

annual report 2015/16



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On the cover:

Establishment in new markets

Clas Ohlson entered the German market in May 2016 when it opened its store on Jungfernstieg in Hamburg.

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.

About Clas Ohlson

Clas Ohlson is an international retail company that is expanding through new offerings, new stores and by establishing operations in new markets.

Clas Ohlson offers products and services to solve everyday practical problems in six countries via more than 200 stores and online shopping. We have a wide range of affordable products in five product areas: Hardware, Electrical, Multimedia, Home and Leisure. The company is listed on the Nasdaq Stockholm, has sales of more than 7.6 billion SEK and more than 4,700 employees.

Clas Ohlson offers 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.

Clas Ohlson was founded in 1918 as a mail order business based in Insjön, Dalarna, Sweden. We have nearly one hundred years of retail tradition and we like doing good business. Salesmanship is the core of the Clas Ohlson spirit and rests on four cornerstones: drive, warmth, innovation and commitment.



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 2015/16 sustainability report is available at about.clasohlson.com.

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 2015/16. 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.

clas ohlson

OUR VALUES

Salesmanship
Drive
Warmth
Innovation
Commitment

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.

BUSINESS IDEA

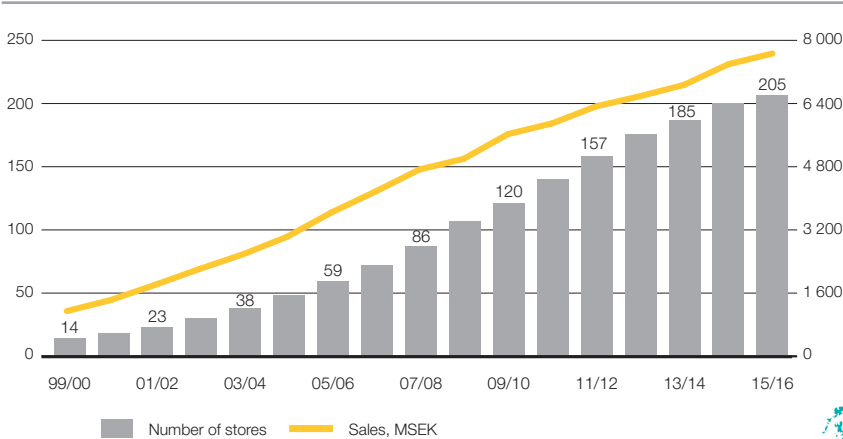
We will sell dependable products at low prices and with the right quality according to need.

4,700
employees

7.6
billion SEK
in sales

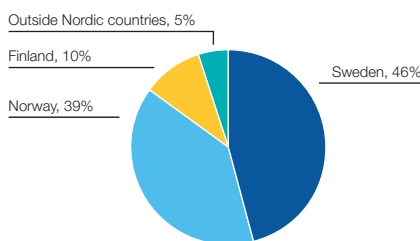
76
million visitors

Company growth 1999*– 2016



* Stock market introduction 1999

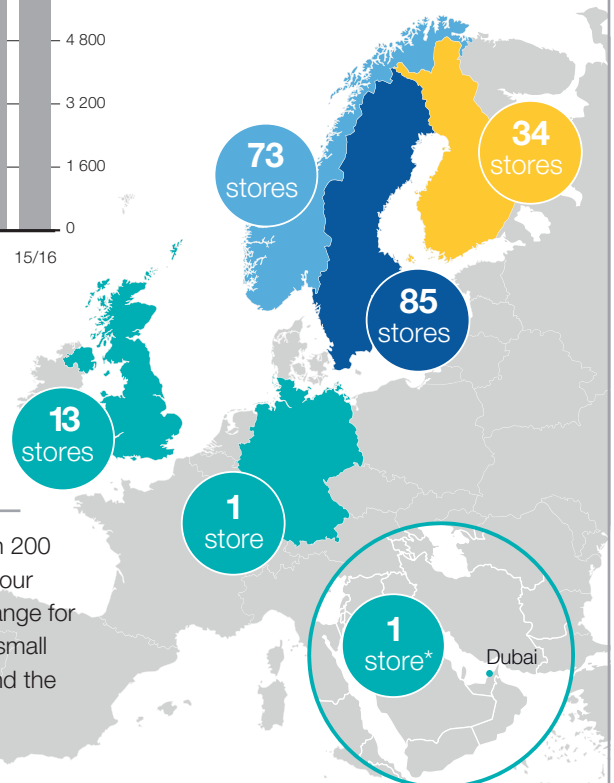
Sales by market, %



You can find us here

Clas Ohlson has more than 200 stores in six countries and our entire affordable product range for solving everyday practical small problems is available around the clock at clasohlson.com.

* Franchise store



The year in brief

Sales up in all markets

We increased our sales in all markets and through all sales channels. Sales increased by 4 per cent to 7,602 MSEK. Measured in local currencies, sales increased by 6 per cent. Sales in comparable units increased by 3 per cent, which exceeded the target of 2 per cent.

Increased profitability

We increased operating profit by 3 per cent to 613 MSEK during the year, excluding non-recurring items. Excluding non-recurring items, the operating margin amounted to 8.1 per cent and earnings per share increased by 2 per cent to 7.42 SEK.

Continued expansion of stores and online shopping

During the financial year, 10 new stores (13) were opened, a net addition of 7 stores. We also continued to develop our online shopping channel with high growth. Clas Office, our offering to corporate customers, grew during the year and the Club Clas customer loyalty program surpassed the milestone of two million members.

From Here to Sustainability

We use green speech bubbles in stores and on the website to highlight our sustainability efforts and products promoting a more sustainable lifestyle. Our products include eco-labelled tea lights, Nordic Eco-labelled cleaning products, LED lighting, eco-labelled indoor paint and eco-labelled batteries. And of course our popular spare part range.

from here
to
sustainability

JOIN OUR JOURNEY AT
SUSTAINABILITY.CLASOHLSON.COM

Q1

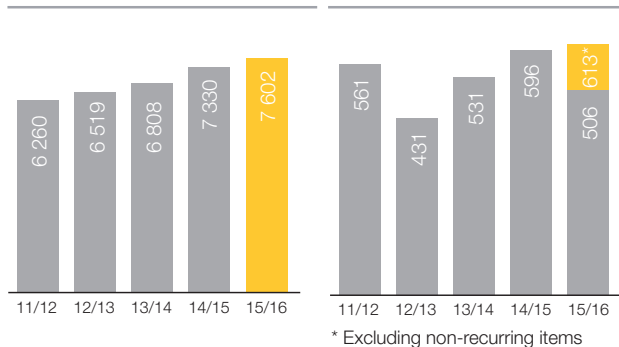
- Launched a complete outdoor paint range
- Launched a new sustainability concept – From Here to Sustainability
- New store in Värmdö, Sweden

Key ratios	2015/16	2014/15	%
Sales, MSEK	7,602	7,330	4
Operating profit, MSEK	506 ¹	596	-15
Profit before tax, MSEK	508 ¹	597	-15
Profit/loss after tax, MSEK	379 ¹	459	-17
Gross margin, %	42.4 ¹	42.9	-0.5 p.p.
Operating margin, %	6.7 ¹	8.1	-1.4 p.p.
Return on capital employed, %	23.6	29.3	-5.7 p.p.
Return on equity, %	17.6	22.5	-4.9 p.p.
Equity/assets ratio, %	54.5	57.3	-2.8 p.p.
Earnings per share before dilution, SEK	6.00 ¹	7.27	-18
Dividend per share, SEK	5.75 ²	5.25	10
Number of full-time equivalents	2,787	2,736	2

¹ Including non-recurring items of 107 MSEK and a tax effect of 7 MSEK attributable to optimisation of the UK store network
² Proposed dividend

Sales, MSEK

Operating profit, MSEK



London first to have new store format

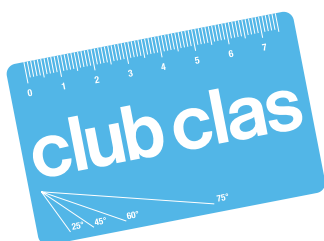
Clas Ohlson's new store in St Albans just outside London was the first smaller format store based on clear interplay between store and online shopping. The new format is a supplement to existing stores and a development of our omni-channel strategy.

Q2

- Opened our 200th store in Karlstad, Sweden
- Launched the new smaller format store
- New stores in Karlstad, Sweden, Sandefjord, Norway, St Albans in the UK and Espoo in Finland

10 new stores

We opened a total of 10 new stores in Sweden, Norway, Finland and the UK during the year – a net addition of seven stores.



2 million members of the loyalty club

Our customer loyalty program in Sweden and Finland, Club Clas, grew from one to two million members in just over a year. The club is free to join and customers earn points and bonuses on all purchases, receive sound advice and substantial discounts on selected products.



A brand new wallpaper range

In February, we launched a brand new range of wallpaper that supplements our popular paint products and accessories for do-it-yourselfers. The basic range initially comprises six types of wallpaper available in stores, while an additional 30 varieties can be ordered from the warehouse in Insjön.

Best shopping experience

Clas Ohlson won the award for Best Company in Sweden in the retail category. The Swedish public voted for the winner in a nationwide survey conducted by MiniMedia.



Q3

- The customer loyalty program Club Clas reached 2 million members
- New stores opened in Turku in Finland, Solna and Löddeköpinge in Sweden and Ealing in the UK

Q4

- Brand new wallpaper range launched
- Won award for Best Company in Sweden in the retail category
- Arranged the Battery Hunt with battery manufacturer VARTA, the Keep Sweden Tidy Foundation and Miljøagentene in Norway
- Opened a new store in Umeå, Sweden

A new record year and continued growth

It is with pride that I can look back on the 2015/16 financial year and conclude that Clas Ohlson once again delivered record earnings. We continued to grow in all of our markets and opened new stores in Sweden, Norway, Finland and the UK. We achieved several important milestones, for example, we opened the Group's 200th store in Karlstad in the late summer and welcomed the two millionth customer to Club Clas in the winter. We took several key steps in our international expansion this past year, both as regards the necessary restructuring of our UK operations and preparations for our establishment in the German market.

Exchange-rate fluctuations undeniably presented a challenge for us, with a significantly stronger USD that impacted our purchasing costs and a weaker NOK that affected our sales. Now that we have closed the books, I can see that we have succeeded in counteracting these developments reasonably well thus far.

Retail is an industry in constant change that is also becoming increasingly exposed to competition. The ongoing digitalisation trend presents both challenges and opportunities and it affects all areas and our entire business. We are currently in the midst of implementing our new business system that will support our expansion and provide better conditions for meeting consumer demands and more quickly and advantageously develop the interplay between online shopping and physical stores. We are investing much time and energy in the sCORE project (Systems for Clas Ohlson Retail Efficiency) that we will spend a few more years working on to fully implement.

We will never be satisfied

However, the conditions for our success are not only affected by factors in our business environment. We can influence our own ability to continue to advance, to always develop our operations

and our customer offering. I believe that this is essential in order for us to ensure that our offering is attractive, relevant and available in the long term.

We further strengthened our customer offering over the past year, primarily our own range of proprietary brands that now account for almost 30 per cent of our sales and that feature the key components of quality and design. We do our utmost to nurture the confidence our customers show in us by choosing our proprietary brands. We are successively increasing the level of both design and quality and now offer five-year guarantees on kitchen equipment, for example, and a full ten-year guarantee for our proprietary hand tools.

We support a sustainable lifestyle

We also continued to make our customer offering more sustainable. We have pledged to ensure that 12 per cent of sales by 2020 are to comprise part of the range that we classify as products for a more sustainable lifestyle. We are currently at 10 per cent and focused mainly on the development of our range of LED and solar panel products during the year. We know from our own surveys that this is something demanded by customers and we believe that consumer expectations on corporate responsibility will increase in the future.

In the autumn, we launched our sustainability concept From Here to Sustainability, which describes the journey that we want to be part of and drive lasting change in our value chain. We can leverage our position to be a driving force in changing consumer lifestyles and it is a task that we take extremely seriously. We want to make it easier for our customers to choose sustainable alternatives and encourage reuse and recycling. Leading a sustainable lifestyle should be easy.



“ We want to make it easier for our customers to choose sustainable alternatives and encourage reuse and recycling. Leading a sustainable lifestyle should be easy. ”

The first store in Germany

At the end of May, we finally opened the doors of our very first store in Germany, in central Hamburg. It has taken many years to reach this point and we have worked intensively to prepare for our first meeting with German consumers. We are aware that Germany is a competitive market, but we know that there is a gap in the market and we are convinced that Clas Ohlson has an offering that fits well here.

We also restructured our store network in the UK market during the year – a market that has been a challenge for us and many other players for some time now. We are growing in the London area, primarily with our smaller stores, while we also made the decision to close stores for which sales were not in relation to our targets. It was a difficult decision to make but was nonetheless an essential one to give our UK operations the right conditions going forward.

Widespread commitment

We receive many wonderful awards for the steps that we take, but what I appreciate the very most is the personal letters from customers who tell us about their positive experiences with Clas Ohlson. It is tremendously pleasing to know that what we do also generates results in the form of customer appreciation.

Clas Ohlson currently operates on six markets through more than 200 stores and online shopping, and we have more than 4,700 employees in seven countries who share our values and passion for business. All of our employees throughout Clas Ohlson are also absolutely essential to our success. There is widespread internal commitment to Clas Ohlson and the journey we are on. And I would dare to claim that this is the single most important key to success. I would like to express my deep gratitude for your fantastic teamwork in the true Clas Ohlson spirit over this past year.

Many thanks also to our shareholders and our customers for their faith in us.

Klas Balkow, President and CEO
Insjön, Sweden, June 2016

How we create value

Our vision is to develop Clas Ohlson into a leading international modern hardware retailer, with high profitability that adds value for all stakeholders. We identify opportunities and risks to strengthen our offering, understand our responsibility and contribute to a sustainable future.

Customer focus

To succeed in an increasingly competitive environment it is important 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, via social media and via the chat function of our online store. We receive many valuable comments and suggestions about how we can improve and further develop our offering.

With more than 2 million members in Sweden and Finland, the Club Clas customer loyalty program provides us with valuable insight.

Our customer surveys show that we have many satisfied and loyal customers in all of our markets.



Operations

Range development

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 and preferences. We are also continuously increasing the proportion of products that support a more sustainable lifestyle.

We offer products and services that make everyday life easy, with high demands placed on function, price, quality, product safety and sustainability in five categories: Hardware, Electrical, Multimedia, Home and Leisure. Proprietary brands featuring innovative products enable us to surpass customers' expectations.

Purchasing

Clas Ohlson purchases products from more than 600 suppliers in Europe and 700 manufacturers in Asia. Slightly less than 70 per cent of all of our products are manufactured in Asia.

An efficient purchasing organisation, with our own offices in China, a close relationship with our suppliers and large volumes enable us to have an attractively priced and sustainable offering. The percentage of direct purchases increased to 41 per cent during the year. We conduct extensive product testing and ensure that our products meet all legislative requirements before they reach our sales channels.

