

annual report 2014/15

“

Always good service
and excellent customer
care at Clas Ohlson

”

5 markets

7.3 billion SEK
in sales

15,000 products

4,700 employees

Meet the people
behind the brand



Clas Ohlson AB, SE-793 85 Insjön, Sweden
Tel: +46 247 444 00, e-mail: ir@clasohlson.se
Registered office: Insjön, Sweden
Corporate Registration Number: 556035-8672

Clas Ohlson is a Swedish company and is subject to Swedish law. All values are stated in Swedish kronor (SEK). Values in millions of SEK are abbreviated MSEK and thousands of SEK as SEK 000. Unless otherwise specified, figures in parenthesis pertain to 2013/14. Data regarding markets and competition reflect Clas Ohlson's own assessments if a specific source is not quoted. These assessments are based on the best and most recent factual data from published sources in the public sector and the consumer goods industry.

Contents

This is Clas Ohlson	4
The year in brief	6
CEO's statement	8

STRATEGIC ORIENTATION

Operating framework	10
Targets and target fulfilment	12
Strategic focus areas	14
Prioritised areas for sustainability efforts	16

BUSINESS ENVIRONMENT AND MARKET

Business environment trends	18
Market development	20

OPERATIONS

Our business model	22
Our customer offer	24
Customer interaction	28
Expansion	32
Supply network	36
Our ways of working	38
Our people	40

ANNUAL REPORT

Directors' Report	44
- Proposed allocation of earnings	47
- Risks and uncertainties	48
- Corporate governance	52
- Board of Directors and auditors	60
- Senior management	62
Consolidated financial statements	64
Parent Company financial statements	67
Notes	70
Certification of the Annual Report	84
Audit report	85

The share	86
Quarterly data	90
Key ratio definitions	91
Ten-year overview	92
History	94
Store overview	96
Annual General Meeting and reporting calendar	97
Glossary	98



Sustainability report

Clas Ohlson applies a long-term and integrated approach to sustainability issues to create value and a favourable customer offering, and do good business. The company's 2014/15 sustainability report is available at about.clasohlson.com.

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



“

Almost 100 years ago, when Clas Ohlson founded his mail order company in Insjön, he stated, “We will sell dependable products at low prices and with the right quality according to need”. For all intents and purposes, we follow the same maxim today.

”

A strong offering and dedicated employees

Through our vision of developing Clas Ohlson into a leading international modern hardware retailer, with high profitability we add value for all our stakeholders.

Our business

We help and inspire people to improve their everyday life by offering a broad range of practical products at attractive prices, a proactive, knowledgeable and available customer service, and an inspirational shopping experience through all sales channels. Our operations must be sustainable and respect people and the environment.

You can find us here

- We are located in Sweden, Norway, Finland, the UK and Dubai through a well-distributed store network comprising 198 stores and online shopping as well as in China with our own purchasing offices. Starting in summer of 2016, we will also establish operations in the German market.
- The major portion of our store network is located in city centres or centrally located in popular shopping centres.
- The aim is to offer fully integrated sales channels that work together throughout the entire shopping process, known as an omni-channel structure.

Our core values

Our strong core values are the compass for all work conducted by the Group and the guiding principle for how we approach and communicate with each other, our customers, suppliers and society at large. Salesmanship is the core of the Clas Ohlson spirit and rests on four cornerstones: drive, warmth, innovation and commitment.

5 markets

7.3 billion SEK in sales

15,000 products

4,700 employees

76 million visitors

198 stores

The results in brief

Sales up in all markets

We have increased our sales in all markets and through all sales channels. Sales grew to 7,330 MSEK, corresponding to a sales increase of 8 per cent in local currency. Sales in comparable units rose 2 per cent.

Increased profitability

Operating profit increased 12 per cent to 596 MSEK during the year. Operating margin increased 0.3 percentage points to 8.1 per cent. Earnings per share increased 13 per cent to 7.27 SEK.

Continued expansion with stores and concepts

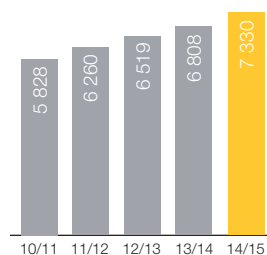
During the financial year, 13 new stores (11) were opened, two in Sweden, nine in Norway and two in Finland. We introduced Clas Office, our offering to corporate customers, in Sweden and Norway and are also launching our customer loyalty program Club Clas in Finland.

Key ratios

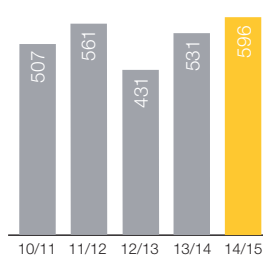
	2014/15	2013/14	change, %
Net sales, MSEK	7,330	6,808	8
Operating profit, MSEK	596	531	12
Profit before tax, MSEK	597	530	13
Profit after tax, MSEK	459	405	13
Operating margin, %	8.1	7.8	0.3 p.p.
Return on capital employed, %	29.3	28.0	1.3 p.p.
Return on equity, %	22.5	21.7	0.8 p.p.
Equity/assets ratio, %	57.3	58.3	-1.0 p.p.
Earnings per share before dilution, SEK	7.27	6.42	13
Dividend per share, SEK	5.25 ¹	4.75	11
Number of full-time equivalent	2,736	2,629	4

¹ Proposed dividend

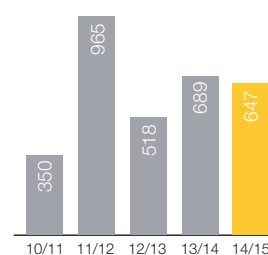
Sales, MSEK



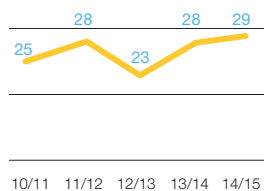
Operating profit, MSEK



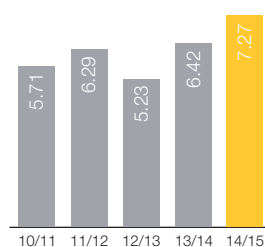
Operating cash flow, MSEK



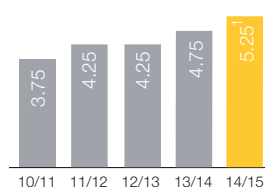
Return on capital employed, %



Earnings per share, SEK



Dividend per share, SEK



¹ Proposed dividend

A year of high energy

Customer experience of the year

Our customer care received recognition and Clas Ohlson was given the 2014 Best Customer Experience award at the Nordic eCommerce Summit. The assessment included the website, marketing and customer service. The jury's motivation was, "Clas Ohlson ensures the customer has a positive experience throughout the whole purchasing process and with its knowledgeable staff, it is a pleasure to shop there."



Nordic eCommerce Award
Be inspired, be brave.

Launching our range of paints

We are introducing paint for walls, ceilings, radiators and gloss paint in the product range, which is something that has long been in demand with customers. The paint has been subjected to extensive testing and passed with extremely favourable results, it is also eco-certified and marked with an EU Ecolabel.



The world's first eco-labelled tea lights

Clas Ohlson is now able to offer its customers a modern and sustainable alternative to traditional tea lights. When the tea light has burnt out, the glass holder is refilled with a new tea light. The tea light has received a Nordic Swan ecolabel.



Introduction of Clas Office in Sweden and Norway

Our many loyal corporate customers, large and small, have helped us design a simple corporate concept that meets the special needs of an office environment and facilitates purchases and administration.



Q1

- Eco-labelled paint launched as part of product range
- Our customer care received recognition and we won the 2014 Best Customer Experience award
- Club Clas loyalty program passes the one million mark
- New store in Levanger in Norway

Q2

- Introduction of the Clas Office corporate concept in Sweden and Norway
- Club Clas was introduced to Finnish consumers
- The world's first eco-labelled tea lights were launched
- New stores in Oslo, Slependen, Bergen and Orkdal in Norway and in Pori and Hämeenlinna in Finland

Focus on long-term sustainability

Our focus on long-term sustainability in the supply chain received considerable attention. During the financial year, we have increased the share of rail freight and, today, 41 per cent of overland freight goes by rail.



New stores in the Nordic region

During the quarter, we opened four new stores in Norway and Sweden. During the financial year, we opened a total of 13 new stores in Sweden, Norway and Finland.



Our proprietary brands are growing

Our proprietary brands account for more than 25 per cent of sales and provide customers with a wider choice as well as a level of affordability and quality that exceeds expectations. The new Coline range offers high-quality, trendy kitchen equipment at extremely advantageous prices.

Recycling campaign

As part of our sustainability efforts, we offer customers the possibility of returning used ink and toner cartridges to the stores.

In this manner, we prevent the products from ending up among household waste and, thereby, contribute to increased recycling and a more sustainable lifestyle.



Q3

- Our focus on long-term sustainability in the supply chain received considerable attention
- New stores in Hamar and Mandal in Norway and in Karlskrona and Barkarby in Sweden

Q4

- Launched recycling campaign in Sweden and Norway
- Organised the Battery Hunt together with VARTA and Håll Sverige Rent (Keep Sweden Tidy) in Sweden and Miljøagentene in Norway
- Launched a new range of household appliances under our Coline brand
- Opened new stores in Halden and Vinterbro in Norway



“ We are proud of our history and traditions ”

We are breaking new records and taking further steps internationally

I am writing this having just returned from Hamburg where we will be establishing our first German stores. We face an exciting journey and about this time next year we will be opening the doors and heartily welcoming our German customers to our first store. This is something we all look forward to.

But first, let me go back and reflect on the past year. We can be very proud of another record year. We have increased our sales in all markets and through all sales channels. We opened 13 new stores in Sweden, Norway and Finland. We have reached more customers through our stores and our online store than ever before. It is fantastic to note that more than 350,000 consumers visit Clas Ohlson every day.

The trust we receive from our customers, we work hard to manage in the best way. Not least, all Clas Ohlson employees that meet our customers every day, are doing an important job. We sharpen our offer and develop our brand in all markets and all sales channels. And in this, we must never lose pace. We are meeting increased competition from old and new competitors, both locally and globally. We are also facing a challenge in that the stronger USD impacts costs in our supply chain. We will continue to work on actions to counteract the impact of the currency trends.

Continuous development of the offering

The core of our offering is crystal clear. Our product range

should be broad, relevant and attractively priced, and we invest considerable energy in developing our product offering. Work is constantly ongoing in this area. We listen to our customers and attach great importance to identifying smart products that can help our customers solve the small problems of day-to-day life.

The range should also be sustainable. This is a key priority for us and a significant element of our overriding sustainability agenda. During the year, we launched a range of exciting products for a more sustainable lifestyle, including a complete range of eco-labelled paint and the world's first reusable and eco-labelled tea lights. With our broad offering and our 38 million customers every year, products promoting a more sustainable lifestyle comprise the most important method by which we can contribute to a sustainable future. We have surveyed our stakeholders and prepared a materiality analysis that identifies the eight areas on which our sustainability agenda is based. Being a sustainable company is important for us at Clas Ohlson and we have integrated work with sustainability issues throughout the value chain. We call our efforts From Here to Sustainability.

Customer interaction is key

We receive fantastic reviews from our customers, which strengthens us in that we are moving in the right direction. Our surveys show that customers mainly like Clas Ohlson because of the broad range, the affordable offering and excellent customer care. During the year, we also received noteworthy

“ Germany is next in line and we are starting with three stores in Hamburg ”

awards for our sustainability work, our online store and for our highly appreciated customer service – not least our spare-parts offering, a service that we alone provide. But we will become even better.

Customer care is key for us and an area that we work with daily to develop. As our customer, you receive the same high level of care, inspiration and offering irrespective of where and how you choose to make your purchases. We call this our omni-channel strategy. We offer all our customers a level of availability and flexibility that makes shopping easy.

It is also pleasing to see that since its launch in Sweden slightly more than two years ago, our customer loyalty program has attracted more than 1.7 million members. This is a number we are all proud of. In the autumn, we also launched Club Clas in Finland. Club Clas provides us with excellent possibilities for communicating directly to customers and, in addition, to target our offering and communication more accurately. Something we know our customers appreciate.

We have long wanted to do something extra for our corporate customers, large and small. Therefore, we are pleased to have launched the Clas Office concept in the Swedish and Norwegian markets. Clas Office offers smart solutions that make it easier for small and medium-sized offices to buy from us.

We continue our growth journey

Our vision remains firm. We will develop Clas Ohlson into a leading international modern hardware retailer, with high profitability that adds value for all stakeholders. Accordingly, we will continue to develop our offering and grow, through more stores and increased online shopping, both at home and in new markets.

We are well-prepared for our establishment in Germany. With three store contracts completed in the same city, we have created optimal conditions for a fantastic start.

Following a number of tough years, we are now taking further steps in establishing ourselves in the UK market and, in September, we will be opening a new store in a new smaller store format in the London area. We are also reviewing our existing UK store network to ensure that we have the optimal range of stores.

We plan to open a total of 10 to 15 new stores in the 2015/16 financial year. We will also continue to strengthen our posi-

tions and optimise our store network in Sweden, Norway and Finland. The continued development of our online store is important to attract more customers and complement our physical stores.

Important steps for continued success

At the time of writing we are in the midst of changing business systems. This is a major, extensive and complex project that will take a few more years before it is fully implemented throughout the organisation. Our new business system will provide us with new and improved possibilities for increasing supply-chain efficiency, raising service levels and supporting our international expansion. It will become simpler to open new stores in new countries and to work with new customer segments. It is essential for us to be able to grow in the future.

Perhaps the most important key to our success comprises our own values. Our traditions stretch back almost one hundred years, which gives us stable footings to build on. Salesmanship is key to the Clas Ohlson spirit and our core values are the guiding principle for how we approach and communicate with each other, our customers, suppliers and society at large. Accordingly, it is important that the Clas Ohlson spirit comes with us when we establish operations in new locations. Therefore, we train new employees, irrespective of which country they will be working in, in what it means to be a Clas Ohlson ambassador.

At the right pace

Over the year, we have taken key steps in our long-term investment in an even stronger Clas Ohlson. But even if we know where we are heading, we are careful to maintain the right pace. Our journey must be controlled and well-considered.

I want to conclude by thanking our customers and shareholders for the trust you give us. But above all I want to thank our talented employees for all their great efforts and a really good year. I am grateful to be part of this unique company and the exciting journey we face ahead.



Klas Balkow, CEO and President, Clas Ohlson
Insjön, Sweden, June 2015



Clas Ohlson's operating framework

Clas Ohlson's six strategic focus areas are based on the business concept, vision, mission and our shared values. Together, these set our operating framework and specify the direction in which we are headed.

“

A strategy pertains to the route we choose to reach our targets. This is our “to do list”, where it is crucial to transform words into actions in everyday operations.

Peter Jelkeby
Deputy CEO

”



Business concept

We will sell dependable products at low prices and with the right quality according to need.
(The founder, Clas Ohlson's original business concept)

Our vision

To develop Clas Ohlson into a leading international modern hardware retailer, with high profitability that adds value for all stakeholders.



Our mission

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

Our values

Salesmanship is the core of the Clas Ohlson spirit and rests on four cornerstones: drive, warmth, innovation and commitment.

Long-term financial targets

page 12

- Sales growth in comparable units of at least 2%
- A forecast for the number of new stores is given each year. For the 2014/15 financial year, the target was 10 to 15 new stores, the same target has been set for the 2015/16 financial year
- An operating margin of at least 10%

Sustainability targets

page 13

- The proportion of products that promote a more sustainable lifestyle should amount to not less than 12% of sales by 2020
- Relative emissions of CO₂ attributable to freight should be reduced by not less than 50% during the 2007-2020 period

Strategic focus areas

page 14

1 Our customer offer

We will be the natural choice for practical problem solutions

2 Our customer interaction

We will increase customer loyalty and attract new customers

3 Our expansion

We will continue to expand the operation

4 Our supply network

We will continue to optimise our supply chain

5 Our ways of working

We will enhance efficiency and simplify our ways of working

6 Our people

We will ensure a high-performance and customer-oriented organisation

Prioritised areas for our sustainability efforts

page 16

Sustainability efforts are integrated in to operations and the six strategic focus areas. We have defined Clas Ohlson's sustainability agenda based on a materiality analysis, which defines the importance of various issues for our stakeholders and our business development. We call it From Here to Sustainability.

Clear objectives and ambitious targets

Clas Ohlson's targets ensure that the Group adds value for all our stakeholders. Our operations are to be conducted in a profitable and sustainable manner. The financial targets reflect the Group's objectives and govern growth and profitability. Our sustainability targets steer toward a sustainable product offering and a resource-efficient supply chain.

GROWTH

PROFITABILITY

TARGETS

Annual sales growth in comparable units of at least 2 per cent.

Establishment of 10–15 new stores during the 2014/15 financial year. The same target has been set for the 2015/16 financial year.

An operating margin of at least 10 per cent.

COMMENTS

By increasing sales through the existing structure, Clas Ohlson can continue to grow organically and develop operations.

Through increasing the store network and expanding into new markets, Clas Ohlson can progress toward its vision of becoming a leading international modern hardware retailer.

By investing in continued expansion and having a cost-efficient organisation, the operating margin will be at least 10 per cent. In the years ahead, establishment in new markets is expected to have a negative impact of up to 2-3 percentage points on Clas Ohlson's operating margin over a financial year.

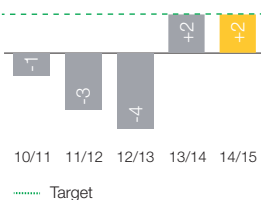
TARGET FULFILMENT

During the financial year, sales in comparable units rose 2 per cent.

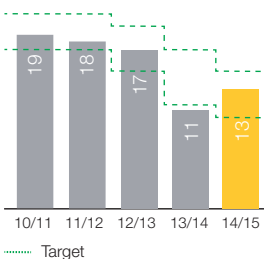
We opened a total of 13 new stores in Sweden, Norway and Finland during the year. We established Clas Ohlson's first franchise store in Dubai, which was opened on the last day of the last financial year, 30 April 2014.

The operating margin for the financial year increased to 8.1 per cent, up 0.3 percentage points year-on-year.

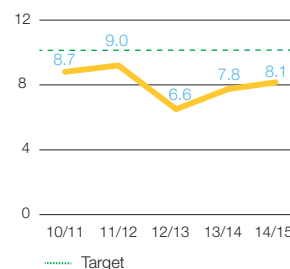
Sales growth in comparable units, %



Number of new stores



Operating margin, %



TARGETS

The dividend is to comprise at least 50 per cent of earnings per share after tax, with consideration for the company's financial position. This is our dividend policy.

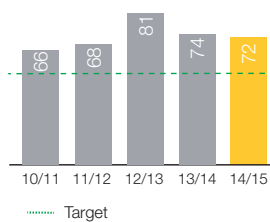
COMMENTS

Owners will take part of the company's earnings over the long-term through stable dividends.

TARGET FULFILMENT

The proposed dividend of 5.25 SEK per share corresponds to 72 per cent of earnings per share before dilution, which is in line with the dividend policy.

Payout ratio, %



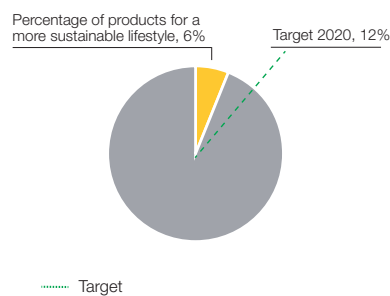
SUSTAINABILITY

The share of products that promote a more sustainable lifestyle should amount to not less than 12 per cent of sales by 2020.

We will increase the proportion of products that support a more sustainable lifestyle. By this, we mean products that have a positive or significantly lower environmental impact than standard products and which surpass our already implemented requirements in terms of quality, product safety and being manufactured under reasonable conditions.

The proportion of products that promote a more sustainable lifestyle amounted to 6 per cent of total sales for the year. Since we have only just started to measure this data, no comparative data is available from previous years.

Share of products for a more sustainable lifestyle, %

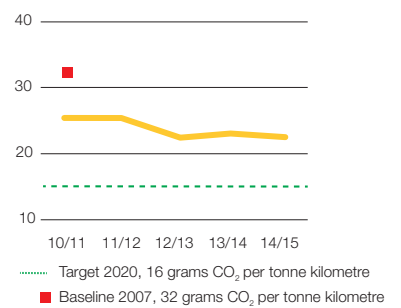


Reduce relative emissions of CO₂ attributable to freight by not less than 50 per cent during the 2007-2020 period.

We endeavour to re-direct our freight to greener transport alternatives to reduce Clas Ohlson's emissions of CO₂. The share of rail freight must increase at the cost of road freight and amount to at least half of total overland freight within five years.

During the financial year, the model for calculating CO₂ emissions was changed. Parts of the outbound transportations from Insjön to stores were moved from road to rail and CO₂ emissions decreased 4 per cent during the year.

CO₂ emissions, grams CO₂ per tonne



Strategic focus areas

In our long-term strategic work we have chosen to focus on six areas where we set out the objectives for all operations conducted at Clas Ohlson. We also work with short-term shared priorities, which are given set targets and followed up at least once each month, in the respective strategic focus areas.

OUR CUSTOMER OFFER

page 24

Clas Ohlson will be the natural choice for practical problem solutions by:

- Optimising our product range based on the needs of our customers and the trends in the markets in which we operate
- Optimising our category and product mix, and developing our own brands with a focus on quality and design
- Strengthening our offering to corporate customers, Clas Office
- Developing our service concept and our spare-parts operation
- Developing and increasing our range of products promoting a more sustainable lifestyle

Priorities for 2014/15

Priorities for 2015/16



- Strengthen our own brands
- Ensure competitive prices
- Prepare and develop category management

- Strengthen our own brands
- Ensure competitive prices
- Develop category management

OUR CUSTOMER INTERACTION

page 28

Clas Ohlson will increase the loyalty of existing customers and attract new customers by:

- Developing our excellent customer service
- Developing our sales channels to become even more accessible and inspiring
- Developing Clas Ohlson's omni-channel structure
- Further developing our Club Clas loyalty programme
- Strengthening our brand and communicating our sustainability agenda and sustainability efforts more clearly

Priorities for 2014/15

Priorities for 2015/16



- Develop and strengthen the service concept
- Develop the store format and digital sales channels
- Introduce the Clas Office corporate concept in Sweden and Norway

- Develop and strengthen the service concept
- Implement the new store format
- Develop and enhance utilisation of the Club Clas loyalty programme
- Strengthen marketing communication and showcase our sustainability agenda

OUR EXPANSION

page 32

Clas Ohlson will continue to expand operations in existing and new markets by:

- Growing operations in existing markets and developing the store network and the online store
- Establishing Clas Ohlson in more countries, where Germany is next in line
- Developing our franchise model and growing in the Gulf region

Priorities for 2014/15

Priorities for 2015/16



- Strengthen the store network
- Develop the franchise model for continued expansion
- Prepare for establishment in Germany

- Strengthen the store network
- Expand and optimise the UK store network
- Prepare for establishment in Germany

OUR SUPPLY NETWORK

page 36

Clas Ohlson will continue to optimise the supply chain by:

- Working in a more integrated manner with our prioritised suppliers
- Developing new purchasing markets
- Developing our distribution network
- Improving lead times and service levels
- Reducing CO₂ emissions across the supply chain

Priorities for 2014/15



- Develop the supply chain and secure prioritised suppliers
- Increase productivity at the Insjön distribution centre
- Redirect to greener modes of transportation

Priorities for 2015/16

- Continue to develop the supply chain and secure prioritised suppliers
- Increase productivity at the Insjön distribution centre
- Increase efficiency across transportation

OUR WAYS OF WORKING

page 38

Clas Ohlson will enhance efficiency and simplify its ways of working by:

- Reviewing and developing our business-critical processes
- Optimising our organisational structure
- Strengthening our culture and our values
- Implementing our new business system sCORE (Systems for Clas Ohlson Retail Efficiency)
- Ensuring integrated sustainability efforts in all strategic focus areas
- Ensuring compliance with our Code of Conduct and Code of Business Ethics

Priorities for 2014/15



- Continue strengthening our culture and our values
- Develop sCORE
- Optimise our organisational structure

Priorities for 2015/16

- Continue strengthening our culture and our values
- Develop and implement sCORE
- Streamline our organisational structure
- Continue the integration of sustainability into strategic planning

OUR PEOPLE

page 40

Clas Ohlson will ensure a high-performance and customer-oriented organisation by:

- Strengthening leadership
- Involving and developing the competence of our employees
- Increasing diversity
- Promoting the health and well-being our of employees

Priorities for 2014/15



- Define and implement the leadership cornerstones
- Develop the reward system and performance assessments
- Develop a process for succession planning

Priorities for 2015/16

- Strengthen and develop leadership with a focus on increased involvement, customer satisfaction and profitability
- Develop the training platform and our store training concept
- Continue to develop and capitalise on our work with succession planning

Prioritised areas for sustainability efforts

The value-chain perspective helps us to identify possibilities and risks, take responsibility and create value for our stakeholders. Based on a sustainability perspective, we have defined the most important areas and analysed where our positive and negative impacts arise in the value chain. More details about the prioritised areas for our sustainability initiatives can be read in our Sustainability Report.

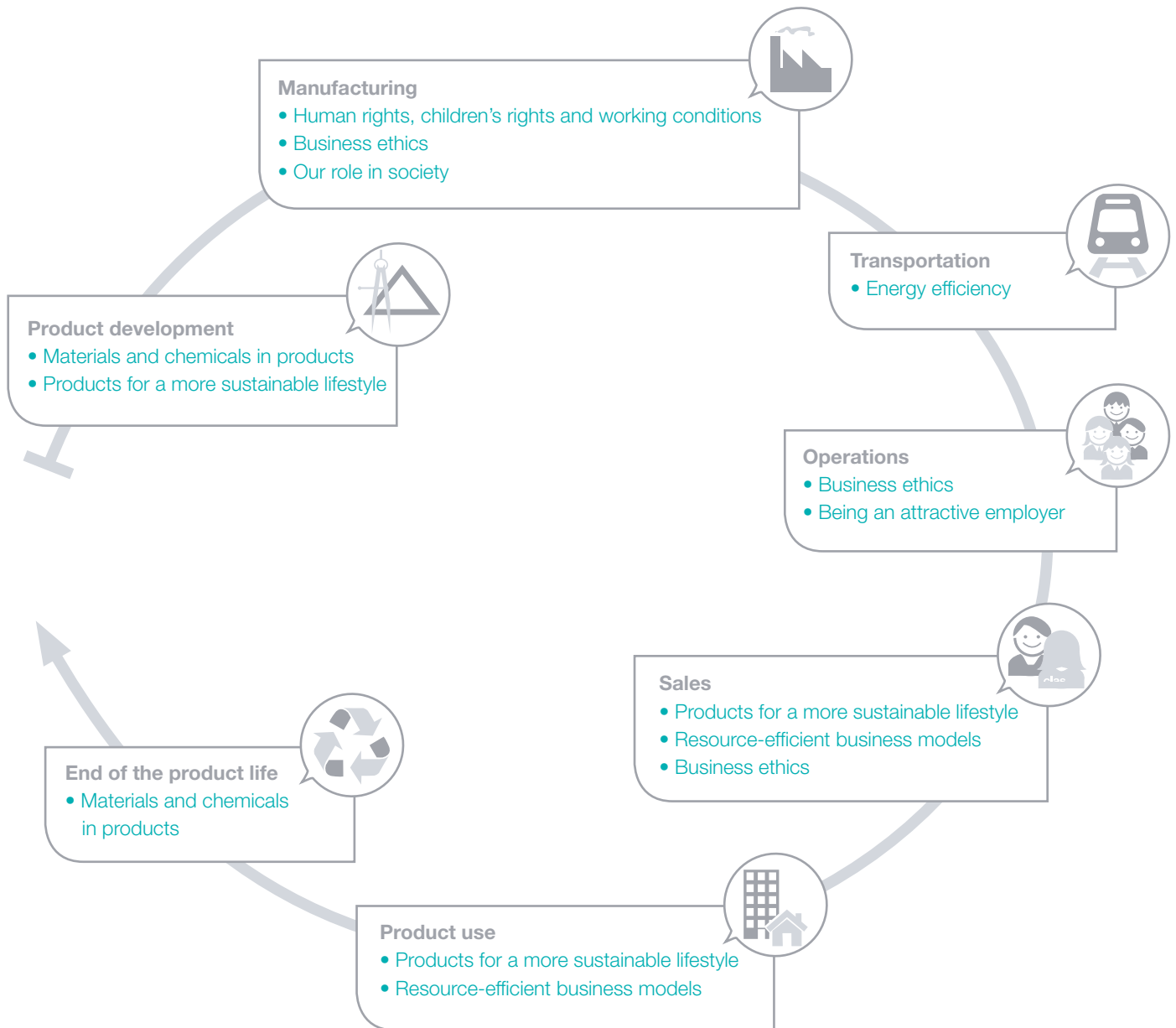
“

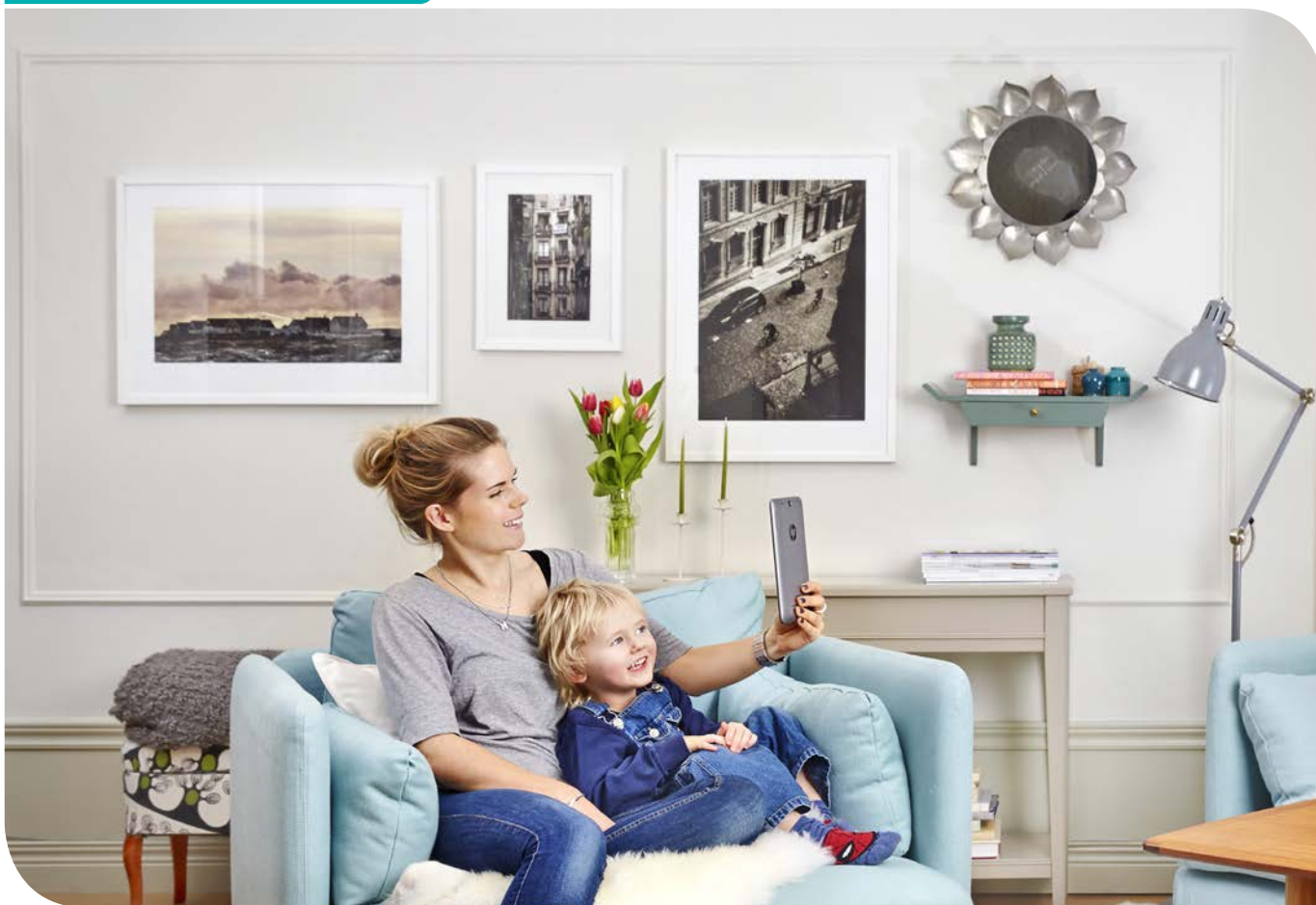
At Clas Ohlson, we work with sustainability issues from a value-chain perspective that includes product development, manufacturing and transportation of the products, our own operations and sales channels, when customers use the products and, finally, when the products are worn out and need to be recycled.

