.44 (LTI 2009). To calculate the fair value of the options, the binomial model for option valuation was used. The values were adjusted for the discounted value of future dividends.

Note 7 Remuneration of auditors

| | Group | | Parent Company | |
|--|------------|------------|----------------|------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| <i>Öhrlings PricewaterhouseCoopers</i> | | | | |
| Remuneration for audit engagements | 2.2 | 1.9 | 1.3 | 1.0 |
| Remuneration for other consultations | 0.9 | 0.6 | 0.6 | 0.4 |
| Total | 3.1 | 2.5 | 1.9 | 1.4 |

Note 8 Financial income and expenses

Financial income and expenses are broken down as follows:

| Group | 2009/10 | 2008/09 |
|---|------------|------------|
| <i>Financial assets measured at fair value through profit and loss:</i> | | |
| – capital gains on securities held to maturity | 0.0 | 1.0 |
| Interest income | 2.4 | 5.8 |
| Group total | 2.4 | 6.8 |
| | | |
| Parent Company | 2009/10 | 2008/09 |
| <i>Financial assets measured at fair value through profit and loss:</i> | | |
| – capital gains on securities held to maturity | 0.0 | 1.0 |
| Interest income | 0.1 | 1.4 |
| Interest income, subsidiaries | 3.3 | 0.0 |
| Total Parent Company | 3.4 | 2.4 |

Financial expenses are broken down as follows:

| Group | 2009/10 | 2008/09 |
|---------------------------------|-------------|-------------|
| Interest expenses | -4.7 | -5.8 |
| | | |
| Parent Company | 2009/10 | 2008/09 |
| Interest expenses | -4.6 | -5.2 |
| Interest expenses, subsidiaries | -2.0 | 0.0 |
| Total Parent Company | -6.6 | -5.2 |

Note 9 Income tax

| | Group | | Parent Company | |
|--|---------|---------|----------------|---------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| <i>Tax on net profit for the year</i> | | | | |
| Income tax on net profit for the year | 148.5 | 76.0 | 124.8 | 60.2 |
| | 148.5 | 76.0 | 124.8 | 60.2 |
| | | | | |
| <i>Deferred tax</i> | | | | |
| Deferred tax pertaining to temporary differences | 6.9 | 62.8 | 0.0 | 0.0 |
| Effect of change in the Swedish tax rate | 0.0 | -3.0 | 0.0 | 0.0 |

| Deferred tax pertaining to the tax value in capitalised loss carry-forwards | 0.0 | 2.5 | 0.0 | 0.0 |
|---|---------------|---------------|---------------|--------------|
| | 6.9 | 62.3 | 0.0 | 0.0 |
| Total reported tax expense | 155.4 | 138.3 | 124.8 | 60.2 |
| | | | | |
| <i>Reconciliation of applicable tax rate and effective tax rate</i> | | | | |
| Reported profit before tax | 588.2 | 503.8 | 471.3 | 243.3 |
| Income tax calculated according to national tax rates pertaining to profit in each country (26-28%) | -156.1 | -141.1 | -124.0 | -68.1 |
| | | | | |
| <i>Tax effect of:</i> | | | | |
| Non-deductible expenses | -1.7 | -3.5 | -1.6 | -3.1 |
| Non-taxable income | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividends from subsidiaries | 0.0 | 0.0 | 0.0 | 11.0 |
| Temporary differences | 2.4 | 2.1 | 0.8 | 0.0 |
| Revaluation of deferred tax – change in the Swedish tax rates | 0.0 | 4.2 | 0.0 | 0.0 |
| Recognised tax expense | -155.4 | -138.3 | -124.8 | -60.2 |
| | | | | |
| Applicable tax rate for income tax, % | 26.5 | 28.0 | 26.3 | 28.0 |
| Effective tax rate, % | 26.4 | 27.4 | 26.5 | 24.8 |
| | | | | |
| Deferred tax items recognised directly in equity | -0.6 | 0.2 | 0.0 | 0.0 |
| | | | | |
| Group | 2009/10 | 2008/09 | | |
| <i>Recognised deferred tax assets and tax liabilities</i> | | | | |
| Equipment, tools, fixtures and fittings | | | -4.7 | -2.7 |
| Inventories | | | 1.1 | 0.6 |
| Inter-company profit in inventories | | | 31.9 | -18.9 |
| Provisions | | | 2.7 | 3.6 |
| Pensions | | | 0.1 | 0.0 |
| Accelerated depreciation | | | -60.4 | -46.6 |
| Tax allocation reserve | | | -60.4 | -18.8 |
| Deficits in subsidiaries | | | 0.0 | 0.0 |
| Total deferred tax asset (+) deferred tax liability (-), net | | | -89.7 | -82.8 |
| | | | | |
| Deferred tax asset | | | 0.3 | 1.6 |
| Deferred tax liability | | | -90.0 | -84.4 |

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

| Group | Amount at start of year | Recognised in profit and loss | Amount at the end of year |
|--|-------------------------|-------------------------------|---------------------------|
| <i>Change in deferred tax in temporary differences during the year</i> | | | |
| Equipment, tools, fixtures and fittings | -2.7 | -2.0 | -4.7 |
| Inventories | 0.6 | 0.5 | 1.1 |
| Inter-company profit in inventories | -18.9 | 50.8 | 31.9 |
| Provisions | 3.6 | -0.9 | 2.7 |
| Pensions | 0.0 | 0.1 | 0.1 |
| Accelerated depreciation | -46.6 | -13.8 | -60.4 |
| Tax allocation reserve | -18.8 | -41.6 | -60.4 |
| Deficits in subsidiaries | 0.0 | 0.0 | 0.0 |
| Total | -82.8 | -6.9 | -89.7 |

Note 10 Earnings per share

| | 2009/10 | 2008/09 |
|---|-------------|-------------|
| <i>Earnings per share before dilution</i> | | |
| Net profit for the year | 432.8 | 365.5 |
| Average number of shares outstanding | 64.4 | 65.1 |
| Earnings per share before dilution | 6.72 | 5.62 |
| <i>Earnings per share after dilution</i> | | |
| Net profit for the year | 432.8 | 365.5 |
| Average number of shares outstanding | 64.4 | 65.1 |
| Earnings per share after dilution | 6.72 | 5.62 |

Earnings per share before and after dilution

The calculation of earnings per share has been based on net profit for the year attributable to the Parent Company's shareholders, totalling SEK 432.8 M (365.5), and on a weighted average number of shares outstanding before and after dilution during both 2008/09 and 2009/10.