Inventory and distribution

A sustainable flow of goods is one of Clas Ohlson's most important success factors. We consolidate shipments for increased efficiency and lower environmental impact. Our distribution centre in Insjön, Sweden, coordinates distribution and logistics, and ensures the best possible inventory management and service level. Inventory turnover is high. The stores place orders automatically and the new products are delivered to the stores within about 1-3 days.

Sales and service

Clas Ohlson offers easily accessible and inspiring sales channels and provides excellent customer service. Most of our sales currently occur through our stores, but we offer our products and meet customers in several integrated sales channels.

We help our customers to make well-informed choices to buy smart products with superior environmental performance. We have different store formats and our concept is continuously developed to adapt to the location, competition and customer. Our largest store is our online store, which is always open and is just as easy to use on a computer as it is on a mobile phone or tablet.

Product use and reuse

Our products are to be easy to use, reuse and recycle, which places requirements on materials, chemicals, packaging material and packages. The product life is crucial in reducing impact on the environment and the climate. We believe in wear but not waste and our range of more than 10,000 spare parts is popular among cost and environmentally conscious customers.

Responsible enterprise

Our values, our Code of Conduct and our Code of Business Ethics form the basis of how we work and how we approach each other, our customers, suppliers and other stakeholders. We work together with other companies and organisations, such as Save the Children, to influence and support suppliers in their work to improve working conditions and human rights.

Value creation...

- Relevant and affordable products
 - Unique products and proprietary brands
 - Local adjustments
 - Products for a more sustainable lifestyle
 - Reduced impact from product use and recycling
- Attractive prices and high quality
 - Improved standards for suppliers, their workers and families and local communities
 - Safe and secure products
 - Increased confidence in the Clas Ohlson brand
- High delivery precision
 - High inventory turnover
 - High automation
 - Rapid deliveries to stores
 - More cost-efficient transportation solutions
 - Reduced CO₂ emissions
- Loyal customers
 - Motivated employees
 - Attractive, differentiated and relevant product offering
 - Integrated sales channels
 - Several store concepts
 - More information about environmental impact of products
- High confidence in the products
 - Reduced waste and increased resource efficiency
 - Extended product use
 - Reduced CO₂ emissions and spread of chemicals
 - Cost savings

... to our stakeholders

Customers

- High availability of a broad, affordable and attractive range
- Safe in the knowledge that what they buy has the lowest possible impact on people and the environment

Employees

- A reliable and long-term employer who offers a stimulating, developing and safe work environment

Suppliers

- Long-term and beneficial business relationships
- Guidance on responsible business

Shareholders

- A long-term, secure investment that yields solid returns

Society

- Contribution to economic development
- Job opportunities
- Contribution to higher resource efficiency and lower environmental impact

Economic impact

Economic value generated, MSEK	Stakeholders	2015/16	2014/15
Sales	Customers	7,602	7,330
Other operating income	Business partners	24	24
Financial income	Business partners	2	2
Total value generated, MSEK		7,628	7,356
Specified economic value, MSEK			
Salaries and remuneration	Employees	1,302	1,288
Raw materials and consumables	Suppliers	4,376	4,182
Other operating expenses	Suppliers/ business partners	1,442	1,288
Financial expenses	Business partners	1	1
Income tax	Society	129	138
Dividend	Shareholders	377*	344
Remaining in company		1	115

* Proposed dividend

Clear objectives and ambitious targets

Clas Ohlson is to ensure that the Group develops and 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 towards 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 2015/16 financial year. The same target has been set for the 2016/17 financial year.

An operating margin of at least 10 per cent.

COMMENTS

By increasing sales through the existing structure, Clas Ohlson continues to 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.

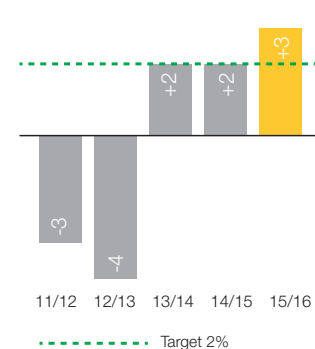
TARGET FULFILMENT

During the financial year, sales in comparable units increased by 3 per cent.

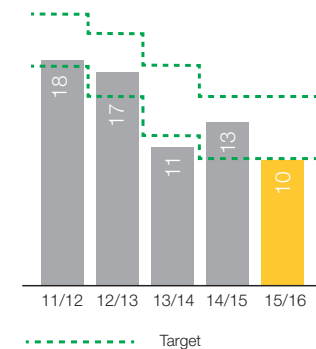
We opened a total of 10 new stores in Sweden, Norway, Finland and the UK during the year. The net addition was 7 stores. We made preparations for Clas Ohlson's first store in Germany, which opened in Hamburg on 19 May 2016.

The operating margin amounted to 8.1 per cent for the financial year, excluding non-recurring items attributable to the optimisation of the store network in the UK.

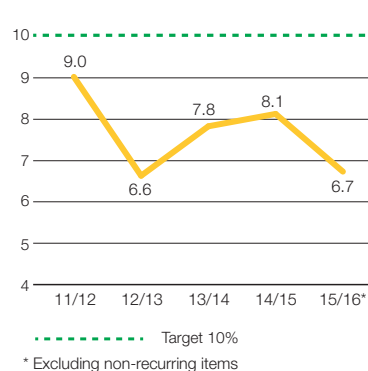
Sales growth in comparable units, %



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.

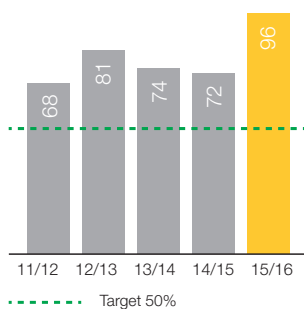
COMMENTS

Owners will share in the company's earnings over the long-term through stable dividends.

TARGET FULFILMENT

The proposed dividend for the financial year of 5.75 SEK per share corresponds to 96 per cent of earnings per share before dilution, which is in line with the dividend policy.

Payout ratio, %



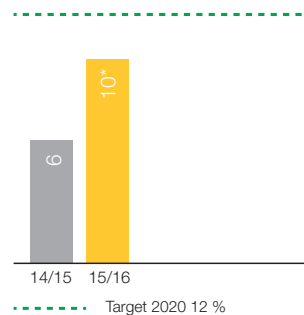
SUSTAINABILITY

The share of products that promote a more sustainable lifestyle is to represent at least 12 per cent of sales by 2020.

We will increase the percentage 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 and product safety and that are manufactured under reasonable conditions.

The share of products that promote a more sustainable lifestyle amounted to 10 per cent of total sales for the financial year, up 4 percentage points year-on-year.

Sales of products promoting a more sustainable lifestyle, %

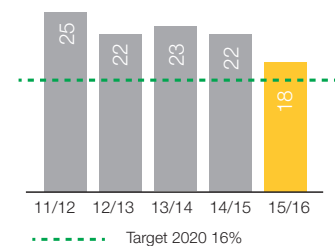


Reduce relative emissions of CO₂ attributable to freight by not less than 50 per cent between 2007 and 2020 to 16 g CO₂ per tonne kilometre.

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 four years.

Relative emissions of CO₂ declined by 4 percentage points to 18 g per tonne kilometre of goods, which was the result of increased shipment consolidation, improved fill rates on outbound pallets and better environmental performance of our sea transport.

CO₂ emissions, grams of CO₂ in tonne kilometres



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 on a monthly basis, in the respective strategic focus area.

Read more about our sustainability priorities in our Sustainability Report.

CUSTOMER OFFERING

page 16

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 proprietary 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 2015/16



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

Priorities for 2016/17

- Strengthen our proprietary brands
- Ensure competitive prices
- Expand the range for a more sustainable lifestyle

CUSTOMER INTERACTION

page 20

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 program
- Strengthening our brand and communicating our sustainability agenda more clearly

Priorities for 2015/16



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

Priorities for 2016/17

- Further strengthen our excellent customer care
- Further develop our new store format
- Develop and enhance utilisation of the Club Clas loyalty program
- Take the next step in our communication strategy including optimisation of the media mix

EXPANSION

page 24

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

- Growing operations in existing markets and developing the store network and our digital channels
- Establishing Clas Ohlson in more countries
- Developing our franchise model and expanding in the Gulf region

Priorities for 2015/16



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

Priorities for 2016/17

- Strengthen the store network in the Nordic region
- Optimise the UK store network and expand in London
- Position Clas Ohlson and open more stores and online shopping in Germany

SUPPLY NETWORK

page 26

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 2015/16



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

Priorities for 2016/17

- Develop new purchasing markets
- Increase productivity at the Insjön distribution centre
- Increase efficiency across transportation

OUR WAYS OF WORKING

page 28

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

- Implementing our new business system sCORE (Systems for Clas Ohlson Retail Efficiency)
- Reviewing and developing our business-critical processes
- Optimising our organisational structure
- Strengthening our culture and our values
- Ensuring that sustainability is an integral part of our strategic planning
- Ensuring compliance with our Code of Conduct and Code of Business Ethics

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

Priorities for 2016/17

- Continue strengthening our culture and our values
- Implement sCORE and develop related processes
- Further streamline our organisational structure
- Continue the integration of sustainability into strategic planning

OUR PEOPLE

page 30

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 of our employees

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 on succession planning

Priorities for 2016/17

- Strengthen and develop leadership with a focus on increased involvement, customer satisfaction and profitability
- Develop the skills of our employees using our new training platform and our store-training concept
- Develop our ability to attract and retain key talents
- Actively work to increase diversity among our employees



New opportunities and challenges

Understanding how our operating environment is changing, the challenges and opportunities this means for our business and our ability to develop and adapt are decisive for how competitive we will be in terms of meeting customer needs and expectations in the future.

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

We are diligently monitoring developments and are continuously reviewing our organisation, our procedures and our systems to increase our capacity to react quickly to changes.

The trends that currently affect us the most are described as follows.

An urban lifestyle

More and more people live in cities and such an urban lifestyle with longer working days and business travel means that leisure time is particularly valuable. It is difficult for many people to find enough time and consumers are increasingly demanding 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 range. We are also developing offerings and services that make our customers' everyday life easier.

Engaged customers

Today, it is already possible to easily obtain information about companies and products, to shop and communicate with stores and suppliers 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 sales channel the customer chooses.

A sustainable lifestyle

Growing awareness and desire among consumers to consume more sustainably places high demands and expectations on companies to assume responsibility and to be transparent across the entire value chain.

For Clas Ohlson, this means expanding our range of products and services that promote a more sustainable lifestyle. We build up credibility and strengthen our risk management by remaining one step ahead of consumer expectations in terms of ensuring that the products we sell are manufactured under good conditions and transported in an environmentally sound manner and that we conduct ethical business.

Flexible shopping

Increasingly sophisticated customers demand round-the-clock service, customised information and guidance, as well as a more personal shopping experience. The trend whereby consumers can shop where, when and how they want means that the purchasing process is becoming increasingly individual and imposes high demands on the retail sector to integrate channels and communication. In pace with retailing and communication becoming increasingly digital, 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 throughout the decision-making and purchasing process.

Online customers

Mobile technology is playing an increasingly important role in the lives of consumers and has revolutionised purchasing and behaviour patterns in the retail sector. For example, 77 per cent of the population in Sweden own a smartphone and 62 per cent use the Internet every day. The percentage who shop online has fallen slightly yet remains at 79 per cent, and those online shoppers are buying more. Many people use their mobile to research a purchase or to search for information when they are physically at a store.

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 also provides us with tools to enhance understanding of customer behaviour, drive sales, build loyalty and offer service to our customers.

Source: The Swedes and the Internet 2015

Global shopping

Globalisation is contributing to making competition in the retail market more intense than ever before. Companies and brands are becoming international and competition more global. New e-retailers have emerged and are challenging existing companies and business models. Many companies are competing with similar ranges for the same customers and it is easier than ever to compare prices and quality.

For Clas Ohlson, this means continued efforts to strengthen our brand and our offering by developing our range and services to make them even more affordable and relevant, based on our customers and their needs.

Our markets

2015 was characterised by the uncertainty of economic developments in Europe, which impacted consumer confidence. Competition continued to intensify, and many chain stores are expanding their operations by increasing the number of stores and expanding their investments in online shopping.

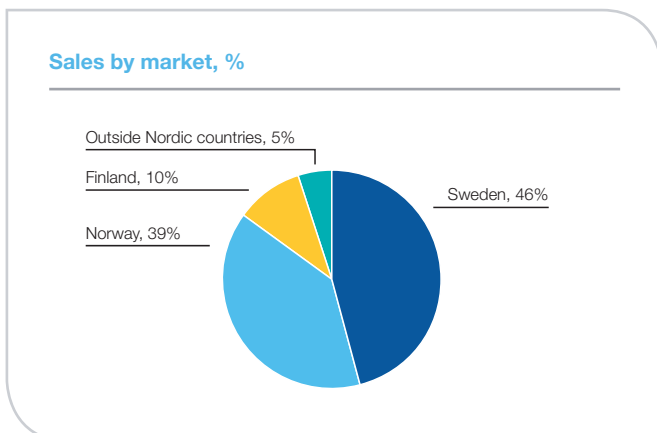
Sweden

Low inflation and low interest rates contributed to the retail sector's strong performance in 2015. In 2015, retail sales increased 5.7 per cent at current prices and the year ended again with record-breaking Christmas sales. Online sales for Swedish retail increased by 19 per cent in 2015 and accounted for 6.9 per cent of total retail sales.

In the Swedish market, Clas Ohlson is a well-known and established brand. Here, we focus on further strengthening the loyalty that our broad customer base has shown us, for example, by continuously developing our excellent customer service and enhancing the relevance of our offering. Clas Ohlson has a positive sales trend in Sweden and we will continue to develop the store network in the 2016/17 financial year.

Norway

Although the Norwegian economy was also relatively strong and unemployment low during the year, the latest decline in oil prices impacted both growth and inflation trends. In 2015, retail sales increased 0.6 per cent at current prices. Online sales for Norwegian retail increased by 11.1 per cent in 2015 and now account for almost 7 per cent of total retail sales. Domestic consumer demand is relatively weak and, in the past year, Norwegian consumers' confidence in the economy has remained low.



The Clas Ohlson brand is also highly recognised in the Norwegian market, and most of the population 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. We will continue to develop our sales channels in Norway in the 2016/17 financial year.

Finland

The Finnish economy remained weak during the year and retail sales fell by 1 per cent at current prices in 2015. The Finnish online stores are not as evolved as in the rest of the Nordic region and, in the Nordic region, Finns spent least online both per capita and in terms of the total amount.

In Finland, awareness of Clas Ohlson is continuously increasing and more people are visiting our stores every year. We are continuing to focus on increasing knowledge and penetration in the market and on coming closer to our customers. During the financial year, Clas Ohlson captured market shares in a weak market. A clear position and two new stores contributed to our success during the year. In the 2016/17 financial year, we will continue to expand in the Finnish market by opening new stores and we will further strengthen our position.