Åsa Portnoff Sundström
Head of Sustainability

”







New requirements and possibilities

Understanding how our operating environment is changing and the requirements and possibilities this means for our business is decisive for how well we can meet customers' needs and expectations. This is conditional upon our strategy being permeated by an understanding of the changes in our business environment and how they impact us in the long and short term.

The retail sector is undergoing substantial change. Existing structures and working methods are being challenged and new conditions generated for conventional retail. The changed retail climate is increasing requirements to develop and adapt to meet future challenges, but also to capitalise on the possibilities resulting from these changes.

We are diligently monitoring developments and are continuously reviewing our systems, our organisation and our procedures to increase our capacity to react quickly to changes. Read more about our ways of working on page 38.

The trends we describe are the major changes in our operating environment and those that currently affect us the most.

“

The key to becoming relevant and succeeding in an increasingly competitive environment is our ability to understand our customers and their needs. We develop our offering and our relationship with customers based on this knowledge.

Ulrika Göransson
Director of Business Development

”



Global competition

After years of increasing local competition in the form of strong store expansion, the retail industry is currently undergoing a structural change, with increased online retailing. Consumers have the opportunity to shop easily across country borders and competition is becoming more global. In the Nordic region, 56 per cent of the population have, at some time, bought goods from foreign sites. In the UK, this share is 54 per cent. Many companies are competing with similar ranges for the same customers and it is easier than ever to compare prices.

For Clas Ohlson, this means continued efforts to strengthen our brand and our offering, based on our customers and their needs, by developing our range to make it increasingly relevant.

Digitalisation

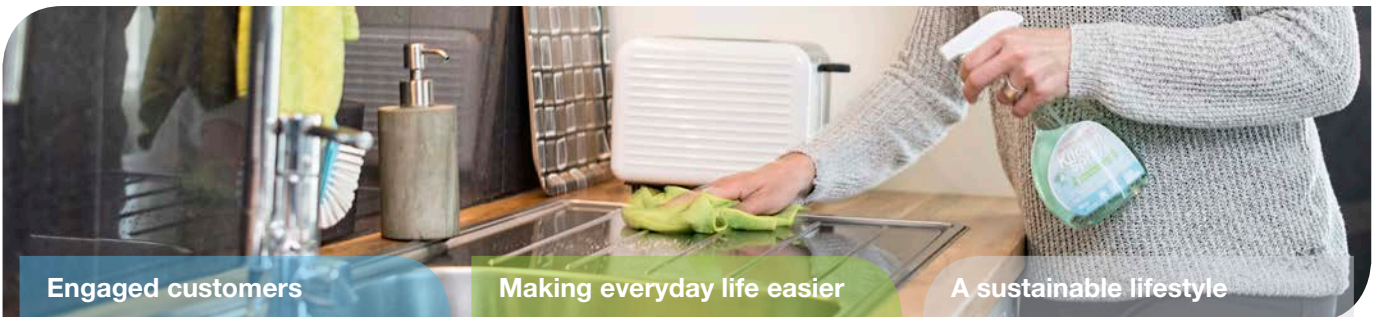
The use of smart phones and other units is growing rapidly. For example in Sweden, 73 per cent use smart phones and 31 per cent connect to the internet via their phones, several times a day in 2014. The majority of customers in physical stores use digital aids before and after their visits.

For Clas Ohlson, this means that we have to expand our availability and develop our capacity to interact with our customers through digital channels. Digitalisation provides us with tools to enhance understanding of customer behaviour, drive sales, build loyalty and offer service to our customers.

Omni-channel

Growing online shopping, as well as the dramatic increase in the use of mobile internet via smart mobiles and other units means that conventional retail must develop and offer new and more integrated store solutions. As an increasing proportion of retailing and communication is performed with digital tools, the role of the physical store is becoming primarily an arena for meetings and experiences.

For Clas Ohlson, this means continued focus on developing our various sales channels, and on further increasing these channels' availability and integration to seamlessly meet and support customers through the entire decision-making and purchasing process.



Engaged customers

Increasingly sophisticated customers demand round-the-clock service, customised information and guidance, as well as a more personal shopping experience. Today, it is already possible to easily obtain information about companies and products, to shop and communicate with stores via various channels and, not least, to convey one's experiences to other potential customers.

For Clas Ohlson, this means continuous work with providing relevant tips, advice and product information, smart solutions and an easy and inspiring shopping experience irrespective of the channel the customer chooses.

Making everyday life easier

An urban lifestyle with longer working days means that leisure time is particularly valuable. Many people find it difficult to find enough time and consumers demand services and products that in differing ways make everyday life at home easier.

For Clas Ohlson, this means we will continue to add smart, affordable products that solve small practical problems to our product range. We are also developing offerings and services that make our customers' everyday life easier.

A sustainable lifestyle

Awareness of sustainability issues and customers' needs in terms of choosing products that accord with a sustainable lifestyle is increasing vigorously. Requirements for corporate responsibility are growing across the entire value chain.

For Clas Ohlson, this means expanding our range of products promoting a more sustainable lifestyle and further developing our appreciated spare-parts operation. In parallel, we are clear about the ethical and environmental requirements we set for our suppliers and the distribution chain, as well as any possible risks and how we are working to minimise these.

Retail development

In 2014, the trend in retail was cautiously positive in Clas Ohlson's markets; Sweden, Norway, Finland and the UK. However, consumer confidence was relatively weak in all markets, due to continuing concerns about the global economy. In parallel, competition increased, from both physical and the digital retailing.

Many store chains are expanding their operations and online shopping posted continued growth, which impacted sales in physical stores. Increasing numbers of conventional retailers now provide the same offering and experience in all sales channels and there is a strong, clear trend toward omni-channel. This constitutes an opportunity since coordinated channels generate a positive impact on all sales channels.

Sweden

The Swedish economy is making stable progress and low interest rates and inflation have strengthened purchasing power and benefit consumption. In 2014, retail sales rose 3.4 per cent at current prices and the year ended with record Christmas sales.

Online sales for Swedish retail climbed 16 per cent in 2014 and accounted for 6.4 per cent of total retail sales.

Norway

The Norwegian economy remains strong and unemployment is low, even if the latest decline in oil prices has impacted the growth and inflation trends. In 2014, retail sales increased 1.7 per cent at current prices.

Online sales for Norwegian retail rose 16 per cent in 2014 and now account for almost 6 per cent of total retail sales.

Domestic consumer demand is relatively weak and, in the last few months, Norwegian consumers' confidence in the economy has been negative, for the first time in many years.

Finland

The Finnish economy remains weak. Consumers' purchasing power has declined for the last three years, and retail sales declined 1 per cent at current prices in 2014.

The Finnish online stores are not as evolved as in the rest of the Nordic region and, in the Nordic region, Finns spend least online both per capita and in terms of the total amount.

UK

The UK economy strengthened in 2014. Unemployment is at its lowest level since 2008 and, in parallel, the consumer price index is at its lowest level since 1988. This is also reflected in consumer confidence, which has increased the past two years.

In 2014, retail sales increased 3.0 per cent at current prices, while the average online spend rose 11.8 per cent. UK online retail sales comprised 11.2 per cent of total retail sales in 2014.



“

Competition has intensified significantly in the Norwegian market over the last five years, which is keeping us on our toes.

Geir Hoff

Country Manager, Clas Ohlson Norway

”



* Second choice for Clas Ohlson's customers.

Source: HUI, National Institute of Economic Research, Office for National Statistics, Opinion, Statistics Finland, Statistics Norway, Trading Economics.

Our business model

Clas Ohlson will be the natural choice for people who need products for practical problem solutions. This will be achieved by offering a broad range of smart products at attractive prices, a proactive, knowledgeable and available customer service, and an inspirational shopping experience through all sales channels.

Customer understanding

The key to succeeding in an increasingly competitive environment is our ability to understand our customers and their needs. We develop our offering and our relationship with customers based on this knowledge.

Clas Ohlson regularly conducts customer surveys and maintains a continuous dialogue with customers in our stores, via our customer service and through the chat function of our online store. With more than 1.7 million members in Sweden and Finland, the Club Clas customer loyalty program provides us with valuable information about our customers' behaviour.

Development of product range and purchasing

Based on knowledge and insight about our customers and their needs, we continuously develop our product range. The range must be relevant and attractive and we want to offer alternatives to suit different types of users. We adjust the range based on local market conditions, preferences and seasonal variations.

An efficient purchasing organisation, with our own offices in Asia, a close relationship with our suppliers and large volumes enable us to have an attractively priced and sustainable offering. Our proprietary brands mean we can achieve affordability and quality that exceed expectations. We conduct extensive product testing and ensure that our products meet all legislative requirements before they reach our sales channels.

**clas
ohlson**

Integrated sales channels

Most of our sales currently occur through our stores, but we offer our products and meet customers in several integrated sales channels. Our customers should experience Clas Ohlson as the same, irrespective of where, how or when they choose to shop. We are continuously developing our store concept to make it simple and easy for customers to shop and to create as effective product displays as possible.

Inventory and distribution

Our distribution centre in Insjön, Sweden, coordinates efficient distribution and logistics, and ensures the best possible inventory management and service level. Inventory turnover is high. The stores' ordering is performed automatically and the new products reach the shelves within about 1-3 days.

We consolidate shipments for increased efficiency and lower environmental impact, and we endeavour to re-direct our freight to greener transport alternatives to reduce Clas Ohlson's emissions of CO₂.



Value drivers

Focused work on developing each link of our value chain provides an understanding of how we can create the greatest possible value for our company and our stakeholders. The process facilitates the identification of possibilities, understanding our responsibility and minimising our negative impact.

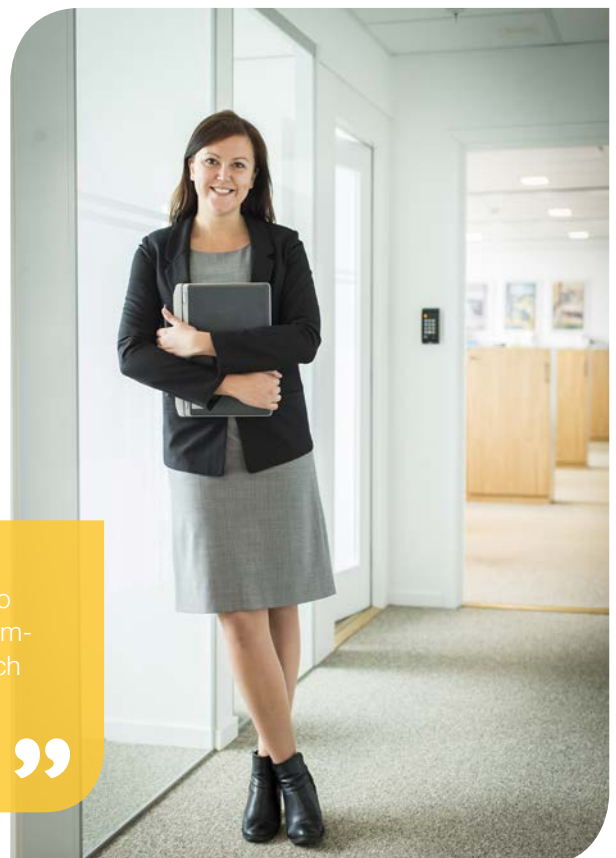
It is crucial that customers perceive Clas Ohlson's customer offering and customer interaction as attractive. Accordingly, the value creating factors primarily comprise the development of an attractive and affordable product range, knowledgeable and committed employees, as well as access to central store locations and sustainable operations.

“

I am proud to work for an employer who takes responsibility. Clas Ohlson is a company that does a lot of good things, such as our sustainability work.

Sofia Åhlin
Project leader

”



Products to make everyday life easier

Clas Ohlson offers smart, practical and affordable solutions for the home and office. An offering that simplifies and improves everyday life and contributes to a sustainable lifestyle. The product range should be broad and attractive, and distinctive and competitive in all of the markets in which we operate.

We work continuously to improve our customer offering. Clas Ohlson has more than 15,000 products in five different product categories: Hardware, Electrical, Multimedia, Home and Leisure. The product range includes both proprietary brands and other known brands. In addition, we offer spare parts and accessories that prolong the service life of products. Our customers receive assistance, advice and tips from our personnel in stores and our customer service in Insjön, Sweden.

Thousands of new products every year

Our well-thought out product range facilitates customers in quickly finding the right product for their needs. We carefully monitor trends and consumption patterns and adapt the offering and product range accordingly. For a product to be included in our product range, we place high requirements for function, price, quality and sustainability.

The products are monitored with respect to demand, customer satisfaction and profitability and each year, we replace about 2,000 products in the range. Our aim is to be in the forefront and offer our customers the latest, in terms of both technology and design. But some products are long-stayers, such as our potato peeler, smoothing plane and drill shank, which have been part of the range for more than 30, 40 and 50 years respectively.

Our proprietary brands

Our proprietary brands complement the product range in all five product categories. We strive to achieve affordability and quality that exceed expectations. Design is also a key competitive factor. Today, our proprietary brands account for more than 25 per cent of sales.

A sustainable offering

Over the year, we have clarified the criteria that we apply when assessing products for a more sustainable lifestyle and continued to develop our product range to allow broadening of the offering in this area. We are already able to offer an extensive range of products for a more sustainable lifestyle, which is something we know that customers appreciate and demand. Our customer surveys show that 54 per cent of customers in our target group demand sustainable products. Read more in our Sustainability Report.

“

We want to help our customers make smart and environmentally sound choices. The product range contains many smart alternatives that make it easy to be considerate of the environment, for example, solar lights, eco-labelled paint, cleaning articles and tea lights.

Eva Berg
Category Manager

”





High requirements for our brands

Our brands undergo numerous tests before being approved, both in Insjön, Sweden, and on location in the manufacturing plants. We set stringent criteria for suppliers and test both performance and function. By maintaining an on-site presence during production we ensure consistent, high quality. We set increasingly high importance on design and the creation of unique products.

Wear but not waste

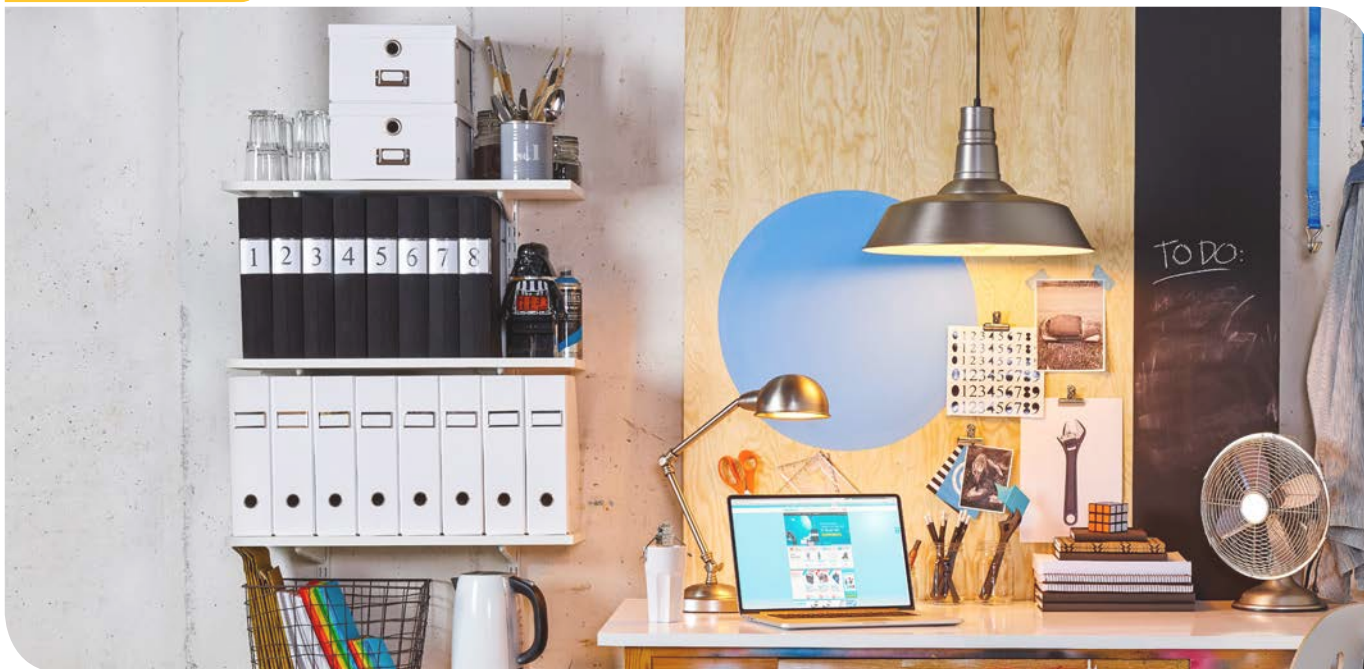
We believe in wear but not in waste and, therefore, spare parts are an important part of focus on the sustainable offering. Clas Ohlson has 10,000 spare parts in stock. Even for brands and products that are no longer sold in our stores. We showcase the spare parts in our online store, with good search words and clear images to make it easier for customers to find. These include everything from the cog that customers will change themselves

to a new charger for the computer. Our workshops are specialists and this is where customers can obtain advice both before shopping and if something needs repair. We stand out from our competitors with this service and we receive abundant confirmation that it is appreciated by an increasing number of our cost and environmentally conscious customers. In the financial year, sales of spare parts rose by more than 50 per cent.



The world's first reusable and eco-labelled tea light

After a two-year project, in autumn 2014, Clas Ohlson became the first retail chain in the world to offer its customers a modern and sustainable alternative to traditional tea lights. The new reusable and eco-labelled tea light is made from 100 per cent of stearin and is completely free from paraffin and palm oil, and without the disposable aluminium cup. The glass holder can be reused and simply refilled with a new tea-light refill.



Clas Office is here

In autumn 2014, Clas Office was launched in Sweden and Norway, a corporate offering aimed primarily at small and mid-size companies. Corporate customers are nothing new for Clas Ohlson, however, the launch of Clas Office enables an even more highly adapted and targeted offering.

In conjunction with the launch, the range of office material was expanded and more efficient registration and invoicing procedures introduced. When combined with our broad store network and online store, this makes it even easier for corporate customers to make all their office purchases from a single supplier.

Smart packaging

Packaging material and packaging have an important function to fulfil. They must highlight the product in the store, provide information about key product features and protect the products all the way home to the customer. Good packaging is easy to transport, manage and open.

Thoughtfully designed and coordinated packaging contributes to a positive and inspiring shopping experience. The environmental aspect is important; it must be easy to sort at source and recycle. For example, the packaging material should be easy to separate to enable it to be put in the correct recycling container. Therefore, we try to avoid packaging that uses shrink-wrap glued to cardboard, for example. We continuously work to improve packaging and make them more attractive, informative and sustainable.



“

We are extremely pleased by the response we have received this far, both in terms of the payment and registration solutions and in terms of our expanded office products range.

Sophia Bonnevier
Head of B2B

”

Clas Ohlson's five product categories



Hardware

In the Hardware category, we sell tools and material that make it easier and more enjoyable to renovate, build, paint and repair. We focus on smaller projects. Clas Ohlson has the tools to get the job done, the paint to paint with and everything else needed to renovate and make home repairs. Cocraft, Cotech, Capere and Clas Ohlson are our own brands in this category.



Electrical

Clas Ohlson has many smart, safe and energy-efficient solutions for an electrical-smart home and office. The degree of innovation is high and the design of the products has been given an increasingly important role. Clas Ohlson offers products to transmit, charge, monitor, measure, light, heat, link, install, drive and ventilate. A large portion of sales in the Electrical category is under our own brands Cotech and Northlight.



Multimedia

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



Home

We have thousands of affordable products that make everyday life easier. The range includes products for the kitchen, broom cupboard, wardrobe, laundry and bathroom. Large parts of the range are changed each year to follow existing trends. In the Home category, through our own brand Coline, we offer a unique and attractive range with quality assured that should be perceived as modern and affordable.



Leisure

The Leisure category contains products for outdoor life, the garden, sports and training, as well as traveling, boating and games. Carefully selected products contribute to active leisure for children and adults, both outdoor and indoor, all the year round. Cocraft, Cotech and Asaklitt are Clas Ohlson's own brands in this category.



Customer interaction is key

The shopping experience should be simple and flexible as well as inspiring and affordable. We offer accessibility, service, inspiration and smart solutions through an attractive mix of various sales channels. Stores, online shopping, catalogue and telephone will join to provide our customers with a Clas Ohlson experience, irrespective of where and how they choose to shop.

Clas Ohlson's service concept is based on the energy and competence that exists in the company. We wish to meet consumers' increasingly high demands for commitment and proactivity in customer care. Our personnel in stores, in customer service or in chat-rooms, who meet customers every day, are important brand bearers and brand builders.

We meet customers through many channels

We work continuously to develop our various sales channels and offer customers a flexible and inspiring shopping experience. The sales channels are fully coordinated, known in the industry as an omni-channel strategy. Our aim is to manage all sales channels as one whole and minimise differences between physical and digital stores. To an ever increasing extent, we are meeting our customers via social media.

Clas Ohlson is currently investing in a new business system that will enable us to take the next step in the development of our omni-channel offering. We will be able to raise service levels for our customers further by offering the right product, quantity and price in the right sales channel at the right time. Read more on page 39.

“

By posing interested questions when interacting with the customer, together one can identify which product the customer needs to solve the problem and thereafter come to a purchase decision.

Björn Are Ellingsen
Store Manager, Kongsvinger

”



Always open at the online store

Our largest and most popular store is online. We want to offer customers an equally inspiring shopping experience online to that offered by our physical stores. Clas Ohlson's online store is open round the clock and is interactive, easily navigated and has full functionality on computers, smartphones and tablet devices. It is available in all markets with our full product offering, but it also has thousands of spare parts, buying guides and inspirational videos. Customers are able to ask questions and receive responses, upload shopping lists, view additional product information, as well as purchase products that are delivered directly home to the door.

Our online store is a key supplement to the stores, particularly in markets where knowledge of Clas Ohlson is lower. Many consumers search for information online and visits to the website also contribute to more visits and higher sales in our stores.

Satisfied and loyal customers

Clas Ohlson conducts surveys continuously to capture customers' views on how well we meet their expectations. The latest results confirm that we have exceedingly satisfied customers in all our markets. In addition, our customers say that they would be delighted to recommend us to friends and acquaintances. We are extremely pleased by this level of trust. We are continuously striving to develop our offering to remain the natural choice for our customers.

“ We are meeting increasing numbers of our customers on social media and, today, we use Facebook as a natural and established channel for customer service.
Sven-Åke Östberg
 Customer Service Manager ”

It is important for us that all stores meet customers' expectations, and that we work continuously to see how we can improve the prerequisites of the individual stores based on their local markets and level of competition.

In addition to customer satisfaction surveys, we also carry out studies where we allow anonymous observers to evaluate how we live up to a number of statements in selected focus areas. The results of this work provides us with ongoing updates about how our improvement efforts are perceived in stores.



Our service concept Go Live

Everyone at Clas Ohlson works with customer interaction, albeit in different ways. Either through direct customer contact or through supporting and creating the necessary conditions for high quality customer care. We call our customer-service concept Go Live. Direct interaction with customers provide us with the best opportunity to influence sales as well as the customer's satisfaction and loyalty.

“Clas Ohlson is a great store. You can find basically everything. The staff is very skilled and help me in solving my problems.”
Customer Clas Ohlson

Club Clas for loyal members

Club Clas, is our customer loyalty program for everyone who appreciates useful and practical solutions to everyday problems. It was launched in the Swedish market in 2013 and in Finland in 2014 and already has more than 1.7 million members. Membership includes discounts, special offers and invitations to various store events.

Club Clas provides us with a lot of useful information. Purchase histories are saved and customers appreciate receiving more accurate offerings. Stores with many club members have a high average purchase rate and a higher conversion rate.

Moving forward, the plan is to launch Club Clas also in Clas Ohlson's other markets.

Different store concepts for increased flexibility



The stores are the most important sales channel in our omni-channel strategy and are continuously under development. To provide customers with the optimal offering, we adapt our store concept to local conditions, for example, in terms of buyer behaviour and store traffic. The store concepts have different sizes: 1,600-2,000, 800-1,200



and 400-500 square metres respectively. The range in the stores differs, but all formats comprise full function stores, which means that we can always offer solutions to customers' everyday problems. Products not included in the stores' ranges can be ordered and collected in-store.

Clas Ohlson stores in prime locations

Clas Ohlson's stores have been designed to meet customers' expectations optimally depending on where they are and what they need.

Our store concept is continuously developing with new solutions and ideas. They should be easy for customers to find their way round and we invest substantial resources in product display and navigation to save time for both customers and employees. Clas Ohlson also has different store formats, in which the size and product offering is adapted according to the location and level of local competition to be better able to serve customers and drive sales. Read more on page 30.

We also strive to develop our stores to make them more sustainable. Energy efficiency saves money and the environment and we are now working to build in greater possibilities for recycling products in our stores.



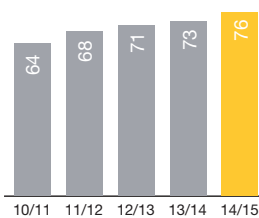
“

We strive to continuously develop our store concept and to identify new flexible solutions that can inspire and provide customers with possibilities to easily obtain more information about our products and make purchasing decisions.

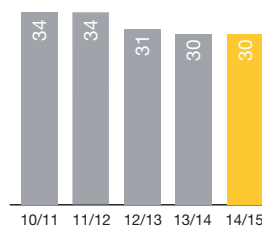
Anna Ingmarsson
Head Merchandiser

”

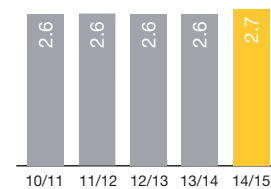
Number of visitors in stores, millions



Sales, store/m², SEK 000s



Sales per average employee, MSEK



Clear focus on growth

Clas Ohlson is continuously expanding with new stores and offerings. We have a high store density in the Nordic region, which means that new markets and customer segments are important to our continued growth. Expansion is an important part of our growth strategy.

We are opening more stores, in new and existing markets, but we are also expanding by strengthening our digital sales channels to reach more customers in various ways. Moreover, we are also broadening our offering through the addition of new product groups to our range and are identifying methods for reaching new customer groups. One example is our recently launched offering to corporate customers, Clas Office, which will help us grow in the corporate segment. Read more on page 26.

During the financial year, Clas Ohlson expanded in all markets. We opened 13 new stores and introduced Clas Office in the Swedish and Norwegian markets.

Central locations are crucial

At the end of the financial year, Clas Ohlson had 198 stores, attractively located in city centres or popular shopping malls, where the company works together with other stores and chains to promote repeat visits. In parallel with new stores being opened in prime locations in established and new markets, the existing store network is continuously being updated to always offer customers an inspiring experience.

A Clas Ohlson store is attractive and popular, and the addition of one of our stores often significantly increases floor traffic in a shopping mall. According to a survey in the trade publication Market, Clas Ohlson is the store in Sweden that consumers aged 15-64 most want in a shopping mall.

Store establishments on the home front

In Sweden, Norway and Finland, Clas Ohlson has an extremely strong market position. And, in these markets, we have an extremely broad store network.

Although market penetration is now relatively high in Sweden, there is still scope for new store establishments.

Further potential also exists in the Norwegian market. This primarily pertains to complementary stores in smaller formats in areas where we are already established, but also to areas where Clas Ohlson is not currently located.

Finland is the market with greatest potential for establishing new stores and where greatest potential exists for establishing Clas Ohlson in areas where we are not currently represented.



“

It is fantastic that despite a challenging retail market in Finland, we are in a strong position and posted healthy sales growth.

Sampo Päälysaaho
Country Manager,
Clas Ohlson Finland

”



Establishment in new markets

Clas Ohlson is preparing for entry into the German market with retail stores and online shopping. Initially, three stores will be opened in Hamburg from the summer of 2016. The stores will be located in the city centre, in one of Hamburg's most popular shopping streets, in the city district of Altona and in Alstertal, one of Hamburg's foremost shopping malls. Germany is one of Europe's largest retail markets with annual growth of 2 per cent over the last five years.

Clas Ohlson has also initiated continued expansion in the UK market, where we currently have 12 stores. We will optimise and concentrate the store network by closing the store in Birmingham and through opening a store in a smaller format in St Albans, close to London, in September.

Through a franchise agreement with the Al Homaizi Group, we currently have one store in one of Dubai's largest shopping malls, Mirdif City Centre. At least one more store is planned in the Gulf region. Future continued expansion will be determined following an evaluation.

10-15 new stores in the next financial year

During the 2015/16 financial year, Clas Ohlson aims to establish 10-15 new stores, of which nine are already under contract. Growth will occur in accordance with the Group's long-term financial objectives. In the years ahead, establishment in new markets is expected to have a negative impact of up to 2-3 percentage points on Clas Ohlson's operating margin over one year.

Investment in new stores

Clas Ohlson leases store premises on fixed-term contracts. A new store in an existing market entails an initial financial commitment of 7-13 MSEK, comprising 1-3 MSEK for start-up costs, 3-5 MSEK for investments in store fittings and computer systems and 3-5 MSEK for inventories.

New stores in the Nordic region turn profitable in their first year. In new markets, initial start-up costs are higher, and reaching profitability takes longer.

Expansion via the online store

Online shopping is strategically important for Clas Ohlson. The online store is a complement to the physical stores and opens new opportunities for increasing sales and building even stronger ties with our customers. It also drives sales to the stores and is a key component in the total offering, not least when we establish Clas Ohlson in a new market.

Success factors for international expansion

Clas Ohlson offers a unique concept with a broad product range at a competitive price as well as centrally located stores. A strong position in domestic markets provides the requisite base for investment in international expansion. Clas Ohlson's long-term owners provide the stability and endurance that is required.

Clas Ohlson's geographical markets

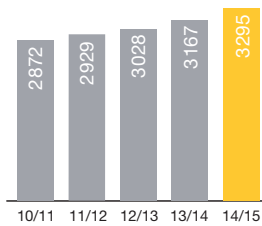
Sweden

In the Swedish market, Clas Ohlson is a well-known and established brand. Here, we focus on increasing satisfaction among our customers and building loyalty. The strong market position facilitates investment in new customer groups.