Note 11 Dividend per share

The dividends paid in 2009/10 and 2008/09 totalled SEK 192.8 M (SEK 3.00 per share) and SEK 328.0 M (SEK 5.00 per share), respectively. A dividend pertaining to 2009/10 of SEK 3.75 per share, totalling SEK 246 M, will be proposed at the Annual General Meeting to be held on 11 September 2010. The proposed dividend has not been recognised as a liability in these financial statements.

Note 12 Non-current assets

| | Group | | Parent Company | |
|--------------------------------------|--------------|--------------|----------------|--------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| <i>Property, plant and equipment</i> | | | | |
| Land and buildings | | | | |
| Opening cost | 376.9 | 372.1 | 376.4 | 371.6 |
| Acquisitions for the year | 2.5 | 4.8 | 0.6 | 4.8 |
| Reclassifications | 301.9 | 0.0 | 301.9 | 0.0 |
| Closing accumulated cost | 681.3 | 376.9 | 678.9 | 376.4 |

| | Group | | Parent Company | |
|--|----------------|--------------|----------------|--------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Opening depreciation | 113.6 | 99.1 | 113.1 | 98.6 |
| Depreciation for the year | 24.3 | 14.5 | 24.3 | 14.5 |
| Translation differences | 0.0 | 0.0 | 0.0 | 0.0 |
| Closing accumulated depreciation | 137.9 | 113.6 | 137.4 | 113.1 |
| Closing residual value according to plan | 543.4 | 263.3 | 541.5 | 263.3 |
| Assessed value, buildings | 140.9 | 123.8 | 140.9 | 123.8 |
| Assessed value, land | 14.1 | 13.8 | 14.1 | 13.8 |
| Carrying amount, land | 6.4 | 5.8 | 6.4 | 5.8 |
| <i>Equipment, tools, fixtures and fittings</i> | | | | |
| Opening cost | 814.1 | 688.8 | 486.3 | 462.2 |
| Acquisitions for the year | 135.5 | 150.1 | 73.4 | 48.4 |
| Reclassifications | 264.2 | 0.0 | 264.2 | 0.0 |
| Sales and disposals | -64.4 | -41.4 | -33.4 | -24.3 |
| Translation differences | -9.7 | 16.6 | 0.0 | 0.0 |
| Closing accumulated cost | 1,139.7 | 814.1 | 790.4 | 486.3 |
| Opening depreciation | 304.9 | 256.9 | 202.4 | 174.3 |
| Depreciation for the year | 104.0 | 77.9 | 63.5 | 46.7 |
| Sales and disposals | -54.4 | -35.6 | -26.9 | -18.6 |
| Translation differences | -2.4 | 5.7 | 0.0 | 0.0 |
| Closing accumulated depreciation | 352.1 | 304.9 | 239.0 | 202.4 |
| Closing residual value according to plan | 787.6 | 509.2 | 551.4 | 283.9 |
| <i>Construction in progress</i> | | | | |
| Opening cost | 423.2 | 143.8 | 423.2 | 143.8 |
| Acquisitions for the year | 177.4 | 279.4 | 177.4 | 279.4 |
| Reclassifications | -566.1 | 0.0 | -566.1 | 0.0 |
| Closing accumulated cost | 34.5 | 423.2 | 34.5 | 423.2 |
| <i>Financial assets</i> | | | | |
| Opening cost | 2.0 | 3.3 | 41.1 | 34.5 |
| Decrease/increase in non-current receivables | -1.0 | -1.3 | 314.7 | 0.0 |
| Increase in participations in Group companies | 0.0 | 0.0 | 4.7 | 6.6 |
| Closing accumulated cost | 1.0 | 2.0 | 360.5 | 41.1 |
| Fair value | 1.0 | 2.0 | 360.5 | 41.1 |
| <i>Investment commitments</i> | | | | |
| Contracted investments on the balance-sheet date not yet recognised in the financial statements total the following amounts: | | | | |
| Land and buildings | 48.0 | 77.0 | 48.0 | 77.0 |
| Equipment, tools, fixtures and fittings | 7.0 | 115.0 | 7.0 | 115.0 |

Note 13 Inventories

| | Group | | Parent Company | |
|------------------------|----------------|----------------|----------------|--------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Merchandise | 1,204.1 | 1,117.2 | 866.3 | 800.8 |
| Total | 1,204.1 | 1,117.2 | 866.3 | 800.8 |
| Cost of goods sold | 3,287.9 | 2,916.5 | 3,201.5 | 2,857.6 |
| Of which, obsolescence | 15.6 | 12.6 | 10.1 | 9.4 |

Obsolescence is calculated according to individual assessment on the basis of age analysis in stores and the distribution centre.

Note 14 Accounts receivables

| | Group | | Parent Company | |
|----------------------|-------------|-------------|----------------|------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Accounts receivables | 30.1 | 12.5 | 9.0 | 7.0 |
| Total | 30.1 | 12.5 | 9.0 | 7.0 |
| Fair value | 30.1 | 12.5 | 9.0 | 7.0 |

Note 15 Prepaid expenses and accrued income

| | Group | | Parent Company | |
|----------------------------|--------------|-------------|----------------|-------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Prepaid rent | 47.8 | 45.5 | 24.9 | 23.3 |
| Prepaid costs of materials | 20.1 | 18.6 | 16.2 | 14.6 |
| Other prepaid expenses | 43.3 | 32.4 | 21.1 | 26.9 |
| Total | 111.2 | 96.5 | 62.2 | 64.8 |

Note 16 Cash and cash equivalents

| Group | 2009/10 | 2008/09 |
|------------------------|-------------|-------------|
| Cash and bank balances | 98.8 | 92.0 |
| Group total | 98.8 | 92.0 |

At the end of the year, utilised overdraft facilities, which are not included in cash and cash equivalents, totalled SEK 171.4 M in the Group; refer to Note 20.