UK

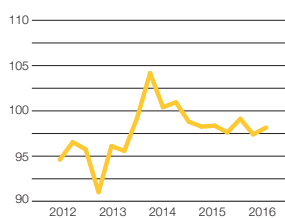
The UK economy slowed slightly in 2015, although unemployment continued to decline. The consumer price index remained unchanged compared with the preceding year at 0.3 per cent. Consumer confidence continued to rise, while total retail sales for 2015 were unchanged. Online shopping increased by 11 per cent and now accounts for 27 per cent of UK retail sales, a trend largely driven by increased shopping via mobile devices.

Awareness of Clas Ohlson and our penetration in the UK market have gradually increased. In the 2015/16 financial year, we opened two smaller format stores and closed one store, and decided to concentrate our continued store expansion and our brand-building activities to the London area. We plan to close an additional seven stores and open one to two stores in the region during the 2016/17 financial year.

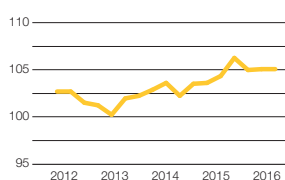
MARKET DEVELOPMENT

SWEDEN

Consumer confidence



Retail index

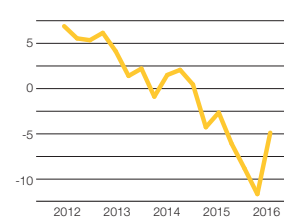


Market players *

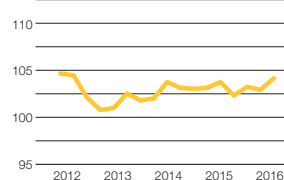
Jula
Kjell & Company
Biltema
Bauhaus

NORWAY

Consumer confidence



Retail index

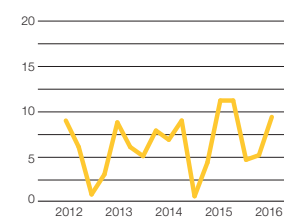


Market players *

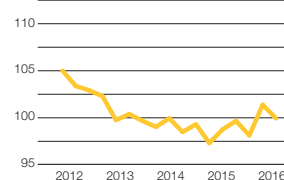
Biltema
Jula
Jernia
Elkjöp

FINLAND

Consumer confidence



Retail index

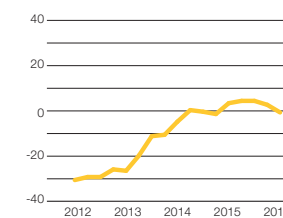


Market players *

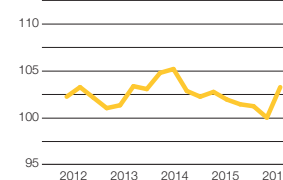
Prisma
Motonet
Tokmanni
Antilla

UK

Consumer confidence



Retail index



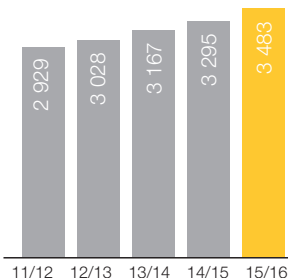
Market players *

Wilkinsons
Argos
B&Q
IKEA

CLAS OHLSON'S PERFORMANCE

SWEDEN

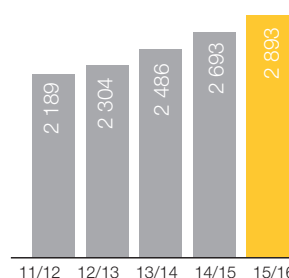
Sales, MSEK



Start year 1918
85 stores
5 new stores in 2015/16
36 million visitors

NORWAY

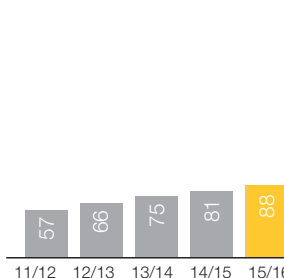
Sales, MNOK



Start year 1985
72 stores
1 new store 2015/16
21 million visitors

FINLAND

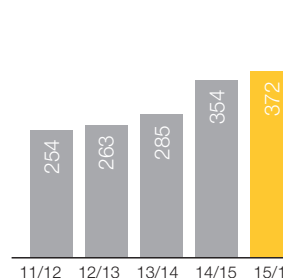
Sales, MEUR



Start year 2002
34 stores
2 new stores in 2015/16
10 million visitors

OUTSIDE NORDIC COUNTRIES **

Sales, MSEK



Start year 2008 / 2014
14 stores
2 new stores in 2015/16
10 million visitors

* Second choice for Clas Ohlson's customers.

** UK and franchise store in Dubai.

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

Smart solutions for everyday practical problems

Clas Ohlson offers smart, practical and affordable solutions for the home and office. An offering that simplifies everyday life and contributes to a more 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 a broad range of products in five different categories: Hardware, Electrical, Multimedia, Home and Leisure. The product range includes both proprietary brands and other well-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, by telephone or online.

A continually evolving product range

Our product range is continually evolving, as new products are added and our existing products undergo further refinements. Older products are phased out as well of course. We carefully monitor trends and consumption patterns and adapt the offering and product range accordingly. We also adapt our range to local markets. For a product to be included in Clas Ohlson's product range, we place high requirements on function, price, quality and sustainability. Products that we already sell are continually evaluated on the basis of demand, customer satisfaction and profitability.

About 15 per cent of our product range is replaced every year, and our customers see new products every week in our stores and on our online store. It should be easy to find the right product for you needs, but we also want to inspire customers to discover new solutions.

A larger percentage of proprietary brands

During the year we worked hard on developing our proprietary brands. We invested in design and higher quality, with a focus on the customer as our guiding principle. Our efforts included coordinating the design expression for products and packaging for our kitchen range under the Coline brand, and for our travel range under the Asaklitt brand. Meanwhile, we improved quality and were able to extend our warranty period to five years. Customers appreciate the new product range, which has resulted in a very positive sales trend for both Coline and Asaklitt.

We are refining and restructuring our brand portfolio, and in the future we will focus on a smaller number of brands and greater clarity, in order to take advantage of brand loyalty and strengthen it as well. Today we have proprietary brands in all five product categories. During 2015/16 financial year, proprietary brands' share of sales increased to approximately 30 per cent and our aim is to increase this percentage even further.



In an era when products and offerings are growing increasingly similar in both function and quality, the proprietary brand is becoming ever more important. Better quality, distinctiveness, design and functionality are needed to be competitive. And all of this must be packaged clearly and attractively in order to create trust in the brand. The road ahead for us is to further strengthen our brands by continually improving our customer offering.

Eva Berg, Head of Assortment





A completely new range of wallpaper

After the successful launches of our indoor and outdoor paint range, we took the next step in our offering to all of the do-it-yourselfers with a completely new range of wallpaper. By keeping a basic offering of six different types of wallpaper in stock in the stores, and 30 more varieties at our Insjön distribution centre, we ensure that our customers can get started quickly on their wallpapering projects, at a very competitive price.

Products for a more sustainable lifestyle

Our broad range of products and millions of customer relationships give us the greatest chance to make a contribution from a sustainability perspective. Therefore actively striving to offer more products that contribute to a more sustainable lifestyle is a priority as we develop our product range. This is also something that we know our customers are requesting, and we are certain that it will be an increasingly important factor in purchase decisions in the future. Our target is for products for a more sustainable lifestyle to increase their share of total sales

from 6 per cent in the 2014/15 financial year to 12 per cent by 2020. These products increased to 10 per cent of sales during the 2015/16 financial year.

Spare parts are an important part of helping our customers to use resources more efficiently. Clas Ohlson offers over 10,000 spare parts in order to extend the lifetime of its products. Our range of spare parts is becoming ever more popular with customers, and during the financial year sales grew by more than 40 per cent for the fourth consecutive year.



Criteria for products for a more sustainable lifestyle

Products for a more sustainable lifestyle represent an important part of how we as a company can contribute to a more sustainable society. In order to qualify, they must meet at least one of the following criteria:

- Reduce energy or water consumption in the home
- Support recycling or are made from recycled materials
- Help reuse or reduce waste
- Have an improved environmental performance, such as eco-labelled products
- Use of materials is optimised or potentially hazardous chemicals are replaced



Clas Office – Everything for the office. And more.

Clas Office is our offering for small and mid-size companies. Sales of office-related products have increased since the launch of Clas Office in Sweden and Norway in the autumn of 2014, and during the 2015/16 financial year the number of Clas Office corporate customers has more than doubled.

B2B sales are nothing new at Clas Ohlson, but Clas Office enables us to provide even more relevant offerings and discounts, along with easier options for registration and invoicing. When combined with our availability through the store network and online store, our broad product range and our expanded range of office products, this makes it easy for companies to consolidate all of their office purchases to a single supplier – regardless of their industry and their needs.

High requirements for quality, health and safety

Quality is important to 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 is in compliance with our Code of Conduct, do we place an order.

A clear set of requirements forms part of each supplier agreement. We are on site at the manufacturing plant, implement controls during production and carry out a final inspection before delivery. Accordingly, long-term relations with prioritised suppliers are crucial, as this means that we get to know them and they get to know us and our standards. Continuous monitoring is an important part of our quality work.

We continuously monitor claims statistics and customer assessments to continue developing and improving our own brands and the entire product range.

Clas Ohlson also works to minimise the use of hazardous chemicals in the company's product range, and we have imposed higher requirements than those set by legislation for products used by children and products that come into contact with skin or food. Testing is carried out in our own laboratories, and we also cooperate with several independent test institutions such as Intertek, Semko and SP Technical Research Institute of Sweden.

Read more in our Sustainability Report.

Cocraft Pro Edition – for pros and do-it-yourselfers alike

The DIY segment is growing, and we have now developed a new series of tools meant for more challenging jobs. All of our Pro Edition tools come with a 10-year guarantee and the power tools have a 5-year guarantee. They are ergonomically designed and fit comfortably in your hands. The quality can be seen in everything from the materials and motors to smart details. Cocraft Pro Edition is launched in the summer of 2016 after an intensive development effort. There are 44 products in the series, ranging from screwdrivers to crosscut and compound mitre saws, pressure washers, lawn trimmers and hedge shears.



Clas Ohlson's five product categories



Hardware

In the Hardware category, we sell tools and materials 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, Capere and Clas Ohlson are our proprietary brands in this category.



Electrical

Clas Ohlson has many smart, safe and energy-efficient solutions for an electrical-smart home or 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 proprietary brands in the Multimedia category.



Home

We have thousands of affordable products that make everyday life easier and more enjoyable. 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. We offer our own brands Coline and Clas Ohlson in the Home category.



Leisure

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



Customer interaction is key

Shopping at Clas Ohlson 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 exist 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.



One way to provide service is to offer the right accessories. This can elevate customers' shopping experience while we solve their everyday problems even better at the same time.

Ebba Andersson
Employee, Contact Centre





I felt that I received excellent customer service from the salesperson. The salesperson was knowledgeable about the products and concerned about my needs. My visit to the store lived up to my expectations for good customer service.

From our customer survey



We launched Click & Collect in the British market during the financial year. Click & Collect is the option of ordering products online and pick them up in our stores.

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 28.

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 works equally well on computers, smartphones and tablet devices. It has our full product offering, as well as thousands of spare parts, buying guides and inspirational videos. Customers are able to ask questions and receive responses, upload shopping lists, view expanded 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 there is less awareness of Clas Ohlson. Many consumers search for information online and visits to the website also contribute to more visits and higher sales in our stores. Both traffic and conversions in our online store are increasing substantially.

In the spring of 2016 Clas Ohlson's online store was named the "Online Customer Experience of the Year" at the 2016 Nordic eCommerce Summit. Clas Ohlson also received the award for "Online Customer Service of the Year" and was recognised for taking the time to help the customer regardless of query and being prepared to do "the little extra" to satisfy the customer and making the customer interaction a positive experience.

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. Our customers appreciate our staff most of all, and they 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.

It is important to us that all stores meet customers' expectations, and that we work continuously to see how we can improve each store's chance of success 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 well we live up to a number of statements in selected focus areas. The results of this work provide us with ongoing updates about how our improvement efforts are perceived in stores.



Stores in prime locations

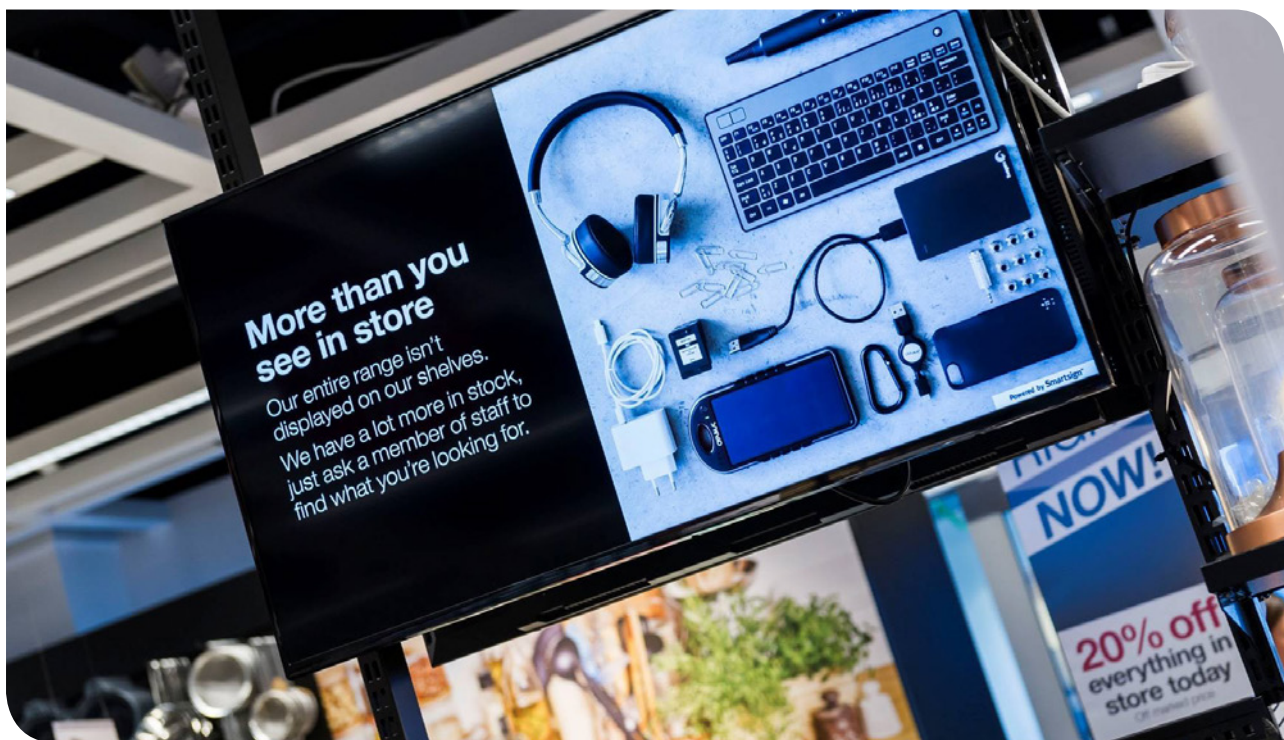
Clas Ohlson's stores have been designed to meet customers' expectations optimally depending on where they are and what they need.

Our store concept is continually changing and evolving, with new solutions and ideas. It should be easy for customers to find their way around, 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 are adapted according to the location and level of local competition to be better able to serve customers and drive sales.