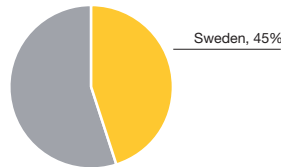
Clas Ohlson has a positive sales trend in Sweden and six new stores will be opened in the 2015/16 financial year.

Start year 1918
80 stores
2 new stores in 2014/15
6 contracted 2015/16
36 million visitors

Net sales, MSEK



Proportion of net sales, %



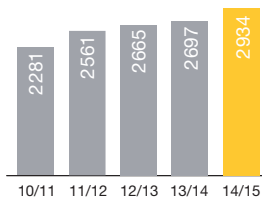
Norway

In the Norwegian market, the Clas Ohlson brand is highly recognised among the population and most of the inhabitants visit Clas Ohlson every year.

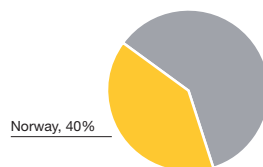
Interest is extremely strong in Clas Ohlson's offering. Our new stores were positively received and the sales trend is positive.

Start year 1985
73 stores
9 new stores in 2014/15
1 contracted 2015/16
20 million visitors

Net sales, MSEK



Proportion of net sales, %



Germany

Clas Ohlson is preparing for establishing operations in the German market with retail stores and online shopping, and will open its first three German stores in Hamburg beginning in the summer of 2016. Contracts have been signed with regard to a store on one of the most popu-

lar shopping streets in Hamburg's city center, a store located in the popular city district of Altona and one store located in Hamburg's largest shopping mall in the district Alstertal.

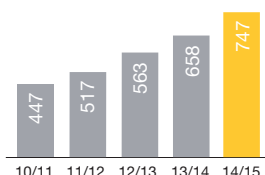
Finland

In Finland, recognition of Clas Ohlson is continuously increasing and more people are visiting our stores every year. We continue to focus on increasing knowledge and penetration in the market.

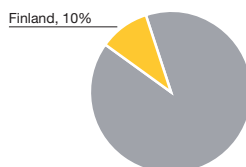
During the financial year, Clas Ohlson captured market shares in a weak market. Several store openings and the launch of Club Clas contributed to the success.

Start year 2002
32 stores
2 new stores in 2014/15
2 contracted 2015/16
10 million visitors

Net sales, MSEK



Proportion of net sales, %



MARKETS OUTSIDE NORDIC COUNTRIES

The UK

Despite the tough competition in the UK, knowledge of Clas Ohlson is continuously increasing. We continue to focus on increasing penetration in the market.

Clas Ohlson increased sales through all channels and we are preparing for the next step in our continued expansion in the UK market through the establishment of a couple of stores in the London region.

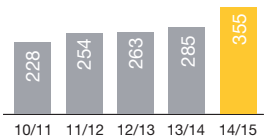
Start year 2008
12 stores
0 new stores in 2014/15
1 contracted 2015/16
9 million visitors

Dubai

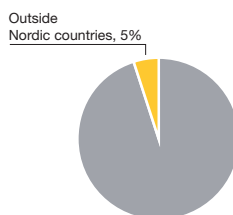
A Clas Ohlson store has opened in Dubai through a franchise partnership and at least one more store is scheduled to be opened in the Gulf region. Continued expansion will be determined following an evaluation. Following a positive evaluation, the aim is to establish a minimum of 20 stores over a five-year period.

Start year 2014
1 franchise store
0 new stores in 2014/15
0 contracted 2015/16
0.5 million visitors

Net sales, MSEK



Proportion of net sales, %





Efficient logistics and supply network

Clas Ohlson does not own any manufacturing plants. Products that carry our brands, or which are unbranded, are bought directly from manufacturing plants or through agents in Europe and Asia. Clas Ohlson and its customers place high demands on function and quality as well as price and sustainability throughout the supply network.

Clas Ohlson purchases products from more than 600 suppliers and 700 manufacturers in more than 30 countries. The product range includes about 15,000 products and approximately 2,000 are replaced every year. All products pass our distribution centre in Insjön, Sweden, where products are repackaged and dispatched to our 198 stores in five countries, or directly to customers. Logistics are at the heart of Clas Ohlson.

Close cooperation with suppliers

We are working on concentrating purchases to fewer suppliers and increasing the proportion of direct purchases. We invest in close and long-term relationships with our suppliers and, over time, have built a strong supplier network. This enables us to reduce our purchasing costs and gives us more influence over product design, quality and price.



Close to 70 per cent of our products are manufactured in Asia. Clas Ohlson has its own purchasing offices in China, our largest purchasing market, and cooperates with agents who contribute valuable experience and access to a large contact network. An increased presence provides increased opportunities to find smart and affordable products. It also facilitates monitoring of our Code of Conduct and provides us with enhanced possibilities for controlling and influencing social and environmental conditions. We are continuously seeking new potential purchasing markets to be able to develop our procurement procedures and secure supply-chain efficiency.

Clas Ohlson takes supply-chain responsibility

Before we start doing business with a new supplier, we carry out a Code of Conduct audit to ensure that the supplier meets our requirements in terms of human rights and children's rights, labour standards, workplace standards and environmental issues. We have internal auditors at two locations in China and we conduct about 400 audits per year.

“ Developing and optimising a cost-efficient and energy-efficient supply chain is a key element of Clas Ohlson's strategy in which we have made substantial progress in the past few years.

Magnus Højman
Director of Supply Chain

”

We see positive effects from the audit work and the follow-ups that we do and we work continuously to improve our procedures and risk assessments. In addition to the audit work, we focus on building strong relations with strategic suppliers, for example, through training initiatives. This improves Clas Ohlson's possibilities for long-term profitability and, in parallel, contribute to positive change and improved conditions in the supply chain. Read more in our Sustainability Report.

Higher efficiency in logistics

A sustainable flow of goods, with efficient logistics and low environmental impact, is one of Clas Ohlson's most important success factors. The turnover rate is high at the distribution centre in Insjön, Sweden, orders from stores occur automatically when an article reaches its re-order point, and products reach stores in about one to three days. Every day, approximately 1,000 pallets are delivered to stores and 800 deliveries are made directly to customers.

During the year, we have continued to expand our distribution centre to meet the capacity requirements of some 250 stores, we have streamlined goods receiving and initiated the implementation of a more resource-efficient method of working known as LEAN.

We have also streamlined our store logistics, and during the year we have adjusted transport packaging to better suit the stores, developed our hand-held terminals to include additional applications and centralised certain inventory control.

Smart shipments

We re-direct our shipments to greener transportation methods to reduce Clas Ohlson's emissions of CO₂, from air to sea and from road to rail. Clas Ohlson's overall environmental objective is to reduce the relative emissions of CO₂ by 50 per cent during the 2007-2020 period and to increase the share of overland freight carried by rail.

All goods arriving from Asia to Gothenburg, Sweden, by sea are transported by rail to Insjön. Goods from European suppliers are transported by road, but are consolidated to increase

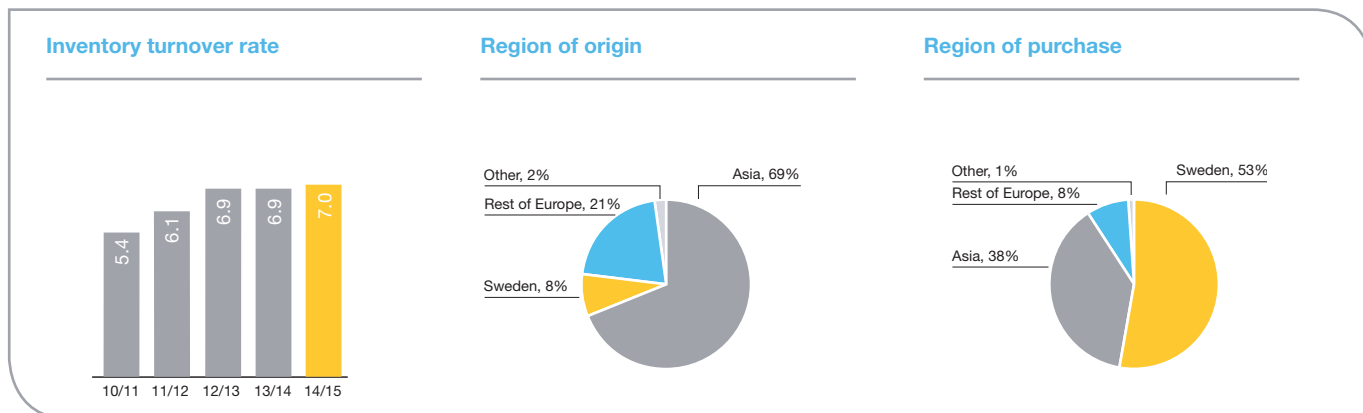
Distribution centre in Insjön, Sweden

- 77,000 square metres of floor space
- 3,400 containers unloaded per year
- 265,000 pallets delivered to stores each year
- 230,000 mail dispatches per year
- Capacity to supply up to 250 stores
- 400,000 pallet and storage spaces



efficiency and reduce the environmental impact. During the financial year, parts of the inbound European deliveries were moved to rail from Malmö to Eskilstuna and parts of the outbound deliveries from Insjön to stores in Norway were transferred from road to rail. This has resulted in the proportion of overland transport carried by rail increasing to 41 per cent compared with 33 per cent the year earlier.

During the year we have also introduced stackable plastic pallets in our outbound delivery flow for longer lasting and to reduce costs and environmental impact. In addition, we have transformed broken and worn out plastic crates, which were previously used to transport products, into rakes that are sold through all our sales channels.



Simple, efficient and sustainable

To continue to develop in an increasingly competitive market, it is important that we strive for greater efficiency in our processes and the way we work. Quality and sustainability are two important areas for us working at Clas Ohlson.

Clas Ohlson will continue to grow and develop high profitability that creates value for our customers, employees and other stakeholders as well as make positive contributions to the communities in which we operate. Our culture and our values define our ways of working. We often talk about the Clas Ohlson spirit. For us, this is an approach based on salesmanship and its cornerstones: drive, warmth, innovation and commitment. These values have existed since the start in 1918 and remain fundamental to all work undertaken in the company.

Quality efforts that we are proud of

Quality is important for us and our customers. We are particularly diligent with products that carry our brands and these undergo numerous tests before being approved. The first control occurs when our engineers conduct advanced tests for quality, function, safety and durability on the sample products brought home by buyers from trade fairs or purchasing trips.

Only when the engineers have deemed the product to be up to standard and the supplier has undergone a Code of Conduct audit, do we place an order. A clear set of requirements forms part of each supplier agreement.

Our risk assessment model governs the extent of the controls to be implemented. For our own brands we have increased requirements for controls and tests of every individual delivery. We are on site at the manufacturing plant and implement controls during production and carry out a final inspection before delivery. Accordingly, long-term relations with prioritised suppliers are crucial, this means that we get to know them and they get to know us and our standards.

“ At Clas Ohlson, we are diligent when it comes to safety, quality and environmental impact. For example, we test a standard LED lamp for electromagnetic interference, electrical safety, colour rendering capability and colour temperature, and to ensure that it does not contain impermissible levels of environmentally harmful substances, before releasing the product for sale.

Stefan Knutsson
Product technician

”

Continuous monitoring is an important part of our quality work. We continuously monitor claims statistics and customer assessments of our products to continue development of our own brands and the entire product range.

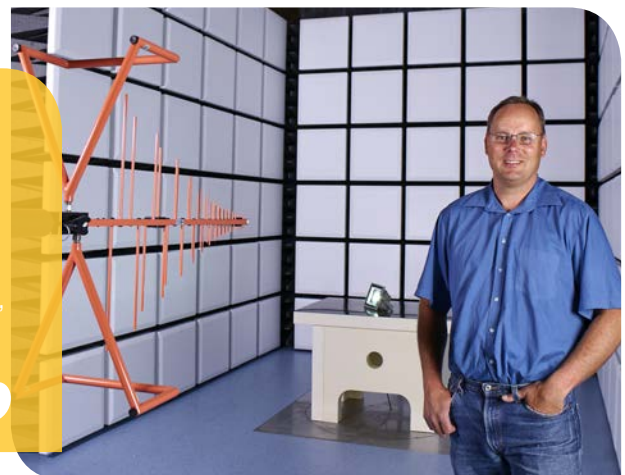
High requirements for health and safety

Clas Ohlson also works to minimise the use of hazardous substances in the company's product range. We often impose higher requirements than those set by legislation for products used by children and products that come into contact with the skin or food. Testing is carried out mainly in our own laboratories but we also cooperate with several independent test institutions to ensure the safety and quality of the products, such as Intertek, Semko and SP Technical Research Institute of Sweden. Read more in our Sustainability Report.

Process development and business systems

Based on Clas Ohlson's overriding process model, we continuously develop and document our procedures. At present, much of this work is linked to the introduction of our new business system, but other procedures are also being reviewed, for example, how we can operate our stores more efficiently.

sCORE, Systems for Clas Ohlson Retail Efficiency, is a project for the implementation of a new business system that will change our ways of working with, for example, purchasing, supply chain, sales, finance and HR. The project will enhance the efficiency of the supply chain, increase the level of service,





better meet customer demand and changed purchasing patterns, and make it easier to open new stores in more countries and work with new customer segments.

The investment is estimated at 50–70 MSEK per year over a five-year period. We have completed about two years of sCORE and the project is proceeding according to plan. During the financial year, we initiated implementation of our new business system in the UK.

Strategic development projects coordinated

Clas Ohlson's project office coordinates the major cross-functional projects, which have been initiated as a result of the business planning process. The project office is responsible for all procedures for project control, project management and quality assurance, it also supports the senior executive group, steering groups and project managers with efforts to ensure that the right project is carried out in the right fashion and at the right time.

Community involvement is crucial

Clas Ohlson has a long tradition of giving back to society and our commitment stretches throughout our entire value chain: from projects in the countries where our products are manufactured, through our role in the local community to engaging our customers on key issues.

A core commitment for us is working to strengthen children's rights. In 2014/15, we continued our collaboration with Save the Children, where our focus was supporting migrant worker families in China.

Our commitment to society is systematic and goal-oriented, and is described in more detail in our Sustainability Report.

Our Code of Conduct

Clas Ohlson's Code of Conduct comprises guidelines for employees, suppliers and business partners with regard to working conditions, health and safety, business ethics and the environment. The code is based on international conventions and national legislation and regulations, including the UN Declaration on Human Rights, the ILO core conventions and the OECD guidelines. The majority of the products we purchase are manufactured in Asia, mainly in China, where the risk of deviations from the Code of Conduct are relatively high. Clas Ohlson's audit team in China, on a daily basis, visit plants that manufacture our products to check and follow up compliance with our Code of Conduct.

Respect for children's rights

For many years, Clas Ohlson has pursued preventive efforts on issues to do with child labour, product safety, responsible marketing and other issues that impact children. We support the UN's children's rights and business principles, which were prepared by the UN Global Compact, Save the Children and UNICEF. The children's rights principles guide companies in their efforts to respect and promote children's rights in their own operations and in relation to products and services, at the workplace, the place of sale and in society.

Partner organisations

For many years, Clas Ohlson has worked with Save the Children to improve conditions for children and to see that their rights are met. Among other items, we support Save the Children's project in China that endeavours to improve conditions for thousands of migrant workers and their children. During the year, Clas Ohlson has also initiated a collaboration with ECPAT Sweden to take a clear stance against the global trafficking of children for sexual purposes.

Read more in our Sustainability Report.

“

With sCORE, we can improve our methods of working and increase the efficiency of our processes.

Hannah Robins
HR Support, UK

”



“ Clas Ohlson believes in continuous development and sharing each other's knowledge. There is an incredible breadth here.

Johan Torstensson
Store Manager, Dubai

”

Satisfied employees are key to success

Committed and goal-oriented employees that share our values are fundamental to our continued growth and development. Together, we will find new, smart solutions to practical everyday problems. Clas Ohlson today employ approximately 4,700 employees in six countries.

Clas Ohlson's aim is to recruit, develop and retain competent and committed employees, in established and new markets. It is the key to continued successful growth. We do this by being an inspiring and stimulating employer that offers challenging assignments, international career opportunities, continuous skills development and good working conditions.

We have a passion for business

Our strong core values are the compass for all work conducted in the company and the guiding principle for how we approach each other, our customers, suppliers and society at large. Our core values rest on salesmanship. We understand customers' needs and have a passion for doing business that is good for us and our customers. Salesmanship rests on four cornerstones: drive, warmth, innovation and commitment. Together, they form our corporate culture, the Clas Ohlson spirit.

The values are key to the recruitment process

In the recruitment process we seek employees that want to grow and develop with Clas Ohlson and who share our values. Having a service mindset, commitment and a business-oriented approach are important prerequisites to enjoy working with us.

All recruitment is aligned with our growth strategy and our diversity objective. We primarily recruit internally and career planning is an important part of employee dialogues. Of our store managers, 80 per cent have been recruited internally.

Clas Ohlson's international trainee programme is aimed at motivated new graduates who are interested in retail. For a period of 18 months, the participants familiarise themselves with Clas Ohlson's corporate culture and the company's strategies and goals. The aim is to develop tomorrow's leaders and specialists and thus secure our international expansion.

Skills development and career routes

We have great confidence in our employees' ability to contribute and assume responsibility. Business-orientated skills development is vital for our continued growth and to increase employees' commitment, motivation and job satisfaction.

Our induction programme ensures that all new employees receive a broad understanding of Clas Ohlson's history and values to carry with them when interacting with customers. Each employee will receive skills development and continuous



Substantial commitment

Fully 89 per cent of Clas Ohlson's employees participated in this year's employee survey, which indicates substantial commitment and willingness to develop the workplace. The survey also shows a healthy work climate and excellent leadership. More than 85 per cent of our employees are proud of working for Clas Ohlson, and the majority would recommend us to others as an employer.

further development aimed at developing employees in their own professional roles and within the company at large. Clas Ohlson Academy coordinates and offers skills development at all levels and in all markets.

New work assignments are a path to new challenges and in Clas Ohlson there are considerable opportunities to advance skills or change direction, and to work internationally.

Focus on well-being

It is important to us to be able to offer a stimulating and healthy work environment, where employees enjoy physical and mental well-being, and feel a sense of security and belonging. Clas Ohlson works actively and preventively to improve the company's sickness absence numbers, through initiatives such as leadership and preventive healthcare. Employees who are contented and happy work well, stay longer and are important ambassadors for Clas Ohlson.

Promoting diversity

All Clas Ohlson employees have the same rights, opportunities and obligations. No one shall be discriminated due to gender, age, religion, ethnic origin, disability or sexual orientation. We

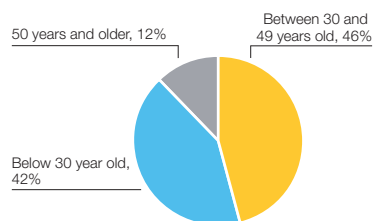
work to increase diversity through recruitment and focused skills development. One of our goals is that neither gender will account for less than 40 per cent of each professional category. Today, 34 per cent of managers are women. Read more about our diversity efforts in our Sustainability Report.

Tomorrow's leaders

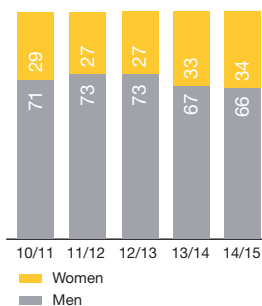
Excellent leadership creates personal and corporate growth. At Clas Ohlson, leadership primarily pertains to creating good results by utilising and developing our employees in line with our values.

Our leaders bear a great responsibility for creating a culture where we are always open to opportunities to develop the company based on our commercial awareness, customer focus and desire to do good business. We believe that good relationships and cooperation forms generate a goal-oriented, innovative and open climate. We challenge ourselves and each other to jointly find new and easier solutions and work methods. Our leaders are also responsible for utilising and developing, in the best possible manner, the skills and abilities of individuals. It is central to our business.

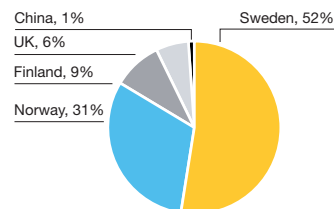
Age distribution, %



Managers, proportion of women/men, %



Employees by country, %





Contents

ANNUAL REPORT	
Director's Report	44
- Proposed allocation of earnings	47
- Risks and uncertainties	48
- Corporate governance	52
- Board of Directors and auditors	60
- Senior management	62
Consolidated financial statements	64
Parent Company financial statements	67
Notes	70
Note 1 Accounting and valuation policies	70
Note 2 Financial risks	73
Note 3 Other operating income and op. expenses	74
Note 4 Depreciation	74
Note 5 Expenses by type of cost	74
Note 6 Expenses for employee benefits	74
Note 7 Remuneration to auditors	77
Note 8 Financial income and expenses	77
Note 9 Income tax	77
Note 10 Earnings per share	78
Note 11 Dividend per share	78
Note 12 Non-current assets	78
Note 13 Inventories	79
Note 14 Accounts receivable	79
Note 15 Prepaid expenses and accrued income	79
Note 16 Cash and cash equivalents	79
Note 17 Forward contracts	79
Note 18 Equity	80
Note 19 Pension obligations	80
Note 20 Financial instruments	80
Note 21 Accrued expenses and deferred income	81
Note 22 Other provisions	81
Note 23 Inter-Group transactions	81
Note 24 Participations in Group companies	81
Note 25 Appropriations	81
Note 26 Cash and bank balances	81
Note 27 Untaxed reserves	82
Note 28 Pledged assets	82
Note 29 Contingent liabilities and commitments	82
Note 30 Related-party transactions	82
Note 31 Average number of employees	82
Note 32 Segment reporting	83
Note 33 Events after the end of the year	83
Certification of the Annual Report	84
Audit report	85

Director's Report

The Board of Directors and Chief Executive Officer of Clas Ohlson AB (publ), with registered office and head office in Insjön, in the Municipality of Leksand, Sweden, hereby present the annual accounts for the financial year 1 May 2014 to 30 April 2015. Unless otherwise stated, the figures relate to the Group. Figures in parenthesis pertain to the preceding year. All figures are stated in millions of Swedish kronor (MSEK) unless otherwise stated.

Operations

Clas Ohlson is an international retail company with the business concept of selling dependable products at low prices and with the right quality according to need. The concept is unique and is highly attractive in established markets and has the potential for expansion into new markets and new customer segments.

Clas Ohlson sells products in the categories of Hardware, Electrical, Multimedia, Home and Leisure. Activities are pursued in Sweden, Norway, Finland and the UK through stores, online shopping, catalogues and by telephone, as well as through a franchise store in Dubai.

The product range includes approximately 15,000 articles that are purchased from a large number of suppliers in some 30 countries. The products are purchased at the distribution centre in Insjön and from there distributed via proprietary stores, via franchising or mail order/Internet directly to the customers. The number of stores at the end of the year was 198, of which 80 were in Sweden, 73 in Norway, 32 in Finland, 12 in the UK and 1 franchise store in Dubai.

Significant events

During the financial year, 13 new stores (11) opened; two in Sweden, nine in Norway, two in Finland. During the year, Clas Ohlson prepared for an establishment in the German market with retail stores and online shopping. During the financial year, the Board of Directors made a decision to continue expanding in the UK by opening a few small-sized retail stores in the London area.

During the financial year, the Clas Office business concept was launched in Sweden and Norway, a customer concept for small and medium-sized offices.

Clas Ohlson is implementing a new IT platform. sCORE, Systems for Clas Ohlson Retail Efficiency, is a new business system that will change our way of working with, for example, purchasing, supply chain, sales, finance and HR. sCORE will enhance the efficiency of the supply chain, increase the level of service, better meet customer demand and changed purchasing patterns, and support our international expansion by making it easier to open new stores in more countries and working with new customer segments. The investment is estimated at 50–70 MSEK per year over a five-year period. We have already completed about two years of the project and implementation is proceeding according to plan.

A tax audit concerning transfer pricing was conducted in Norway. A decision was received from the Norwegian tax authority, under which additional tax of 49 MNOK was charged for the years 2008 to 2010. The assessment is that this tax can be deducted against tax paid in Sweden. For further information, see Note 9.

Sales and profits

Sales increased to 7,330 MSEK up 8 per cent compared with 6,808 MSEK in the preceding year. In terms of local currencies, sales increased 6 per cent.

Sales were distributed by sales areas as follows:

Sales area (MSEK)	2014/15	2013/14	Percentage change	Percentage change, local curr.
Sweden	3,295	3,167	+ 4	+ 4
Norway	2,934	2,697	+ 9	+ 8
Finland	747	658	+ 13	+ 8
Outside Nordic countries	354	285	+ 24	+ 10
Total	7,330	6,808	+ 8	+ 6

The sales increase of 8 per cent from stores was distributed as follows:

Comparable units in local currency	+ 2 per cent
New stores	+ 4 per cent
Exchange-rate effects	+ 2 per cent
Total	+ 8 per cent

The gross margin increased to 42.9 per cent, up 0.3 percentage points year-on-year (42.6). The gross margin was positively impacted mainly by a favourable sales mix and higher efficiency in the supply chain, while negatively impacted by exchange-rate effects. The share of selling expenses increased by 0.1 percentage points to 32.2 per cent (32.1). Operating profit increased by 12 per cent to 596 MSEK (531). The operating margin increased by 0.3 percentage points to 8.1 per cent (7.8). Profit after financial items increased by 13 per cent to 597 MSEK (530). Depreciation for the year amounted to 233 MSEK (209). Spot exchange rates for key currencies averaged 1.09 for NOK and 7.51 for USD, compared with 1.08 and 6.54, respectively, in the year-earlier period. Currency hedging was undertaken in USD and NOK. The company's policy is to hedge 50 per cent of the expected flow in each currency every month, with six-month maturities. Up until February 2015,

hedges were made in January/February and June/July for the forthcoming six-month periods.

Prospects for the next financial year

Clas Ohlson's long-term financial targets consist of a sales target and a profitability target. The sales target is an annual sales growth of at least 2 per cent in local currency and comparable units. In addition, continued establishment of new stores in existing and new markets will be announced annually. The target for the 2015/16 financial year is 10-15 new retail stores, which remains unchanged compared with the preceding year. The profitability target is an annual operating margin of at least 10 per cent.

Growth in new markets will occur in accordance with the long-term financial objectives. In the years ahead, establishment in new markets is expected to have a negative impact of up to 2-3 percentage points on Clas Ohlson's operating margin over a financial year.

The continued development of Clas Ohlson's product range, sales channels and new customer segments will provide additional growth opportunities, in both established and new markets.

Clas Ohlson is also reviewing and optimising the current store network in the UK and in connection with this, the company is preparing to establish a couple of smaller stores close to London in the autumn of 2015.

Clas Ohlson is preparing for entry into the German market with retail stores and online shopping. Initially, three stores will be established in Hamburg from the summer of 2016.

Initial plans are to establish at least one more store in the Gulf region through a franchise partnership. Future continued expansion will be determined following an evaluation.

The implementation of the new IT platform to support the company's operations and future growth and development is proceeding according to plan.

Financing and liquidity

Cash flow from operating activities during the financial year totalled 647 MSEK (689). After investments and financing activities, cash flow for the year was 156 MSEK (234). The cash dividend paid to Clas Ohlson's shareholders in September 2014 totalled 300 MSEK (268).

The average 12-month value of inventories was 1,491 MSEK (1,406). Over a rolling 12-month period, the stock turnover rate at the distribution centre was 7.0 times (6.9). At the end of the financial year, the value of inventories was 1,569 MSEK (1,348). Compared with the preceding year, 13 own stores were added.

During the year, repurchase of the company's own shares to secure the LTI 2014 (Long Term Incentive Plan 2014) amounted to 14 MSEK (22).

The Group's net cash holdings, meaning cash and cash equivalents less interest-bearing liabilities, amounted to 517 MSEK (358). The equity/assets ratio was 57 per cent (58).

Investments

During the financial year, investments totalled 192 MSEK (172). Of this amount, investments in new or refurbished stores accounted for 88 MSEK (64). Other investments were primarily IT and replacement investments. During the financial year, investments in IT systems amounted to 69 MSEK (41).

The Share and share capital

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

On 30 April 2015, the company had a total of 27,933 shareholders, according to the register of shareholders maintained by Euroclear Sweden, compared with 24,975 on 30 April 2014. The ten largest shareholders at that time held 56 per cent of the capital and 77 per cent of the votes. For the summary, see pages 89 of the Annual Report.

The Articles of Association contains no post-sale purchase rights clause or other restrictions for the transferability of series B shares. Apart from authorisation pertaining to the repurchase of shares stated on page 83, there are no other circumstances of the kinds the company is obligated to disclose under the provisions of Chapter 6, Section 2a (4-11) of the Annual Accounts Act. The number of registered shares is 65,600,000 unchanged compared with the preceding year. On 30 April 2015, the company held 2,383,939 shares (2,459,006), corresponding to 4 per cent of the total number of registered shares (4 per cent). The number of shares outstanding, net after repurchase, was 63,216,061 (63,140,994) at the end of the financial year. To secure the company's commitment regarding conditional matching shares and employee stock options in connection with LTI 2014, Clas Ohlson bought back shares during the first quarter of 2014/15 for a total of 14 MSEK (22).

Employees

The number of employees in the Group averaged 2,736 (2,629), of whom 1,167 (1,120) were women. Further information about employees is found in Notes 6 and 31 in the Annual Report.

Social responsibility

Continuous work is conducted at Clas Ohlson with respect to sustainability including follow-up activities relating to our Code of Conduct. This work is mainly described primarily on the website: about.clasohlson.com.

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. The company is affiliated to the recycling organisation REPA. In Norway, the company is affiliated to the recycling organisations Elretur AS and Grøn Punkt Norway. 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 more detail on the website: about.clasohlson.com.

Guidelines for remuneration of senior executives

The following principles were adopted at the most recent Annual General Meeting and are proposed to remain unchanged until the next Annual General Meeting. The general principles of remuneration for senior executives are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior executives is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on multi-year performance, pension and other benefits. In addition, notice of termination and severance pay are subject to terms and conditions.

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

Basic salary

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

Variable salary (Short Term Incentive, STI)

In addition to basic salary, senior executives are to qualify for STI for performance that exceeds one or several predetermined performance levels during a financial year, designed to promote the company's long-term value creation. Clearly defined performance targets are to be decided annually by the Board or by individuals elected by the Board. The performance targets may be connected to operational, financial or personal results.

Remuneration from the STI plan is subject to a ceiling, which means that Clas Ohlson can calculate maximum remuneration levels from the beginning. Insofar as performance does not match the lowest performance level, no STI will be paid. STI will depend on the position held and may not exceed 50 per cent of salary if the ceiling is achieved, which also represents the maximum outcome of STI. STI remuneration is also conditional upon the performance on which earnings are based being sustainable over time, and that Clas Ohlson is able to reclaim such remuneration that was paid due to information that later turned out to be obviously erroneous.

Long-term incentive (LTI)

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

Long-term incentive programmes that entitle employees to acquire share are subject to AGM approval. The qualification period for LTI 2012, LTI 2013 and LTI 2014 were in effect during the financial year. The qualification period for LTI 2012 was concluded after the close of the financial year and LTI 2015 was launched. LTI 2012, LTI 2013, LTI 2014 and LTI 2015 are share matching and profit-based employee stock option plans.