Unutilised overdraft facilities in the Group, which are not included in cash and cash equivalents, amounted to SEK 178.6 M at year-end.

Note 17 Forward contracts

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

| Currency pair | Carrying amount and fair value | | Nominal amount | | Average remaining term in months | |
|---------------|--------------------------------|-------------|----------------|--------------|----------------------------------|---------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Sell/buy | | | | | | |
| NOK/SEK | 0.6 | -2.5 | 196.2 | 266.9 | 2 | 2 |
| EUR/SEK | 0.0 | 1.6 | 0.0 | 44.3 | 0 | 2 |
| USD/SEK | 1.4 | 0.0 | 57.8 | 0 | 1 | 0 |
| Total | 2.0 | -0.9 | 254.0 | 311.2 | | |

Forward contracts belong to the derivative category, which is used for hedging purposes. All derivatives are measured at fair value, established by using forward contract prices on the balance-sheet date, meaning, level 3 in the fair value hierarchy according to IFRS 7.

In both currency pairs, there are positive and negative market values. Forward contracts with positive market values totalled SEK 2.3 M (2.5), which was recognised in the item Other current receivables. Forward contracts with negative market values totalled SEK 0.3 M (3.4), which was recognised in the item Other current liabilities.

Deferred tax of SEK 0.5 M was taken into account and the remaining fair value of SEK 1.5 M (0.7) was recognised in the hedging reserve within equity.

Note 18 Equity

The total number of ordinary shares is 65,600,000 (2008/09: 65,600,000) with a quotient value of 1.25. The number of series A shares is 5,760,000, while the number of series B shares is 59,840,000. Each series A share carries ten votes, while each series B share carries one vote. All issued shares are fully paid up. The company has one outstanding stock option plan, LTI 2009, whose outcome was hedged through the repurchase of 645,000 B shares. The number of shares outstanding at the end of the year was 64,280,000. The average number of shares before and after dilution is reported in Note 10.

The Group's provisions consist of translation differences that have arisen on the translation of foreign subsidiaries' financial accounts, as well as the hedging reserve.

Note 19 Pension obligations

The pension obligation pertains to employees in subsidiaries in Norway. It is a defined-benefit pension plan, which means that payments to employees and former employees are based on final salary and number of years of service. The obligation is secured in the insurance company Storebrand AS.

| Group | 2009/10 | 2008/09 |
|--|------------|------------|
| Surpluses (-)/obligations (+) in the balance sheet for: | | |
| Pension benefits | 0.3 | 0.1 |
| Group total | 0.3 | 0.1 |
| Recognition in profit and loss pertaining to: | | |
| Pension benefits | 0.6 | 1.0 |
| Group total | 0.6 | 1.0 |

Pension benefits

The amounts recognised in the balance sheet have been calculated as follows:

| | 2009/10 | 2008/09 | 2007/08 |
|---|------------|------------|-------------|
| Present value of funded obligations | 9.0 | 9.7 | 9.4 |
| Fair value of plan assets | -9.3 | -8.0 | -6.6 |
| Unrecognised actuarial gains/losses | 0.6 | -1.6 | -3.4 |
| Asset/liability in balance sheet | 0.3 | 0.1 | -0.6 |

The amounts recognised in the balance sheet are as follows:

| | 2009/10 | 2008/09 | 2007/08 |
|---|------------|------------|------------|
| Expenses for service during current year | 0.5 | 0.7 | 2.8 |
| Interest expense | 0.3 | 0.4 | 0.2 |
| Expected return on plan assets | -0.3 | -0.3 | -0.3 |
| Actuarial gains/losses reported during the year | 0.1 | 0.2 | 0.1 |
| Gains on reduction | 0.0 | 0.0 | -2.6 |
| Total, included in personnel expenses | 0.6 | 1.0 | 0.2 |

Of the total expense, SEK 0.1 M (0.2) was included in the item Cost of goods sold, SEK 0.3 M (0.4) in Selling expenses and SEK 0.2 M (0.4) in Administrative expenses.

The actual return on plan assets was SEK 0.3 M (0.3).

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

| | 2009/10 | 2008/09 |
|--|---------|---------|
| At the start of the year | 0.1 | -0.6 |
| Exchange-rate differences | 0.0 | -0.3 |
| Total expenses recognised in profit and loss | 0.6 | 1.0 |
| Contributions paid | -0.4 | 0.0 |
| At end of year | 0.3 | 0.1 |

The principal actuarial assumptions used were as follows:

| | 2009/10 | 2008/09 |
|--|---------|---------|
| Discount rate, % | 4.5 | 3.8 |
| Expected return on plan assets, % | 5.7 | 5.8 |
| Future pay increases, % | 4.5 | 4.0 |
| Future pension increases, % | 1.4 | 1.5 |
| Estimated average remaining period of service, years | 7 | 9 |

Defined-contribution plans

Defined-contribution plans exist in Sweden, Norway and Finland. Payment to these plans takes place on a continuous basis according to the rules for the plan concerned.

| | 2009/10 | 2008/09 |
|----------------|---------|---------|
| Group | 38.9 | 57.0 |
| Parent Company | 23.6 | 41.6 |

The Parent Company's pension expense includes negotiated pensions totalling SEK 0.0 M (11.8) resulting from restructuring of the distribution centre.

Of the Group's total expense for defined-contribution plans, SEK 8.6 M (8.6) pertained to the ITP plan financed in Alecta. Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of 2009, Alecta's surplus in the form of the collective funding ratio was 141 per cent (2008: 112 per cent). The collective funding ratio comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial assumptions, which do not comply with IAS 19.