We also strive to improve sustainability in the stores themselves. We are reducing our stores' environmental impact through energy efficiency measures, and we are switching to more cost- and energy-efficient LED lighting. We are also working to build in greater possibilities for recycling products in our stores.

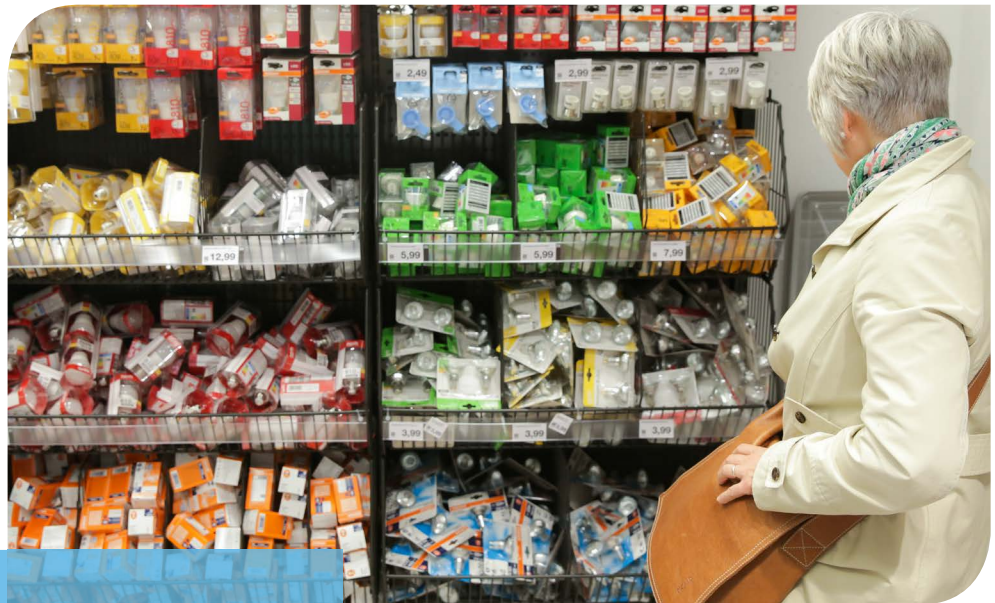
Different store concepts for increased flexibility

The stores are the most important sales channel in our omni-channel strategy and they 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 entire range in a small format

In the autumn of 2015, Clas Ohlson opened its first small-format store in St Albans, just outside London. In a space of about 300 square metres, customers have access to the entire breadth of our offering and our complete product range via customer terminals. The new store format will be a supplement to larger stores and an important part of our expansion strategy. Our offering must be available and relevant, and we want to be where our customers are as they go about their day.



A pleasant and extremely knowledgeable salesperson who could explain the differences between LED and halogen bulbs compared with “regular” bulbs when it comes to wattage, colour temperature, energy savings and the dimmer feature.

From our customer survey



The store concepts vary in size and the range in the stores differs. However, all formats are 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 for home delivery or to be collected in-store.

Club Clas for loyal members

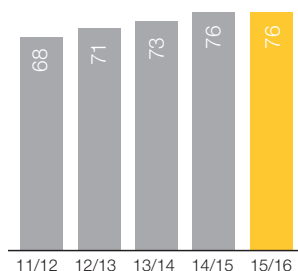
Club Clas is our customer loyalty program for everyone who appreciates useful and practical solutions to everyday problems. It was launched in Sweden in 2013 and in Finland in 2014, and already has more than 2 million members. Club Clas

membership includes discounts, special offers and invitations to various store events.

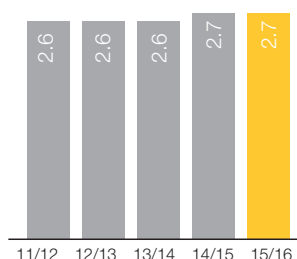
Club Clas provides us with a lot of useful information. Purchase histories are saved and customers appreciate receiving more accurate offerings. Stores with many club members have a higher average purchase rate and a higher conversion rate.

Moving forward, the plan is to launch Club Clas in Clas Ohlson’s other markets as well.

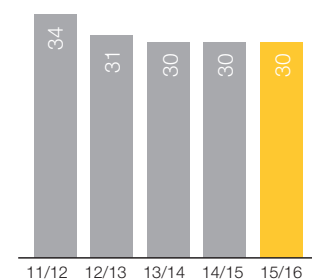
Number of visitors in stores, millions



Sales per average employee, MSEK



Sales, store/m², SEK 000s



A clear focus on growth

Clas Ohlson is continuously expanding with new stores, new channels and new offerings. Today 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 multiple 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 18.

During the financial year, Clas Ohlson expanded in all markets. We opened 10 new stores, and we entered the German market with our first store in Hamburg right after the end of the year.

During the financial year we also developed our product range in order to further expand our target group. One example is Clas Ohlson's completely new series Cocraft Pro Edition, which consists of power tools, hand tools and gardening machines. It is intended for the home improver with higher demands on quality and functionality. Read more on page 18.

Central locations are crucial

At the end of the financial year, Clas Ohlson had 205 stores attractively located in city centres or popular shopping centres, 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 traffic in a shopping centre.

Store establishments in home markets

In Sweden, Norway and Finland, Clas Ohlson has an extremely strong market position and a broad store network. These markets represent 95 per cent of Clas Ohlson's sales.

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 in the Nordic region with greatest potential for establishing new stores and potential for establishing Clas Ohlson in areas where we are not currently located.

Store establishments outside the Nordic region

We began to optimise and concentrate our UK store network during the financial year. We closed our store in Birmingham and opened two smaller format stores in St Albans and Ealing in the London region. During the 2016/17 financial year we plan to close seven more stores in the UK, while we are planning at the same time to open one or two new stores in the smaller format in the London region.



Store number 200

The opening of the store in Bergvik Shopping Centre in Karlstad, Sweden, in August 2015 was a new milestone for Clas Ohlson since it became our 200th store. During the last ten years Clas Ohlson has opened more than 150 new stores and doubled its sales.



Our first store in Germany

After years of intense preparations, Clas Ohlson opened its first store in Germany. The doors of our store on Jungfernstieg in Hamburg opened in May 2016. Two additional stores will open in Hamburg during the autumn.

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

Our first store in Germany

During the financial year we worked on the final preparations for entering the German market. The doors of our first German store in centrak Hamburg opened in May 2016. During the autumn we will open two more stores in Hamburg, in the Altona district and in one of Hamburg's leading shopping centres in Alstertal. Germany is one of Europe's largest retail markets, with annual growth of 2 per cent over the last five years.

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 and investments 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.

Today Clas Ohlson offers online shopping in Sweden, Norway, Finland and the UK. Both traffic and sales increased substantially during the financial year. Online shopping will be introduced in Germany as well in the autumn.

10-15 new stores in the next financial year

During the 2016/17 financial year, Clas Ohlson aims to establish 10-15 new stores, entailing 3-8 new stores net taking into account the restructuring in the UK. Growth will occur in accordance with the Group's long-term financial targets.

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.

Efficient logistics and supply chain

Clas Ohlson does not own any manufacturing plants. Products that carry our brands, or which are unbranded, are bought directly from the 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 chain.

Clas Ohlson purchases products from more than 600 suppliers in Europe and 700 manufacturers in Asia. Close to 70 per cent of our products are manufactured in Asia. All products pass our large distribution centre in Insjön, Sweden, where products are repackaged and dispatched to our more than 200 stores 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 increased the share of direct purchases by 3 percentage points to 41 per cent during the year. We invest in close, long-term relationships with our suppliers and have built a strong supplier network over time. This enables us to reduce our purchasing costs and allows us to exert more influence over product design, quality and price.

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 examining and influencing social and environmental conditions. We are continuously seeking new potential purchasing markets to be able to develop our purchasing processes and ensure 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 in China and we conducted about 370 audits during the financial year.

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 while contributing 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 is one of Clas Ohlson's key success factors. Our distribution centre in Insjön, Sweden, coordinates efficient distribution and logistics and the turnover rate at the distribution centre is high. Orders from stores occur automatically when an article reaches its re-order point, and products reach the stores in one to three days. Every day, approximately 1,000 pallets are delivered to stores and approximately 1,000 deliveries are made directly to customers.

During the year, we increased the fill rate on our pallets by 5 per cent, which has led to reduced transport costs and a positive impact on our environmental statistics.

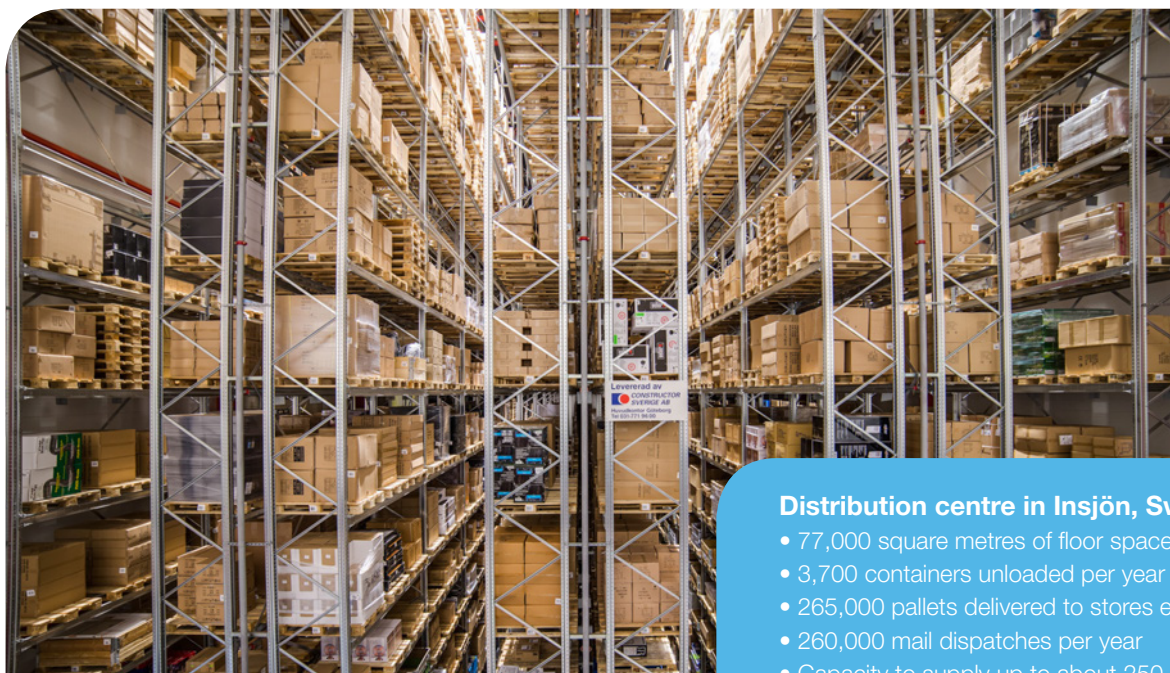
We continued to expand our distribution centre to meet the capacity requirements of some 250 stores, we streamlined goods receiving and we initiated the implementation of a more resource-efficient method of working known as LEAN.



We have been extremely focused on the environment for several years, and we've taken big steps in moving our shipments to rail for the entire distribution network in Norway. As a result, we were especially pleased to receive PostNord's environmental award.

Peter Bergestål, Transport Manager





Distribution centre in Insjön, Sweden

- 77,000 square metres of floor space
- 3,700 containers unloaded per year
- 265,000 pallets delivered to stores each year
- 260,000 mail dispatches per year
- Capacity to supply up to about 250 stores
- 400,000 pallet and storage spaces

We have also continued to streamline store logistics, through measures such as improving transport packaging to better suit the stores, developing our hand-held terminals to include additional applications and further centralising inventory control.

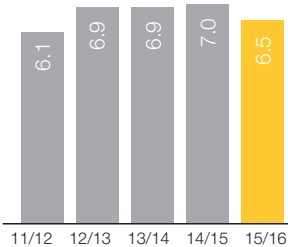
Smart shipments

We redirect our shipments to greener transportation methods to reduce Clas Ohlson's emissions of CO₂. Virtually all goods arriving from Asia are transported by ship, and we are redirecting transports 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. We have also set a target of having at least 50 per cent of our overland freight shipments carried by rail by 2020. All goods arriving from Asia to Gothenburg by sea are already transported by rail to Insjön. Two significant changes were made to the transport infra-

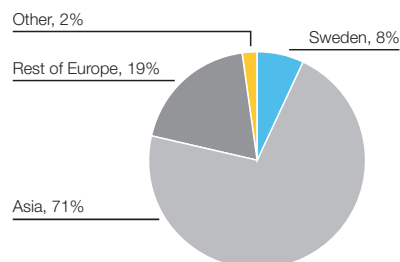
structure during the financial year. We established a freight consolidation point in Landskrona, where we consolidate the majority of the goods arriving from Europe with the goods from our suppliers in the southern part of Sweden for onward transport from Helsingborg to Borlänge by rail. The other major change is that since March 2016 we have been transporting approximately 80 per cent of our Norwegian flow from Insjön to Oslo by rail rather than by road.

We also upgraded our stackable plastic pallets in our outbound delivery flow to improve their durability 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.

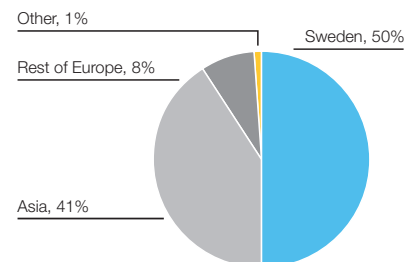
Inventory turnover rate



Regions of origin



Regions of purchase



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 the people of 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 our start in 1918 and remain fundamental to all work undertaken in the company.

An ethical approach

Our Code of Conduct and our Code of Business Ethics describe our requirements for individual employees and partners. We have zero tolerance for corruption and bribery, and of course we obey laws and regulations.

A well-defined and ethical approach with which people are familiar is especially important as we expand into new purchasing markets. All employees who work on contracts and purchasing in Asia receive regular training on our regulations.

Process development and business systems

Our processes are managed on the basis of an overriding process model that is continually refined and improved. At present, much of this work is linked to the implementation of our new business system. Other procedures are being reviewed as well, for example, how we can operate our stores more efficiently.

sCORE, Systems for Clas Ohlson Retail Efficiency, is the umbrella project for the implementation of new business systems that will simplify and improve our work in areas such as purchasing, supply network, sales, finance and HR. The project will enhance the efficiency of the supply network, increase the level of service, make it easier to meet customer demand and changed buyer behaviour and to work with new customer segments, as well as speeding up and streamlining the process of opening new stores and distribution centres in more countries.

The project was initiated in the spring of 2013 and the investment is estimated at an average of 50-70 MSEK per year over a five-year period. During the financial year we implemented our new business system in all of our countries for part of the operation, and we will continue the country-based rollout during 2016/17. We will then conclude the project with the head office and distribution centre.



It is extremely important that our employees and partners understand our values and what they mean in their daily work. The Board of Directors has adopted a new Code of Business Ethics which has been translated into seven languages, and a new course in business ethics has been developed and taught to small groups. Over a hundred employees, agents and partners went through the training during the year, and the training initiative will continue in the next financial year.