Pension

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

Other benefits

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

Period of notice and severance pay

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

Authorisation for the Board to depart from the guidelines
The Board will be able to depart from these guidelines if there are special reasons for doing so. In the event of a major deviation, the shareholders will be informed of the reasons for this at the next Annual General Meeting. For more information about remuneration see Note 6.

Parent Company

Parent Company sales amounted to 5,746 MSEK (5,395) and profit after financial items totalled 562 MSEK (441). During

the financial year, investments totalled 115 MSEK (135). The Parent Company's contingent liabilities amounted to 326 MSEK (288).

Events after the end of the year

Clas Ohlson is reviewing and optimising existing store network in the UK. As a consequence the Birmingham store will close in August 2015, with a closing cost of around 10 MSEK in the first quarter as a result, which is expected to be balanced out during 2015/16. In September 2015 we will open a new store in our new smaller format in St Albans just outside London as a first step in the continued expansion in the UK market.

Clas Ohlson is preparing for establishing operations in the German market with retail stores and online shopping, and will open its first three German stores in Hamburg beginning in the summer of 2016. Contracts have been signed with regard to a store on one of the most popular shopping streets in Hamburg's city center, a shop located in the popular city district of Altona and one store located in Hamburg's largest shopping mall in the district Alstertal.

The qualification and performance periods for Clas Ohlson's long-term incentive programme LTI 2012 were valid from 1 May 2012 until 30 April 2015. A total of 35,217 shares were allotted on 4 May, after the close of the reporting period, in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period.

Following the end of the qualification period, the Board of Directors resolved to award 9 options per purchased share (5-15 options in cases of target fulfilment), based on established criteria for sales and profit growth. A total of 316,953 options were awarded. The employee stock options were exercisable as of 15 June 2015 but not later than 26 April 2019, and entitle participants to purchase Clas Ohlson shares at the price of 109.10 SEK per share.

In May 2015, the long-term incentive plan LTI 2015 was introduced, following the same structure as previously implemented LTI plans. The exercise price for the conditional employee stock options is set at 144.80 SEK per share, with exercise possible, following the three-year qualification period, between June 2018 and April 2022.

On 13 September 2014, the Annual General Meeting of Clas Ohlson authorised the Board of Directors to acquire a maximum of 860,000 shares during the period until the next Annual General Meeting to secure the company's commitment in connection with the introduction of a share-based incentive programme, LTI 2015. The total number of shares required to secure the undertaking for LTI 2015 is estimated at 670,000. Part of the undertaking for LTI 2015 may be secured through the use of shares (340,000) that were bought back to secure LTI 2012, where matching shares and options have been allotted after expiration of three-year performance period, and shares bought back for LTI 2013 where the need has been recalculated taking into account participants no longer employed (20,000).

The Board of Directors has decided to use the authorisation received from the AGM to buy back the remaining 310,000 shares required to secure the company's obligation in respect of LTI 2015. Acquisition will be conducted via Nasdaq OMX Nordic Exchange Stockholm during the period up until the 2015 AGM, at a price within the quoted price span. As per 30 April 2015, the company's holding of Clas Ohlson shares amounted to 2,383,939 shares, corresponding to 4 per cent of the total number of registered shares.

Dividend

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

The Board of Directors proposes that a dividend of 5.25 SEK per share (4.75) be paid for 2014/15. The proposed dividend totals 344 MSEK (312), which represents 75 per cent (77) of the financial year's profit.

Proposed allocation of earnings

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

Profit brought forward	281,979
Profit for the year	426,470
Total	708,450

The Board and Chief Executive Officer propose:

Dividend payable to shareholders	
5.25 SEK per share	344,400 ¹
Carried forward to new account	364,050
Total	708,450

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

The record date for payment of the dividend is proposed as 15 September 2015. It is anticipated that the dividend decided upon by the Annual General Meeting will be despatched on 18 September 2015.

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 per cent before payment of dividend and 53 per cent after payment of dividend. This is judged to be an adequate equity/assets ratio, even when the future expansion has been taken into account.

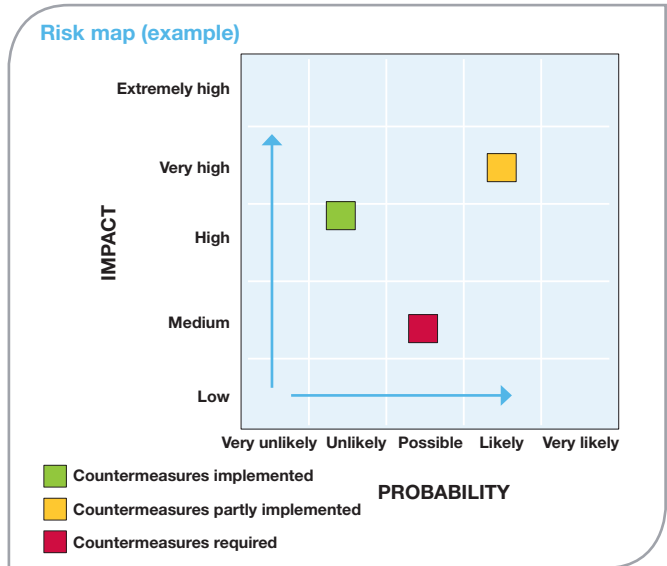
Regarding the company's earnings and position in other respects, reference should be made to the following income statements and balance sheets and the accompanying notes to the accounts.

Risks and uncertainties

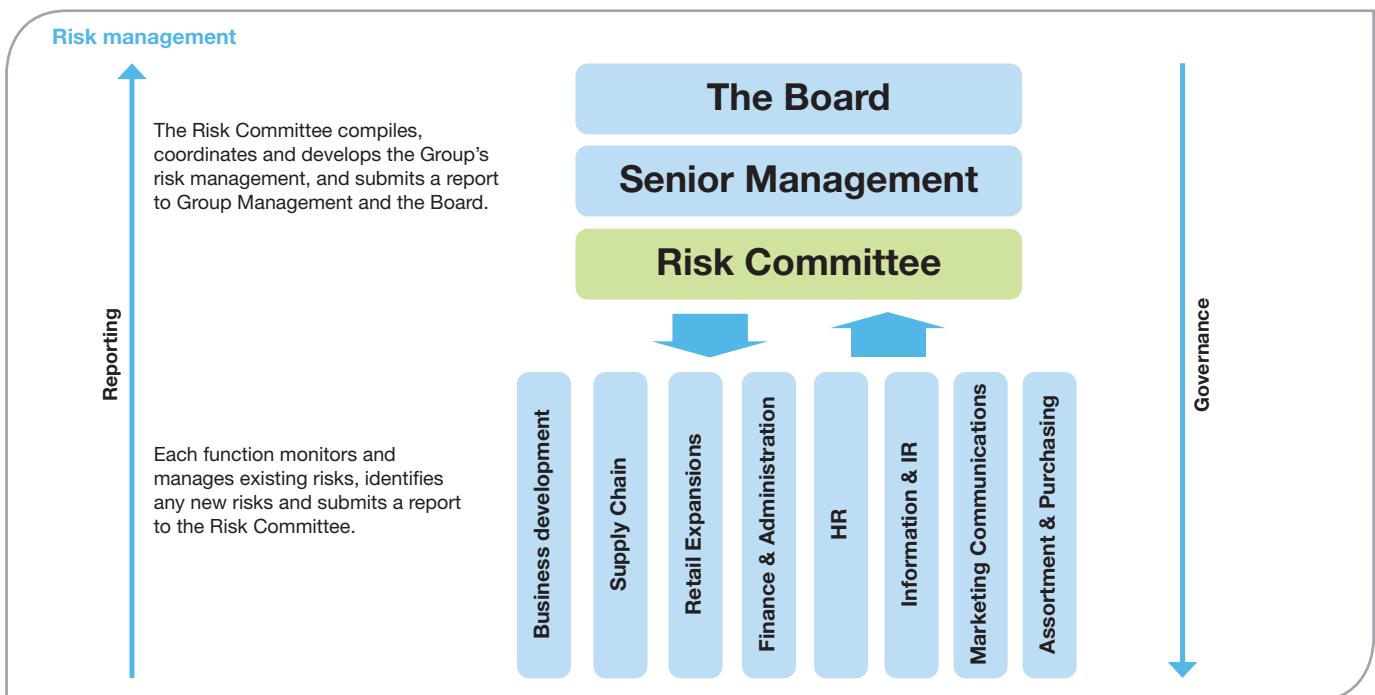
Clas Ohlson's operations entail risks that could have varying degrees of negative impact on the Group. These can be divided into operational risks and financial risks.

Operational and financial risks can have both a short and long-term impact on the ability to achieve set objectives in accordance with the company's business plan. By being aware of the risks in the business, the risks can be controlled, limited and managed. Furthermore, when handled correctly, risks may lead to opportunities and add value to the business. Clas Ohlson works continuously to update the Group's risk situation by conducting a documented, systematic process in which risks are identified, measured, monitored and reported. Priority is assigned to risks considered most negative in terms of probable occurrence and their conceivable effects on the operations. Classification is also made on the basis of how well the implemented countermeasures correspond with the desired level, using green, yellow and red. This work is performed in each function based on the composition of Senior Management. Reporting of the implementation of activities and changes in risk assessments is done internally twice per year and when necessary, on a continuous basis.

The risks are compiled in risk maps to provide a compilation of the overall exposure. Maps are compiled at Group level and are a key component of the Senior Management and Board's strategic and operational control. The Group's Risk Committee



performs the work involved in compiling, monitoring and developing the risk management process. These efforts will remain a high priority as the company continues to grow and develop.



Operational and financial risks

Operational risks primarily comprise establishments in new markets, purchasing in Asia, IT systems, competition, logistics, strikes, key employees, social responsibility, product range and shrinkage, while financial risks mainly comprise economic conditions, wage inflation, raw-material prices, transport costs and exchange-rate exposure. The considerably stronger USD in recent times will impact our purchase prices in the future. For a more detailed description of risks, see the table below.

Currencies

The company's currency exposure is high, primarily due to sales in Norway and the Group's purchasing. About 50 per cent of purchasing is made in currencies other than SEK.

The principal currencies for purchasing are the US dollar (USD), Hong Kong dollar (HKD) and euro (EUR). Movement of the SEK against the Norwegian krone (NOK) is also important for the Group, since Norway accounts for approximately 40 per cent of sales. Net exposure to EUR is low, since the company is increasing its sales in EUR through its expansion in the Finnish market and soon on the German 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 exchange rates for the principal currencies excluding currency hedging.

Currency hedging

Futures hedging is performed monthly, with a maturity of six months, against half of the expected flow in each currency. In this way, the company is guaranteed the forward rate on a major proportion of its purchases, but also acquires the risk of paying for the remaining purchases at the current rate.

During the financial year, hedging was carried out in USD and NOK. Up until February 2015, hedges were made in January/February and June/July for the forthcoming six-month periods.

Sensitivity analysis

Currency	Change, %	Impact on profit before tax, MSEK
NOK	+/- 5	+/- 84
USD	+/- 5	-/+ 62
HKD	+/- 5	-/+ 6
EUR	+/- 5	+/- 5
GBP	+/- 5	+/- 4

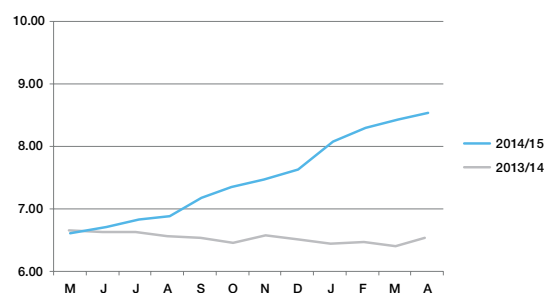
Currency movements

During the financial year, the NOK remained virtually unchanged against the SEK. The average rate for the NOK was 1,09 during the financial year, and 1,08 in the preceding year. 40 per cent of sales are conducted in NOK, and accordingly translated to SEK at the corresponding exchange rate.

The USD strengthened against the SEK during the past financial year. The average exchange rate during the financial year was 15 per cent higher than the previous year (7.50 compared with 6.54). The average exchange rate for the HKD during the financial year was 0.97, or 15 per cent higher compared with the 2013/14 financial year, when it was 0.84. The average exchange rate for the Chinese currency (CNY) was 13 per cent higher than in the preceding year (1.21 compared with 1.07).

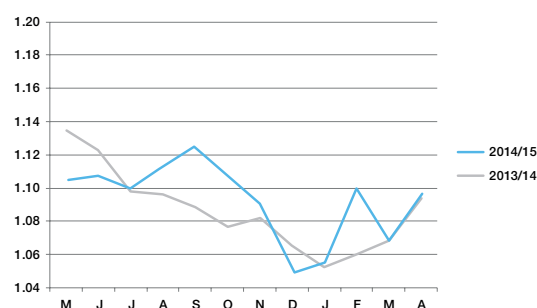
The EUR strengthened against the SEK during the past financial year. The average exchange rate during the 2014/15 financial year was 9.25 compared with 8.79, up 5 per cent. The average exchange rate for the GBP was 14 per cent higher compared with the preceding year (11.93 compared with 10.45).

Monthly average, USD/SEK



USD is our most important purchasing currency. At the beginning of the financial year, on 1 May 2014, the exchange rate for USD was 6.57 SEK. The rate was gradually strengthened during the financial year. On 30 April 2015, it was noted at 8.32, meaning up 27 per cent. The highest exchange rate was 8.84 and was noted in April 2015, while the lowest exchange rate was 6.49 and noted in May 2014.

Monthly average, NOK/SEK



The graph shows the average exchange rate for the NOK/SEK currency pair. At the beginning of the financial year, on 1 May 2014, the exchange rate for NOK was 1.10. During the financial year, the NOK's performance varied. The rate weakened during autumn and early winter, but strengthened in February and April. On 30 April 2015, it was noted at 1.11, meaning up 1 per cent. The highest exchange rate was 1.13 and was noted in September 2014, while the lowest exchange rate was 1.01 and noted in December 2014.

Source: Riksbanken

Operational risks

RISK

DESCRIPTION

RISK MANAGEMENT

EXPANSION

Clas Ohlson is expanding its operations and brand across several countries. The risk is that the brand will not have the expected impact outside the Nordic region and investments will not generate the intended results.

Expansion through the franchise concept generates risks that are primarily connected to the Clas Ohlson brand and concept.

Clas Ohlson conducts detailed market assessments in each individual case and capitalises on the experiences from previous establishments.

PURCHASING

Clas Ohlson currently purchases about 35 per cent of the company's products in Asia, mostly from China. The proportion of purchasing from Asia will increase further through the Clas Ohlson's own purchasing company. This will boost the company's competitiveness in the ongoing expansion process. Increased single-country exposure entails greater risks (political risk, transport risk, currency risk and so forth).

Clas Ohlson works continuously to find new purchasing markets in Europe and Asia.

IT SYSTEMS

Clas Ohlson's operations are highly dependent on IT support. As a result, it is essential that IT systems provide effective support for the company's day-to-day operations and maintain a high level of reliability. It is also important to ensure efficiency and provide support in decision-making process.

Preparations are ongoing for the implementation of a new IT platform. Clas Ohlson has chosen Microsoft Dynamics AX to satisfy future business support software needs.

Clas Ohlson has a policy for IT security. There are standardised processes for the implementation of new systems, changing existing systems and daily operations.

COMPETITION

A clear trend in the European retail market is that major nationwide chains are growing, usually at the expense of smaller, individual specialist retailers. The major chains and retailers are establishing operations in several countries through proprietary stores and acquisitions. As a result, market players have become fewer and larger. During recent years, competition intensified due to more stores and shopping centres, particularly in the Nordic region.

Clas Ohlson works continuously to develop its offering, increase accessibility and strengthen the customer experience. Furthermore, the Group works continuously to develop its concept and store format.

LOGISTICS

Clas Ohlson's distribution centre in Insjön is the hub of the Group's entire logistics chain. From here, goods are distributed to all stores and to mail order/Internet customers. In recent years, investments have been made in the distribution centre to further optimise the company's logistics. Collecting the logistics in one location carries certain risks, for example, communication and infrastructure disruptions, fire or strikes.

Clas Ohlson works continuously with maintenance and inspection of systems, fire protection and security systems, etc.

The Group also works continuously with inspection of the distribution chain to ensure efficiency.

EMPLOYEES

Clas Ohlson needs motivated and skilled employees in order to achieve objectives and strategies. The geographic location of the operation at Insjön could result in difficulties in recruiting employees with the right expertise.

Salaries and other conditions are adapted to the market. Clas Ohlson also has variable remuneration based on performance. The Group strives for good relationships with trade unions.

The Group applies flexible working conditions in order to attract and retain key individuals.

Employee surveys are conducted every second year and are actively followed up.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The company's stakeholders are placing increasingly higher demands on the company's social responsibility. Clas Ohlson works actively on sustainability issues that are integrated into the operation and have high priority. Should the company fall short in its sustainability work, there is a risk of negative impact on sales and market shares.

Clas Ohlson has processes and policies that correspond with the UN Guiding Principles on Business and Human Rights, Children's Rights Principles and OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas.

The company performs audits at suppliers to ensure compliance with Clas Ohlson's Code of Conduct.

The company works continuously to change the Group's transport to better environmental transport methods to reduce emissions of CO₂.

All new employees participate in a programme on sustainability issues.

PRODUCT RANGE AND COMMUNICATION

The company's most important task is to offer customers a broad and attractive product range. If Clas Ohlson were to misjudge new trends in both products and communication, this could entail lower growth and profitability.

The Group's product-range committee has overall responsibility for the design of the product range. In addition, Clas Ohlson works on detailed market and competitor assessments in order to have an attractive product range.

Continuous work to ensure a strong store concept, right pricing and excellent service.

The Group has a commercial committee that handles Clas Ohlson's marketing strategies.

SHRINKAGE

Clas Ohlson is exposed to shrinkage on a daily basis, including shoplifting.

The Group implements long-term preventive measures to reduce shrinkage, through such activities as training programmes and technical equipment. In addition, continuous follow-ups, evaluation and adaptation of the security effort are performed.

Financial risks**RISK****DESCRIPTION****RISK MANAGEMENT****ECONOMIC CLIMATE**

The retail market in general is adversely affected by a weak economy and although Clas Ohlson sells products for everyday use, a weak retail market will have a negative impact on sales.

Our broad and affordable product range is less sensitive to cyclical fluctuations than that of many other competitors. More than 80 per cent of our products are priced at less than SEK 300. Clas Ohlson's broad product range, with five different product categories, also entails lower risk since demand in one product category could increase while demand in another category falls.

WAGE INFLATION

Clas Ohlson is affected by wage-level changes in countries where the company's products are manufactured. This can vary between products depending on how much labour is involved in the manufacturing process.

Clas Ohlson works continuously to find new purchasing markets in Europe and Asia.

RAW MATERIAL PRICES

Purchase prices for the company's products are largely determined by the price of individual raw materials in global markets. This applies particularly to electronics (copper), batteries (zinc), lighting (aluminium) and plastic products (oil). Hedging against raw material prices is not carried out directly by the company. This entails a risk since the purchase price of the items concerned is affected by the price development of raw materials.

Clas Ohlson has a broad portfolio of products and is therefore less impacted by changes to a specific raw material.

Some of Clas Ohlson's suppliers purchase raw materials/materials at fixed contract prices, which means some indirect hedging.

TRANSPORT COSTS

Freight shipping prices can vary considerably depending on the global market price, and currency fluctuations.

Clas Ohlson handles changes in freight shipping prices by actively monitor and assess the market.

CURRENCIES

The company's currency exposure is high, primarily due to sales in Norway and the Group's purchasing. About half 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). Movement of the SEK against the Norwegian Krone (NOK) is also important for the Group, since Norway accounts for approximately 40 per cent of sales. Net exposure to EUR is low, since the company is increasing its sales in EUR through its expansion in the Finnish market and soon in the German market. The Group is also increasing its exposure to the pound sterling (GBP) as its sales in the UK grow.

Futures hedging is performed monthly, with a maturity of six months, against half of the expected flow in each currency. In this way, the company is guaranteed the forward rate on a major proportion of its purchases, but also acquires the risk of paying for the remaining purchases at the current rate.

During the financial year, hedging was carried out in USD and NOK. Up until February 2015, hedges were made in January/February and June/July for the forthcoming six-month periods.

The table on page 50 shows how profit is affected by changes in principal currencies, excluding hedging.

Corporate governance

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

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

The Swedish Corporate Governance Code

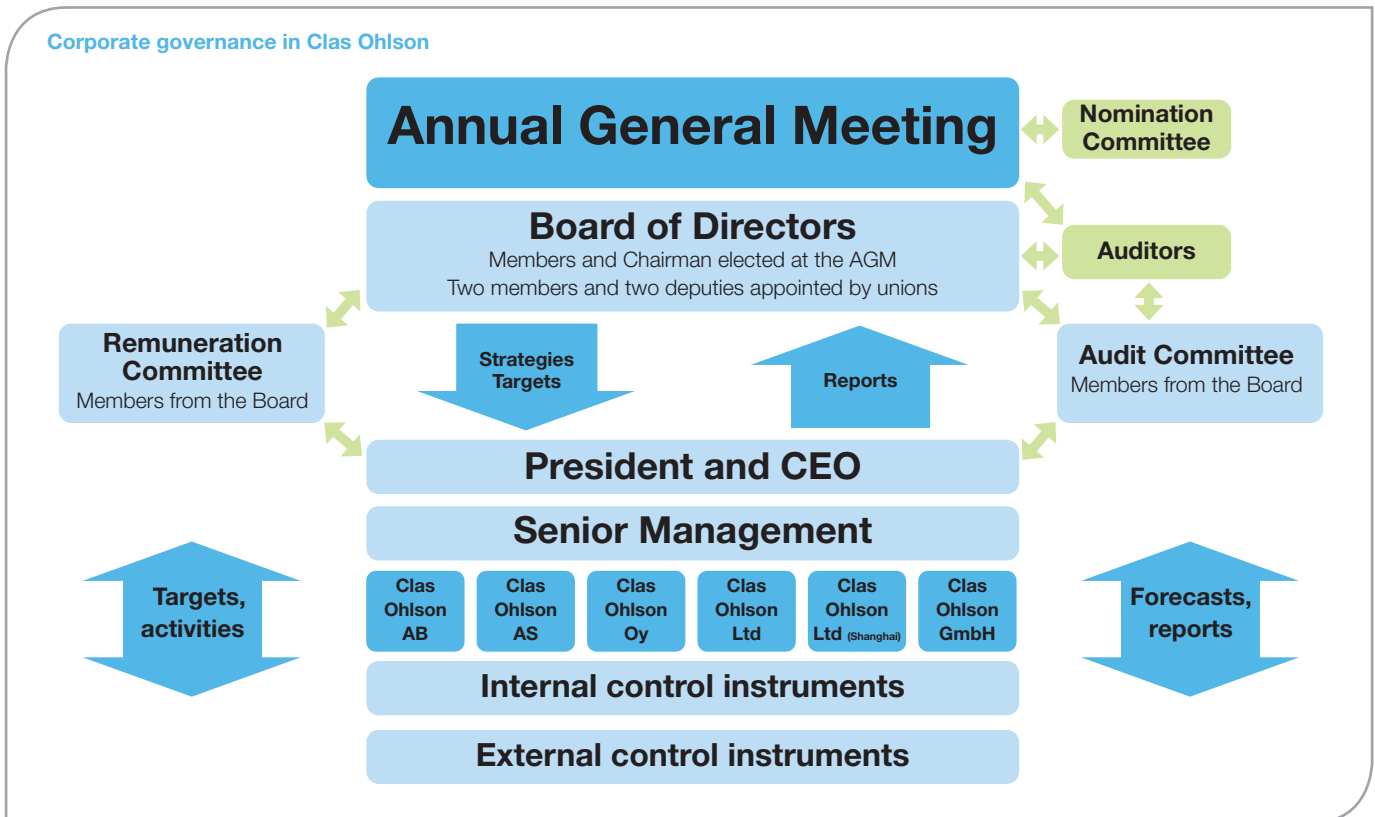
The Swedish Corporate Governance Code is applicable to all companies listed on the Nasdaq OMX Nordic Exchange Stockholm. The aim is to improve corporate governance in listed companies and foster trust in companies among the general public and in the capital market. The Code is based on the "comply or 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 Corporate Governance Code during the financial year.

Compliance with applicable regulations for stock exchange trading

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

Annual General Meeting

Shareholders exercise their influence through participation in the company's Annual General Meeting (the ordinary annual general meeting). The Annual General Meeting is the ultimate decision-making body and since the initial public offering in 1999, has always been held in Insjön, Sweden, on a Saturday in early September. The Notification of the AGM, which is normally prepared about four weeks prior to the Meeting is published in Post- och Inrikes Tidningar, as well as on the company's website. All shareholders who are registered in the share register on the fifth day prior to the AGM and registered in time are entitled to participate. Registration can be made



by telephone, e-mail or letter. Each year, the AGM appoints the Board, the Chairman of the Board and the auditors for Clas Ohlson. In addition, the Annual General Meeting 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 about.clasohlson.com). Clas Ohlson's AGMs are very well attended, and the latest one had about 1,800 participants, making it one of the largest in Sweden.

On 30 April 2015, the company's largest shareholders, each representing at least 10 per cent of the votes, were Helena Ek Tidstrand (16.9 per cent), Johan Tidstrand (12.7 per cent), Björn Haid (12.6 per cent), Peter Haid (11.8 per cent) and Claus-Toni Haid (11.8 per cent).

Nomination Committee

The Nomination Committee's task is to submit proposals for Board members or auditors, as well as fees to Board members (including committee work) and fees to auditors, 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 Clas Ohlson, a nomination process is applied for electing the Nomination Committee. The Chairman of the Board is a member of the Nomination Committee, along with representatives for the four largest registered shareholders or otherwise known shareholders (record date 30 September). If a shareholder does not elect a member, the next largest shareholder will be asked. The Nomination Committee elects a Chairman from within the Committee, which, according to the Code, shall not be the Chairman of the Board or other Board members.

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

Nomination Committee prior to the 2015 Annual General Meeting

Prior to the Annual General Meeting held on 12 September 2015, a Nomination Committee was elected comprising Kennet Bengtsson (Chairman of the Board of Clas Ohlson), Jonas Bergh, Chairman of the Nomination Committee (representing the owner-family Haid), Göran Sundström (representing the owner-family Tidstrand), Ricard Wennerklint (representing If Skadeförsäkring AB) and Erik Durhan (representing Nordea Investment Funds). The composition of the Nomination

Committee is based on the owner relationship at 30 September 2014. The Nomination Committee represents slightly more than 70 per cent of the total number of company shares (votes). The above Nomination Committee will serve until a new Nomination Committee has been elected.

The basis of the Nomination Committee's work is that the Board is to have the expertise, experience and background required by the assignment. Particular emphasis was placed on the company's strategies and targets, as well as on the demands that the company's future focus will place on the Board. The Nomination Committee also discussed the Board's long-term composition on the basis of future competency requirements, diversity and succession.

The Group worked on the nominating procedure for Clas Ohlson's Annual General Meeting and held seven meetings that were recorded, where the Board's composition was evaluated, considered and discussed.

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

- Interviews with Board members to gain an in-depth picture of the functioning of the Board work
- Report on the Board's work from the Chairman of the Board
- External evaluation of the Board's work
- Nomination of the Chairman of the Board and Board members
- Position concerning the independence of Board members and candidates
- Preparation of proposals for fees to the Board and committees
- Preparation of proposals for the Chairman of the AGM
- Nomination of auditors

The Nomination Committee's complete proposals are presented at the latest in connection with the publication of the Notification of the Annual General Meeting.

Auditors

The Annual General Meeting appoints auditors for the Parent Company each year. The Annual General Meeting held on 13 September 2014 appointed Deloitte the auditors of the company, with Kent Åkerlund as Auditor in Charge. Kent Åkerlund is an Authorised Public Accountant at Deloitte. Deloitte was elected up to the 2015 Annual General Meeting. Payment for audit engagements in the Group in the past three years totalled 2.1 MSEK, 2.7 MSEK and 2.4 MSEK, respectively. Remuneration

for other assignments in the past three years totalled 0.1 MSEK, 0.7 MSEK and 0.8 MSEK, respectively. Work in addition to auditing relates primarily to issues pertaining to consultation on tax issues and IFRS accounting rules. The independent position of the auditors is ensured firstly by the internal policies of the auditing firm and secondly by the Board's guidelines indicating what engagements the auditing firm may undertake in addition to auditing.

Board of Directors

Clas Ohlson's shareholders elect the Board of Directors annually at the Annual General Meeting. The Board comprises eight members, including the CEO, who are elected by the AGM. In addition to these members, the Board includes two representatives and two deputies for the trade-union organisations in the company. These individuals are elected by their own organisations.

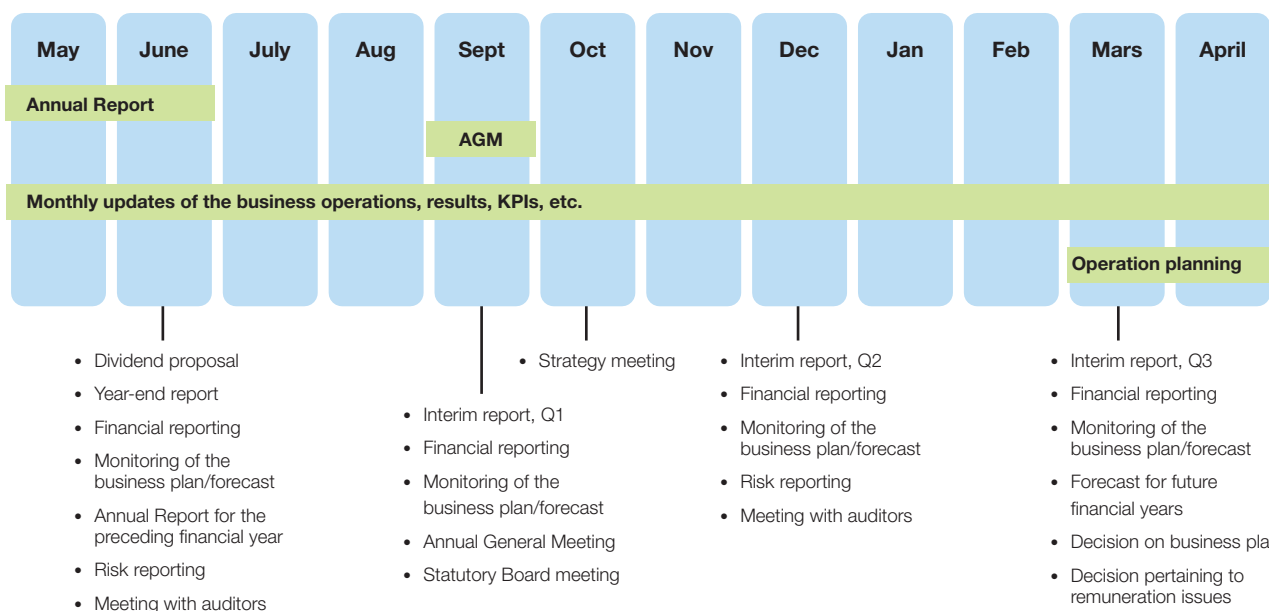
The Board fulfils the independence requirement of the Code. All members, with the exception of Björn Haid, Edgar Rosenberger, Klas Balkow and Göran Sundström, are deemed independent in relation to the company, executive management and major shareholders. Clas Ohlson strives towards diversity, comprising to over time have an equal distribution of men and women on the Board. Gender distribution on the Board among the members elected by the AGM in the past financial year was five men (62.5 per cent) and three women (37.5 per cent). In the preceding year, the corresponding distribution

was six men (66.7 per cent) and three women (33.3 per cent). Göran Sundström (representing the owner-family Tidstrand) were elected to the Board of Directors at the 2014 AGM.