Note 20 Financial liabilities

| | Group | | Parent Company | |
|---------------------------|--------------|--------------|----------------|--------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Accounts payables | 403.3 | 323.4 | 326.4 | 293.9 |
| Other current liabilities | 17.2 | 76.8 | 10.4 | 10.6 |
| Total | 420.5 | 400.2 | 336.8 | 304.5 |
| Fair value | 420.5 | 400.2 | 336.8 | 304.5 |

The average period of credit is 41 days (20 days) for accounts payable and 15 days (23 days) for other current liabilities.

| | Group | | Parent Company | |
|----------------------------|--------------|--------------|----------------|--------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Non-current portion | | | | |
| Bank loans | 100.0 | 65.0 | 100.0 | 65.0 |
| Current portion | | | | |
| Overdraft facilities | 171.4 | 208.6 | 279.1 | 426.3 |
| Total borrowing | 271.4 | 273.6 | 379.1 | 491.3 |

All bank loans and overdraft facilities are denominated in SEK. The bank loan is renewed on a monthly basis and is estimated to extend until 2011. The current average interest rate is 1.41 per cent per year. The overdraft facility carries floating interest rates. During the year, the average interest rate was 1.16 per cent.

The total borrowing includes secured bank loans and overdraft facilities totalling SEK 97.0 M (97.0). Collateral for bank loans consists of chattel and property mortgages. The credit limit on the overdraft facilities totalled SEK 350 M (220). The Parent Company's credit is included in a cash pool for the Group in which utilised credit totalled SEK 171.4 M.

The fair value on borrowing corresponds to its carrying amount, since the discounting effect is not significant

Note 21 Accrued expenses and deferred income

| | Group | | Parent Company | |
|---------------------------------------|--------------|--------------|----------------|--------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Accrued salary expenses | 80.9 | 76.1 | 48.8 | 52.9 |
| Accrued holiday pay expenses | 115.0 | 106.6 | 68.2 | 64.4 |
| Accrued social security contributions | 60.1 | 56.2 | 47.4 | 47.4 |
| Other items | 14.8 | 20.4 | 15.0 | 8.3 |
| Total | 270.8 | 259.3 | 179.4 | 173.0 |

Note 22 Other provisions

Pertains to provisions for guarantee commitments, unredeemed gift cards and open purchase, which are all expected to be utilised during the subsequent financial year. The provision for estimated future guarantee commitments is equivalent to the guarantee expenses for the year with respect to the length of the warranty period. Thirty days open purchase is applicable in the terms of purchase. The provision for open purchase is calculated according to these terms with respect to the estimated return rate.

| | Group | | Parent Company | |
|-------------------------------|-------------|-------------|----------------|-------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Opening provisions | 21.8 | 19.6 | 12.4 | 11.5 |
| Utilised during the year | -21.8 | -19.6 | -12.4 | -11.5 |
| Allocated during the year | 21.6 | 21.8 | 12.6 | 12.4 |
| Total other provisions | 21.6 | 21.8 | 12.6 | 12.4 |

Break-down of items:

| | Group | Parent Company |
|---|-------------|----------------|
| Guarantee commitments | 7.3 | 4.4 |
| Open purchase and unredeemed gift cards | 14.3 | 8.2 |
| Total other provisions | 21.6 | 12.6 |

Note 23 Intra-Group transactions

Of the Parent Company's invoiced sales, intra-Group sales accounted for SEK 2,000.9 M (1,444.1). Of this sum, SEK 1,706.8 M (1,235.7) related to sales to Clas Ohlson AS in Norway, SEK 284.2 M (199.5) to sales to Clas Ohlson OY in Finland and SEK 9.9 M (8.9) to sales to Clas Ohlson Ltd in the UK. No purchases were made from subsidiaries.

Note 24 Participations in Group companies

The subsidiary Clas Ohlson AS in Norway, with corporate registration number NO 937402198 and registered office in Oslo; 10,000 shares with a par value of NOK 100. Shareholding 100 per cent. Carrying amount NOK 50,475. A dividend has been paid from the Norwegian subsidiary to the Parent Company amounting to SEK 0.0 M (39.4).

The subsidiary Clas Ohlson OY in Finland, with corporate registration number FI 1765891-7 and registered office in Helsinki; 500,000 shares with a par value of EUR 1. Shareholding 100 per cent. Carrying amount SEK 30.4 M, of which value of shareholders' contribution SEK 25.8 M.

The subsidiary Clas Ohlson Ltd in the UK, with corporate registration number 6298382, 300,000 shares with a par value of GBP 1. Shareholding 100 per cent. Carrying amount SEK 4.0 M.

The subsidiary Clas Ohlson Ltd in Shanghai, with corporate registration number 3110000400574190, 900,000 shares with a par value of USD 1. Shareholding 100 per cent. Carrying amount SEK 11.3 M. A dividend has been paid from the subsidiary in Shanghai amounting to SEK 0.1 M.

Note 25 Appropriations

| Parent Company | 2009/10 | 2008/09 |
|--|---------------|--------------|
| <i>The difference between recognised depreciation and depreciation according to plan on:</i> | | |
| – equipment, tools, fixtures and fittings | –53.6 | –25.8 |
| – land and buildings | 1.0 | 1.0 |
| <i>Provision for tax allocation reserve</i> | | |
| Tax 2010 | –158.0 | –71.6 |
| Total Parent Company | –210.6 | –96.4 |

Note 26 Cash and bank balances

| Parent Company | 2009/10 | 2008/09 |
|-----------------------------|-------------|-------------|
| Cash and bank balances | 62.1 | 14.0 |
| Total Parent Company | 62.1 | 14.0 |

Unutilised overdraft facilities, which are not included in cash and bank balances, totalled SEK 279.1 M at the end of the year. The credit is included in a cash pool for the Group in which utilised credit totalled SEK 171.4 M; refer to Note 20.