Tina Englyst, General Counsel



Coordinated project control

Clas Ohlson's project office coordinates major cross-functional projects. The project office is also responsible for our processes for project control, project management and quality assurance. The senior management group, steering groups and project managers receive support 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 extends 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 that concern all of us.

A core commitment for us is working to strengthen children's rights. In 2015/16 we continued to develop our collaboration with Save the Children, where our focus was supporting migrant worker families in China.

[Read more in our Sustainability Report.](#)



A study trip to China focused on sustainability

Clas Ohlson has been working with Save the Children in China for several years to improve conditions for migrant workers and their children. In the spring of 2016, a number of Clas Ohlson employees had the opportunity to travel to China to learn more about our sustainability efforts in the supply chain, and what we are doing to contribute to local societies. During their trip they visited the service centre in Nanjing, where the children get the chance to play, study and meet their friends.

Our Code of Conduct

Clas Ohlson's Code of Conduct comprises guidelines for employees, suppliers and business partners with regard to human rights, labour standards, health and safety 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 is relatively high. Clas Ohlson's audit team in China visits plants that manufacture our products on a daily basis, to check and follow up compliance with the 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 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 safeguarded. 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. We and our customers also contribute to Save the Children's disaster relief fund, which was primarily used during the year for the urgent refugee situation in Syria and nearby regions.

[Read more in our Sustainability Report.](#)



Dedicated employees are key to success

Committed and goal-oriented employees who share our values are fundamental to our continued growth and development. Together, we will find new, smart solutions to practical everyday problems. Today Clas Ohlson employs about 4,700 employees in seven countries.

Clas Ohlson's aim is to recruit, develop and retain competent and committed employees. It is the key to continued successful growth. We do this by being an inspiring and stimulating employer that offers challenging and varying assignments, international career opportunities, continuous competence 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 we 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.

Our values

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

Transferring our culture to Germany

Johan Sturk, Louise Harvey and Nina Lundberg comprise a temporary team, with each member bringing many years of experience from stores in several of our markets. The team has been working closely together with our new German employees before the new store opening to ensure that Clas Ohlson's values accompany us into our new market.

They are all hand-picked employees who offer various types of specialised skills such as sales, merchandising and logistics, and will be on hand in the new store for the first few months to provide support in all daily procedures. What they all have in common is that they think it is great to share their experience with others. They are convinced that this way of sharing expertise is positive for everyone, not just the new store, but Johan, Louise and Nina are also learning many new things to take back with them to their home stores..



The values are key to the recruitment process

In the recruitment process we seek employees who want to grow and develop with Clas Ohlson and who share our values. We promote diversity and we are sure that a variety of competencies and backgrounds are needed for continued successful growth, in both new and established markets.

Having a service mindset, commitment and a business-oriented approach are important prerequisites to enjoy working with us.

Competence development and career paths

Our induction program ensures that all new employees receive a broad understanding of Clas Ohlson's history and core values to carry with them when dealing with customers and other stakeholders. Each employee will receive competence

development and continual additional training. The Clas Ohlson Academy coordinates and offers competence development at all levels and in all markets. A new training platform was introduced during the year to simplify competence development for our employees and make it more efficient.

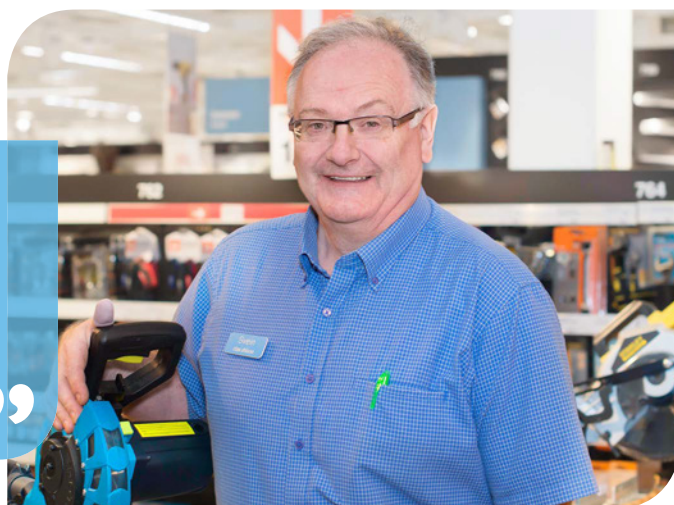
New work assignments are a path to new challenges within the Group and there are major opportunities to advance skills or change direction, and to work internationally. We use career planning and internal development to ensure that the Clas Ohlson spirit will live on as we expand into new markets.

We primarily recruit internally, and 80 per cent of our store managers held a different position at the company in the past.



Clas Ohlson has a clear culture that is important to the company and the people who work here. There is a warmth that permeates Clas Ohlson and we look after each other and our customers in the best possible way.

Svein Asbjørnsen, Team leader Norway





There are lots of opportunities here and employees have great potential for professional growth.

Sylwia Ston, Merchandiser



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 are committed, stay longer and are important ambassadors for Clas Ohlson.

Promoting diversity

Our customers come from many different countries and have different backgrounds. Therefore we believe in diversity and in having employees with a variety of backgrounds and interests to best meet our customers' needs.

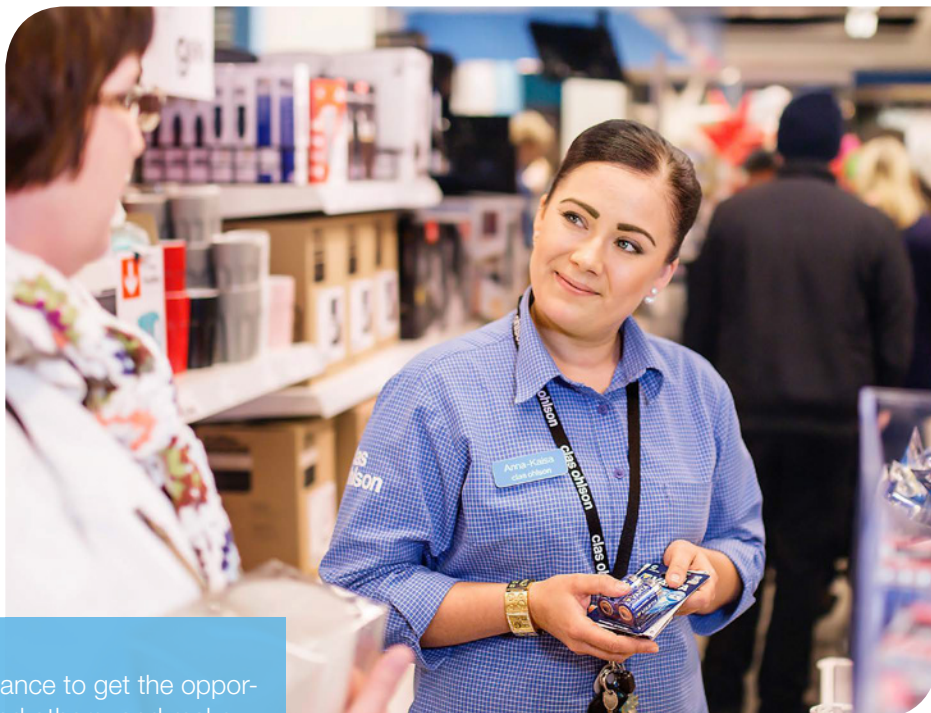
All Clas Ohlson employees have the same rights, opportunities and obligations. No one shall be discriminated against due to gender, age, religion, ethnic origin, disability or sexual orientation.

We work to increase diversity through recruitment and focused skills development. During the 2016/17 financial year we will focus on setting relevant targets, defining key indicators and direction. One of our goals is that neither men nor women will account for less than 40 per cent of each individual professional category. 34 per cent of managers were women during the financial year. Read more about our diversity efforts in our Sustainability Report.

Substantial commitment

As many as 89 per cent of Clas Ohlson's employees participated in our most recent 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.

The employee survey is conducted every other year, most recently in 2014/15.



“ I felt that it was a good chance to get the opportunity to develop myself and others, and make more of a difference. The best thing about my job is my colleagues. Although we all have different backgrounds, we all share the same spirit and have values that we can relate to. ”

Anna-Kaisa Homan,
Team leader Finland

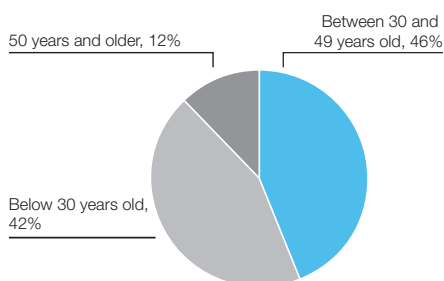
From sales assistant to team leader

Anna-Kaisa Homan is 29 years old and works as a team leader in Mikkeli in Finland. She started out as a sales assistant, but in her first year she was given the opportunity to become team leader with responsibility for logistics and sales. Anna-Kaisa has always been interested in leadership, so it was natural for her to apply for the position of team leader.

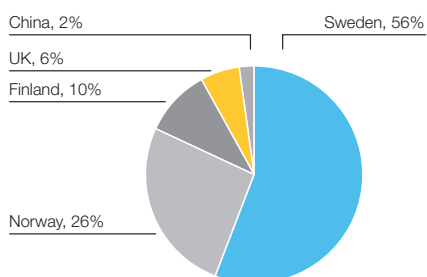
Tomorrow's leaders

Excellent leadership creates personal and corporate growth. At Clas Ohlson, leadership pertains to creating good results by utilising and developing our employees – while focusing on the customer at all times. During the year we refined our leadership program for managers at several levels, and continued our efforts to guarantee our supply of leaders in the future.

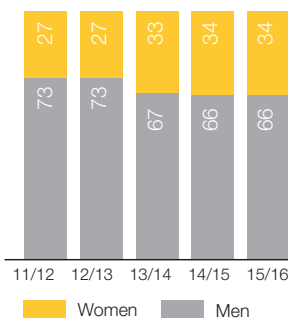
Age distribution, %



Employees by country, %



Managers, proportion of women/men, %



The Battery Hunt

Norwegian and Swedish fourth graders collected 276,000 kg of batteries

The commitment for the Battery Hunt exceeds all of our expectations, and the 2016 contest was no exception. Schoolchildren in Sweden and Norway collected over 276 tonnes of batteries, which were brought to Clas Ohlson stores for recycling. 130,000 Swedish and Norwegian fourth graders have participated in the competition so far.

“If we ask these children in 30 years, this will remain with them as an enjoyable memory, and I think that this will contribute to real change if anything,” said Lisa Adelsköld, Operations Manager at Keep Sweden Tidy.



Clas Ohlson has a tradition of giving back to society and our commitment extends 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 that concern all of us.

Read more about Clas Ohlson's commitment to society in our Sustainability Report.



In addition to the actual contest, the Battery Hunt includes teaching materials that are distributed to schools for free. There is also an extremely popular mobile game that's been downloaded over 100,000 times.

The Battery Hunt was initiated in Norway in 2013 as a partnership between the environmental organisation Miljøagentene in Norway, battery manufacturer VARTA and Clas Ohlson. The Battery Hunt was held for the first

time in Sweden in 2014, as a partnership between the environmental organisation Keep Sweden Tidy, VARTA and Clas Ohlson. The purpose of the hunt is to make children aware of the importance of recycling batteries for the sake of both the environment and our own health.

Read more about the Battery Hunt and other initiatives for a sustainable society in our Sustainability Report and at about.clasohlson.com/sustainability.

THE 2016 WINNERS



Guteskolan in Visby were the Swedish champions in the 2016 Battery Hunt, collecting over 205 kilos of batteries per student. A collection record was also broken when Alla Nationers Fria Skola collected over 4 tonnes of batteries.



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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 2015 to 30 April 2016. 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 home and hardware retail company with the business concept of selling a broad range of products at great value that make it easy for people to solve everyday practical problems. 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 conducted in Sweden, Norway, Finland and the UK via stores, online shopping, catalogues and telephone, as well as through franchise 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 delivered to the distribution centre in Insjön, Sweden and from there distributed via stores, or via mail order/Internet directly to the customers. The number of stores at the end of the year was 205, of which 85 were in Sweden, 72 in Norway, 34 in Finland, 13 in the UK and one franchise store in Dubai.

Significant events

During the financial year, ten new stores (13) were opened, five in Sweden, one in Norway, two in Finland and two in the UK. Two stores were also closed in Norway during the financial year and one in the UK. On 20 August, Clas Ohlson's 200th

store was opened in traditional fashion. The store is located in Bergvik Shopping-Centre just outside Karlstad, Sweden and the opening is a milestone in Clas Ohlson's journey of growth.

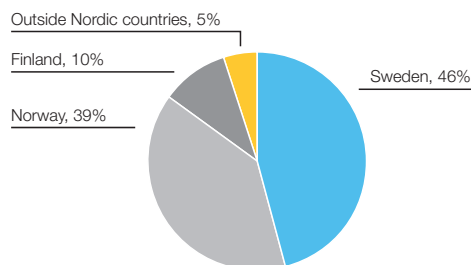
Clas Ohlson has announced plans to close a total of seven stores in the UK during the 2016/17 financial year as part of the optimisation of the store network, resulting in restructuring costs of 107 MSEK charged to the fourth quarter. In addition, there is a tax effect calculated at an expense of -7 MSEK. Annual cost savings are estimated to amount to 70 MSEK when the restructuring generates a full effect in the 2017/18 financial year. For more information see Notes 3 and 22.

Clas Ohlson is implementing a new IT platform. sCORE, Systems for Clas Ohlson Retail Efficiency, which 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 to work with new customer segments. The project was initiated in the spring of 2013 and the investment is estimated at an average of 50 to 70 MSEK per year over a five-year period.

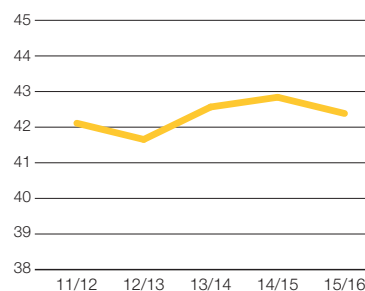
Sales and profit

Sales increased to 7,602 MSEK, up 4 per cent compared with 7,330 MSEK in the year-earlier period. Measured in local currencies, sales increased by 6 per cent.

Distribution of sales, %



Gross margin, %



Sales were distributed as follows:

Sales area, MSEK				
Countries	2015/16	2014/15	Percent- age change	Percentage change, local curr.
Sweden	3,483	3,295	6	6
Norway	2,928	2,934	0	7
Finland	819	747	10	9
Outside Nordic countries	372	354	5	-2
Total	7,602	7,330	4	6

The sales increase of 4 per cent from stores was distributed as follows:

Distribution of sales increase	
Comparable units in local currency	3 per cent
New stores	3 per cent
Exchange-rate effects	-2 per cent
Total	4 per cent

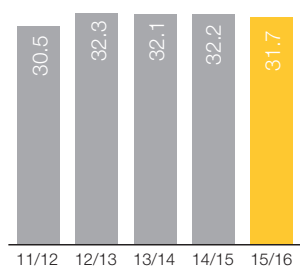
The gross margin declined to 42.4 per cent, down 0.5 percentage points year-on-year (42.9). The gross margin was negatively affected by the considerable strengthening of the USD and the weaker NOK during the period. The effect was primarily reduced by a positive sales mix, currency hedges and lower sourcing costs.