Board meetings

Immediately following the AGM, the statutory Board meeting is held, at which the rules of procedure for the Board and instructions to the company's CEO are approved. The members of the Board's Audit 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 seven further meetings during the year. These are held quarterly in conjunction with the publication of the company's financial reports and once in June prior to concluding the Annual Report, once in connection with the Annual General Meeting and once during the autumn for strategic discussions. The strategy meeting usually takes place over two days, while other meetings are held on one day. The strategy meeting mainly discusses issues relating to the Group's goals and strategies, product range, store establishment strategy, major investments and so forth. Other meetings primarily deal with the usual Board issues, the company's reports and reporting by the Board committees. The company's auditors attend two of the Board meetings to report on what has emerged during the audit. The Board meets the auditors once annually without the presence of executive management. The Board held eight Board meetings during the financial year, of which one was a strategy meeting. The Board assesses its work annually.

The Board's working schedule



How the Board works

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

The issues that the Board dealt with during the year included strategic direction, monitoring of the business plan, a review of risk management, significant business processes, development of current markets and future expansion.

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 notification of meetings and secrecy.

Audit Committee

At its first meeting following the AGM, the Board established an Audit Committee comprising Cecilia Marlow, Chairman, Edgar Rosenberger and Katarina Sjögren Petrini. The Board has issued instructions for the committee work. The Audit Committee fulfils the guidelines regarding independence in the Swedish Corporate Governance Code. The Audit Committee is responsible for the quality assurance of financial reporting. In addition, the Audit Committee is responsible for supervising the effectiveness of risk management and internal control of the financial reporting. The members of the Audit Committee met the auditors on two occasions during the financial year to be informed about the focus of the audit and discuss views on the risks faced by the company. In addition, the auditors attended several of the committee's other meetings. Important tasks for the Audit Committee are to serve as a communication link, between the Board and the company's auditors and to establish what services over and beyond auditing can be 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 eight meetings during the financial year. Attendance is shown in the table below. The meetings are minuted and reported at the next Board meeting. Representatives of the company's management attended the committee's

Composition of the Board and attendance during the financial year¹

Member ^{2,3}	Elected	Independent ⁴	Independent ⁵	Board meetings	Audit Committee	Remuneration committee	Valberedning ¹¹
Anders Moberg	2003	Yes	Yes	3/4 ⁸			1/1 ⁸
Kenneth Bengtsson	2013	Yes	Yes	8/8 ⁶			3/4 ⁶ 7/7
Klas Balkow	2007	No ⁷	Yes	8/8			
Björn Haid	1990	Yes	No ⁹	6/8			2/4
Urban Jansson	2005	Yes	Yes	3/4 ⁸	3/3 ⁸		
Cecilia Marlow	2007	Yes	Yes	8/8	8/8 ⁶		
Edgar Rosenberger	2009	No ¹⁰	Yes	8/8	4/5		
Katarina Sjögren Petrini	2013	Yes	Yes	8/8	8/8		
Sanna Suvanto-Harsaae	2010	Yes	Yes	8/8		4/4	
Göran Sundström	2014	Yes	No ⁹	4/4 ⁸		3/3 ⁸	7/7

¹ The trade-union organisations have had four representatives on the Board.

For further information on Board members, see pages 60-61. The work of the Board and its committees is described on pages 54-56.

² For information on date of birth, work experience, assignments and shareholdings, see pages 60-61.

³ Remuneration of Board members is stated in Note 6, see page 75.

⁴ Independent in relation to the company and executive management according to the Swedish Corporate Governance Code.

⁵ Independent in relation to major shareholders of the company according to the Swedish Corporate Governance Code.

⁶ Chairman.

⁷ President and CEO.

⁸ At the 2014 Annual General Meeting, Göran Sundström was elected to the Board as representative of the owner-family Tidstrand. Anders Moberg and Urban Jansson declined re-election.

⁹ Are, or represent, major shareholders. Refer to page 89 for information about major shareholders.

¹⁰ Performed consultancy services and received remuneration of 0.6 MSEK (0.5) during the financial year.

¹¹ For the Nomination Committee, only those members who are also Board members are presented.

meetings as co-opted members. The meeting also addressed issues aimed at quality assuring risk management and internal control of the financial reporting. Moreover, the Audit Committee dealt with issues regarding the company's interim reports, annual report, accounting, liquidity and other issues.

Remuneration Committee

A specific Remuneration Committee was appointed by the Board comprising the Chairman of the Board Kenneth Bengtsson and three other Board members, Sanna Suvanto-Harsaae, Björn Haid and Göran Sundström. The Board has issued instructions for the committee work.

The Remuneration Committee submits proposals for guidelines pertaining to basic salary and variable remuneration for senior executives. The process regarding variable remuneration for all staff works in a similar way. The Committee met four times during the financial year. Attendance is shown in the table on page 55. The meetings are minuted and reported at the next Board meeting. The Remuneration Committee addressed such issues as fixed and variable remuneration, and prepared the current long-term incentive programme (LTI).

Distribution of work between the Board and CEO

The Board appoints the CEO of the company. The distribution of work between the Board and CEO is indicated in the Board's rules of procedure and in the instructions to the CEO. These state that the Board is responsible for the governance, supervision, organisation, strategies, internal control, forecasts and policies of the company. In addition, the Board decides on major

investments and matters of principle relating to the governance of subsidiaries, as well as the election of Board members and the CEO. The Board is also responsible for the quality of the financial reporting. The CEO in turn is responsible for ensuring that the company is managed in accordance with Board's guidelines and instructions. In addition, the CEO is responsible for forecasting and planning the company's operations so that specified 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.

CEO and Senior Management

Clas Ohlson's CEO leads the Senior Management's work and makes decisions pertaining to the operations in consultation with others in the Senior Management. At the end of the financial year, Senior Management comprised ten individuals and meetings were held monthly and as otherwise necessary. The meetings focus primarily on strategic and operative monitoring and development, as well as results follow-up. In addition to these meetings, there is close daily cooperation within management.

Governance of subsidiaries

The five wholly owned subsidiaries Clas Ohlson AS in Norway, Clas Ohlson Oy in Finland, Clas Ohlson Ltd in the UK, Clas Ohlson GmbH in Germany and Clas Ohlson Ltd (Shanghai) in China are governed by their own boards in the country concerned, principally consisting of representatives of Clas Ohlson



AB in Sweden. The Board in Sweden receives continuous information about the subsidiaries through the President's monthly reports on the subsidiaries. These reports also include the results of operations and financial position of the company concerned.

External and internal control instruments

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

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

Clas Ohlson's corporate culture

The core of Clas Ohlson's corporate culture is salesmanship. The company's corporate culture is based on drive, warmth, innovation and commitment. These common values permeate the daily work.

Remuneration

Fees paid to the Board during the financial year totalled 3.1 MSEK, in accordance with the resolution by the AGM. Of the fees paid, 0.6 MSEK pertained to remuneration for work on the Board's Remuneration and Audit Committees. Of the Board's total fee, 0.8 MSEK was paid to the Chairman of the Board. In 2014, the Board decided on a consultant's fee for Edgar Rosenberger's company Retail Brand Services for work performed on behalf of the company associated with the establishment in Germany, an area in which Edgar Rosenberger possesses extensive experience and expertise. The consultant's fee amounting to 0.6 MSEK was paid in accordance with the opportunities stipulated in the guidelines for remuneration of senior executives, to deviate from these guidelines where warranted by specific reasons. 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 9.1 MSEK during the financial year, of which 2.6 MSEK was in the form of variable remuneration (STI refer to Note 6). Variable remuneration of 1.3 MSEK pertaining to an expensed but not definitive portion of long-term incentive programmes (LTI 2012, LTI 2013 and LTI 2014) was calculated for the CEO. In spring 2014, the total remuneration of senior executives in relation to the market was reviewed, with the support of external advisors.

The outcome of this review was that the fixed remuneration for the CEO was adjusted. Remuneration to the other nine senior executives totalled 21.5 MSEK, of which 5.6 MSEK was in the form of variable remuneration. Variable remuneration pertaining to the expensed but not definite portion of the long-term incentive programmes was calculated at 2.7 MSEK. All of Senior Management receive the additional benefit of a company car. The 2014 Annual General Meeting decided on guidelines for remuneration to senior management pertaining to the 2014/15 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.

Pension

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

The retirement age for the CEO and for other Senior Management is 65. The CEO has a defined-contribution pension into which 2.3 MSEK was paid during the year. Other members of Senior Management receive pension entitlements based on their applicable ITP plan, which also covers other salaried staff in Sweden.

Remuneration principles

The general principles of remuneration for senior executives are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior executives is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on multi-year performance, pension and other benefits. The principles also regulate the terms and conditions for termination of employment and for severance pay.

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

Risk management

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

Sustainability

For Clas Ohlson, it is important to protect and assume responsibility for people and the environment impacted by our operation. The sustainability effort is an integrated part of Clas Ohlson's operation, which must permeate the entire organisation. The company's sustainability programmes are led by the CSR forum comprising the CEO, representatives from Senior Management and various specialists within the relevant areas. The CSR forum makes decisions pertaining to goals, strategies and activities for the entire Group's sustainability programmes and monitors whether the company is working effectively toward its set goals.

In sustainability work, the Code of Conduct is the basis of the work to monitor and improve the supplier chain. Clas Ohlson's Code of Conduct contains the requirements we place on ourselves, our manufacturers and suppliers with respect to the work environment, working conditions, environmental impact and anti-corruption.

Read more about Clas Ohlson sustainability work in our Sustainability Report.

Internal control of 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 of the financial reporting.

The company's work on internal control follows the framework developed by The Committee of Sponsoring Organisations of the Treadway Commission (COSO). The framework consists of five individual areas: control environment, risk assessment, control activities, information and communication and 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 Group has regulations governing decision-making and authorisation levels that parallel the Group's organisational structure. The focus is on clarifying who has a mandate to decide on investments, activities, signing of contracts and so forth in each function and the limits in terms of the amounts involved. In the event that the amount exceeds the function's mandate, the decision is assigned to the next level in the organisation. This has been done in order to further improve the corporate governance and awareness at the various levels in the organisation. The regulations governing decision-making and authorisation constitute the basis for decision-making at Clas Ohlson.

The executive management is responsible for implementing guidelines for the maintenance of good internal control. An ongoing work is being done in developing and improving internal control. 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 preparation of financial information where the risk of errors is judged to be elevated.

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

About 75 per cent of Clas Ohlson's assets consist of inventories and non-current assets. Accordingly, particular emphasis has been placed on preventing and detecting deficiencies in these areas when designing internal controls.

The processes and the control structure are documented in a separate financial manual, which is updated regularly. 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. The subsidiaries have accounting managers and controllers who ensure that financial reporting is correct and complete. In addition, they ensure that legislation is observed and that financial reporting is completed within the time frames to executive management and to the Group accounting function. Moreover, there are controllers at major Group functions and on the Group finance function with equivalent working tasks. The Group finance function has a close and well-functioning cooperation with subsidiaries as regards reporting and closing accounts. Each month, all subsidiaries report complete closing accounts, which constitute the Group's consolidated financial reporting.

Information and communication

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

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

Each interim report is analysed by the Audit Committee with regard to the correctness of the financial information. The Audit Committee also plays a key role in monitoring to ensure that there are sufficient control activities for the most essential areas of risk pertaining to the financial reporting and communicating material issues to the Senior 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 the financial year and preceding years, the Board has not found it necessary to date to establish an internal audit function. The company's Group-wide controller function has instead been adapted to also deal with work on the company's internal control. The question of whether to establish a separate internal audit function is re-examined annually. Furthermore, the company has a Risk Committee that continuously evaluates material risks and control activities.

Board of Directors and auditors


Kenneth Bengtsson

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

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

Other significant directorships: Chairman of the Board of Ahlsell AB, Ersta Hospital, Suomen Lähikauppa Oy, Systembolaget, World Childhood Foundation, Mekonomen AB, Eurocommerce and Ung Företagsamhet.

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

Shareholding: 8,000 series B shares


Klas Balkow

Born in 1965.
President and CEO.
Member of the Board since 2007.

Professional experience: Managing director of Aximage, a subsidiary of the Axel Johnson Group, various positions at Bredbandsbolaget and senior positions in Procter & Gamble in Nordic countries and the US.

Other significant directorships: Board member of Inflight Service Group and Svensk Handel.

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

Shareholding: 27,121 series B shares


Björn Haid

Born in 1945.
Member of the Board since 1990.

Professional experience: Executive management and product range development at Clas Ohlson between 1965-2006.

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

Shareholding: 1,007,960 series A shares and 4,732,834 series B shares


Cecilia Marlow

Born in 1960.
Member of the Board since 2007.
M.Sc. in Business and Economics, Stockholm School of Economics.

Professional experience: CEO of Kronans Droghandel, CEO of JC/J-Store, CEO of Polarn O. Pyret, CEO of Ordning & Reda, CEO of Publicis Welinder.

Other significant directorships: Chairman of the Board of Kivra. Board member of Midsona, Platzler Fastigheter, Nordea Fonder and Forex Bank.

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

Shareholding: 500 series B shares


Edgar Rosenberger

Born in 1953.
Board member since 2009.
Master of Business Administration, Mannheim University.

Professional experience: CEO of consultancy company Retail Brand Services, CEO of IPURI GmbH, CEO of Esprit Europe GmbH and CEO of H&M Germany GmbH.

Other significant directorships: Member of Reima Oy, Basler GmbH and the German-Swedish Chamber of Commerce.

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

Shareholding: 0


Katarina Sjögren Petrini

Born in 1964.
Member of the Board since 2013.
Degree in business administration from Luleå Technical University.

Professional experience: CEO of Ticket Leisure Travel Group. Executive positions in the Ticket Group and various positions involving finance at Kuwait Petroleum Svenska.

Other significant directorships: Board member of Ticket Leisure Travel Group and Svenska Resebyråföreningen.

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

Shareholding: 500 series B shares



Göran Sundström

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

Professional experience: Managing Partner of Sundström & Partner 2003-, various senior positions in Corporate Finance at Alfred Berg Fondkommission AB, Aros Securities AB and Nordea Securities. Previous positions included controller at Scania AB.

Other significant directorships: Chairman of the Board of Logitall AB and Member of the Board of Parks & Resorts Scandinavia AB and Sundström & Partner AB.

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

Shareholding: 600 series B shares, own holding and 200 series B shares via a legal entity

Henrik Andersson

Born in 1971.
Board member since 2012.
Employee representative (Unionen).

Shareholding: 0

Johan Åhlberg

Born in 1965.
Board member since 2009.
Employee representative (Handels)
(stepped down on 23 April 2015).

Shareholding: 100 series B shares



Sanna Suvanto-Harsaae

Born in 1966.
Board member since 2010.
Master of Business Administration, Lund University.

Professional experience: CEO of ReckittBenckiser Nordic, Marketing and Business Development Director of Synoptik, European Marketing Manager and other executive positions of Procter & Gamble Nordic, Germany and Europe.

Other significant directorships: Chairman of the Board of Altia Oy, Babysam AS, Sunset Boulevard AS, Footway AB, VPG/Best Friend AS. Member of the Board of CCS AB, Paulig Oy, SAS AB and Upplands Motor AB.

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

Shareholding: 0

Lars Zwetsloot

Born in 1976.
Deputy member since 2012.
Employee representative (Handels).

Shareholding: 100 series B shares

Josefin Salminen

Born in 1980.
Deputy member since 2012.
Employee representative (Handels)
(stepped down on 1 June 2015).

Shareholding: 80 series B shares

Auditor

Deloitte

Kent Åkerlund

Authorised Public Accountant
Auditor in Charge

Auditor of Clas Ohlson AB since 2013.

Senior management



From left: Ulrika Göransson, Lars-Johan Strand, Karin Svenske-Nyberg, Tony Dahlström, Peter Jelkeby, Sara Kraft Westrell, Klas Balkow, Göran Melin, Magnus Højman. Bo Heyman not present.

Klas Balkow

President and CEO
Employed in 2007
Born in 1965



Professional experience: CEO of Aximage, a subsidiary of the Axel Johnson Group, various positions at Bredbandsbolaget and senior positions in Procter & Gamble in Nordic countries and the US.

Shareholding: 27,121 series B shares

Tony Dahlström

Director of Purchasing
Employed 1982 to 2007,
and 2009
Born in 1964



Professional experience: Category Manager at Clas Ohlson. CEO of OS Technology Nordic. Product Manager and various positions in stores, warehouses and customer service at Clas Ohlson.

Shareholding: 9,882 series B shares

Ulrika Göransson

Director of Business
Development
Employed in 2008
Born in 1970
MSc in Business and
Economics, Stockholm University



Professional experience: Marketing Director at Clas Ohlson. Head of Marketing Nordics, Novartis. Brand Strategist, LynxEye. Consumer Insight Specialist Asia Pacific, Kraft Foods. Senior Marketing Manager, General Mills.

Shareholding: 8,581 series B shares

Bo Heyman

Senior Advisor,
Retail Expansion
Employed in 1983
Born in 1952

**Professional experience:**

Director of Establishment, Head of Marketing and Business Area Clas Ohlson Sweden. Sales Manager and Store Manager for Swedish stores. Establishment Manager in Sweden. Head of Store and various in-store positions.

Shareholding: 5,860 series B shares

Magnus Højman

Director of Supply Chain
Employed in 2011
Born in 1967
MSc in Business and Economics, Lund University and University of California



Professional experience: Consultant at Accenture, Venture Manager, Real Venture Group and various positions in sales and management at Procter & Gamble Scandinavia.

Shareholding: 4,608 series B shares

Göran Melin

CFO
Employed in 2010
Born in 1962
MSc in Business and Economics, School of Business, Economics and Law at the University of Gothenburg



Professional experience: Authorized Public Accountant and Partner at PWC.

Shareholding: 7,648 series B shares

Peter Jelkeby

Executive Vice President
Employed in 2008
Born in 1963
MSc in Business and Economics, School of Business, Economics and Law at the University of Gothenburg



Professional experience: Deputy Head and senior positions in sales and marketing at IKEA in the UK. Senior positions in purchasing at IKEA in the Russian and Asian markets.

Shareholding: 9,203 series B shares

Lars-Johan Strand

Director of Marketing
Employed in 2014
Born in 1978
Professional experience: Marketing Director at Stadium AB, Marketing and PR director at H&M Asia, Online Director at H&M, Product Development and Project Management at Spray/Razorfish.



Shareholding: 0

Sara Kraft Westrell

Director of Information and IR
Employed in 2013
Born in 1974
MSc in Business and Economics, Lund University and National University of Singapore



Professional experience: Director of Information at Hexagon AB, Director of Market and Communication at JB Education, Communications Advisor at Kreab.

Shareholding: 1,717 series B shares

Karin Svenske-Nyberg

Director of HR
Employed in 2013
Born in 1966
MSc in Engineering, Royal Institute of Technology



Professional experience: Director of HR at Stora Enso at business area and country level, and previous positions in the areas of research, development, production and HR.

Shareholding: 3,437 series B shares

Group

Income statement

MSEK	Note	1 May 2014 –30 Apr 2015	1 May 2013 –30 Apr 2014
	1, 2		
Sales		7,329.8	6,807.7
Cost of goods sold	4, 5, 6	–4,181.9	–3,905.3
Gross profit		3,147.9	2,902.4
Selling expenses	4, 5, 6	–2,361.6	–2,188.1
Administrative expenses	4, 5, 6, 7	–188.6	–178.6
Other operating income	3	24.1	24.3
Other operating expenses	3	–25.8	–29.5
Operating profit		596.0	530.5
<i>Financial items</i>			
Financial income	8	2.2	2.0
Financial expense	8	–1.0	–2.3
Profit before tax		597.2	530.2
Income tax	9	–138.3	–124.8
Profit for the year		458.9	405.4
Number of shares at the end of the period, millions			
		63.2	63.1
Earnings per share before dilution, SEK			
	10	7.27	6.42
Earnings per share after dilution, SEK			
	10	7.24	6.41
Proposed dividend per share, SEK			
	11	5.25	4.75

Statement of consolidated comprehensive income

MSEK	1 May 2014 –30 Apr 2015	1 May 2013 –30 Apr 2014
Profit for the year	458.9	405.4
Other comprehensive income, net after tax:		
Items that can later be reversed in the consolidated income statement:		
Exchange-rate differences	25.4	6.8
Cash-flow hedging	–16.6	–8.4
Items that cannot later be reversed in the consolidated income statement:		
Remeasurement of defined-benefit pension obligations	–0.1	1.0
Other comprehensive income, net after tax:		
	8.7	–0.6
Comprehensive income for the year	467.6	404.8

(all of the above profits were attributable to the Parent Company's shareholders during the year)

Cash-flow statement

MSEK	1 May 2014 –30 Apr 2015	1 May 2013 –30 Apr 2014
<i>Operating activities</i>		
Operating profit	596.0	530.5
<i>Adjustment for non-cash items</i>		
– depreciation	233.2	209.5
– loss from sale/disposal of non-current assets	2.2	–0.2
– other non-cash items	23.6	22.7
Interest received	2.3	2.0
Interest paid	–1.0	–2.4
Tax paid	–126.6	–90.1
Cash flow from operating activities before changes in working capital	729.7	672.0
<i>Cash flow from changes in working capital</i>		
– accounts receivable	–4.8	0.1
– inventories	–213.2	–44.8
– other receivables	–3.1	–13.1
– accounts payable	42.9	32.7
– other current interest-free operating liabilities	95.8	42.2
Cash flow from operating activities	647.3	689.1
<i>Investing activities</i>		
Investments in intangible assets	–69.3	–40.9
Investments in tangible assets	–123.1	–131.2
Sale of equipment	0.1	0.3
Cash flow from investing activities	–192.3	–171.8
<i>Financing activities</i>		
Bank loans		
– new loans	0.0	200.0
– repayment of loans	0.0	–200.0
Repurchase of own shares	–13.7	–21.7
Sales of own shares	14.4	6.2
Dividend to shareholders	–299.6	–268.1
Cash flow from financing activities	–298.9	–283.6
Cash flow for the year	156.1	233.7
Cash and cash equivalents at the start of the year		
	358.3	124.6
Exchange-rate differences in cash and cash equivalents		
	3.0	0.0
Cash and cash equivalents at the end of the year	517.4	358.3

Group

Balance sheet

MSEK	Note	30 Apr 2015	30 Apr 2014
Assets			
Non-current assets			
<i>Intangible assets</i>			
IT and software costs	12	171.0	133.0
<i>Tangible assets</i>			
Land and buildings		473.8	488.1
Construction in progress		0.0	17.2
Equipment, tools, fixtures and fittings		755.1	785.9
Total tangible assets		1,228.9	1,291.2
<i>Non-current receivables</i>			
Deferred tax assets	9	10.4	6.8
Other non-current receivables	19	1.2	1.3
Total non-current receivables		11.6	8.1
<i>Current assets</i>			
Inventories	13	1,569.3	1,348.2
Accounts receivable	14	26.2	21.2
Tax assets		57.4	23.3
Other receivables	17	21.6	23.4
Prepaid expenses and accrued income	15	137.3	161.6
Cash and cash equivalents	16	517.4	358.3
Total current assets		2,329.2	1,936.0
Total assets		3,740.7	3,368.3

Balance sheet

MSEK	Note	30 Apr 2015	30 Apr 2014
Equity and liabilities			
Equity			
<i>Capital and reserves attributable to Parent Company shareholders</i>			
Share capital, 65,600,000 shares with a quotient value of 1.25 SEK	18	82.0	82.0
Other contributed capital		90.4	90.4
Other reserves		-74.4	-83.2
Profit brought forward including profit for the year		2,046.5	1,875.7
Total equity		2,144.5	1,964.9
<i>Non-current liabilities</i>			
Deferred tax liabilities	9	208.0	201.5
Pension obligations	19	0.3	-
Other non-current liabilities		5.0	5.0
Total non-current liabilities		213.3	206.5
<i>Current liabilities</i>			
Accounts payable	20	591.3	545.8
Tax liability		96.3	44.5
Other current liabilities	17, 20	96.6	79.3
Accrued expenses and deferred income	21	541.3	483.2
Other provisions	22	57.4	44.1
Total current liabilities		1,382.9	1,196.9
Total equity and liabilities		3,740.7	3,368.3

Group

Consolidated statement of changes in equity (Note 18) Attributable to Parent Company's shareholders

MSEK	Share capital	Other contributed capital	Translation difference	Hedging reserve	Profit brought forward	Total
Opening balance at 1 May 2013	82.0	90.4	-87.3	5.7	1,745.7	1,836.5
Comprehensive income						
Profit for the year	0.0	0.0	0.0	0.0	405.4	405.4
Other comprehensive income						
Cash-flow hedging after tax	0.0	0.0	0.0	-8.4	0.0	-8.4
Exchange-rate differences	0.0	0.0	6.8	0.0	0.0	6.8
Remeasurement of defined-benefit pension obligations	0.0	0.0	0.0	0.0	1.0	1.0
Total other comprehensive income	0.0	0.0	6.8	-8.4	1.0	-1.6
Total comprehensive income	0.0	0.0	6.8	-8.4	406.4	404.8
Transactions with shareholders						
Repurchase/sales of own share ¹	0.0	0.0	0.0	0.0	-15.5	-15.5
Employee stock options plan: value of employees' service	0.0	0.0	0.0	0.0	7.2	7.2
Dividend	0.0	0.0	0.0	0.0	-268.1	-268.1
Total transactions with shareholders	0.0	0.0	0.0	0.0	-276.4	-276.4
Closing balance at 30 April 2014	82.0	90.4	-80.5	-2.7	1,875.7	1,964.9
Opening balance at 1 May 2014	82.0	90.4	-80.5	-2.7	1,875.7	1,964.9
Comprehensive income						
Profit for the year	0.0	0.0	0.0	0.0	458.9	458.9
Other comprehensive income						
Cash-flow hedging after tax	0.0	0.0	0.0	-16.6	0.0	-16.6
Exchange-rate differences	0.0	0.0	25.4	0.0	0.0	25.4
Remeasurement of defined-benefit pension obligations	0.0	0.0	0.0	0.0	-0.1	-0.1
Total other comprehensive income	0.0	0.0	25.4	-16.6	-0.1	8.7
Total comprehensive income	0.0	0.0	25.4	-16.6	458.8	467.6
Transactions with shareholders						
Repurchase/sales of own share ¹	0.0	0.0	0.0	0.0	0.7	0.7
Employee stock options plan: value of employees' service	0.0	0.0	0.0	0.0	10.9	10.9
Dividend	0.0	0.0	0.0	0.0	-299.6	-299.6
Total transactions with shareholders	0.0	0.0	0.0	0.0	-288.0	-288.0
Closing balance at 30 April 2015	82.0	90.4	-55.1	-19.3	2,046.5	2,144.5

¹ Repurchase 13.7 MSEK (21.7), sales 14.4 MSEK (6.2).

Parent Company

Income statement

MSEK	Not	1 May 2014 –30 Apr 2015	1 May 2013 –30 Apr 2014
	1, 2		
Sales	23	5,745.8	5,394.8
Cost of goods sold	4, 5, 6	-4,056.5	-3,772.7
Gross profit		1,689.3	1,622.1
Selling expenses	4, 5, 6	-1,093.9	-1,037.5
Administrative expenses	4, 5, 6, 7	-142.7	-140.6
Other operating income	3	24.0	24.3
Other operating expenses	3	-23.8	-27.8
Operating profit		452.9	440.5
<i>Financial items</i>			
Dividend from subsidiaries		110.6	-
Interest income	8	3.1	6.3
Interest expense	8	-4.1	-6.0
Profit after financial items		562.5	440.8
Appropriations	25	-46.3	-139.2
Profit before tax		516.2	301.6
Income tax	9	-89.7	-68.3
Profit for the year		426.5	233.3
Proposed dividend per share, SEK (before and after dilution)	11	5.25	4.75

Comprehensive income, Parent Company

MSEK		1 May 2014 –30 Apr 2015	1 May 2013 –30 Apr 2014
Profit for the year		426.5	233.3
Other comprehensive income, net after tax:			
Items that can later be reversed in the consolidated income statement:			
Profit/loss from hedging of net investments in foreign operations		18.5	14.0
Comprehensive income for the year		445.0	247.3

Cash-flow statement

MSEK		1 May 2014 –30 Apr 2015	1 May 2013 –30 Apr 2014
<i>Operating activities</i>			
Operating profit		452.9	440.5
<i>Adjustment for non-cash item</i>			
– depreciation		156.4	139.5
– loss from sale/disposal of non-current assets		0.3	-0.2
– other non-cash items		20.7	24.2
Interest received		3.1	6.3
Interest paid		-4.1	-6.0
Tax paid		-77.7	-58.6
Cash flow from operating activities before changes in working capital		551.6	545.7
<i>Cash flow from changes in working capital</i>			
– accounts receivable		-4.0	0.0
– inventories		-183.4	-17.0
– other receivables		-99.3	-0.1
– accounts payable		40.8	26.3
– other current interest-free operating liabilities		137.2	83.0
Cash flow from operating activities		442.9	637.9
<i>Investing activities</i>			
Investments in intangible assets		-69.3	-40.9
Investments in tangible assets		-45.9	-94.5
Sale of equipment		0.1	0.3
Cash flow from investing activities		-115.1	-135.1
<i>Financing activities</i>			
Repurchase of own shares		-13.7	-21.7
Sales of own shares		14.4	6.2
Repayments from subsidiaries		21.5	35.5
Dividend from subsidiaries		110.6	-
Bank loans – new loans		-	200.0
– repayment of loans		-	-200.0
Dividend to shareholders		-299.6	-268.1
Cash flow from financing activities		-166.8	-248.1
Cash flow for the year		161.0	254.7
Cash and cash equivalents at the start of the year		281.5	26.8
Cash and cash equivalents at the end of the year		442.5	281.5

Parent Company

Balance sheet

MSEK	Note	30 Apr 2015	30 Apr 2014
Assets			
Non-current assets			
<i>Intangible assets</i>			
IT and software costs	12	171.0	133.0
<i>Tangible assets</i>			
Land and buildings		473.2	487.3
Construction in progress		0.0	17.2
Equipment, tools, fixtures and fittings		415.8	464.2
Total tangible assets		889.0	968.7
<i>Financial non-current assets</i>			
Deferred tax assets		1.7	0.0
Receivables, Group companies		187.6	192.2
Participations in Group companies	24	21.8	20.2
Total financial non-current assets		211.1	212.4
Total non-current assets		1,271.1	1,314.1
Current assets			
<i>Inventories</i>			
Merchandise	13	1,067.4	884.0
Total inventories		1,067.4	884.0
<i>Current receivables</i>			
Accounts receivable	14	18.8	14.8
Tax assets		0.0	22.2
Receivables from Group companies		290.3	171.0
Other receivables		0.8	2.7
Prepaid expenses and accrued income	15	87.2	83.2
Total current receivables		397.1	293.9
Cash and bank balances	26	442.5	281.5
Total current assets		1,907.0	1,459.4
Total assets		3,178.1	2,773.5

Balance sheet

MSEK	Note	30 Apr 2015	30 Apr 2014
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital, 65,600,000 shares with a quotient value of 1.25 SEK	18	82.0	82.0
Statutory reserve		106.8	106.8
Total restricted equity		188.8	188.8
<i>Non-restricted equity</i>			
Fair value fund		-20.5	-39.0
Profit brought forward		302.5	357.4
Profit for the year		426.5	233.3
Total non-restricted equity		708.5	551.7
Total equity		897.3	740.5
Untaxed reserves			
	27	1,009.5	963.2
Provisions			
Other provisions	22	41.1	31.4
Total provisions		41.1	31.4
Non-current liabilities			
Other non-current liabilities		5.0	5.0
Total non-current liabilities		5.0	5.0
Current liabilities			
Accounts payable	20	525.6	484.8
Liabilities to Group companies		342.7	241.8
Tax liability		2.9	0.0
Other current liabilities	20	43.1	31.4
Accrued expenses and deferred income	21	310.9	275.4
Total current liabilities		1,225.2	1,033.4
Total equity and liabilities		3,178.1	2,773.5
Pledged assets	28	0.0	0.0
Contingent liabilities	29	325.6	287.7

Parent Company

Change in Parent Company equity

MSEK	Share capital	Statutory reserve	Non-restricted equity	Total
Opening balance at 1 May 2013	82.0	106.8	580.8	769.6
Dividend			-268.1	-268.1
Repurchase/sales of own shares ¹			-15.5	-15.5
Employee stock options plan: value of employees' service			7.2	7.2
Other comprehensive income			247.3	247.3
Closing balance at 30 April 2014	82.0	106.8	551.7	740.5
Opening balance at 1 May 2014	82.0	106.8	551.7	740.5
Dividend			-299.6	-299.6
Repurchase/sales of own shares ¹			0.7	0.7
Employee stock options plan: value of employees' service			10.9	10.9
Other comprehensive income			445.0	445.0
Closing balance at 30 April 2015	82.0	106.8	708.5	897.3

¹ Repurchase 13.7 MSEK (21.7), sales 14.4 MSEK (6.2).