Unutilised overdraft facilities, which are not included in cash and bank balances, totalled SEK 70.9 M at the end of the year.

Note 27 Untaxed reserves

| Parent Company | 2009/10 | 2008/09 |
|--|--------------|--------------|
| <i>Accumulated difference between recognised depreciation and depreciation according to plan on:</i> | | |
| – equipment, tools, fixtures and fittings | 222.2 | 168.6 |
| – land and buildings | 7.8 | 8.8 |
| <i>Provision for tax allocation reserve</i> | | |
| Tax 2010 | 71.6 | 71.6 |
| Tax 2011 | 158.0 | |
| Total Parent Company | 459.6 | 249.0 |

Note 28 Pledged assets

| | Group | | Parent Company | |
|-----------------------------|--------------|--------------|----------------|-------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Cash and cash equivalents | 12.7 | 11.1 | - | - |
| Property mortgages | 23.0 | 23.0 | 23.0 | 23.0 |
| Floating mortgages | 74.0 | 74.0 | 74.0 | 74.0 |
| Total pledged assets | 109.7 | 108.1 | 97.0 | 97.0 |

Assets indicated above, for own obligations, are pledged to credit institutions as general security for currency forward contracts and utilised overdraft facilities, which at the end of the year totalled SEK 171.4 M in the Group and SEK 279.1 M in the Parent Company. In the preceding year, unutilised overdraft facilities totalled SEK 11.4 M in the Group and Parent Company.

Note 29 Contingent liabilities and commitments

| Parent Company | 2009/10 | 2008/09 |
|--|---------|---------|
| <i>Contingent liabilities</i> | | |
| Guarantee in favour of Group companies pertaining to future rental commitments | 226.8 | 176.6 |

Commitments

All store premises, with the exception of Insjön, are leased and treated as operating leases. The company's policy is that rent should be fixed and not based on store turnover. The average contract period at 30 April 2010 was six years.

Agreed leases have been calculated according to rent levels for 2010.

| | 2009/10 | 2008/09 |
|--|---------|---------|
| Rents and lease payments in financial year | 150.2 | 134.4 |

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014– |
|-------------------------|---------|---------|---------|---------|-------|
| Contracted future rents | 165.1 | 197.6 | 198.6 | 185.1 | 912.4 |

Note 30 Related-party transactions

The number of shareholders in the company at the end of the financial year was 28,405. The largest shareholders are Clas Ohlson's descendants Mary Haid, Johan and Helena Tidstrand, with 42 per cent of the capital and 65 per cent of the votes. No transactions with related parties took place during the financial year. Remuneration of the Board and senior management is presented in Note 6 to the Annual Report.

Note 31 Average number of employees

| | Group | | Parent Company | |
|-----------------|--------------|--------------|----------------|--------------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Sweden | 1,275 | 1,265 | 1,275 | 1,265 |
| – of whom women | (523) | (525) | (523) | (525) |
| Total Norway | 481 | 458 | | |
| – of whom women | (188) | (174) | | |
| Total Finland | 164 | 174 | | |
| – of whom women | (66) | (78) | | |
| Total UK | 105 | 30 | | |
| – of whom women | (56) | (13) | | |
| Total | 2,025 | 1,927 | 1,275 | 1,265 |
| – of whom women | 833 | 790 | 523 | 525 |

The average number of employees is based on the total number of hours worked in relation to total annual working time. For further information on our employees, see pages 38-41 of the printed annual report.

Note 32 Sickness absence

| | Group | | Parent Company | |
|------------------------------------|---------|---------|----------------|---------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| <i>Average sickness absence, %</i> | | | | |
| Total sickness absence | 3.1 | 3.6 | 2.9 | 3.5 |
| – of whom long-term sick leave | 21 | 27 | 23 | 28 |
| – of whom men | 2.6 | 2.8 | 2.4 | 2.7 |
| – of whom women | 3.9 | 4.8 | 3.6 | 4.7 |
| – of whom employees aged up to 29 | 3.3 | 2.9 | 0.9 | 2.7 |
| – of whom employees aged 30-49 | 2.8 | 4.1 | 5.8 | 4.0 |
| – of whom employees aged over 50 | 4.4 | 4.5 | 4.5 | 4.4 |

Note 33 Segment reporting

Clas Ohlson reports segment information distributed in Sweden, Norway, other segments (Finland and the UK), as well as Group-wide. The Group-wide segment pertains to the group-wide functions that assist sales organisations with purchasing, distribution, marketing, management and other support. A large portion of the Group's value is generated in the Group-wide segment. The Group's internal pricing was adapted to these prerequisites. Transactions between Group-wide and sales organisations consist primarily of deliveries and payment for goods, internal invoicing of services rendered and interests on Group-wide loans. The income measure recognised per segment consists of operating profit. Clas Ohlson has no customers that individually account for more than 10 per cent of the Group's sales.

| | 2009/10 | 2008/09 |
|---|----------|----------|
| <i>Net sales per segment (SEK M)</i> | | |
| Sweden | 2,752.1 | 2,557.7 |
| Norway | 2,219.9 | 1,923.5 |
| Finland and the UK | 583.8 | 449.0 |
| Group-wide | 2,000.9 | 1,484.1 |
| Elimination of sales to other segments | -2,000.9 | -1,484.1 |
| Total | 5,555.8 | 4,930.2 |
| <i>Operating profit per segment (SEK M)</i> | | |
| Sweden | 93.5 | 83.7 |
| Norway | 81.1 | 45.8 |
| Finland and the UK | 16.7 | 10.3 |
| Group-wide | 399.2 | 363.0 |
| Total | 590.5 | 502.8 |
| <i>Assets per segment (SEK M)</i> | | |
| Sweden | 524.1 | 475.8 |
| Norway | 398.8 | 393.6 |
| Finland and the UK | 268.2 | 219.8 |
| Group-wide | 1,552.9 | 1,390.0 |
| Total | 2,744.0 | 2,479.2 |