The share of selling expenses declined by 0.5 percentage points to 31.7 per cent (32.2). The share declined mainly as a result of the increased sales in comparable units.

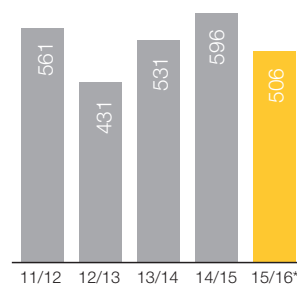
Operating profit increased by 3 per cent to 613 MSEK (596), excluding non-recurring items of 107 MSEK related to the optimisation of the store network in the UK. In addition, there is a tax effect calculated at an expense of -7 MSEK. Operating profit amounted to 506 MSEK. The operating margin, excluding non-recurring items, amounted to 8.1 per cent (8.1). The operating margin was 6.7 per cent.

Profit after financial items, excluding non-recurring items, increased by 3 per cent to 615 MSEK (597). Profit after financial items totalled 508 MSEK. Depreciation for the financial year amounted to 235 MSEK (233).

Share of selling expenses, %



Operating profit, MSEK



* Including a non-recurring cost of 107 MSEK.

Spot exchange rates for key currencies averaged 1.01 for NOK and 8.40 for USD, compared with 1.09 and 7.51, 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.

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, annual targets are set for store expansion. During the 2016/17 financial year Clas Ohlson plans to establish 10-15 new stores, entailing 3-8 new stores net taking into account the restructuring in the UK. The profitability target is an annual operating margin of at least 10 per cent. Growth will occur in accordance with the Group's long-term financial targets.

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

Clas Ohlson is also reviewing and optimising the current store network in the UK and strengthening its presence in the London region with smaller format stores.

In May 2016, Clas Ohlson opened its first store in the German market on Jungfernstieg in Hamburg and will open another two stores in Hamburg in the autumn, in Altona and Alstertal, and launch online shopping in the German market.

Plans are to establish at least one more store in the Gulf region through a franchise partnership. Future 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 expected to continue until 2018.

Financing and liquidity

Cash flow from operating activities during the financial year totalled 705 MSEK (647). Cash flow for the financial year, after investing and financing activities, was 95 MSEK (156). The cash dividend paid to Clas Ohlson's shareholders in September 2015 totalled 331 MSEK (300).

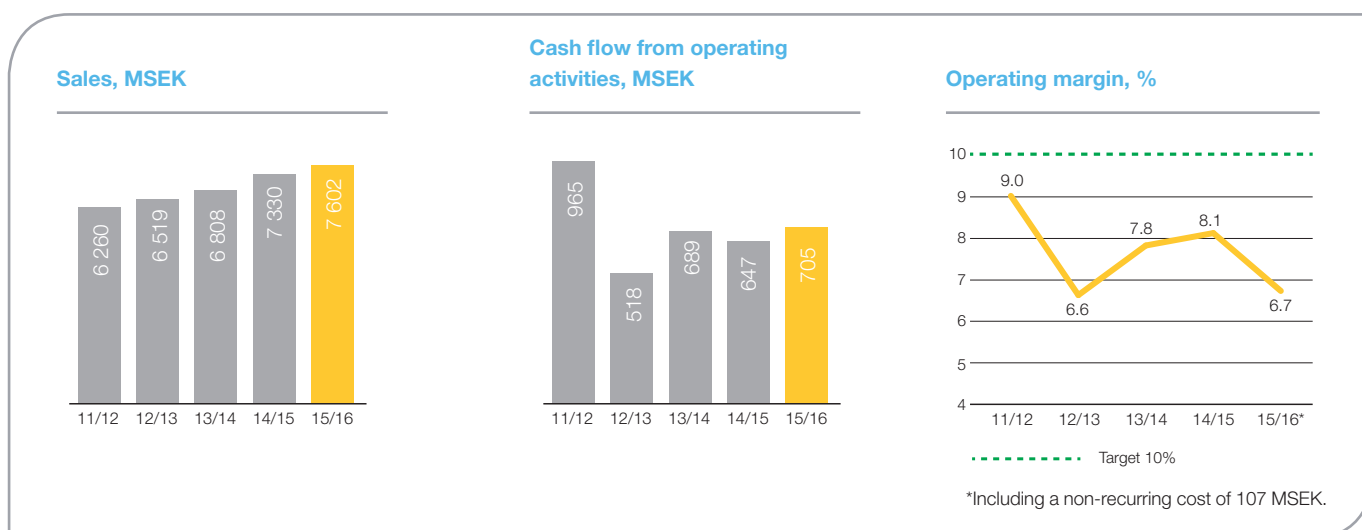
The average 12-month value of inventories was 1,619 MSEK (1,491). Over a rolling 12-month period, the stock turnover rate at the distribution centre was 6.5 times (7.0). The decline was attributable to exchange-rate effects (USD). At the end of the financial year, the value of inventories was 1,639 MSEK (1,569). The increase in inventories was attributable to new stores and exchange-rate effects (USD). Compared with the preceding year, a net of seven stores were added.

During the financial year, buy-backs of the company's own shares to secure the LTI 2015 (Long Term Incentive Plan 2015) amounted to 48 MSEK (14).

The Group's net cash holdings, meaning cash and cash equivalents less interest-bearing liabilities, amounted to 604 MSEK (517) at the end of the financial year. The equity/assets ratio was 55 per cent (57).

Investments

During the financial year, investments totalled 274 MSEK (192). Of this amount, investments in new or refurbished stores accounted for 90 MSEK (88). Other investments were primarily IT and replacement investments. During the financial year, investments in IT systems amounted to 133 MSEK (69).



The Share and share capital

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

On 30 April 2016, the company had a total of 27,106 shareholders, according to the register of shareholders maintained by Euroclear Sweden, compared with 27,933 on 30 April 2015. The ten largest shareholders at that time held 54 per cent of the capital and 75 per cent of the votes. For the summary, see pages 87 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 81, 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 2016, the company held 2,223,580 shares (2,383,939), corresponding to 3 per cent of the total number of registered shares (4 per cent). The number of shares outstanding, net after repurchase, was 63,376,420 (63,216,061) 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 2015, Clas Ohlson bought back shares during the first quarter of 2015/16 for a total of 48 MSEK (14).

Employees

The number of employees in the Group converted to full time employees averaged 2,787 (2,736). 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 in our sustainability report and can be found 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 impact related to transportation of products is one of Clas Ohlson's most important environmental aspects. For this reason, enhanced transportation efficiency is a focus area throughout the Group. During the year, both relative and absolute CO₂ emissions declined year on year. The environmental impact from the store network and own operations is significantly lower than from the transportation of products. Another activity to reduce environmental impact is the company following an energy efficiency program that aims to convert existing lighting to more energy effective LED lighting.

Environmental work is undertaken continuously in the Group. This work is mainly described in our sustainability report and can be found 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 programs is to generate conditions for retaining and recruiting competent employees to the Group. The programs were designed to encourage participants to become shareholders in the company, which is expected to have a positive impact on their long-term work performance. Connecting participants' rewards to the company's profit and value development will continue to promote company loyalty and thus sustainable value growth in the company.

Long-term incentive programs that entitle employees to acquire share are subject to AGM approval. The qualification period for LTI 2013, LTI 2014 and LTI 2015 were in effect during the financial year. The qualification period for LTI 2013 was concluded after the close of the financial year and LTI 2016 was launched. All incentive programs 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 6,074 MSEK (5,746) and profit after financial items totalled 456 MSEK (562) during the financial year. During the financial year, investments totalled 207 MSEK (115). The Parent Company's contingent liabilities amounted to 238 MSEK (326).

Events after the end of the year

The qualification and performance periods for the long-term incentive program LTI 2013 were valid from 1 May 2013 until 30 April 2016. After the end of the reporting period, a total of 40,569 shares were allotted on 2 May 2016 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 15 options per purchased share (5-15 options in cases of target fulfilment), based on established criteria for sales and profit growth. A total of 608,535 options were awarded. The employee stock options are exercisable as of

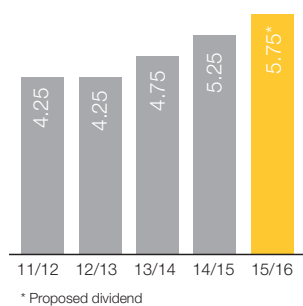
15 June 2016 but not later than 24 April 2020, and entitle participants to purchase Clas Ohlson shares at the price of 94.30 SEK per share.

In May 2016, the long-term incentive plan LTI 2016 was introduced following the same structure as LTI 2015. The exercise price for the conditional employee stock options has been set at SEK 161.00 per share, with exercise possible, following the three-year qualification period, between June 2019 and April 2023.

The Annual General Meeting of Clas Ohlson AB on 12 September 2015 authorised the Board of Directors to acquire a maximum of 860,000 shares during the period up until the next Annual General Meeting in order to secure the company's undertakings in conjunction with the introduction of a share-related incentive program, LTI 2016. The total number of shares required to secure the undertaking for LTI 2016 is estimated at 600,000. Part of the undertaking for the LTI 2016 can be secured through the use of shares that were bought back to secure previous LTI programs where the need has been recalculated (60,000). Besides this, further balances will be performed in connection with the repurchases being carried out if additional shares can be transferred to LTI 2016.

The Board of Directors has decided to use the authorisation received from the AGM to buy back the remaining maximum 540,000 shares required to secure the company's obligation in respect of the LTI 2016. Acquisition will be conducted via Nasdaq Stockholm during the period up until the 2016 AGM, at a price within the quoted price span. As per 30 April 2016, the company's holding of Clas Ohlson shares amounted to 2,223,580 shares, corresponding to 3 per cent of the total number of registered shares.

Dividend per share, SEK



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 5.75 SEK per share (5.25) be paid for 2015/16. The proposed dividend totals 377 MSEK (344), which represents 100 per cent (75) 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	371,770
Profit for the year	410,421
Total	782,191

The Board and Chief Executive Officer propose:

Dividend payable to shareholders	
5.75 SEK per share	377,200 ¹
Carried forward to new account	404,991
Total	782,191

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

The record date for payment of the dividend is proposed as 13 September 2016. It is anticipated that the dividend decided upon by the Annual General Meeting will be despatched on 16 September 2016.

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 55 per cent before payment of dividend and 50 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.

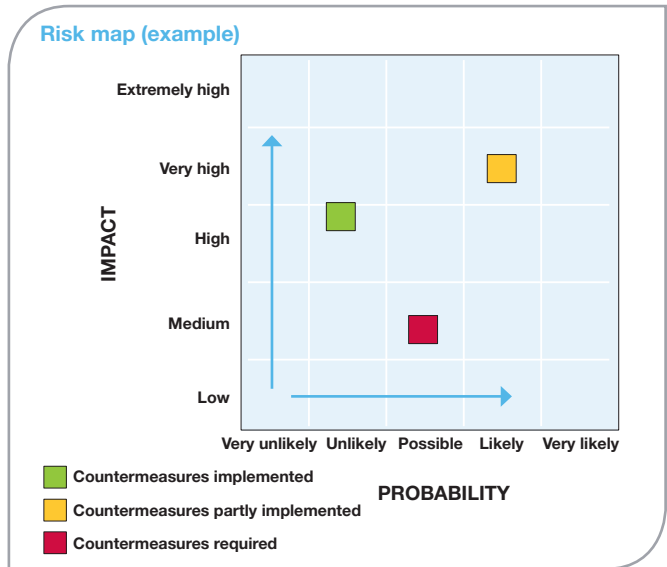
Risks and uncertainties

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 probability and their conceivable impacts 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.

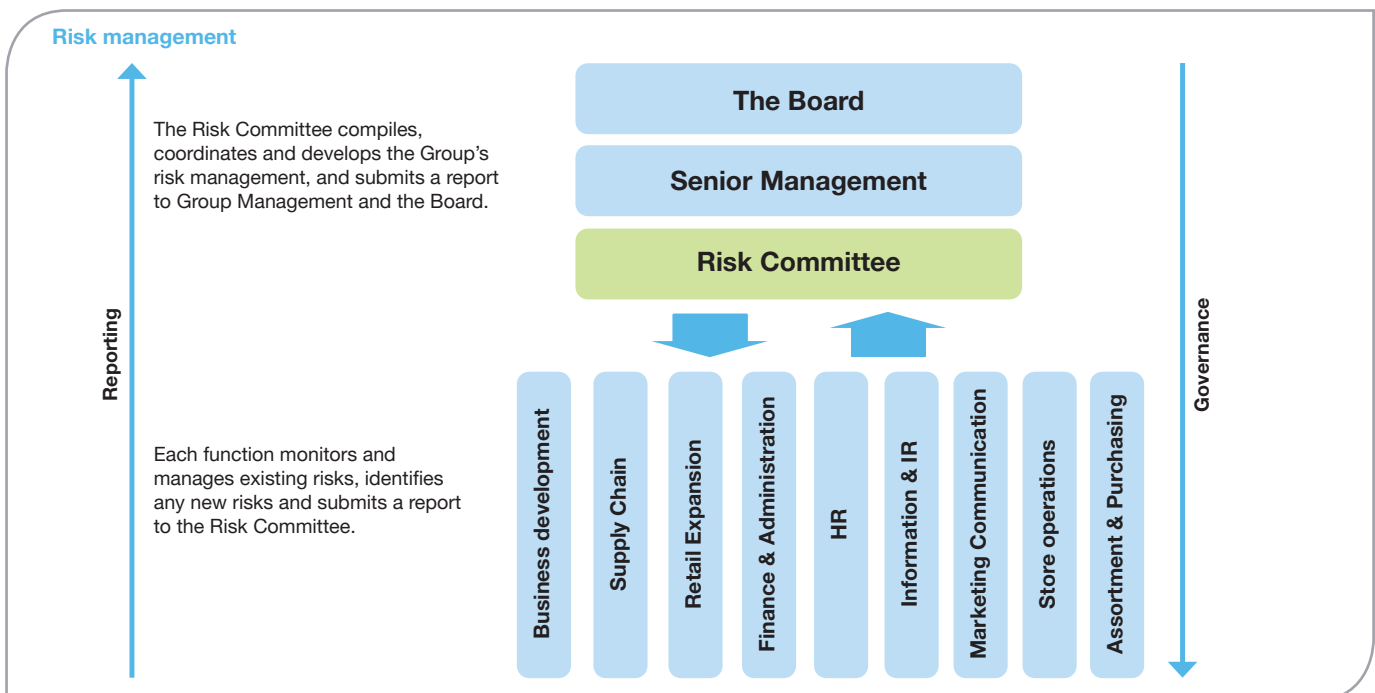
The risks are compiled in risk maps to provide a compilation of the overall exposure and where measures are to be prioritized. Maps are compiled at Group level and are a key component of the senior management and Board's strategic and operational control. The Group's Risk Committee performs the work



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.