Accounting policies and Notes

Amounts are in MSEK unless stated otherwise

Note 1 Accounting and valuation policies

Compliance with standards and legislation

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

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

Estimates and assumptions

Preparing the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that impact upon the application of the accounting policies and the carrying amounts for assets, liabilities, income and expenses. These are based on historical experience and a number of other factors that appear reasonable under the prevailing conditions. 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 9, 13 and 22.

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

The following new and amended IFRS's and interpretations came into effect and impacted the Group in the 2014/15 financial year.

IFRS 10 "Consolidated Financial Statements" is based on already existing policies since it identifies control as the crucial factor for determining whether a company is to be included in the consolidated financial statements. The standard provides additional guidance for assisting in determining control, when this is difficult to assess.

IFRS 12 "Disclosure of interests in Other Entities" includes disclosure requirements for all types of holdings in other companies, such as subsidiaries, joint arrangements, associated companies and non-consolidated structured entities.

The above amended/new standards were applied from 1 May 2014 but did not have any material impact on the consolidated financial statements.

New and amended standards that have not yet come into effect

On 30 April 2015, the International Accounting Standards Board (IASB) issued a number of standards that have not yet come into effect but that are deemed to be relevant to the Group:

	To be applied to financial years beginning after:
Standards	
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from Revenue from contracts with customers	1 January 2018

IFRS 9 "Financial instruments addresses the rules on the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the sections of IAS 39 that

addresses classification and measurement of financial instruments. The standard is to be applied for financial years commencing on 1 January 2018. Previous application is permitted. The Group has not yet evaluated the effects of the introduction of the standard.

IFRS 15 "Revenue from contracts with customers" governs the recognition of income. The policies on which IFRS 15 is based is to provide users of the financial statements with more useful information about the company's income. The increased disclosure obligation entails that information about the types of income, regulation period, uncertainty connected to income recognition, as well as cash flow attributable to the company's customer contracts is to be provided. According to IFRS 15, income is to be recognised when the customer receives control of the sold product or service and has the opportunity to use and benefit from the product or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and associated SIC and IFRIC. IFRS 15 will gain legal force on 1 January 2018. The Group has not yet evaluated the effects of the introduction of the standard.

Other new standards, amendments and interpretations of existing standards that have not yet come into effect are not currently relevant to the Group or are deemed not to have any material effect on the consolidated earnings or financial position.

Consolidated financial statements

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

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

The consolidated financial statements include the wholly owned subsidiaries Clas Ohlson AS, Clas Ohlson Oy, Clas Ohlson Ltd (UK), Clas Ohlson GmbH and Clas Ohlson Ltd (Shanghai).

Segment accounting

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

Translation of foreign currencies

a) Functional currency and reporting currency

Items included in the financial statements for the various units in the Group are measured in the currency used in the financial environment where each company is most active (functional currency). The consolidated financial statements use Swedish kronor (SEK), which is the reporting currency for the Group. All sums, unless otherwise stated, are rounded to the nearest million Swedish kronor plus one decimal point.

b) Transactions in foreign currency

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

c) Group companies

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

- assets and liabilities for each of the balance sheets translated to the rate on the balance-sheet date;
- income and expenses for each of the income statements translated to the average currency rate and
- all exchange-rate differences that arise are recognised in other comprehensive income.

Non-current assets

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

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

New acquisitions and replacements are capitalised, while maintenance and repair costs are expensed. The assets' residual value and useful life are tested at the end of each reporting period and adjusted as needed. An asset's carrying amount is immediately impaired to its recoverable amount if the asset's carrying amount exceeds its assessed recoverable amount. As assets are sold or disposed of, the cost and appurtenant accumulated depreciation are written off. Any profit or loss is recognised. All of Clas Ohlson's properties are owner-occupied properties.

Intangible assets

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

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

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

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

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

Impairment of non-financial assets

Intangible assets with an indeterminable useful life or intangible assets not ready for use, are not impaired but are tested annually for any impairment requirements. Depreciable assets are assessed to determine any decrease in value resulting from events or changes in circumstances indicating that the carrying amount might not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less selling expenses and value in use. In assessing impairment loss, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units). For assets that have been previously impaired, testing is conducted on each balance-sheet date on whether reversal should be done.

Financial instruments

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 or loss. 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.

Cash-flow hedging

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

Hedging of net investments

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

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

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

Inventories

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

Receivables

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

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

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.

Accounts payable

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

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

Borrowing

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

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

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

Loan expenses

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

Current and deferred income tax

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

The current tax expense is calculated based on the tax regulations established or established in practice on the balance-sheet date in the countries in which the Parent Company and its subsidiaries are active and generate taxable income. Management regularly evaluates the statements made in the income tax return pertaining to situations where applicable tax rules are subject to interpretation. When deemed suitable, management makes provisions for amounts that will probably be paid to the tax authority.

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

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

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

Employee benefits

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

a) Pension obligations

A defined-contribution pension plan is a pension plan according to which the Group pays set amounts to a separate legal entity. The Group has no legal or informal obligations to pay additional amounts if this legal entity does not have sufficient assets to pay all remuneration to employees corresponding to the employees' service during the current or previous periods. A defined-benefit pension plan is a pension plan that is not a defined-contribution plan.

A typical defined-benefit plan stipulates the amount of the pension benefit an employee will receive after retirement, usually based on one or more factors such as age, service period and salary.

In the Parent Company, there are both defined-contribution and defined-benefit pension plans. However, in accordance with statement UFR 10, the defined-benefit ITP pension plan (Alecta) is treated as a defined-contribution pension plan. Defined-benefit pension plans are available in the Norwegian subsidiary.

Regarding defined-benefit pension plans, the cost of the pension benefit is determined based on actuarial calculations according to the so-called Projected Unit Credit Method. Revaluations, including actuarial gains and losses, effects of changes in the asset ceiling and the return on the plan assets (excluding the interest components that is recognised in profit or loss) are recognised directly in the balance sheet with income or cost corresponding to the change for the period in the statement of other comprehensive income in the period in which they arise. Revaluations recognised in other comprehensive income affect profit brought forward and are not reclassified to the income statement. Service costs from prior periods are recognised in profit or loss in the period in which the plan is changed. Net interest is calculated by applying the discount rate at the start of the period to the defined-benefit net liability or asset. The defined-benefit costs are divided into the following categories:

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

The first two categories are recognised in profit or loss as personnel costs (service costs) and net financial items (net interest expense). Gains and losses

related to reductions and regulations are recognised as service costs from prior periods. Revaluations are recognised in other comprehensive income.

The defined-benefit pension obligation is recognised in the balance sheet corresponding to current surplus or deficit related to the Group's defined-benefit obligations. Any surplus is recognised only to the extent that it corresponds to the present value of future repayments from the respective pension plan or future reductions in premium payments to the plan.

b) Remuneration in the event of termination of employment

Remuneration in the event of termination of employment is paid when an employee's employment is terminated by the Group before the normal pension date or when the employee accepts voluntary redundancy in exchange for such remuneration. The Group recognises redundancy remuneration when the Group no longer has the opportunity to withdraw the offer of remuneration. In cases where the company has issued an offer to encourage voluntary redundancy, redundancy remuneration is calculated based on the number of employees expected to accept the offer. Benefits that mature more than 12 months after the end of the reporting period are discounted to the present value.

Share-based payments

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

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

At the end of each reporting period, the Group re-examines its assessments of the number of shares that are expected to be vested based on the non-market-based vesting conditions and service conditions. Any possible deviation to the original assessments resulting from the reappraisal will be recognised in profit or loss and the corresponding adjustments made in equity.

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

Provisions

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

Income

The Group's income is generated through the sale of products to consumers in accordance with the terms of sale. Sale income is recognised 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.

Clas Ohlson's customers can choose to become a member of the Club Clas loyalty program. Sales are conducted in accordance with IFRIC 13 in order to take into account club members' earning of bonus points and the opportunity to utilise points saved in the form of bonus cheques as payment in the future. All issued bonus cheques are not redeemed which is why each sale in the loyalty program is reduced by the fair amount with respect to future redemption of bonus cheques, considering the current degree of redemption. Consideration is also taken to the member's probable redemption of bonus cheques in the future. Earnings are recognised through a reduction in sales during the earnings period with a corresponding provision in the balance sheet. Interest income pertains to interest on bank balances. Income is recognised in the period to which the interest pertains.

Leasing

In the Group and in the Parent Company, lease contracts occur primarily 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.

Operational leases, in which the Group is the lessee, are recognised in the consolidated income statement as an operating expense straight line over the leasing period. In cases in which the Group is the lessor, income is recognised as a sale in the period to which the leasing pertains. Depreciation is recognised in operating profit.

Cash-flow statement

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

Parent Company accounting policies

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

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

Amended accounting policies 2014

During 2014, the Swedish Financial Reporting Board has issued a new version of RFR 2 Accounting for legal entities. The amendments in RFR 2 have not had any material impact on the Parent Company's financial statements. The amendments in RFR 2 Accounting for legal entities that gained legal force and apply for the financial year have not had any impact on the Parent Company's financial statements.

Classification and format

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

Tax

The amounts reserved as untaxed reserves are taxable temporary differences. Due to the connection between recognition and taxation, the deferred tax liabilities attributable to the untaxed reserves are not recognised in legal entities. According to Swedish practice, the amendments in untaxed reserves are recognised in the income statement in individual companies under the heading "Appropriations." In the balance sheet, the accumulated value of the reserves is recognised under the heading "Untaxed reserves," whereby 22 per cent can be regarded as deferred tax liability and 78 per cent as restricted equity.

Other

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

Note 2 Financial risks

The Group is exposed to a variety of financial risks through its operations: market risk (including currency risk, 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.

The Board has overall responsibility for the Group's risk effort. The risk situation in the Clas Ohlson Group is updated and analysed regularly. This is done by means of a systematic process in which risks are identified, valued, assessed, managed,

monitored and reported. Using an overall assessment, priority is given to those risks whose impact and probability are deemed to represent the most negative effect. For more information, refer to pages 48-51 of the Annual Report.

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. Hedging will take place on a monthly basis with maturities of six months for half of the expected flow in Norwegian kronor (NOK) and US dollars (USD). The principles for the company's hedging have been amended from March 2015. Prior to this, hedges were made in January/February and June/July for the forthcoming six-month periods.

About 50 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 krona (NOK) are very significant to the Group, because about 40 per cent of sales take place in Norway. Net exposure to EUR is low, because the company has 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 (excluding hedging).

Current change	Change, %	Impact on profit before tax, MSEK
NOK	+/- 5 procent	+/- 84
USD	+/- 5 procent	-/+ 62
HKD	+/- 5 procent	-/+ 6
EUR	+/- 5 procent	+/- 5
GBP	+/- 5 procent	+/- 4

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

Refinancing and liquidity risks

Refinancing and liquidity risk pertain to the risk that Clas Ohlson is unable to receive loans or meet payment obligations due to insufficient liquidity. Refinancing requirements are regularly reviewed by Clas Ohlson's central finance function, which is responsible for external borrowing. Refinancing requirements are primarily contingent on market trends and investment plans. See also Note 26.

Interest-rate risk

The interest-rate risk is low since the company's interest expense is low in relation to total earnings.

Price risk

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 receivable 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 five financial years for either the Group or the Parent Company. Total credit risk is not deemed to exceed the carrying amounts of the Group's financial instruments.

Cash and cash equivalents are invested in various bank accounts, mainly at Nordea and its international branches in Norway, Finland and the UK. Credit risk is considered insignificant. The total liquidity risk comprises cash and cash equivalents and unutilised overdraft facilities.

Capital risk

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 57 per cent.

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

Note 3 Other operating income and operating expenses

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Other operating income				
Rental income	24.0	24.1	24.0	24.1
Profit on sale or disposal of tangible assets	0.1	0.2	0.0	0.2
Total	24.1	24.3	24.0	24.3
Other operating expenses				
Leasing expenses	-23.4	-23.9	-23.4	-23.9
Loss on sale or disposal of tangible assets	-2.4	-5.6	-0.4	-3.9
Total	-25.8	-29.5	-23.8	-27.8

Note 4 Depreciation

Group	2014/15	2013/14
Depreciation broken down by type of asset		
Intangible assets ¹	31.3	20.1
Land and buildings	29.9	29.3
Equipment, tools, fixtures and fittings	172.0	160.1
Total	233.2	209.5
Depreciation broken down by function		
Cost of goods sold	74.4	69.3
Selling expenses	149.1	132.5
Administrative expenses	9.7	7.7
Total	233.2	209.5

Parent Company	2014/15	2013/14
Depreciation by type of asset		
Intangible assets ¹	31.3	20.1
Land and buildings	29.6	29.0
Equipment, tools, fixtures and fittings	95.5	90.4
Total	156.4	139.5
Depreciation by function		
Cost of goods sold	74.4	69.3
Selling expenses	72.3	62.5
Administrative expenses	9.7	7.7
Total	156.4	139.5

¹ Depreciation of intangible assets is recognised as selling expenses.

Note 5 Expenses by type of cost

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

Payroll expenses including social security expenses during the financial year totalled 1,641.6 MSEK (1,508.7) in the Group and 1,001.9 MSEK (931.2) in the Parent Company.

Depreciation during the financial year totalled 233.2 MSEK (209.5) in the Group and 156.4 MSEK (139.5) in the Parent Company.

Note 6 Expenses for employee benefits

	2014/15	2013/14
Salaries and other remuneration		
Parent Company	740.2	683.4
Subsidiaries	547.4	497.4
Group total	1,287.6	1,180.8

	2014/15		2013/14	
	Social security expenses	of which, pension expenses	Social security expenses	of which, pension expenses
Social security expenses				
Parent Company	261.7	45.8	247.8	45.1
Subsidiaries	92.3	25.3	80.1	22.5
Group total	354.0	71.1	327.9	67.6

Of the Parent Company's pension expenses, 3.0 MSEK (2.4) pertained to the group consisting of the Board, CEO and Deputy CEO. Of the subsidiaries' pension expenses, 0.9 MSEK (1.2) pertained to presidents of subsidiaries.

In the Group, expenses for defined-contribution pensions amounted to 59.9 MSEK (57.3) and defined-benefit pensions to 0.3 MSEK (0.2).

The Parent Company only has defined-contribution pension plans (including Alecta) for which the year's expenses was 34.9 MSEK (35.0). In the Parent Company, the year's expenses for special employer's contribution on pension premiums was 10.9 MSEK (10.1). For more information on the defined-benefit pension plans in the Group, refer to Note 19.

Remuneration of Board members, presidents and other senior executives

Parent Company	2014/15	2013/14
Salaries and other remuneration	33.7	28.5
– of which, variable remuneration	8.2	6.3
Pension expenses	6.6	5.6
Number of individuals in Group	17	18

Group	2014/15	2013/14
Salaries and other remuneration	41.3	34.9
– of which, variable remuneration	9.5	7.0
Pension expenses	7.5	6.8
Number of individuals in Group	21	22

Board remuneration

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

No director fees were paid in the subsidiaries.

	2014/15		2013/14	
	Director fees	Committee fees	Director fees	Committee fees
Board of Directors				
Anders Moberg, (Chairman until the 2014 AGM)	0.00	0.00	0.60	0.12
Kenneth Bengtsson, Chairman	0.63	0.12	0.30	0.00
Björn Haid, member	0.31	0.06	0.30	0.06
Urban Jansson, member	0.00	0.00	0.30	0.14
Cecilia Marlow, member	0.31	0.14	0.30	0.07
Katarina Sjögren Petrini, member	0.31	0.07	0.30	0.07
Göran Sundström, member	0.31	0.06	0.00	0.00
Sanna Suvanto-Harsaae, member	0.31	0.06	0.30	0.06
Edgar Rosenberger, member	0.31	0.07	0.30	0.06
Klas Balkow, member and CEO	0.00	0.00	0.00	0.00
Board total	2.52	0.59	2.70	0.58

Board member Klas Balkow received remuneration in his capacity of President and CEO of the company. At the 2014 Annual General Meeting, Göran Sundström was elected to the Board after Anders Moberg and Urban Jansson declined re-election.

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

Remuneration of Senior Management

Remuneration paid to the CEO and other members of Senior Management is made up of basic salary, variable remuneration and pension contributions. Eight individuals, together with the CEO and Deputy CEO, comprise Senior Management during the financial year.

For the composition of Senior Management at 30 April 2014, see pages 62-63 of the Annual Report.

	2014/15				2013/14			
	Basic salary	Vari. remun. STI	remu. LTI ¹	Bene-fits	Basic salary	Vari. remun. STI	remu. LTI ¹	Bene-fits
Salaries paid to Senior Management								
Klas Balkow, CEO ²	6.5	2.6	1.3	0.2	4.7	2.2	0.9	0.2
Deputy CEO	2.9	1.2	0.7	0.1	2.8	1.0	0.5	0.1
Other Senior Management (8 individuals, of whom 8 individuals in 2013/14)	13.0	4.4	2.0	0.7	11.4	3.1	1.7	0.7
Management total	22.4	8.2	4.0	1.0	18.9	6.3	3.1	1.0

¹ LTI (Long term incentive program) pertains to a reported cost for LTI 2012. LTI 2013 and LTI 2014. See page 76 for description of STI (Short term incentive program) and LTI.

² In spring 2014, the total remuneration for senior executives in relation to the market was reviewed with the support of external advisors. The outcome of this review was that the fixed remuneration for the CEO was adjusted.

	2014/15		2013/14	
	Defined-contribution	Defined-benefit	Defined-contribution	Defined-benefit
Pension expenses for Senior Management				
Klas Balkow, CEO		2.3	0.0	1.7
Deputy CEO		0.7	0.0	0.7
Other Senior Management (8 individuals, of whom 8 individuals in 2013/14)		3.6	0.0	3.2
Management total		6.6	0.0	5.6

Under the contract of employment with the CEO, the mutual period of notice is six months. Twelve months' salary is payable should employment be terminated by the company. Applicable salary and benefits are payable during the period of notice. The retirement age is 65, and the current pension contribution is equivalent to 2.3 MSEK (1.7).

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

Salaries and other remuneration for other Senior Management are decided by the CEO, supported by the Remuneration Committee within the framework decided by the Board.

Long-term incentive programmes LTI 2013 and LTI 2014 ¹

	LTI 2013			LTI 2014		
	Matching shares No. of series B-shares ²	No. of employee stock options ²	Target value MSEK ³	Matching shares No. of series B-shares ²	No. of employee stock options ²	Target value MSEK ³
CEO	5,187	51,870	1.0	3,325	33,250	1.2
Other members of Senior Management	12,975	129,750	2.5	8,835	88,350	3.2
Other participants	22,801	228,010	4.4	18,366	183,660	6.7
Total	40,963	409,630	7.9	30,526	305,260	11.2

¹ Initially, at the start of the programme, the participants acquired 42,358 and 30,526 shares under the frameworks of the LTI 2013 and LTI 2014 respectively.

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

³ The target value of the plan is calculated based on the fair value on the date of allotment. The share value on the date of allotment was 73.42 SEK (LTI 2013)/127.63 SEK (LTI 2014) and the fair value of the option was 11.87/23.94 SEK. To calculate the fair value of the options, the binomial model for option valuation was used. Valuation has been conducted using an initial share price of 85.74/139.63 SEK, an exercise price of 94.30/153.60 SEK, an expected dividend per share annually, an anticipated lifetime for the options of five years, an interest rate of 1.19 per cent /1.27 per cent, a volatility of 31.57 per cent /30.75 per cent and annual withdrawals of 5 per cent. Volatility is measured as the standard deviation for the expected return on the share price based on a statistical analysis of daily share prices during the past three years. The values were adjusted for the discounted value of future dividends.

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

Provisions for STI and LTI are posted continuously in the individual annual accounts. All members of Senior Management are entitled to annual pension contributions, primarily in accordance with the ITP plan. The retirement age is 65.

The gender distribution during the financial year among Senior Management of the Parent Company, and of the Group, is seven men and three women. In percentage terms, the distribution is thus 70 per cent male and 30 per cent female. The distribution in the preceding year was seven men and three women.

Further information on decision-making processes in the Group is presented on pages 52-59 of the annual report.

Remuneration principles

The general principles of remuneration for senior executives are to be based on the position held, individual performance, the Group's financial results and the remuneration being competitive in the country of employment. The combined remuneration of senior executives is to consist of basic salary, variable salary in the form of a short-term incentive based on annual performance objectives, long-term incentives based on multi-year performance, pension and other benefits. In addition, notice of termination and severance pay are subject to terms and conditions.

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

Basic salary

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

Variable remuneration (Short Term Incentive, STI)

In addition to basic salary, senior executives are to qualify for STI for performance that exceeds one or several predetermined performance levels during a financial year, designed to promote the company's long-term value creation. Clearly defined performance targets are to be decided annually by the Board or by individuals elected by the Board. The performance targets may be connected to operational, financial or personal results. Remuneration from the STI plan is subject to a ceiling, which means that Clas Ohlson can calculate maximum remuneration levels from the beginning. Insofar as performance does not match the lowest performance level, no STI will be paid. STI will depend on the position held and may not exceed 50 per cent of salary if the ceiling is achieved, which also represents the maximum outcome of STI. STI remuneration is also conditional upon the performance on which earnings are based being sustainable over time, and that Clas Ohlson is able to reclaim such remuneration that was paid due to information that later turned out to be obviously erroneous.

Long-term incentive programmes (Long Term Incentive, LTI)

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

Long-term incentive programmes that entitle employees to acquire shares are subject to AGM approval. The qualification period for LTI 2012, LTI 2013 and LTI 2014 were in effect during the financial year. The qualification period for LTI 2012 was concluded after the close of the financial year and LTI 2015 was launched. LTI 2012, LTI 2013, LTI 2014 and LTI 2015 are share matching and profit-based employee stock option plans.

Long-term incentive programmes

All ongoing long-term incentive programmes have been approved by one Annual General Meeting. The current programme covers up to 45 senior executives and other individuals deemed to be able to influence Clas Ohlson's development in the long-term.

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 is calculated at 110 per cent of the average of the volume-weighted average price paid for the series B Clas Ohlson share on the Nasdaq OMX Nordic Exchange Stockholm established for each day during a period of 10 trading days prior to the acquisition period. The exercise price for the LTI 2012, LTI 2013 and LTI 2014 has been set at 109.10 SEK, 94.30 SEK and 153.60 SEK. The options may be exercised not earlier than three years and not later than seven years from the date of allotment. For an option to be exercised, the holder must still be employed by the Clas Ohlson Group and have retained his/her personal investment for three years from the date of allotment. The option holdings do not provide entitlement to receive dividends on the underlying shares.

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

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

- Entry: 5 options per acquired series B share
- Target: 10 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.

The qualification and performance periods for the LTI 2012 were valid from 1 May 2012 until 30 April 2015. A total of 35,217 shares were allotted on 4 May, after the close of the financial year, in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period. The set criteria pertaining to the average sales and profit growth per share for the period 2012 to 2015 were partly achieved, which resulted in participants being allotted 9 options per share. The value of an option is 109.10 SEK. Participants of LTI 2009 and LTI 2011 were already entitled to exercise 7 and 7.6 options, respectively, per purchased share at an exercise price of SEK 98.10 and SEK 108.10, respectively.

It was not possible to exercise any of the options for LTI 2013 or LTI 2014 on 30 April 2015. The number that may be exercised after three years is based on the achievement of growth and profit targets in accordance with the above. The sum that is expensed is based on the level of 9 options per share for LTI 2012, 12 options per share for LTI 2013 and 10 options per share for LTI 2014.

In accordance with the above, LTI 2013 and LTI 2014 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 on page 75).

The total cost recognised in profit or loss for 2014/15 amounted to 13.7 MSEK (10.0), including social security contributions.

Share repurchase for LTI programmes

During 2012, 2013 and 2014, Clas Ohlson repurchased series B Clas Ohlson shares to fulfil the company's long-term obligations under the incentive programmes. Repurchased shares will be allotted, sold to participants or used for social security expenses.

Pensions and other benefits

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

Note 7 Remuneration to auditors

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Remuneration for audit engagement	2.0	2.5	1.2	1.4
Remuneration for audit related services	0.1	0.2	0.0	0.0
Tax consultations	0.0	0.6	0.0	0.4
Other	0.1	0.1	0.1	0.1
Total¹	2.2	3.4	1.3	1.9

¹ The Annual General Meeting decided in September 2013 to change auditor from PwC to Deloitte. Of the total for the previous year, 1.4 MSEK pertained to PwC and 2.0 MSEK to Deloitte.

Note 8 Financial income and expenses

Financial income is distributed as follows:

Group	2014/15	2013/14
Interest income	2.2	2.0
Group total	2.2	2.0

Parent Company	2014/15	2013/14
Interest income	1.9	1.8
Interest income, subsidiaries	1.2	4.5
Parent Company total	3.1	6.3

Financial expenses are distributed as follows:

Group	2014/15	2013/14
Interest expense	-1.0	-2.3

Parent Company	2014/15	2012/13
Interest expense	-0.9	-2.9
Interest expense, subsidiaries	-3.2	-3.1
Parent Company total	-4.1	-6.0

Note 9 Income tax

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Tax on profit for the year				
Income tax on profit for the year	-135.4	-107.6	-91.4	-68.3
	-135.4	-107.6	-91.4	-68.3
Deferred tax				
Deferred tax pertaining to temporary differences	-2.9	-17.2	1.7	0.0
	-2.9	-17.2	1.7	0.0
Total recognised tax expense	-138.3	-124.8	-89.7	-68.3
Reconciliation of applicable tax rate and effective rate				
Recognised profit before tax	597.2	530.2	516.2	301.6
Income tax calculated according to national tax rates pertaining to profit in each country (20-27%)	-137.0	-122.1	-113.6	-66.4
Tax effect of:				
Non-deductible expenses/non-recognised income	-0.8	-3.0	-0.4	-1.9
Effect of changed tax rates in foreign subsidiaries	0.0	1.5	0.0	0.0
Adjustment earlier taxation	0.0	-1.4	0.0	0.0
Tax-free dividend subsidiaries	0.0	0.0	24.3	0.0
Other	-0.5	0.2	0.0	0.0
Recognised tax expense	-138.3	-124.8	-89.7	-68.3
Applicable tax rate for income tax, %	22.9	23.0	22.0	22.0
Effective tax rate, %	23.2	23.5	17.4	22.7
Deferred tax items recognised directly in equity	0.0	0.0	0.0	0.0
Group			2014/15	2013/14
Recognised deferred tax assets and tax liabilities				
Equipment, tools, fixtures and fittings			0.0	-0.3
Inter-company profit in inventories			7.2	4.6
Allocations			7.3	6.1
Pension			1.5	0.3
Accelerated depreciation			-81.5	-85.9
Tax allocation reserves			-140.6	-126.0
Other			8.5	6.5
Total deferred tax assets (+) deferred tax liabilities (-), net			-197.6	-194.7
Deferred tax assets			10.4	6.8
Deferred tax liabilities			-208.0	-201.5

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

	Amount at start of year	Recognised in profit or loss	Amount at the end of year
Group 2014/15			
<i>Change in deferred tax in temporary differences during the year</i>			
Equipment, tools, fixtures and fittings	-0.3	0.3	0.0
Inter-company profit in inventories	4.6	2.6	7.2
Allocations	6.1	1.2	7.3
Pension	0.3	1.2	1.5
Accelerated depreciation	-85.9	4.4	-81.5
Tax allocation reserves	-126.0	-14.6	-140.6
Other	6.5	2.0	8.5
Total	-194.7	-2.9	-197.6
Group 2013/14			
<i>Change in deferred tax in temporary differences during the year</i>			
Equipment, tools, fixtures and fittings	-1.9	1.6	-0.3
Inter-company profit in inventories	-3.9	8.5	4.6
Allocations	6.5	-0.4	6.1
Pension	0.3	0.0	0.3
Accelerated depreciation	-77.5	-8.4	-85.9
Tax allocation reserves	-103.8	-22.2	-126.0
Other	2.7	3.8	6.5
Total	-177.4	-17.1	-194.7

A tax audit concerning transfer pricing was conducted in Norway. A decision was received from the Norwegian tax authority under which additional tax of 49 MNOK was charged for the years 2008 to 2010. The assessment is that this tax can be deducted against tax paid in Sweden, which is why no additional tax costs were taken into account in the Group.

Note 10 Earnings per share

	2014/15	2013/14
<i>Earnings per share before dilution</i>		
Profit for the year	458.9	405.4
Average number of shares before dilution	63.1	63.1
Earnings per share before dilution	7.27	6.42
<i>Earnings per share after dilution</i>		
Profit for the year	458.9	405.4
Average number of shares after dilution	63.4	63.2
Earnings per share after dilution	7.24	6.41

Earnings per share before and after dilution

The calculation of earnings per share has been based on profit for the year attributable to the Parent Company's shareholders, totalling 458.9 MSEK (405.4) and on a weighted average number of shares outstanding before and after dilution during both 2014/15 and 2013/14.

Note 11 Dividend per share

The dividends paid in 2014/15 and 2013/14 totalled 299.6 MSEK (4.75 SEK per share) and 268.1 MSEK (4.25 SEK per share). A dividend pertaining to 2014/15 of 5.25 SEK per share, totalling 344 MSEK, will be proposed at the Annual General Meeting to be held on 12 September 2015. The proposed dividend has not been recognised as a liability in these financial statements.