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

Investments and depreciation per segment (SEK M)

| | Investments | | Depreciation | |
|--------------------|-------------|---------|--------------|---------|
| | 2009/10 | 2008/09 | 2009/10 | 2008/09 |
| Sweden | 38.0 | 27.9 | 23.8 | 20.8 |
| Norway | 35.2 | 48.9 | 26.2 | 22.9 |
| Finland and the UK | 31.1 | 51.7 | 15.6 | 8.2 |
| Group-wide | 212.4 | 305.8 | 64.6 | 40.5 |
| Total | 316.7 | 434.3 | 130.2 | 92.4 |

Note 34 Events after the end of the period

Sales during May rose 3 per cent to SEK 384 M (372). In local currency, sales increased by 3 per cent. Compared with the same month in the preceding year, 13 stores have been added and the total number of stores at the end of May 2010 totalled 120. Mail orders/internet sales totalled SEK 6 M compared with SEK 7 M in the corresponding year-earlier period.

| Sales channels (SEK M) | 2010 | 2009 | Percentage change | |
|------------------------|------|------|-------------------|----------------|
| | | | change | local currency |
| Countries | | | | |
| Sweden | 198 | 190 | + 4 | + 4 |
| Norway | 138 | 144 | - 4 | - 6 |
| Finland | 30 | 32 | - 4 | - 6 |
| UK | 18 | 6 | +187 | +204 |
| | 384 | 372 | + 3 | + 3 |

On 12 September 2009, the Board was authorised by the Annual General Meeting of Clas Ohlson AB to acquire, during the period up to the next Annual General Meeting, not more than 832,000 shares to secure the company's commitment in connection with the introduction of a share-based incentive programme, LTI 2010. Supported by this mandate, the Board decided to acquire 570,000 shares during the period until the 2010 Annual General Meeting. The shares will be acquired on the Nasdaq OMX Nordic Exchange Stockholm at a price within the share price range registered at the particular time. The company's holding of Clas Ohlson treasury shares at 30 April 2010 totalled 1,320,000 shares, corresponding to 2 per cent of the total number of registered shares.

Note 35 Contingent liabilities and commitments

The Group does not have any contingent liabilities

Commitments

All store premises, with the exception of Insjön, are leased and treated as operating leases. The company's policy is that rent should be fixed and not based on store turnover. The average contract period at 30 April 2010 was six years.

Agreed leases have been calculated according to rent levels for 2010.

| Group | 2009/10 | 2008/09 | | | |
|--|---------|---------|---------|---------|---------|
| Rents and lease payments in the financial year | 383.7 | 320.4 | | | |
| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014– |
| Contracted future rents | 430.3 | 459.9 | 452.1 | 404.9 | 1,820.3 |

Certification of the annual report

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Parent Company's financial position and results of operations. The Directors' Report for the Group and the Parent Company provides a fair overview of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Insjön, 30 June 2010

Anders Moberg
Chairman of the Board

Björn Haid

Elisabet Salander Björklund

Lottie Svedenstedt

Urban Jansson

Cecilia Marlow

Edgar Rosenberger

Mikael Öberg
Employee representative (Handels)

Caroline Persson
Employee representative (Unionen)

Klas Balkow
Chief Executive Officer

Our audit report was issued on 5 July 2010

Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant
Auditor-in-charge

Lennart Danielsson
Authorised Public Accountant

The balance sheets and income statements are to be adopted at the Annual General Meeting to be held on 11 September 2010.

Audit report

To the Annual General Meeting of
Clas Ohlson Aktiebolag (publ)
Corporate Registration Number 556035-8672

We have examined the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO of Clas Ohlson Aktiebolag (publ) for the financial year from 1 May 2009 to 30 April 2010. The company's annual accounts and the consolidated accounts are included in the printed version of this document on pages 50-76. The Board of Directors and the CEO are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards (IFRS) as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. This means that we planned and performed the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and CEO and significant estimates made by the Board of Directors and the CEO when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act, and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU and the Annual Accounts Act, and give a true and fair view of the Group's financial position and results of operations. The directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Insjön, 5 July 2010

Öhrlings PricewaterhouseCoopers AB

Annika Wedin
Authorised Public Accountant
Auditor-In-Charge

Lennart Danielsson
Authorised Public Accountant

Board of Directors



Anders Moberg
Born in 1950.
Chairman of the Board since 2004, Board member since 2003.
Professional experience: CEO of the retail company Majid Al Futtaim Group in Dubai 2007-2008, CEO of Royal Ahold 2003-2007.

Division President of Home Depot 1999-2002. Previously employed for a number of years by IKEA, where he was President and CEO 1986-1999. **Other directorships:** Sweden: Husqvarna, Byggmax AB, Zeta Display AB. Denmark: DFDS, Biva A/s. Finland: Ahlstrom OY. Netherlands: Hema B.V. Number of shares in Clas Ohlson AB: 1,389,000¹ Independent*



Klas Balkow
Born in 1965
President and CEO from 8 September 2007.
Professional experience: Formerly managing director of a subsidiary of the Axel Johnson Group, where he was responsible for

Axlmage, a business area that comprises several store chains and the agency for Fujifilm in both Sweden and Norway. Previously Bredbandsbolaget. Prior to that a number of senior positions in Proctor & Gamble over a period of ten years in both the Nordic countries and the United States. **Other directorships:** Member of the Board of Inflight Service Group. Number of shares in Clas Ohlson AB: 16,449



Urban Jansson
Born in 1945
Member of the Board since 2005
Professional experience: CEO of Ratos 1992-1998, Executive Vice President of Incentive 1990-1992, CEO of HNJ Intressenter 1984-

1990, various senior positions in SEB 1972-1984. **Other directorships:** Positions include, Chairman of Bergendahls, Global Health Partner Plc, HMS Networks, Rezidor Hotel Group and Svedbergs. Member of the Boards of companies including Höganäs and SEB and others. Number of shares in Clas Ohlson AB: 15,000 Independent*