Currencies

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

The principal currencies for purchasing are the US dollar (USD), Hong Kong dollar (HKD) and euro (EUR). Movement of the SEK against the Norwegian krone (NOK) is also important for the Group, since Norway accounts for approximately 40 per cent of sales. Net exposure to EUR is low, since the company is increasing its sales in EUR through its expansion in the Finnish and German markets. The Group is also increasing its exposure to the pound sterling (GBP) as sales in the UK grow. The table to the right shows how profit is affected by changes in principal currencies, excluding currency hedging.

Currency hedging

Futures hedging is performed monthly in USD and NOK, 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 possibility/risk of paying for the remaining purchases at the current rate.

Currency movements

During the financial year, the NOK weakened against the SEK. The average rate for the NOK was 1.01, down 7 per cent compared with the 2014/15 financial year when the rate was 1.09. About 40 per cent of sales are conducted in NOK, and accordingly translated to SEK at the corresponding exchange rate.

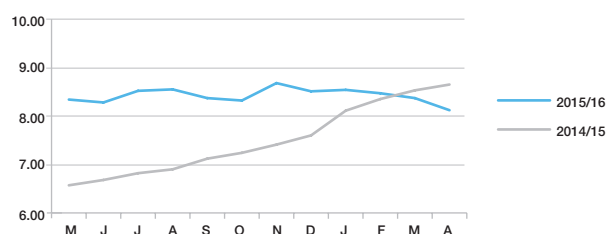
The USD strengthened against the SEK during the past financial year. The average exchange rate during the financial year was 12 per cent higher than in the preceding year (8.40 compared with 7.51). The average exchange rate for the HKD during the financial year was 1.09 SEK, or 12 per cent higher compared with the 2014/15 financial year, when it was 0.97 SEK. The EUR strengthened against the SEK during the past financial year. The average exchange rate during the 2015/16 financial year was 9.33 compared with 9.25, up 1 per cent. The average exchange rate for the GBP was 6 per cent higher in the financial year than in the preceding year (12.66 compared with 11.93).

Sensitivity analysis

Currency effects excluding hedging

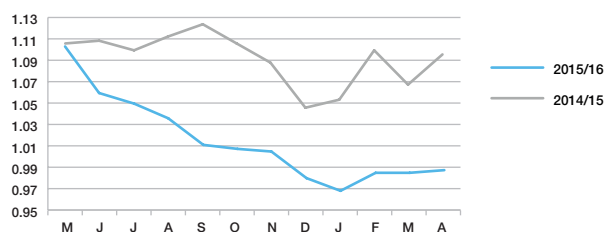
Currency	Change, %	Impact on profit before tax, MSEK
NOK	+/- 5	+/- 83
USD	+/- 5	-/+ 64
HKD	+/- 5	-/+ 8
EUR	+/- 5	+/- 5
GBP	+/- 5	-/+ 1

Monthly average, SEK/USD



USD is our most important purchasing currency. At the beginning of the financial year, on 4 May 2015, the exchange rate for USD was 8.39. Overall, the exchange rate was stable, peaking in November and weakening gradually during the final quarter of the financial year. It was noted at 8.04 SEK on 29 April 2016, down 4 per cent. The highest exchange rate was 8.76 SEK noted in August 2015, while the lowest exchange rate was 8.04 SEK noted in April 2016.

Monthly average, SEK/NOK



The graph shows the average exchange rate for the SEK/NOK currency pair. At the beginning of the financial year, on 4 May 2015, the exchange rate for NOK was 1.11 versus SEK. The NOK weakened substantially versus SEK during the financial year, increasingly slightly during the final quarter of the financial year. It was noted at 0.99 SEK on 29 April 2016, down 11 per cent. The highest exchange rate was SEK 1.12 noted in May 2015, while the lowest exchange rate was 0.95 SEK noted in January 2016.

Source: Riksbanken

Operational risks

RISK	DESCRIPTION	RISK MANAGEMENT
EXPANSION	<p>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.</p> <p>Expansion through the franchise concept generates risks that are primarily connected to the Clas Ohlson brand and concept.</p>	<p>Clas Ohlson conducts detailed market assessments in each individual case of establishment and capitalises on the experiences from previous establishments.</p>
PURCHASING	<p>Clas Ohlson currently purchases about 40 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. There is a risk of bribery and corruption in the procurement process, and suppliers in low-wage countries increase the risk of deficiencies in working conditions and respect for human rights. Increased single-country exposure entails greater risks (political risk, transport risk, currency risk and so forth).</p>	<p>Clas Ohlson's Code of Conduct and Ethical guidelines applies to all our suppliers and contracts. Through its own audit team in China, we follow up to the requirements of our Code of Conduct. Clas Ohlson works continuously to find new purchasing markets in Europe and Asia.</p>
IT SYSTEMS	<p>Clas Ohlson's operations are highly dependent on IT support. As a result, it is essential that IT systems provide effective support for the company's day-to-day operations and maintain a high level of reliability. It is also important to ensure efficiency and provide support in decision-making processes.</p>	<p>Implementation of a new IT system is ongoing. Clas Ohlson has chosen Microsoft Dynamics AX to satisfy future business support software needs.</p> <p>Clas Ohlson has a policy for IT security. There are standardised processes for the implementation of new systems, changing existing systems and daily operations.</p>
COMPETITION	<p>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.</p>	<p>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.</p>
LOGISTICS	<p>Clas Ohlson's distribution centre in Insjön, Sweden, 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.</p>	<p>Clas Ohlson works continuously with maintenance and inspection of systems, fire protection and security systems, etc.</p> <p>The Group also works continuously with inspection of the distribution chain to ensure efficiency.</p>
EMPLOYEES	<p>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. Our expansion also places great demands on our recruitment, training and internal mobility.</p>	<p>New employees take advantage of our introductory program to ensure understanding of Clas Ohlson's values. 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 employees as well as trade unions.</p> <p>The Group applies flexible working conditions and internal career paths to attract and retain key personnel.</p> <p>Employee surveys are conducted every second year and are actively followed up.</p> <p>We actively strives for greater diversity in our recruitment process.</p>
ENVIRONMENTAL AND SOCIAL RESPONSIBILITY	<p>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.</p>	<p>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. Clas Ohlson supports the UN Global Compact's ten principles.</p> <p>The company performs audits at suppliers to ensure compliance with Clas Ohlson's Code of Conduct.</p> <p>The company works continuously to change the Group's transport to better environmental transport methods to reduce emissions of CO₂.</p> <p>All new employees participate in a program on sustainability issues.</p>

RISK	DESCRIPTION	RISK MANAGEMENT
PRODUCT RANGE AND COMMUNICATION	The company's most important task is to offer customers a broad and attractive product range at great value. 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 and inspiring 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 for example shoplifting.	The Group implements long-term preventive measures to reduce shrinkage, through such activities as training programs and technical equipment. In addition, continuous follow-ups, evaluation and adaptation of the security efforts 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 (aluminum) 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. 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 the German market. The Group is also increasing its exposure to the pound sterling (GBP) as its sales in the UK grow. The table on page 45 shows how profit is affected by changes in principal currencies, excluding hedging.	Futures hedging is performed monthly in USD and NOK, 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.

Corporate governance

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

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

The Swedish Corporate Governance Code

The Swedish Corporate Governance Code is applicable to all companies listed on Nasdaq Stockholm. The aim is to improve corporate governance in listed companies and foster trust in companies among the general public and in the capital market. The Code is based on the "comply or explain" principle, which means that it is possible to deviate from the Code if an explanation is provided as to why the deviation has been made. During the financial year it has not been any deviations versus the code within Clas Ohlson.

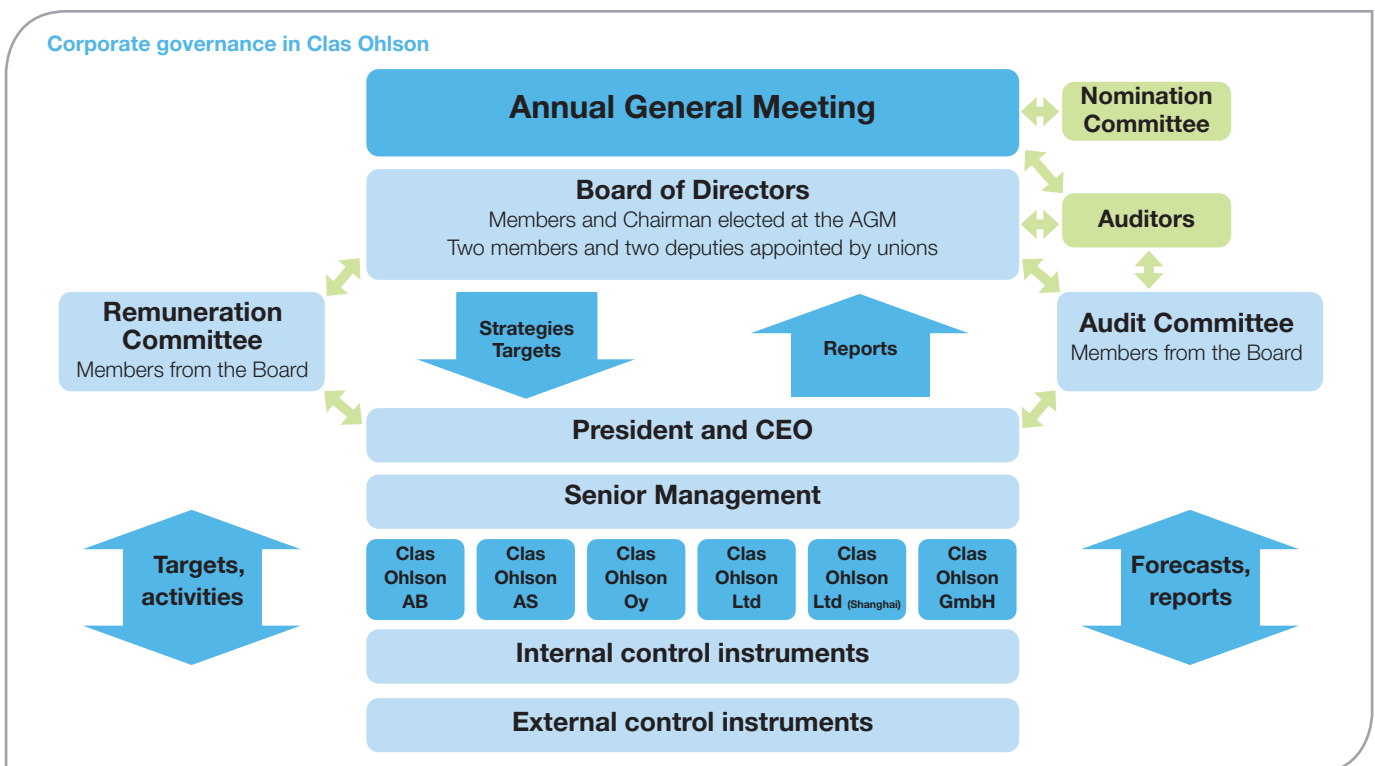
Compliance with applicable regulations for stock exchange trading

Neither the Swedish Securities Council nor the Stockholm Stock Exchange's Disciplinary Committee reported infringe-

ments of good stock exchange practices or of the application of stock exchange regulations.

Annual General Meeting

Shareholders exercise their influence through participation in the company's Annual General Meeting (the ordinary annual general meeting). The AGM is the ultimate decision-making body and since the initial public offering in 1999, has always been held in Insjön, 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 AGM decides how profits are to be appropriated. Other issues that arise are mandatory items under the Companies Act and Clas Ohlson's Articles of Association (the full text can be found at about.clasohlson.com). Clas Ohlson's AGMs are very well attended, and the latest one had about 1,500 participants, making it one of the largest in Sweden.



On 30 April 2016, the company's largest shareholders, each representing at least 10 per cent of the votes, were Helena Ek Tidstrand (16.9 per cent), Björn Haid (12.6 per cent), Johan Tidstrand (12.4 per cent), Peter Haid (11.8 per cent) and Claus-Toni Haid (11.5 per cent).

Nomination Committee

The Nomination Committee's task is to submit proposals for Board members and auditors, as well as fees to Board members (including committee work) and fees to auditors, to the next AGM at which the Board and auditors are due to be elected. The Nomination Committee also proposes the Chairman of the AGM.

At Clas Ohlson, a nomination process is applied for electing the Nomination Committee. The Chairman of the Board is a member of the Nomination Committee, along with representatives 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 another Board member.

During the year, an internal evaluation of the Board's work and Board composition was carried out. The evaluation was performed as an internal, written evaluation since last year's evaluation comprised both a verbal and written evaluation and was performed in collaboration with an external partner. The results of the evaluation were presented verbally and in writing by the Board Chairman Kenneth Bengtsson. The assessment is that the Board worked well during the year. Reporting took place in order to enable the Nomination Committee to make as thorough an assessment as possible of the Board's combined expertise and experience.

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

Nomination Committee prior to the 2016 AGM

Prior to the AGM held on 10 September 2016, a Nomination Committee was elected comprising Jonas Bergh, Chairman of the Nomination Committee representing the owner-family Haid, Göran Sundström representing the owner-family Tidstrand, Ricard Wennerklint representing If Skadeförsäkring AB, Erik Durhan representing Nordea Investment Funds and Kenneth Bengtsson Chairman of the Board of Clas Ohlson.

The composition of the Nomination Committee is based on the owner relationship at 30 September 2015. 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. The degree of diversity in the Board was also taken into account and efforts are made to achieve an even gender balance.

Particular emphasis was placed on the company's strategies and targets, as well as on the demands that the company's future focus will place on the Board. The Nomination Committee also discussed the Board's long-term composition on the basis of future competency requirements, diversity and succession.

The committee worked on the nominating procedure for Clas Ohlson's AGM and held two 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:

- Report on the Board's work from the Chairman of the Board
- 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 AGM.

Auditors

The AGM appoints auditors for the Parent Company each year. The AGM held on 12 September 2015 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 2016 AGM.

Payment for audit engagements in the Group in the past three years totalled 2.1 MSEK, 2.1 MSEK and 2.7 MSEK, respectively. Remuneration for other assignments in the past three years totalled 0.2 MSEK, 0.1 MSEK and 0.7 MSEK, respectively. Work in addition to auditing relates primarily to issues pertaining to consultation on tax issues and IFRS accounting rules.

The independent position of the auditors is ensured firstly by the internal policies of the auditing firm and secondly by the Board's guidelines indicating what engagements the auditing firm may undertake in addition to auditing.

Board of Directors

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

The Board fulfils the independence requirement of the Code. All members, with the exception of Mathias Haid, 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 in the Board. Gender distribution in the Board among the members elected by the AGM in the past financial year was five men (62.5 per cent) and three women (37.5 per cent). In the preceding year, the corresponding distribution was five men (62.5 per cent) and three women (37.5 per cent). Mathias Haid and Göran Näsholm were elected to the Board of Directors at the 2015 AGM.