Note 12 Non-current assets

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
<i>Intangible assets</i>				
Capitalised IT and software costs				
Opening cost	165.3	126.2	165.3	126.2
Acquisitions for the year	69.3	40.9	69.3	40.9
Reclassifications	0.0	0.3	0.0	0.3
Sales and disposals	0.0	-2.1	0.0	-2.1
Closing accumulated cost	234.6	165.3	234.6	165.3
Opening depreciation	32.3	15.2	32.3	15.2
Depreciation for the year	31.3	20.1	31.3	20.1
Reclassifications	0.0	-2.6	0.0	-2.6
Sales and disposals	0.0	-0.4	0.0	-0.4
Closing accumulated depreciation	63.6	32.3	63.6	32.3
Closing residual value according to plan	171.0	133.0	171.0	133.0
Group				
Parent Company				
2014/15				
2013/14				
<i>Tangible assets</i>				
Land and buildings				
Opening cost	741.9	739.4	740.2	737.6
Acquisitions for the year	1.1	2.6	1.0	2.6
Reclassifications	14.5	0.0	14.5	0.0
Translation differences	0.1	-0.1	0.0	0.0
Closing accumulated cost	757.6	741.9	755.7	740.2
Opening depreciation	253.9	224.6	252.9	223.9
Depreciation for the year	29.9	29.3	29.6	29.0
Closing accumulated depreciation	283.8	253.9	282.5	252.9
Closing residual value according to plan	473.8	488.1	473.2	487.3
Carrying amount, land	6.5	6.5	6.5	6.5
Construction in progress				
Opening cost	17.2	0.0	17.2	0.0
Acquisitions for the year	0.0	16.2	0.0	16.2
Reclassifications	-17.2	1.0	-17.2	1.0
Closing accumulated cost	0.0	17.2	0.0	17.2

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Equipment, tools, fixtures and fittings				
Opening cost	1 634.9	1 540.6	977.4	919.8
Acquisitions for the year	122.0	112.5	44.9	75.8
Reclassifications	2.7	-1.3	2.7	-1.3
Sales and disposals	-28.1	-28.1	-13.0	-16.9
Translation differences	40.0	11.2	0.0	0.0
Closing accumulated cost	1,771.5	1,634.9	1,012.0	977.4
Opening depreciation	848.9	704.8	513.1	434.8
Acquisitions for the year	172.0	160.1	95.5	90.4
Reclassifications	0.0	2.6	0.0	2.6
Sales and disposals	-25.6	-24.2	-12.5	-14.6
Translation differences	21.1	5.6	0.0	0.0
Closing accumulated depreciation	1,016.4	848.9	596.2	513.1
Closing residual value according to plan	755.1	785.9	415.8	464.2

	Parent Company	
	2014/15	2013/14
Financial non-current assets		
Opening cost	212.4	233.9
Increase/decrease in non-current receivables	-1.3	-21.5
Closing accumulated cost	211.1	212.4
Fair value	211.1	212.4

Investment commitments

Contracted investments on the balance-sheet date not yet recognised in the financial statements total the following amounts:

	2014/15	2013/14	2014/15	2013/14
Land and buildings	0.2	0.0	0.2	0.0
Equipment, tools, fixtures and fittings	55.6	105.1	28.9	26.3

Note 13 Inventories

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Merchandise	1,569.3	1,348.2	1,067.4	884.0
Total	1,569.3	1,348.2	1,067.4	884.0
Cost of goods sold	4,181.9	3,905.3	4,056.5	3,772.7
Of which, obsolescence	28.3	2.0	22.5	1.4

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

Note 14 Accounts receivable

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Accounts receivable	26.2	21.2	18.8	14.8
Total	26.2	21.2	18.8	14.8
Fair value	26.2	21.2	18.8	14.8

Note 15 Prepaid expenses and accrued income

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Prepaid rent	76.0	93.0	44.0	41.2
Prepaid costs of materials	22.8	23.8	22.8	23.8
Other prepaid expenses	38.5	44.8	20.4	18.2
Total	137.3	161.6	87.2	83.2

Note 16 Cash and cash equivalents

Group	2014/15	2013/14
Cash and bank balances	517.4	358.3
Group total	517.4	358.3

At the end of the year, utilised overdraft facilities in the Group, which are not included in cash and cash equivalents, totalled 0 MSEK (0), refer to Note 20.

Unutilised overdraft facilities in the Group, which are not included in cash and cash equivalents, amounted to 650.0 MSEK (350.0).

Note 17 Forward contracts

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

Currency	Carrying amount and fair value		Nominal amount		Average remaining term in months. ¹	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Sell/buy						
NOK/SEK	-4.8	-2.8	160.0	81.1	2.2	1.5
NOK/USD	-20.7	-2.5	342.8	130.6	3.2	1.4
USD/SEK	-1.1	0.0	18.3	0.0	5.8	0.0
Total	-26.6	-5.3	521.1	211.7	3.7	1.5

¹ Maturity ranges from 7 May - 16 July for USD/NOK and 7 May - 21 July for NOK/SEK, as well as 21 Oct - 28 Oct for USD/SEK. In the preceding year, the maturity ranges were from 8 May - 23 July for USD/NOK and 8 May - 16 July for NOK/SEK. The policy for hedging was amended compared with the preceding year. See Note 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 2 in the fair value hierarchy according to IFRS 13.

Forward contracts with negative market values totalled 26.6 MSEK (5.3), which was recognised in the item Other current liabilities. Forward contracts with positive market values amounted to 0.0 MSEK (0.0), which was recognised in the item Other current receivables.

Deferred tax of 5.9 MSEK (-1.2) was taken into account and the remaining fair value of 20.8 MSEK (-4.1) was recognised in the hedging reserve within equity.

Note 18 Equity

The total number of ordinary shares is 65,600,000 (2014/15: 65,600,000) with a quotient value of 1.25. The number of series A shares is 5,760,000, while the number of series B shares is 59,840,000. Each series A share carries ten votes, while each series B share carries one vote. All issued shares are fully paid up. The company has outstanding stock option plans, whose outcome was hedged through the repurchase of 2,383,939 series B shares. The number of shares outstanding at the end of the year was 63,216,061 (63,140,994). The average number of shares before and after dilution is reported in Note 10.

The Group's reserves contain translation differences of negative 55.1 MSEK (neg: 80.5), and hedging reserve of negative 19.3 MSEK (neg: 2.7).

Note 19 Pension obligations

The Group has defined-benefit occupational pension plans for only a few formerly employed salaried employees. The following tables provide an overview of the items included in the net expense for the remuneration recognised in the consolidated income statement for the Group's defined-benefit pension plans. The amounts for the pension plans are also recognised in the consolidated balance sheet. For more information, refer to page 72.

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

	2014/15	2013/14
At the start of the year	0.0	0.2
Exchange-rate differences	0.0	-0.1
Total expense recognised in profit or loss	0.3	0.2
Contributions paid	-0.3	-0.3
At the end of the year	0.0	0.0

Recognised provision at end of the financial year:

	2014/15	2013/14
Present value of funded obligations	7.6	6.9
Fair value of plan assets	-8.7	-8.0
Non-recognised actuarial gains/losses	1.9	1.1
Asset/liability in balance sheet	0.8	0.0

Defined-contribution plans

Defined-contribution plans exist in Sweden, Norway and Finland. Payments to these plans are made continuously according to the rules of each plan.

	2014/15	2013/14
Group	59.9	57.3
Parent Company	34.9	35.6

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations retirement and family pensions are insured on the basis of insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3 Classification of ITP plans financed by insurance in Alecta, this is a multi-employer defined-benefit plan. For the current financial year, the company did not have access to information to recognise its proportionate share of the plan's obligations, plan assets and expenses, which entails that the plan cannot be recognised as a defined-benefit plan. The ITP 2 pension plan insured through insurance with Alecta is therefore recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pensions are individually calculated and depend on such factors as salary, previously earned pension and expected remaining service period. The expected contributions for the next reporting period for ITP 2 insurance policies taken out with Alecta amount to 9.5 MSEK (9.0).

The collective funding ratio comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 155 per cent. If Alecta's collective funding ratio falls below 125 per cent or exceeds 155

per cent, measures are to be taken to create the conditions for returning the collective funding ratio to the normal interval. In the event of a low collective funding ratio, a measure could be raising the contracted price for new policies and expanding existing benefits. In the event of a high collective funding ratio, a measure could be introducing premium reductions. At the end of 2014, Alecta's surplus in the form of the collective funding ratio was 143 per cent (148).

Note 20 Financial instruments

Financial instruments per category

Assets 30 April 2015	Level	Loan receivables and accounts receivable	Derivatives for hedging purposes	Total
Accounts receivable	2	26.2	0.0	26.2
Cash and cash equivalents	2	517.4	0.0	517.4
Total		543.6	0.0	543.6

Liabilities 30 April 2015	Level	Derivatives for hedging purposes	Other financial liabilities	Total
Derivative instruments	2	26.6	0.0	26.6
Accounts payable and other liabilities	2	0.0	674.1	674.1
Total		26.6	674.1	700.7

Assets 30 April 2014	Level	Loan receivables and accounts receivable	Derivatives for hedging purposes	Total
Accounts receivable	2	21.2	0.0	21.2
Cash and cash equivalents	2	358.3	0.0	358.3
Total		379.5	0.0	379.5

Liabilities 30 April 2014	Level	Derivatives for hedging purposes	Other financial liabilities	Total
Derivative instruments	2	5.3	0.0	5.3
Accounts payable and other liabilities	2	0.0	596.6	596.6
Total		5.3	596.6	601.9

Fair value measured according to the three levels below:

Level 1: Listed prices in an active marketplace.

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

Level 3: Valuation model mainly based on own assumptions.

Financial liabilities

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Accounts payable	591.3	545.8	525.6	484.8
Other current liabilities	82.9	50.8	28.3	17.5
Total	674.1	596.6	553.9	502.3
Fair value	674.1	596.6	553.9	502.3

The average period of credit is 46 days (45 days) for accounts payable and 19 days (19 days) for other current liabilities.

All bank loans and overdraft facilities are denominated in SEK. During the current financial year, the Parent Company did not have any bank loans. At the end of the financial year, the Parent Company had concluded its loan commitments to SEB and partly to Nordea. A new overdraft facility of 300 MSEK is available at DNB Bank ASA.

The overdraft facility in the cash pool carries floating interest rates. During the year, the average interest rate was 0.90 per cent. Collateral for bank loans consisted of the reporting of financial covenants. The credit limit on the overdraft facilities totalled 350 MSEK (350). The Group's total overdraft facilities amounted to MSEK 650 (350).

The Parent Company's credit is included in a cash pool for the Group in which utilised credit totalled 0.0 MSEK (0.0). 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	
	2014/15	2013/14	2014/15	2013/14
Accrued payroll expenses	117.9	108.4	71.1	61.4
Accrued holiday pay expenses	174.5	159.1	101.0	92.6
Accrued social security contributions	107.3	101.7	79.7	70.6
Other items	141.6	114.0	59.1	50.8
Total	541.3	483.2	310.9	275.4

Note 22 Other provisions

Pertains to provisions for guarantee commitments, unredeemed gift cards, open purchase and estimated bonus points to customer club members, which are all expected to be utilised during the subsequent financial year. The provision for estimated future guarantee commitments is equivalent to the guarantee expenses for the year with respect to the length of the warranty period.

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Guarantee commitments				
Opening provisions	9.2	10.2	5.4	6.2
Utilised during the year	-9.2	-10.2	-5.4	-6.2
Allocated during the year	9.0	9.2	5.3	5.4
Total	9.0	9.2	5.3	5.4
Open purchase, unredeemed gift cards and bonus points				
Opening provisions	34.9	19.0	26.0	12.0
Utilised during the year	-34.9	-19.0	-26.0	-12.0
Allocated during the year	48.4	34.9	35.8	26.0
Total	48.4	34.9	35.8	26.0
Total provisions	57.4	44.1	41.1	31.4

Gift cards

When purchasing Clas Ohlson's gift cards in stores or via online shopping, the entire amount is recognised as a provision and recognised as income only when the gift card has been used in a store or has expired.

Open purchase and complaints

Clas Ohlson offers its customers open purchase for 90 days and the right to complain about unsatisfactory purchases for up to ten years after the purchase. Most of the returns occur during the week following the purchase. Every month, sales and cost of goods sold are adjusted taking into account the estimated proportion of returns.

Club Clas

Members of the Clas Ohlson's loyalty programme, Club Clas, receive bonus cheques in various amounts depending on the amount of purchases the customer made at Clas Ohlson. The cheques are distributed continuously and are valid for six months. All issued bonus cheques are not redeemed which is why each sale in the loyalty programme is reduced by the fair amount with respect to future redemption of bonus cheques, considering the current degree of redemption.

Note 23 Inter-Group transactions

Of the Parent Company's invoiced sales, intra-Group sales accounted for 2,439.5 MSEK (2,220.0). Of this sum, 1,978.8 MSEK (1,841.0) related to sales to Clas Ohlson AS in Norway, 418.7 MSEK (362.1) to sales to Clas Ohlson Oy in Finland and 42.0 MSEK (16.9) to sales to Clas Ohlson Ltd in the UK. No purchases were made from subsidiaries.

Note 24 Participations in Group companies

All of the subsidiaries are wholly owned and, with the exception of the Company in Germany, the opening balance is the same as the closing balance.

The subsidiary Clas Ohlson AS in Norway, with corporate registration number NO 937402198 and registered office in Oslo; 10,000 shares with a quotient value of NOK 100. Shareholding 100 per cent. Carrying amount 50,475 NOK (50,475).

The subsidiary Clas Ohlson Oy in Finland, with corporate registration number FI 1765891-7 and registered office in Helsinki; 500,000 shares with a quotient value of 1 EUR. Shareholding 100 per cent. Carrying amount 4.7 MSEK (4.7), of which the value of shareholder contributions was 0 MSEK (0).

The subsidiary Clas Ohlson Ltd in the UK, with corporate registration number 6298382, 300,000 shares with a quotient value of 1 GBP. Shareholding 100 per cent. Carrying amount 4.0 MSEK (4.0).

The subsidiary Clas Ohlson Ltd in Shanghai, with corporate registration number 3110000400574190, 1,500,000 shares with a quotient value of USD 1. Shareholding 100 per cent. Carrying amount 11.3 MSEK (11.3).

The subsidiary Clas Ohlson GmbH in Germany, with corporate registration number HRB 130004, 1 share with a quotient value of 100,000 EUR. Shareholding 100 per cent. Carrying amount 1.8 MSEK (0.2).

Note 25 Appropriations

Parent Company	2014/15	2013/14
<i>The difference between recognised depreciation and depreciation according to plan:</i>		
– equipment, tools, fixtures and fittings	19.1	-39.2
– land and buildings	1.0	1.0
<i>Provision for tax allocation reserves</i>		
Provisions for the year	-66.4	-101.0
Parent Company total	-46.3	-139.2

Note 26 Cash and bank balances

Parent Company	2014/15	2013/14
Cash and bank balances	442.5	281.5
Parent Company total	442.5	281.5

Unutilised Group overdraft facilities, which are not included in cash and cash equivalents, totalled 650.0 MSEK (350.0).

Note 27 Untaxed reserves

Parent Company	2014/15	2013/14
<i>Accumulated difference between recognised depreciation and depreciation according to plan:</i>		
– equipment, tools, fixtures and fittings	367.6	386.8
– land and buildings	2.9	3.8
<i>Provision for tax allocation reserve</i>		
Tax 2010	-	71.6
Tax 2011	158.0	158.0
Tax 2012	63.0	63.0
Tax 2013:1	107.0	107.0
Tax 2013:2	72.0	72.0
Tax 2014	101.0	101.0
Tax 2015	138.0	-
Parent Company total	1,009.5	963.2

Note 28 Pledged assets

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Cash and cash equivalents	16.9	14.6	0.0	0.0
Total pledged assets	16.9	14.6	0.0	0.0

The company has no collateral for own obligations pertaining to currency forward contracts. Regarding contracted overdraft facilities, the company's reports financial covenants, for which the company met the terms and conditions by a healthy margin. At year-end, utilised overdraft facilities totalled 0.0 MSEK (0.0) in the Group and Parent Company. During the year, unutilised overdraft facilities amounted to 650 MSEK (350) in the Group and Parent Company.

Note 29 Contingent liabilities and commitments

Parent Company	2014/15	2013/14
<i>Contingent liabilities, Parent Company</i>		
Guarantee in favour of Group companies pertaining to future rental commitments	325.6	287.7

Parent Company 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 2015 was five years.

Contracted leases were calculated according to rent levels for 2015.

	2014/15	2013/14			
Rents and lease payments in financial year	272.6	260.6			
	2015/16	2016/17	2017/18	2018/19	2019–
Contracted future rents	251.1	237.7	213.8	196.3	489.9

The Group has no contingent liabilities.

Group 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 2015 was five years.

Contracted leases were calculated according to rent levels for 2015.

Group	2014/15	2013/14			
Rents and lease payments in financial year	711.2	661.5			
	2015/16	2016/17	2017/18	2018/19	2019–
Contracted future rents	694.5	654.2	555.0	460.0	1,135.6

Note 30 Related-party transactions

The number of shareholders in the company totalled 27,933. The major shareholders are Clas Ohlson's descendants Helena Ek-Tidstrand, Björn Haid, Peter Haid, Claus-Toni Haid and Johan Tidstrand, who hold 39 per cent of the capital and 66 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. During the financial year, Board member Edgar Rosenberger invoiced consulting fees of 0.6 MSEK (0.5). For further description, refer to the corporate governance report, page 52-59.

Note 31 Average number of employees

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Total Sweden	1,544	1,471	1,544	1,471
– of whom, women	(661)	(618)	(661)	(618)
Total Norway	706	677		
– of whom, women	(273)	(257)		
Total Finland	257	246		
– of whom, women	(116)	(116)		
Total UK	179	185		
– of whom, women	(92)	(93)		
Total China	50	50		
– of whom, women	(25)	(36)		
Totalt	2,736	2,629	1,544	1,471
– of whom, women	1,167	1,120	661	618

The average number of employees is based on the total number of hours worked in relation to total annual working time.

Note 32 Segment reporting

Clas Ohlson has the following segments: Sweden, Norway, Finland and Outside Nordic countries as well as Group-wide. The Group-wide segment pertains to the Group-wide functions that assist sales organisations with purchasing, distribution, marketing, management and other support. A large portion of the Group's value is generated in the Group-wide segment. The Group's internal pricing was adapted to these prerequisites. Transactions between Group-wide and the sales organisations consist primarily of deliveries and payment for goods, internal invoicing of services rendered and interest on Group-wide loans. The income measure recognised per segment consists of operating profit. Clas Ohlson has no customers that individually account for more than 10 per cent of the Group's sales.

	2014/15	2013/14
Sales per segment		
Sweden	3,294.6	3,167.3
Norway	2,934.0	2,696.7
Finland	746.7	658.3
Outside Nordic countries	354.5	285.4
Group-wide	2,439.5	2,220.0
Eliminations of sales to other segments	-2,439.5	-2,220.0
Total	7,329.8	6,807.7
Operating profit per segment		
Sweden	135.2	122.8
Norway	123.6	108.3
Finland	22.9	15.6
Outside Nordic countries	13.1	9.9
Group-wide	301.2	273.9
Total	596.0	530.5
Assets per segment		
Sweden	794.3	718.6
Norway	570.0	513.7
Finland	177.7	183.5
Outside Nordic countries	187.6	213.2
Group-wide	1,493.7	1,381.0
Total	3,223.3	3,010.0

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

Investment and depreciation per segment

	Investments		Depreciation	
	2014/15	2013/14	2014/15	2013/14
Sweden	22.5	36.5	36.8	35.0
Norway	60.5	29.5	43.6	41.8
Finland	8.6	5.7	13.1	12.5
Outside Nordic countries	7.8	1.0	24.4	21.9
Group-wide ¹	92.9	99.1	115.3	98.3
Total	192.3	171.7	233.2	209.5

¹Investments in intangible assets amounted to 69.3 MSEK (40.9).

Depreciation attributable to intangible assets amounted to 31.3 MSEK (20.1).

Note 33 Events after the end of the period

Sales in May

Sales in May increased 8 per cent to 554 MSEK (512). In local currencies, sales rose 7 per cent. Compared with the same month in the preceding year, 13 new stores (9) were added and the total number of stores on 31 May 2015 was 198 (185).

Sales in May were distributed as follows:

	May 2015	May 2014	Percentage Change, SEK	Percentage Change, local currency
Sweden	250	243	+ 3	+ 3
Norway	223	195	+ 14	+ 14
Finland	54	50	+ 9	+ 6
Outside Nordic countries	28	24	+ 16	+ 1
Total	554	512	+ 8	+ 7

Clas Ohlson is reviewing and optimising existing store network in the UK. As a consequence the Birmingham store will close in August 2015, with a closing cost of around 10 MSEK in the first quarter as a result, which is expected to be balanced out during 2015/16. We also announced today that in September 2015 we will open a new store in our new smaller format in St Albans just outside London as a first step in the continued expansion in the UK market.

Clas Ohlson is preparing for establishing operations in the German market with retail stores and online shopping, and will open its first three German stores in Hamburg beginning in the summer of 2016. Contracts have been signed with regard to a store on one of the most popular shopping streets in Hamburg's city center, a shop located in the popular city district of Altona and one store located in Hamburg's largest shopping mall in the district Alstertal.

The qualification and performance periods for the LTI 2012 were valid from 1 May 2012 until 30 April 2015. A total of 35,217 shares were allotted on 4 May, after the close of the reporting period, in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period.

Following the end of the qualification period, the Board of Directors resolved to award 9 options per purchased share (5-15 options in cases of target fulfilment), based on established criteria for sales and profit growth. A total of 316,953 options were awarded. The employee stock options were exercisable as of 15 June 2015 but not later than 26 April 2019, and entitle participants to purchase Clas Ohlson shares at the price of 109.10 SEK per share.

In May 2015, the long-term incentive plan LTI 2015 was introduced, following the same structure as previously implemented LTI plans. The exercise price for the conditional employee stock options is set at 144.80 SEK per share, with exercise possible, following the three-year qualification period, between June 2018 and April 2022.

On 13 September 2014, the Annual General Meeting of Clas Ohlson AB authorised the Board of Directors to acquire a maximum of 860,000 shares during the period until the next Annual General Meeting to secure the company's commitment in connection with the introduction of a share-based incentive programme, LTI 2015. The total number of shares required to secure the undertaking for LTI 2015 is estimated at 670,000. Part of the undertaking for LTI 2015 may be secured through the use of shares (340,000) that were bought back to secure LTI 2012, where matching shares and options have been allotted after expiration of three-year performance period, and shares bought back for LTI 2013 where the need has been recalculated taking into account participants no longer employed (20,000).

The Board of Directors has decided to use the authorisation received from the AGM to buy back the remaining 310,000 shares required to secure the company's obligation in respect of LTI 2015. Acquisition will be conducted via Nasdaq OMX Nordic Exchange Stockholm during the period up until the 2015 AGM, at a price within the quoted price span. As per 30 April 2014, the company's holding of Clas Ohlson shares amounted to 2,383,939 shares, corresponding to 4 per cent of the total number of registered shares.

Certification of the Annual Report

The consolidated financial statements have been prepared in accordance with the IFRS standards as adopted by the EU and provide a true and fair view of the Group's financial position and results of operations. The financial statements have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the Parent Company's financial position and results of operations. The Directors' Report for the Group and Parent Company provides a fair overview of the development of the Group's and Parent Company's operations, financial position and earnings, and also describes material risks and uncertainties facing the Parent Company and companies included in the Group.

Insjön 2015-06-25

Kenneth Bengtsson

Chairman of the Board

Björn Haid

Cecilia Marlow

Edgar Rosenberger

Katarina Sjögren Petrini

Sanna Suvanto-Harsaae

Göran Sundström

Klas Balkow

Chief Executive Officer

Henrik Andersson

Employee representative (Unionen)

Lars Zwetsloot

Employee representative (Handels)

Our audit report was submitted on 1 July 2015

Deloitte AB

Kent Åkerlund

Authorised Public Accountant

The balance sheets and income statements are to be adopted at the Annual General Meeting on 12 September 2015.

Auditor's report

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Clas Ohlson AB (publ) for the financial year 2014-05-01 – 2015-04-30. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 43-84.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 April 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A Corporate Governance Report has been prepared. The statutory administration report and the Corporate Governance Report are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Clas Ohlson AB (publ) for the financial year 2014-05-01 – 2015-04-30.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Insjön 1 July 2015

Deloitte AB

Kent Åkerlund

Authorized Public Accountant

The 2014 Annual General Meeting of Clas Ohlson

In line with tradition, the 2014 Annual General Meeting of Clas Ohlson was held at the distribution centre in Insjön, Sweden. With 1,906 registered attendants, the AGM is one of Sweden's largest, if not the largest. Our shareholders learnt about our new products, which were demonstrated at the exhibition. Our workshops and spare parts department also presented their activities.



The Clas Ohlson share

Clas Ohlson's series B share has been listed on Nasdaq OMX Stockholm since 1999. The share is included in the Consumer Services sector index. During the financial year, the rate remained unchanged compared with the preceding year. Clas Ohlson's total market capitalization amounted to 9.4 billion SEK (9.4) calculated on the most recent share price of 143 SEK paid for the share on 30 April 2015.

Share trend

The Clas Ohlson share remained unchanged compared with the preceding period, while the SIX General Index rose 21 per cent. The total return for the share, including re-invested dividends, amounted to 3.3 per cent.

The highest price paid was 152.50 SEK, recorded in May 2014, while the lowest price paid was 111 SEK, recorded in October 2014.

Share turnover

During the financial year, 26,066,241 Clas Ohlson shares were traded, representing a turnover rate of 40 per cent.

Share capital

The share capital of Clas Ohlson at the end of the financial year totalled 82 MSEK, comprising 5,760,000 series A shares and 59,840,000 series B shares, each with a quotient value of 1.25. Each series A share carries ten votes, while each series B share carries one vote. All shares carry equal rights to payment of dividends. Holders of series A shares can request that their A shares be converted to series B shares.

Treasury shares

The number of registered shares amounted to 65,600,000, of which 2,383,939 shares (2,459,006) were held by the company at the end of the financial year. At the end of the period, the number of shares outstanding, net after buy-back, was 63,216,061.

To safeguard the company's commitment regarding conditional matching shares and employee stock options in connection with LTI 2014, Clas Ohlson bought back 100,000 shares during the first quarter 2014/15 for a total of 14 MSEK at an average price of approximately 137 SEK per share.

Included in Sustainability Index

The Clas Ohlson share is included in the Nasdaq OMX Sustainability Index, which serves as a guide for sustainable investments.



Shareholding structure

On 30 April 2015, the company had a total of 27,993 shareholders (24,975). Non-Swedish owners accounted for 33 per cent (34) of the capital and 34 per cent (34) of the votes.

The Swedish ownership is dominated by private individuals and companies, owning 40 per cent (38) of the capital, while institutions own 28 per cent (28).

Dividend policy and dividend

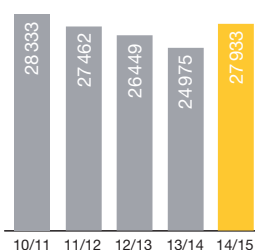
Clas Ohlson's dividend policy is that the dividend is to comprise at least 50 per cent of earnings per share after tax, with consideration for the company's financial position.

The Board of Directors proposes that a dividend of 5.25 SEK (4.75) per share be paid for 2014/15. The proposed dividend totals 344 MSEK (312), which represents 75 per cent (77) of the financial year's net profit.

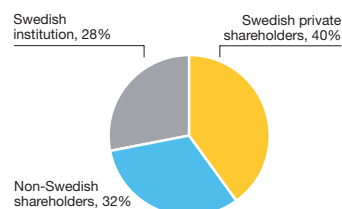
Share data

Listing:	Nasdaq OMX Nordic Mid Cap
Ticker:	Clas B
Industry:	Consumer Services
ISIN code:	SE0000584948

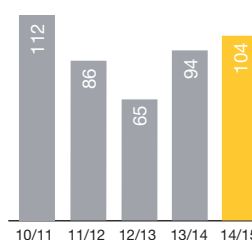
Number of shareholders



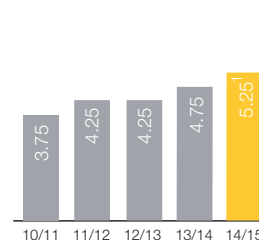
Shareholder categories, %



Average daily trading, thousands

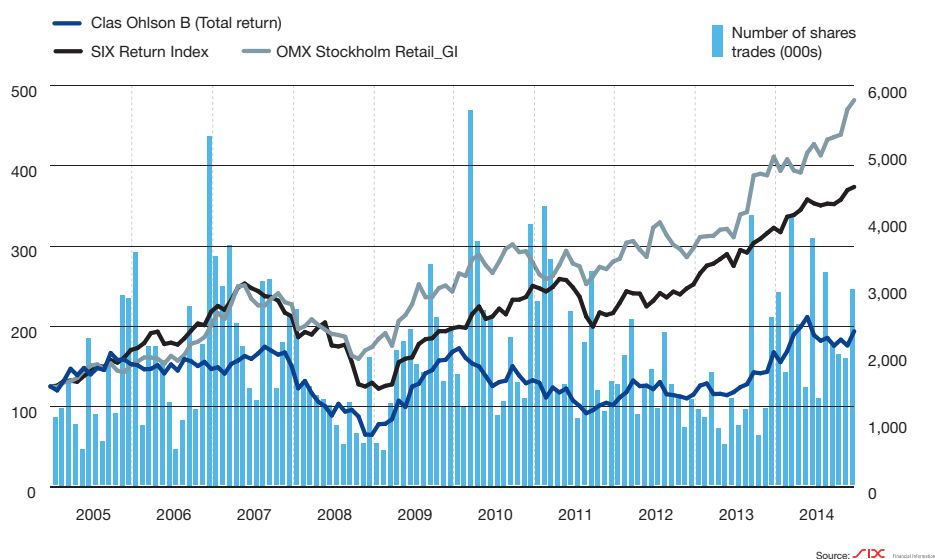
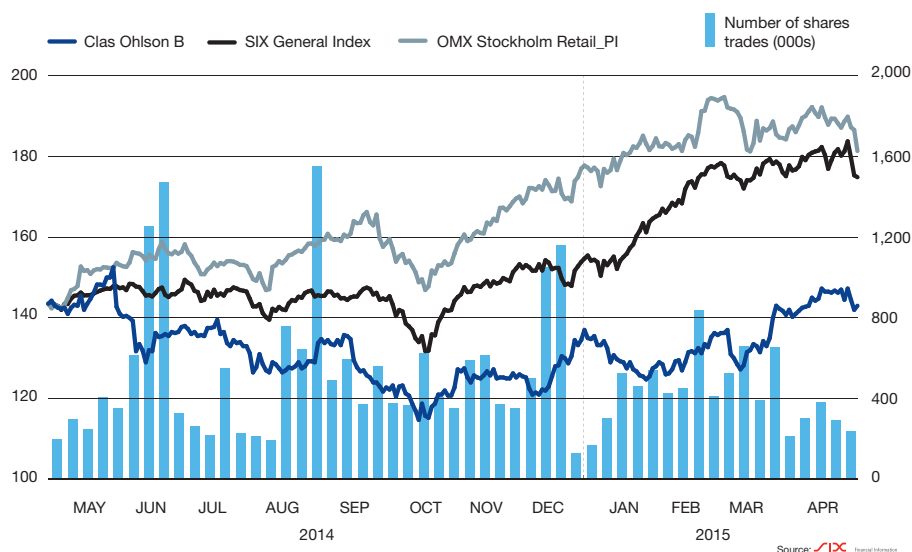


Dividend per share, SEK



1 Proposed dividend

The Clas Ohlson-share price and turnover trend 2014/15

Data per share ¹

	2014/15	2013/14	2012/13	2011/12	2010/11
Average number of shares before dilution, million	63.1	63.1	63.3	63.6	63.8
Earnings per share before dilution, SEK	7.27	6.42	5.23	6.29	5.71
Comprehensive income per share, SEK	7.41	6.41	6.78	6.75	4.79
Cash flow per share, SEK ²	10.25	10.91	8.17	15.16	5.49
Equity per share, SEK	33.92	31.12	29.02	28.98	26.01
Share price at 30 April, SEK	143	143	87	99	98
Dividend per share, SEK	5.25 ³	4.75	4.25	4.25	3.75
P/E- ratio, multiple	20	22	17	16	17
Dividend yield, %	3.7	3.3	4.9	4.3	3.8
Payout ratio, %	72	74	81	68	66
Total return, %	3	69	-8	5	-21

¹ See key ratio definitions on page 91.² From the operating activities.³ Proposed dividend.