Cecilia Marlow
Born in 1960
Member of the Board since 2007
Professional experience: Managing Director of Kronans Droghandel since 2008. Formerly CEO of JC/J-Store 2006-2007, CEO

of Polarn&Pyret 2004-2006, CEO of Ordning&Reda 2001-2003, CEO of Publicis Welinder 1997-2001. **Other directorships:** Member of the Board of Hand in Hand. Number of shares in Clas Ohlson AB: 0 Independent*



Björn Haid
Born in 1945
Member of the Board since 1990.
Grandson of Clas Ohlson.
Professional experience: Product range development at Clas Ohlson 1965-2006. Number of shares in Clas Ohlson AB: 395,500



Lottie Svedenstedt
Born in 1957
Member of the Board since 2004
Professional experience: CEO of KID Interiör 2006-2007. Own consultancy business in organisational and leadership develop-

ment 2000-2006. Head of business area IKEA of Sweden 1998-2000. President of Inter IKEA Systems AS 1993-1996. Regional manager H&M 1989-1992. **Other directorships:** Chairman of the Board of MiL Institute. Member of the Boards of companies including Stadium AB, Stampen AB, Promedia AB. mkt media ab, Global Health Partner Plc and Byggmax AB and others. Number of shares in Clas Ohlson AB: 3,300 Independent*



Elisabet Salander Björklund
Born in 1958
Member of the Board since 2000
Professional experience: Executive Vice President, Stora Enso 1995-present. AssiDomän 1981-1995.

Other directorships: SJ AB, Swedish Forest Industries Foundation, Arbio, Marcus Wallenberg Foundation and a number of associated companies and subsidiaries of Stora Enso. Board member of the Royal Swedish Academy of Agriculture and Forestry and the Royal Swedish Academy of Engineering Sciences. Number of shares in Clas Ohlson AB: 8,000 Independent*



Edgar Rosenberger
Born in 1953
Board member since 2009
Professional experience: President of consultancy company RETAIL BRAND SERVICES since 2002, President of IPURI GmbH

1991-2002, President of Esprit Europe GmbH 1987-1991, President of H&M Germany GmbH 1980-1987. **Other directorships:** Chairman of Sportland International AS. Member of German-Swedish Chamber of Commerce. Number of shares in Clas Ohlson AB: 0 Independent*



Caroline Persson
Born in 1978
Employee representative (Unionen)
Number of shares in Clas Ohlson AB: 0



Mikael Öberg
Born in 1963
Employee representative (Handels)
Number of shares in Clas Ohlson AB: 2



Deputy member Emma Lindqvist
Born in 1976
Employee representative (Handels)
Number of shares in Clas Ohlson AB: 0



Deputy member Johan Åhlberg
Born in 1969
Employee representative (Handels)
Number of shares in Clas Ohlson AB: 100

¹ Owned through endowment insurance

* Independent in relation to the company and company management and major shareholders in the company.

Senior management



Klas Balkow

Born in 1965
President and CEO
CEO since 2007
Number of shares in Clas Ohlson AB: 16,449



Peter Jelkeby

Born in 1963
Vice President Sales and Communications
Employee since 2008
Number of shares in Clas Ohlson AB: 5,737



Göran Atterling

Born in 1958
CFO
Employee since 2009
Number of shares in Clas Ohlson AB: 2,421



Susanne Löfås-Hällman

Born in 1964
Director of HR
Employee since 2001
Number of shares in Clas Ohlson AB: 2,036



Bo Heyman

Born in 1952
Director of Establishment
Employee since 1983
Number of shares in Clas Ohlson AB: 3,420



Mats Bortas

Born in 1948
Director of Purchasing
Employee since 1976
Number of shares in Clas Ohlson AB: 8,840



John Womack

Born in 1966
Director of Information and IR
Employee since 2008
Number of shares in Clas Ohlson AB: 6,968



Rolf Andersson

Born in 1946
Director of Distribution Centre
Employee since 1989
Number of shares in Clas Ohlson AB: 1,697

Rolf Andersson, Director of Distribution Centre, retired in April 2010.

Quarterly results

| SEK M | 2009/10 | | | | 2008/09 | | | |
|--------------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| | Q 1 | Q 2 | Q 3 | Q 4 | Q 1 | Q 2 | Q 3 | Q 4 |
| | 1 May 2009 -31 July 2009 | 1 Aug. 2009 -31 Oct. 2009 | 1 Nov. 2009 -31 Jan. 2010 | 1 Feb. 2010 -30 Apr. 2010 | 1 May 2008 -31 July 2008 | 1 Aug. 2008 -31 Oct. 2008 | 1 Nov. 2008 -31 Jan. 2009 | 1 Feb. 2009 -30 Apr. 2009 |
| Sales | 1,288.3 | 1,372.5 | 1,817.3 | 1,077.7 | 1,114.3 | 1,223.9 | 1,538.6 | 1,053.4 |
| Cost of goods sold | -779.7 | -816.1 | -1,049.6 | -642.5 | -669.6 | -724.6 | -888.9 | -633.4 |
| Gross profit | 508.6 | 556.4 | 767.7 | 435.2 | 444.7 | 499.3 | 649.7 | 420.0 |
| Selling expenses | -337.8 | -373.0 | -436.8 | -384.1 | -312.4 | -351.9 | -376.5 | -347.9 |
| Administrative expenses | -30.6 | -35.4 | -38.1 | -34.3 | -24.7 | -30.8 | -31.4 | -32.5 |
| Other operating income/expense | 1.0 | -2.6 | -3.0 | -2.7 | -0.1 | -1.4 | -0.1 | -1.2 |
| Operating profit | 141.2 | 145.4 | 289.8 | 14.1 | 107.5 | 115.2 | 241.7 | 38.4 |
| Net financial items | -0.8 | -0.9 | -0.6 | 0.0 | 1.8 | 1.5 | -1.5 | -0.8 |
| Pre-tax earnings | 140.4 | 144.5 | 289.2 | 14.1 | 109.3 | 116.7 | 240.2 | 37.6 |
| Income tax | -39.2 | -38.8 | -75.7 | -1.7 | -30.6 | -33.2 | -65.9 | -8.6 |
| Profit for the period | 101.2 | 105.7 | 213.5 | 12.4 | 78.7 | 83.5 | 174.3 | 29.0 |
| KEY RATIOS FOR THE PERIOD | | | | | | | | |
| Gross margin, % | 39.5 | 40.5 | 42.2 | 40.4 | 39.9 | 40.8 | 42.2 | 39.9 |
| Operating margin, % | 11.0 | 10.6 | 15.9 | 1.3 | 9.6 | 9.4 | 15.7 | 3.6 |
| Earnings per share, SEK ¹ | 1.56 | 1.64 | 3.32 | 0.19 | 1.20 | 1.29 | 2.68 | 0.45 |