Trend in share capital

Year	Transaction	Additional shares	Accumulated number of shares	Total share capital
1994			48,000	4,800,000
1999	Split 10:1	432,000	480,000	4,800,000
1999	Bonus issue	6,720,000	7,200,000	72,000,000
1999	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

Major shareholders¹

Shareholder	Number of series A shares	Number of series B share	Percentage of capital	Percentage of votes
Helena Ek Tidstrand	1,368,060	6,179,828	11.5	16.9
Johan Tidstrand	1,368,060	1,290,000	4.1	12.7
Björn Haid	1,007,960	4,732,834	8.8	12.6
Claus-Toni Haid	1,007,960	3,793,983	7.3	11.8
Peter Haid	1,007,960	3,785,243	7.3	11.8
Nordea Investment Funds		3,300,124	5.0	2.8
IF Skadeförsäkring		3,114,337	4.7	2.7
Swedbank Robur fonder		1,998,000	3.0	1.7
AFA Försäkring		1,402,111	2.1	1.2
Anders Moberg		1,400,000	2.1	1.2
Other shareholders		28,843,540	44.1	24.6
Total	5,760,000	59,840,000	100.0	100.0

Shareholder categories¹

Shareholder	Number of series A shares	Number of series B shares	Percentage of capital	Percentage of votes
Swedish private individuals	3,744,080	22,301,743	39.7	50.9
Swedish institutions		18,128,668	27.6	15.4
Non-Swedish owners	2,015,920	19,409,589	32.7	33.7
Total	5,760,000	59,840,000	100.0	100.0

Shareholding structure¹

Size interval	Number of shares	Percentage	Number of shareholders
1–500	3,128,544	4.8	21,951
501–1,000	2,987,577	4.6	3,703
1,001–5,000	4,060,106	6.2	1,887
5,001–10,000	1,394,571	2.1	189
10,001–20,000	1,274,816	1.9	86
20,001–100,000	3,712,824	5.7	79
100,001–500,000	9,454,541	14.4	45
500,001–	41,374,225	60.3	19
Total	65,600,000	100.0	27,933

¹ at 30 April 2015

Quarterly results

MSEK	2014/15				2013/14			
	Q1 1 May 2014 –31 Jul 2014	Q2 1 Aug 2014 –31 Oct 2014	Q3 1 Nov 2014 –31 Jan 2015	Q4 1 Feb 2015 –30 Apr 2015	Q1 1 May 2013 –31 Jul 2013	Q2 1 Aug 2013 –31 Oct 2013	Q3 1 Nov 2013 –31 Jan 2014	Q4 1 Feb 2014 –30 Apr 2014
Sales	1,642.2	1,814.4	2,374.9	1,498.3	1,506.5	1,677.7	2,237.6	1,385.9
Cost of goods sold	–977.5	–1,001.1	–1,325.8	–877.5	–878.5	–952.0	–1,258.9	–815.9
Gross profit	664.7	813.3	1,049.1	620.8	628.0	725.7	978.7	570.0
Selling expenses	–516.4	–611.0	–648.1	–586.1	–491.8	–552.6	–598.5	–545.2
Administrative expenses	–45.9	–49.7	–48.8	–44.2	–43.6	–46.5	–48.1	–40.4
Other operating income/expenses	–0.5	–1.2	–1.8	1.8	–0.3	–0.8	–1.7	–2.4
Operating profit/loss	101.9	151.4	350.4	–7.7	92.3	125.8	330.4	–18.0
Net financial items	0.2	0.2	0.4	0.4	–0.3	–0.4	0.4	0.0
Profit before tax	102.1	151.6	350.8	–7.3	92.0	125.4	330.8	–18.0
Income tax	–24.0	–35.8	–81.1	2.6	–22.8	–31.1	–76.7	5.8
Profit/loss for the period	78.1	115.8	269.7	–4.7	69.2	94.3	254.1	–12.2
KEY RATIOS FOR THE PERIOD								
Gross margin, %	40.5	44.8	44.2	41.4	41.7	43.3	43.7	41.1
Operating margin, %	6.2	8.3	14.8	–0.5	6.1	7.5	14.8	–1.3
Earnings per share before dilution, SEK	1.24	1.84	4.27	–0.07	1.09	1.49	4.03	–0.19
Earnings per share after dilution, SEK	1.23	1.83	4.27	–0.07	1.09	1.49	4.02	–0.19

Comments to the quarterly results

One new store (4) were opened during the first quarter 2014/15. Six new stores (3) were opened during the second quarter. In the third quarter, four new stores (1) was opened. Two new stores (3) were opened during the fourth quarter.

Seasonal fluctuations

Clas Ohlson's market and operations have seasonal fluctuations where the third quarter (November–January) is generally the strongest quarter of the financial year, followed by the first and second quarters and finally the fourth quarter, which is weakest in terms of sales and profits. See the above table with sales and earnings per quarter.

Definitions

Capital employed

The balance-sheet total less non-interest-bearing liabilities.

Cash flow from operating activities

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

Cash flow from operating activities per share

Cash flow from operating activities in relation to the average number of shares before dilution.

Comparable units

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

Comprehensive income per share

Comprehensive income in relation to the average number of shares before dilution.

Earnings per share (before and after dilution)

Profit for the period in relation to number of shares (before and after dilution).

Equity/assets ratio

Equity at the end of the period expressed as a percentage of the balance-sheet total.

Equity per share

Equity in relation to the number of shares outstanding at the end of the period.

Gross margin

Gross profit expressed as a percentage of net sales for the period.

Operating margin

Operating profit expressed as a percentage of net sales for the period.

Payout ratio

Dividend expressed as a percentage of earnings per share before dilution.

P/E ratio

Share price at year-end in relation to earnings per share.

Return on capital employed

Operating profit plus financial income expressed as a percentage of average capital employed.

Return on equity

Net profit for the period expressed as a percentage of average equity.

Sales growth

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

Sales per square metre

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

Total return

Total of share-price changes including re-invested dividends.

Working capital

The total of current assets, excluding cash and cash equivalents, less current non-interest-bearing liabilities.

Yield

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

Ten-year summary

MSEK	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
INCOME STATEMENT						
Sales	7,329.8	6,807.7	6,518.9	6,260.0	5,828.0	5,555.8
Operating profit	596.0	530.5	430.6	560.6	507.1	590.5
Profit before tax	597.2	530.2	419.9	551.0	499.0	588.2
Income tax	-138.3	-124.8	-88.4	-150.5	-134.6	-155.4
Profit for the year	458.9	405.4	331.5	400.5	364.4	432.8
BALANCE SHEET						
Non-current assets	1 399.9	1 424.2	1 461.6	1 515.0	1 469.5	1 365.5
Non-current receivables	11.6	8.1	3.2	3.5	10.9	1.0
Inventories	1,569.3	1,348.2	1,303.9	1,228.7	1,429.2	1,204.1
Current receivables	242.5	229.5	214.9	197.5	176.7	173.4
Cash and cash equivalents	517.4	358.3	124.6	111.8	132.6	98.8
Total assets	3,740.7	3,368.3	3,108.2	3,056.5	3,218.9	2,842.8
Equity	2,144.5	1,964.9	1,836.5	1,843.8	1,656.8	1,646.1
Non-current liabilities, interest-bearing	-	-	-	-	300.0	100.0
Non-current liabilities, non-interest-bearing	213.3	206.5	185.7	195.7	165.9	90.3
Current liabilities, interest-bearing	-	-	-	30.0	261.7	171.4
Current liabilities, non-interest-bearing	1,382.9	1,196.9	1,086.0	987.0	834.5	835.0
Total equity and liabilities	3,740.7	3,368.3	3,108.2	3,056.5	3,218.9	2,842.8
CASH FLOW						
Cash flow from operations	647.3	689.1	517.8	964.9	350.3	602.8
Investments	-192.3	-171.8	-166.5	-206.1	-295.3	-315.8
Cash flow after investments	455.0	517.3	351.3	758.8	55.0	287.0
Financing activities	-298.9	-283.6	-334.4	-781.5	-6.0	-267.9
Cash flow for the year	156.1	233.7	16.9	-22.7	49.0	19.1
KEY RATIOS¹						
Growth in sales, %	7.7	4.4	4.1	7.4	4.9	12.7
Gross margin, %	42.9	42.6	41.6	42.1	41.6	40.8
Operating margin, %	8.1	7.8	6.6	9.0	8.7	10.6
Return on capital employed, %	29.3	28.0	23.2	27.9	24.6	32.6
Return on equity, %	22.5	21.7	18.3	23.1	22.5	28.0
Equity/assets ratio, %	57.3	58.3	59.1	60.3	51.5	57.9
Sales per square metre in store, SEK 000s	30	30	31	34	34	38
Number of stores at year-end	198	185	174	157	139	120
Number of full-time equivalent employees	2,736	2,629	2,524	2,370	2,219	2,048
DATA PER SHARE						
Average number of shares before dilution	63,121,729	63,137,148	63,349,241	63,635,998	63,802,230	64,383,906
Average number of shares after dilution	63,400,934	63,243,692	63,421,154	63,702,052	63,870,584	64,432,321
Numbers of shares at period end	63,216,061	63,140,994	63,287,808	63,615,000	63,710,000	64,280,000
Earnings per share before dilution, SEK	7.27	6.42	5.23	6.29	5.71	6.72
Earnings per share after dilution, SEK	7.24	6.41	5.23	6.29	5.71	6.72
Comprehensive income per share, SEK	7.41	6.41	4.68	6.75	4.79	6.43
Cash flow per share, SEK ²	10.25	10.91	8.17	15.16	5.49	9.36
Equity per share, SEK	33.92	31.12	29.02	28.98	26.01	25.61
Share price 30 April	143	143	87	99	98	128
Dividend, SEK	5.25 ³	4.75	4.25	4.25	3.75	3.75
P/E ratio	20	22	17	16	17	19
Dividend Yield	3.7	3.3	4.9	4.3	3.8	2.9

¹ See key ratio definitions on page 91 ² From operating activities ³ Proposed dividend

Comments

	2008/2009	2007/2008	2006/2007	2005/2006
	4,930.2	4,661.6	4,101.2	3,567.6
	502.8	577.5	530.9	484.5
	503.8	587.8	537.8	491.0
	-138.3	-166.0	-152.0	-138.9
	365.5	421.8	385.8	352.1
	1 195.5	848.7	678.7	637.2
	2.0	3.3	4.8	5.4
	1,117.2	952.6	826.7	749.0
	164.5	107.1	79.6	55.3
	92.0	280.3	347.9	338.4
	2,571.2	2,192.0	1,937.7	1,785.3
	1,493.1	1,499.5	1,367.3	1,256.9
	65.0	-	-	-
	86.4	26.9	23.9	23.6
	208.6	-	-	-
	718.1	665.6	546.5	504.8
	2,571.2	2,192.0	1,937.7	1,785.3
	339.7	480.0	405.1	187.8
	-433.1	-250.6	-125.1	-140.7
	-93.4	229.4	280.0	47.1
	-109.2	-295.2	-262.4	-164.0
	-202.6	-65.8	17.6	-115.8
	5.8	13.7	15.0	20.7
	40.8	40.2	39.7	39.9
	10.2	12.4	12.9	13.6
	32.6	41.8	40.9	42.4
	24.4	29.4	29.4	30.4
	58.1	68.4	70.6	70.4
	38	44	45	48
	106	86	71	59
	1,927	1,801	1,647	1,439
	65,065,008	65,600,000	65,600,000	65,600,000
	65,075,701	65,600,000	65,600,000	65,600,000
	64,955,000	65,600,000	65,600,000	65,600,000
	5.62	6.43	5.88	5.37
	5.62	6.43	5.88	5.37
	5.76	6.51	5.88	5.37
	5.22	7.31	6.18	2.86
	22.99	22.86	20.84	19.16
	94	98	151	149
	3.00	5.00	4.50	4.00
	17	15	26	28
	3.2	5.1	3.0	2.7

Sales

Sales amounted to 7,330 MSEK, up 8 per cent compared with 6,808 MSEK in the preceding year. In terms of local currencies, sales increased 6 per cent.

Number of stores

During the financial year, 13 new stores (11) opened; two in Sweden, nine in Norway and two in Finland. The number of stores at the end of the period was 198, of which 80 were in Sweden, 73 in Norway, 32 in Finland, 12 in the UK and a franchise store in Dubai.

Operating profit

Operating profit increased 12 per cent to 596 MSEK (531).

The change was largely due to higher sales in comparable stores and a higher gross margin compared with the year-earlier period.

Gross margin

The gross margin increased to 42.9 per cent, up 0.3 percentage points year-on-year (42.6). The gross margin was positively impacted mainly by a favourable sales mix and higher efficiency in the supply chain, while negatively impacted by exchange-rate effects.

Operating margin

The operating margin rose 0.3 percentage points to 8.1 per cent (7.8). The change was largely due to higher sales in comparable stores and a higher gross margin compared with the year-earlier period.

Cash flow

Cash flow from operating activities during the financial year totalled 647 MSEK (689). After investments and financing activities, cash flow for the year was 156 MSEK (234). The cash dividend paid to Clas Ohlson's shareholders in September 2014 totalled 300 MSEK (268).

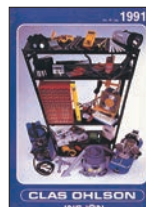
Return

The return on capital employed amounted to 29.3 per cent (28.0) and the return on equity was 22.5 per cent (21.7).

Smart solutions are our passion – in the past and in the future

Clas Ohlson, an entrepreneur with a passion for technology and innovation, founded a mail order company in 1918 in Insjön in Dalarna, Sweden. The company's head office and major distribution centre is still located here. Today, Clas Ohlson is an international retail company. We offer smart solutions to everyday practical problems and meet customers in store, via the telephone, mobile and online.

- 1918** Clas Ohlson founded a mail order company, Clas Ohlson & Co. at the age of just 22. Clas Ohlson was highly interested in technology and started selling technical handbooks. The product range was gradually expanded.
- 1925** Clas Ohlson's head office was built next to the railway in Insjön. The company was located here until 1972.
- 1972** The new office and store building on Highway 70 in Insjön is completed.
- 1989** Clas Ohlson opens its first store outside Insjön in central Stockholm.
- 1991** The first store outside Sweden is inaugurated in Oslo. Clas Ohlson is a well-known name in Norway, since the first mail order catalogue was published in 1985.
- 1995** The first stage of the Central Warehouse in Insjön is ready for use.
- 1999** Clas Ohlson is listed on the Stockholm Stock Exchange.
- 2002** The first store opens in Finland, in Helsinki.





The Clas Ohlson museum

The Clas Ohlson museum is located in Insjön, Sweden. The exhibition offers a fascinating and nostalgic journey through the company's history, via manuals and catalogues from the 1920s and onwards, bench band saws, gramophones, photographic equipment, kayaks, radio receivers and hundreds of other products.

The aim is to create a living museum, showing the strong links with the area and the unique Clas Ohlson spirit.

- 2008 The Central Warehouse, now called the distribution centre, is expanded to meet the increasing volumes. The Clas Ohlson Museum is opened in Insjön. The expansion in the UK is started, and the first store opens in Croydon in southwest London.
- 2009 Clas Ohlson opens its 100th store in Motala in Sweden.
- 2010 The distribution centre receives a new distribution line, along with an additional high bay storage area, and now has a total capacity of 120,000 pallet spaces. The store in Insjön is expanded and becomes the Group's largest.
- 2011 Clas Ohlson opens its 150th store in Lahti in Finland.
- 2012 A new online shopping platform is launched, with extended availability, service and inspiration. A mobile version is also launched at the end of the year. Loyalty program Club Clas is launched in Sweden. In December, monthly sales exceed 1 billion SEK for the very first time.
- 2014 Clas Ohlson's first franchise store is inaugurated in Dubai. The Clas Office corporate concept is introduced in Sweden and Norway. Club Clas is introduced in Finland.
- 2015 Contracts are signed for three stores in Hamburg, Germany, to be opened beginning in the summer of 2016.



Store	Opening date				
SWEDEN					
A	Alingsås	2014-03-27	V	Västerås, Erikslund	2011-09-22
B	Borlänge	2013-09-26		Västerås, Igor	2001-11-22
	Borås	2002-10-24		Växjö	2004-05-06
E	Eskilstuna	2002-05-30	Ö	Örebro, Krämaren	1997-11-27
F	Falun	2009-02-05		Örebro, Marieberg	2009-03-26
G	Gävle	2003-11-27		Örnsköldsvik	2007-04-12
	Göteborg, Bäckebo	2003-04-10		Östersund	2005-04-28
	Göteborg, Nordstan	1992-06-01	NORWAY		
	Göteborg, Partille	2006-04-09	A	Alta	2011-11-17
	Göteborg, Sisjön	2012-04-19		Arendal	2007-11-28
	Göteborg, Västra Frölunda	2009-10-23		Asker	2008-10-16
H	Halmstad, Flygstaden	2011-06-16	B	Bergen, Lagunen	2003-03-06
	Halmstad, Gallerian	2001-03-08		Bergen, Sartor	2006-02-16
	Helsingborg, Kullagatan	2009-06-04		Bergen, Sentrum	1999-04-22
	Helsingborg, Väla centrum	2003-06-12		Bergen, Vestkanten Kjøpesenter	2012-11-22
	Hudiksvall	2009-04-23		Bergen, Åsane	2004-09-30
I	Insjön	1918-06-27		Bergen, Åsane Storsenter	2014-10-02
J	Jönköping, A6	2003-05-22		Bodø	2011-06-07
	Jönköping, City	2010-12-09		Bryne	2009-11-05
K	Kalmar	2005-11-24	D	Buskerud	2011-09-08
	Kalmar, MODE	2013-03-14	E	Drammen	2008-09-18
	Karlskrona	2014-11-27		Elverum	2012-03-22
	Karlstad	2006-09-21	F	Fredrikstad, Dikeveien	2010-11-25
	Kiruna	2010-11-11		Fredrikstad, Torvbyen	2005-12-01
	Kristianstad	2007-04-18		Førde	2012-11-22
	Kungsbacka	2008-03-13	G	Gjøvik	2006-03-10
L	Lidköping	2012-04-25	H	Halden	2015-03-12
	Linköping	2004-06-10		Hamar	2006-03-15
	Luleå	2002-03-21		Hamar	2014-11-11
	Luleå, Storheden	2012-02-16		Harstad	2011-02-24
	Lund	2013-11-07		Haugesund	2002-10-03
M	Malmö, Burlöv	2010-03-25		Horten	2011-06-09
	Malmö, Emporia	2012-10-25		Hønefoss	2009-02-19
	Malmö, Mobilia	2013-09-26	J	Jessheim	2008-11-05
	Malmö, Triangeln	1993-12-03	K	Kongsberg	2010-06-03
	Motala	2009-01-29		Kongsvinger	2012-05-24
N	Norrköping, Domino	1996-05-02		Kristiansand, Sandens	2008-11-06
	Norrköping, Hageby Centrum	2009-12-10		Kristiansand, Sorlandssenteret	1998-11-19
	Norrköping, Norrtälje	2012-06-14		Kristiansund, Amfi Futura	2011-03-24
	Nyköping	2006-10-05	L	Larvik	2009-04-23
P	Piteå	2007-09-20		Levanger	2014-06-05
S	Skellefteå	2005-03-17		Lillehammer	2010-11-18
	Skövde	2008-11-27		Lørenskog	2006-11-30
	Stockholm, Barkarby Gate	2014-11-27	M	Mandal	2014-11-20
	Stockholm, Bromma	2010-09-23		Mo i Rana	2012-06-07
	Stockholm, Drottninggatan	2010-10-21		Molde	2009-10-22
	Stockholm, Farsta	1999-11-18		Moss	2006-10-12
	Stockholm, Gallerian	1989-06-30	N	Narvik	2008-12-04
	Stockholm, Haninge	2004-12-10	O	Orkdal	2014-10-30
	Stockholm, Häggvik	2007-05-31		Oslo, Alna Senter	2006-09-27
	Stockholm, Kista	2002-12-05		Oslo, Bogstadsveien	2011-10-27
	Stockholm, Kungens Kurva	2014-04-24		Oslo, Bryn Senter	2010-08-26
	Stockholm, Liljeholmen	2010-10-15		Oslo, CC-Vest	2014-09-11
	Stockholm, Nacka	2007-03-29		Oslo, Lambertseter center	2010-10-12
	Stockholm, Sickla	2007-12-06		Oslo, Oslo City	2005-11-11
	Stockholm, Skärholmen	2000-12-07		Oslo, Storo Storsenter	2008-06-19
	Stockholm, Solna	2005-04-07	P	Oslo, Torggata	1991-08-26
	Stockholm, Täby	2001-10-25		Porsgrunn	2006-04-27
	Stockholm, Vällingby	2007-11-15	S	Sandnes	1998-09-23
	Stockholm, Väsby	2007-04-27		Sandvika	2002-01-10
	Stockholm, Strömstad, Nordby	2009-05-29		Sarpsborg	2006-06-08
	Sundsvall, Birsta	2008-04-30		Ski	2003-10-16
	Sundsvall, In gallerian	1999-06-10		Skien	2007-10-18
	Södertälje	2010-04-29		Slependen	2014-09-18
T	Trelleborg	2007-04-25		Sogndal	2013-06-06
	Trollhättan	2012-06-28		Stavanger, Kilden	2007-10-25
U	Uddevalla	2006-10-19		Stavanger, Madla	2007-11-08
	Umeå	2000-04-13		Stavanger, Mediegården	2010-11-11
	Uppsala, Gränby	2011-08-25		Steinkjer	2009-10-15
	Uppsala, S:t Per Gallerian	2000-11-16		Stord	2013-06-20
V	Valbo	2012-02-23		Strømmen	1999-10-21
	Visby	2008-04-17	T	Tromsø	2008-06-12
	Västervik	2012-12-06		Trondheim, City syd	2003-05-08
				Trondheim, Lade	2008-02-14
			T	Trondheim, Solsiden	2000-10-19
				Trondheim, Trondheim Torg	2011-02-17
				Tønsberg	2001-09-21
			V	Vestby	2013-03-14
				Vinterbro	2015-03-26
			Å	Ålesund	2004-01-22
			Ø	Ørsta	2012-10-04
FINLAND					
E	Esbo, Entresse	2008-11-25			
	Esbo, Lippulaiva	2005-09-14			
	Esbo, Sello	2012-11-08	H	Helsingfors, Kamppi	2006-03-02
	Helsingfors, Kannelmäki	2013-10-17		Helsingfors, Mannerheimvägen	2002-11-14
	Helsingfors, Östra centrum	2003-11-06		Helsingfors, Hyvinge	2012-10-18
	Hämeenlinna	2014-10-30		Hämeenlinna	2014-10-30
J	Joensuu	2008-11-06	J	Jyväskylä	2011-09-08
	Jyväskylä	2011-09-08	K	Karleby	2007-09-27
	Kotka	2013-05-23		Kouvolan, Veturi	2012-09-13
	Kouvolan, Haapaniemenkatu	2005-02-24		Kuopio, Matkus	2012-11-01
	Kuopio, Matkus	2012-11-01	L	Lahtis, Karisma	2011-11-03
	Lahtis, Syke	2012-05-31		Lahtis, Syke	2012-05-31
	Lembois, Ideapark	2007-11-29	M	Mariehamn, Åland	2013-05-16
	Mariehamn, Åland	2013-05-16	R	Rovaniemi	2008-10-23
	Rovaniemi	2008-10-23	S	S:t Michel	2011-06-16
	S:t Michel	2011-06-16		Seinäjäoki	2008-09-11
	Seinäjäoki	2008-09-11	T	Tammerfors	2004-03-18
	Tammerfors	2004-03-18		Tavastehus	2014-10-30
	Tavastehus	2014-10-30	U	Uleåborg	2010-11-25
	Uleåborg	2010-11-25	V	Vanda, Jumbo	2005-10-27
	Vanda, Jumbo	2005-10-27		Vanda, Myyrmanni	2011-11-29
	Vanda, Myyrmanni	2011-11-29		Vasa	2004-10-14
	Vasa	2004-10-14		Villmanstrand	2007-11-01
	Villmanstrand	2007-11-01	Å	Åbo, Forum	2005-03-03
	Åbo, Forum	2005-03-03		Åbo, Skanssi	2012-10-25
	Åbo, Skanssi	2012-10-25	UK		
			B	Birmingham	2010-11-25
			C	Cardiff	2010-12-08
			D	Doncaster	2010-12-09
			L	Leeds	2010-04-30
				Liverpool	2010-04-29
				London, Croydon	2008-11-27
				London, Kingston	2009-12-03
				London, Watford	2009-12-10
			M	Manchester	2009-04-30
			N	Newcastle	2011-08-24
				Norwich	2010-12-10
			R	Reading	2009-11-19
DUBAI					
				Dubai, Mirdif City Centre*	2014-04-30
Coming					
	Värmdö, Sweden	2015-06-17			
	Karlstad, Bergvik, Sweden	2015-08-20			
	Sandefjord, Norway	Autumn 2015			
	Löddeköpinge, Sweden	October 2015			
	Esbo, Iso Omena, Finland	October 2015			
	Reso, Finland	November 2015			
	Solna, Mall of Scandinavia, Sweden	November 2015			
	Uddevalla, Torp, Sweden	Spring 2016			
	Umeå Syd, Umeå, Sweden	Spring 2016			
	Svolvær, Norway	Autumn 2016			
	St Albans, UK	September 2015			
	Jungfernstieg, Hamburg, Germany	Summer 2016			
	Altona, Hamburg, Germany	Autumn 2016			
	Alstertal, Hamburg, Germany	Autumn 2016			
	* Franchise store				

Information to shareholders

Annual General Meeting

The Annual General Meeting (“AGM”) of shareholders of Clas Ohlson AB will be held on Saturday, 12 September 2015 at 11:00 a.m. at the distribution centre in Insjön, Sweden. Registration will commence at 9:45 a.m.

Participation

Shareholders who intend to participate in the AGM must have notified the company by not later than Monday, 7 September 2015, at the following address: Clas Ohlson AB, SE-793 85 Insjön, Sweden. Notification may take place by telephone, e-mail or via the company’s website: about.clasohlson.com. Shareholders entitled to participate at the AGM are those who are listed on Euroclear Sweden AB’s printed shareholder register on Monday, 7 September 2015, and who have notified their intention to participate by not later than Monday, 7 September 2015. Shareholders who have trustee-registered shares must temporarily re-register the shares in their own names with Euroclear Sweden AB. Shareholders must inform the trustee in good time prior to Monday, 7 September 2015.

Notification of Annual General Meeting

Notification of the AGM takes place through an announcement in Post- och Inrikes Tidningar and the notice being made available on the company’s website. Documents to be presented at the Meeting are available from the company’s website about four weeks before the meeting.

Dividend proposal

The Board of Directors proposes a dividend of 5.25 SEK per share (4.75) for 2014/15.

- The final trading day for Clas Ohlson shares, including rights to dividends, is 11 September 2015.
- The record date for payment of the dividend is 15 September 2015.
- The payment date is 18 September 2015.

Financial information

Clas Ohlson provides financial information for the 2015/16 financial year as follows:

- Interim report May-July, 9 September 2015
- Interim report August-October, 9 December 2015
- Interim report November-January, 16 March 2016
- Interim report February-April, 8 June 2016

Distribution policy

The Annual Report is distributed only to those shareholders who request it. Distribution takes place about 6 weeks prior to the AGM.

The Clas Ohlson Annual Report and other financial information is available at about.clasohlson.com

Contact details

Clas Ohlson AB
SE- 793 85 Insjön
Sweden
Tel: +46 247 444 00
ir@clasohlson.se
about.clasohlson.com

Glossary

B2B

Business to business, sales to companies.

Clas Office

Our concept that facilitates purchases for our corporate customers.

Club Clas

Our loyalty program, our loyalty club.

Code of Conduct

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

Conversion rate

The percentage of visitors who make a purchase.

EU Ecolabel

Joint ecolabelling system applied throughout the EU and EEA. The label can be compared with the Swedish Swan ecolabel.

Franchise

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

Global Compact

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

Go Live

Our customer service concept, whereby we always do our best when interacting with customers and colleagues.

GRI

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

LEAN

Philosophy on how to achieve a resource-efficient working method.

Level of service

Percentage of the product range that is available "on the shelf" in stores or in the online store.

Nasdaq OMX Stockholm

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

Omni-channel

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

Products for a more sustainable lifestyle

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

sCORE

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

The Swan

The Swan is the official Nordic ecolabel. Development of the Swan is conducted by SIS Miljömärkning AB, a non-profit company, on behalf of the Swedish Government and the Riksdag.

Sweden

Clas Ohlson AB
SE-793 85 Insjön
Tel: +46 247 444 00
www.clasohlson.se

Norway

Clas Ohlson AS
Torggata 2-6
N-0105 Oslo
Tel: +47 23 21 40 05
www.clasohlson.no

Finland

Clas Ohlson Oy
Magistratsporten 4 A
FIN-00240 Helsingfors
Tel: +358 20 111 22 22
www.clasohlson.fi

UK

Clas Ohlson Ltd
10-13 Market Place
Kingston upon Thames
Surrey KT1 1JP
Tel: +44 845 671 8215
www.clasohlson.co.uk

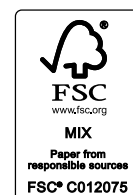
Dubai

Clas Ohlson
Level 1, Mirdif City Centre
Dubai, United Arab Emirates
Tel: +971 4 285 8596
www.clasohlson.ae

China

Clas Ohlson (Shanghai) Co, Ltd
Room 1102-1103, No. 666
Gubei Road, Kirin Plaza,
Changning District, Shanghai
Tel: +86 21 3387 0055

For more information about Clas Ohlson, refer to:
about.clasohlson.com



Produced by Clas Ohlson AB in cooperation with Yra:Form.
Print: Produktionshuset DMM.

Photo: Clas Ohlson, Gustav Kaiser, Tony Klintasp, Henric Lindsten and Corbis Images.

Smart solutions from Clas Ohlson

“

We offer a broad range of attractively priced products that make it easy for people to solve everyday practical projects and small problems

”



clas ohlson

www.clasohlson.com