¹ Refers to before and after dilution.

Definitions

Cash flow from operations

Internally generated funds including changes in working capital.

Working capital

Total of current assets excluding cash and cash equivalents, less current liabilities.

Capital employed

Balance-sheet total less non-interest-bearing liabilities and provisions. Average capital employed is calculated as the average of opening and closing capital employed during the year.

Gross margin

Gross profit in the income statement as percentage of net sales for the financial year.

Operating margin

Operating profit as a percentage of net sales for the financial year.

Return on equity

Net profit for the year as stated in the income statement and expressed as a percentage of average equity.

Equity/assets ratio

Equity at the end of the year as a percentage of the balance-sheet total.

Sales per square metre in store

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

Earnings per share

Profit after tax in relation to average number of shares.

Gross cash flow per share

Profit after tax plus depreciation in relation to average number of shares.

Addresses

Head office

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www.clasohlson.se

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Director of Information and IR
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Klas Balkow
President and CEO
Tel: +46 247 444 00

Michael Ehrling
IR production
Tel: +46 247 444 00

This annual 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.

Sweden

Borås – Knalleland
Eskilstuna – Cityhuset
Falun – Falan Gallerian
Gävle – Affärshuset Nian
Gothenburg – Bäckebo
Gothenburg – Nordstan
Gothenburg – Partille
Gothenburg – Västra Frölunda
Halmstad – Combihuset
Helsingborg – Väla centrum
Helsingborg – Kullagatan
Hudiksvall – Gallerian Fyren
Insjön – Dalarna
Jönköping – A6
Kalmar – Baronen
Karlstad – Mitt i City
Kristianstad – Domus-huset
Kungsbacka – Kungsmässan
Linköping – Centre
Luleå – Smedjan
Malmö – Burlöv
Malmö – Triangeln
Motala – Centre
Norrköping – Domino
Norrköping – Hageby Centre
Nyköping – Nyckeln
Piteå – Gallerian Piteå
Skellefteå – Citykompaniet
Skövde – Centre
Stockholm – Farsta
Stockholm – Gallerian
Stockholm – Haninge
Stockholm – Häggvik
Stockholm – Kista Galleria
Stockholm – Nacka
Stockholm – Sickla
Stockholm – Skärholmen
Stockholm – Solna
Stockholm – Täby
Stockholm – Vällingby
Stockholm – Väsby
Strömstad – Norby
Sundsvall – Birsta
Sundsvall – Nya hamnen
Södertälje – Lunagallerian
Trelleborg – Valen
Uddevalla – Centre
Umeå – MVG
Uppsala – S:t Per Gallerian
Visby – Centre
Västerås – Igor
Växjö – Affärshuset Tegnér
Örebro – Marieberg
Örebro – Krämaren
Örnsköldsvik – Magasinet
Östersund – Mittpunkten

Norway

Arendal – Amfi Arena
Asker – Trekanten Kjøpesenter
Bergen – Bergen Storsenter
Bergen – Laguneparken
Bergen – Sartor

Bergen – Åsane
Bryne – M44
Drammen – Gulskogen Kjøpesenter
Fredrikstad – Torvbyen Kjøpesenter
Gjøvik – CC Mart'n
Hamar – Maxi Kjøpesenter
Haugesund – Oasen Storsenter
Hønefoss – Centre
Jessheim – Jessheim Storsenter
Kristiansand – Centre
Kristiansand – Sørlandssenteret
Larvik – Centre
Lørenskog – Lørenskog Storsenter
Molde – Moldegård Storsenter
Moss – Amfi Senter
Narvik – Narvik Storsenter
Oslo – Alna Senter
Oslo – Oslo City
Oslo – Storo Storsenter
Oslo – Torggata
Porsgrunn – Down Town
Sandnes – Kvadrat
Sandvika – Sandvika Storsenter
Sarpsborg – Storbyen
Ski – Ski Storsenter
Skien – Herkules
Stavanger – Kilden
Stavanger – Madla
Steinkjer – Amfi
Strømmen – Strømmen Storsenter
Tromsø – Jekta Storsenter
Trondheim – City Syd
Trondheim – Lade
Trondheim – Solsiden
Tønsberg – Farmandstredet
Ålesund – Stormoa Kjøpesenter

Finland

Espoo – Entresse Shopping Centre
Espoo – Sello
Helsinki – Kamppi
Helsinki – Mannerheimvägen
Helsinki – Eastern Centre
Joensuu – Centre
Kokkola – Chydenia Shopping Centre
Kuopio – Centre
Lappeenranta – Gallerian Shopping Centre
Lempäälä – Ideapark
Rovaniemi – Centre
Seinäjoki – Centre
Tampere – Centre
Vantaa – Jumbo Shopping Centre
Vaasa – Rewell Center
Turku – Forum Shopping Centre

UK

Croyden – The Whitgift Centre
Kingston – Centre
Leeds – Headrow Street
Liverpool – Clayton Square
Manchester – Arndale Centre
Reading – Broad Street
Watford – The Harlequin

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