Board meetings

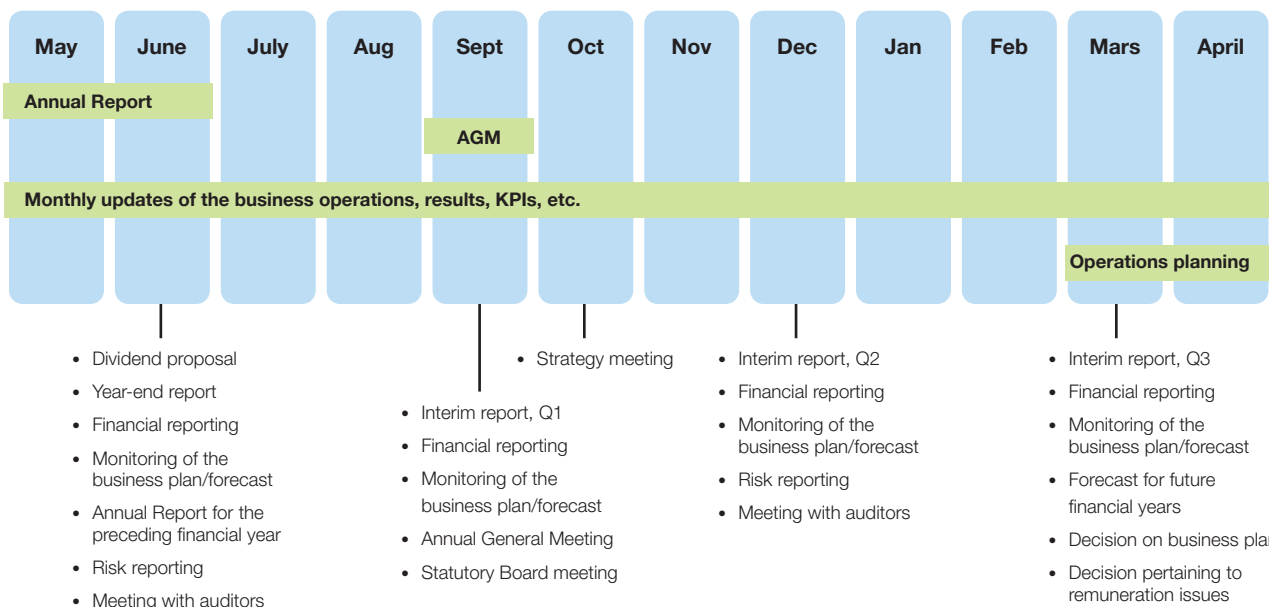
Immediately following the AGM, the statutory Board meeting is held, at which the rules of procedure for the Board and instructions to the company's CEO are approved. The members of the Board's Audit and Remuneration Committees and authorised signatories for the company are also appointed at this meeting. 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 AGM and once during the autumn for strategic discussions. The strategy meeting usually takes place over two days, while other meetings are held on one day. The strategy meeting mainly discusses issues relating to the Group's targets and strategies, product range, store establishment strategy, major investments and so forth. Other meetings primarily deal with 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 senior management. The Board held nine Board meetings during the financial year, of which one was a strategy meeting. The Board assesses its work annually.

How the Board works

The rules of procedure for the Board of Directors stipulate which items on the agenda are to be fixed and which may vary. Each Board meeting is normally to be devoted to a specific

The Board's working schedule



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, Göran Näsholm and Katarina Sjögren Petrini. The Board has is-

sued instructions for the committee work. The Audit Committee fulfils the guidelines regarding independence in the 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 seven 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 meetings as co-opted members. The meetings 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.

Composition of the Board and attendance during the financial year¹

Member ^{2,3}	Elected	Independent ⁴	Independent ⁵	Board meetings	Audit Committee	Remuneration Committee	Nomination Committee ¹¹
Kenneth Bengtsson	2013	Yes	Yes	9/9 ⁶		3/3 ⁶	2/2
Klas Balkow	2007	No ⁷	Yes	9/9			
Björn Haid	1990	Yes	No ⁹	3/4 ⁸		1/1 ⁸	
Mathias Haid	2015	Yes	No ⁹	5/5 ⁸		2/2 ⁸	
Cecilia Marlow	2007	Yes	Yes	8/9	7/7 ⁶		
Göran Näsholm	2015	Yes	Yes	4/5 ⁸	3/3 ⁸		
Edgar Rosenberger	2009	No ¹⁰	Yes	3/4 ⁸	3/4 ⁸		
Katarina Sjögren Petrini	2013	Yes	Yes	9/9	7/7		
Göran Sundström	2014	Yes	No ⁹	9/9		3/3	2/2
Sanna Suvanto-Harsaae	2010	Yes	Yes	9/9		3/3	

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

For further information on Board members, see page 56. The work of the Board and its committees is described on pages 50-52.

² For information on date of birth, work experience, assignments and shareholdings, see pages 56-57.

³ Remuneration of Board members is stated in Note 6, see page 72.

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 2015 Annual General Meeting, Mathias Haid and Göran Näsholm was elected to the Board as Board members.

Edgar Rosenberger and Björn Haid declined re-election.

⁹ Are, or represent, major shareholders. Refer to page 87 for information about major shareholders.

¹⁰ Performed consultancy services and received remuneration of 0.6 MSEK during previous financial year.

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

Remuneration Committee

In accordance with the Swedish Annual Accounts Act, the AGM of a limited liability company whose shares are listed for trading on a regulated marketplace is to decide on guidelines for remuneration of senior executives. The Code also stipulates that the Board is to establish a Remuneration Committee.

The Clas Ohlson Board decided in September that the Remuneration Committee was to comprise Kenneth Bengtsson (Chairman) and three other members: Sanna Suvanto-Harsaae, Mathias 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 management. The process regarding variable remuneration for all staff works in a similar way. The Committee met three times during the financial year. Attendance is shown in the table on page 51. 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 suggestions to long-term incentive program (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 targets are attained. The CEO ensures that the control environment is favourable and that the Group's risk-taking at any time is compatible with the Board's guidelines. Any deviations have to be reported to the Board. The Board also receives regular information from the CEO through a monthly report.

CEO and 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 nine individuals and meetings were held monthly and as otherwise necessary. The meetings focus primarily on strategic and operative monitoring and development, as well as results follow-up. In addition to these meetings, there is close daily cooperation within management.



Governance of subsidiaries

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

External and internal control instruments

Clas Ohlson's governance occurs within the framework for external control instruments, such as Nasdaq Stockholm's rules and regulations, the Swedish Companies Act 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. 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 8.5 MSEK during the financial year, of which 2.0 MSEK was in the form of variable remuneration (STI refer to Note 6). Variable remuneration of 1.2 MSEK pertaining to an expensed but not definitive portion of long-term incentive programs (LTI 2013, LTI 2014 and LTI 2015) was calculated for the CEO. Remuneration to the other nine senior executives totalled 20.6 MSEK, of which 4.0 MSEK was in the form of variable remuneration. Variable remuneration pertaining to the expensed but not definite portion of the long-term incentive programs was calculated at 3.0 MSEK. All ten of senior management receive the additional benefit of a company car. The 2015 AGM decided on guidelines for remuneration to senior management pertaining to the 2015/16 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.

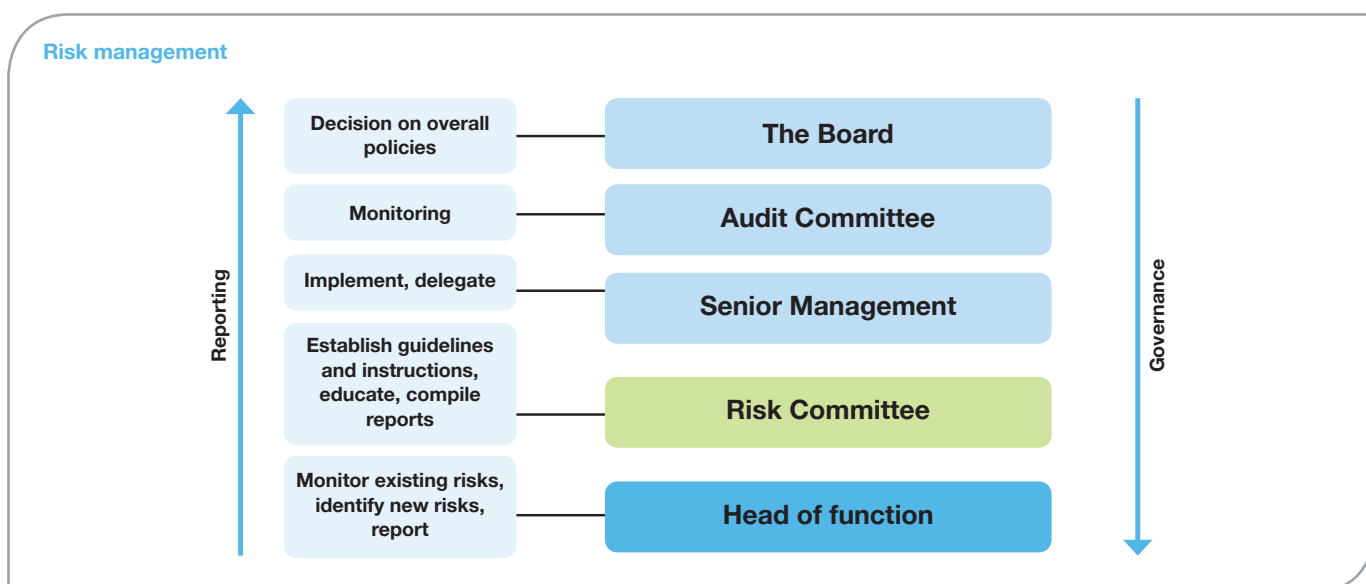
Remuneration principles

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 Clas Ohlson is updated and analysed regularly. This is done by means of a systematic process in which risks are identified, valued and assessed, managed, monitored and reported. Using an overall assessment, priority is given to those risks whose impact and probability are deemed to represent the most negative effect. A key aspect in this work is



the measures undertaken to avoid (control activities), reduce or shift the risk to another party (insurance). The risks are entered in risk maps in order to clarify the overall risk exposure. Mapping is done at the Group level and represents a tool for operational and strategic governance by the Board and the company's senior 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 programs are led by a sustainability forum comprising the CEO, representatives from senior management and various specialists within the relevant areas. The forum sets targets, strategies and activities for the entire Group's sustainability agenda 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 in our Sustainability Report available at about.clasohlson.com.

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 agreements and so forth in each function and the limits in terms of the amounts involved. In the event that the amount exceeds the function's mandate, the decision is assigned to the next level in the organisation. This 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 senior 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 senior 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 sales in stores and online shopping where payment is principally made by credit card or in cash. This income is documented in its entirety in bank accounts which are reconciled daily. The risk of errors in the reporting of income is limited. Group expenses primarily comprise goods-related expenses, freights, salaries and social security contributions, rental expenses and marketing. Income and expenses are forecasted for each store and department. The outcome is checked monthly against both the forecast and the preceding year.



About 77 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 documented.

An assessment is then made of whether the controls that take place are adequate. If there is a need, further compensatory controls are introduced to reduce the risk to an acceptable level. The subsidiaries have accounting managers and controllers who ensure that financial reporting is correct and complete. In addition, they ensure that legislation is observed and that financial reporting is completed within the time frames to senior 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 basis for the Group's consolidated financial reporting.

Information and communication

Major policies, guidelines, instructions and manuals that are of significance to internal control are regularly updated and communicated to employees concerned. General guidelines and instructions are also available on the company's intranet. There are both formal and informal information channels to 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 regarding 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,
Member of the Board 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 diakoni, Eurocommerce, Systembolaget, Mekonomen AB, World Childhood Foundation and Ung Företagsamhet. Board member of Synsam and Herenco.

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 own holding and 7,000 series B shares via a legal entity



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 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: 27,402 series B shares



Mathias Haid

Born in 1970.
Member of the Board since 2015.

Professional experience: Pilot at Lufthansa Cargo AG, training officer at Lufthansa's airline operations and several senior positions in Lufthansa's airline operations in 1998-2015. Member of the Board of Clas Ohlson AS and Clas Ohlson Oy 2002-2005.

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

Shareholding: 2,140 series B shares



Cecilia Marlow

Born in 1960.
Member of the Board since 2007.
Master of Business Administration, Stockholm School of Economics.

Professional experience: CEO of Kronans Droghandel, CEO of JC and CEO of Polarn O. Pyret.

Other significant directorships: Chairman of the Board of Kivra. Board member of Midsona, Platzer Fastigheter, Fazer Group, Mathem, Nordea Fonder and Internationella Engelska Skolan.

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 Näsholm

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

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

Other significant directorships: Chairman of the Board of Fresks Holding AB and LW AB. Board member of Martin & Servera AB and Ahlsell AB.

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

Shareholding: 10,642 series B shares



Katarina Sjögren Petrin

Born in 1964.
Member of the Board since 2013.
Master of Business Administration, 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.
Member of the Board since 2014.
Master of Business Administration, Lund University.

Professional experience: Founder and CEO of Sundström & Partners, various senior positions in Corporate Finance at Alfred Berg Fondkommission AB, Aros Securities AB and Nordea Securities.

Other significant directorships: Chairman of the Board of Logitall AB and Board member of Parks & Resorts Scandinavia AB and Sundström & Partners 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 600 series B shares via a legal entity

Henrik Andersson

Born in 1971.
Member of the Board since 2012.
Employee representative (Unionen).

Shareholding: 0

Lars Zwetsloot

Born in 1976.
Deputy Member of the Board since 2012.
Employee representative (Handels).

Shareholding: 100 series B shares



Sanna Suvanto-Harsaae

Born in 1966.
Member of the Board 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 and TCM AS. Board member of CCS AB, Paulig Oy, SAS AB, Upplands Motor AB, Broman Group Oy and NSP AB.

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

Shareholding: 0

Robert Flahiff

Born in 1967.
Member of the Board since 2015.
Employee representative (Handels).

Shareholding: 0

Auditor

Deloitte

Kent Åkerlund

Authorised Public Accountant
Auditor in Charge

Auditor of Clas Ohlson AB since 2013.

Senior management



Klas Balkow

President and CEO
Employed in 2007
Born in 1965

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.

Shareholding: 27,402 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, at distribution centre and customer service at Clas Ohlson.

Shareholding: 11,859 series B shares



Ulrika Göransson

Director of Business Development
Employed in 2008
Born in 1970
Master of Business Administration, Stockholm University

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

Shareholding: 10,917 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 of Clas Ohlson Sweden, Sales Manager and Store Manager for Swedish stores, Establishment Manager in Sweden, Store Manager and various in-store positions.

Shareholding: 6,747 series B shares



Magnus Højman

Director of Supply Chain

Employed in 2011

Born in 1967

Master of Business Administration, Lund University and University of California

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

Shareholding: 5,224 series B shares



Peter Jelkeby

Executive Vice President

Employed in 2008

Born in 1963

Master of Business Administration, 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 and senior positions in purchasing at IKEA in the Russian and Asian markets.

Shareholding: 8,022 series B shares



Sara Kraft Westrell

Director of Information and IR

Employed in 2013

Born in 1974

Master of Business Administration, Lund University and National University of Singapore

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

Shareholding: 2,552 series B shares



Göran Melin

CFO

Employed in 2010

Born in 1962

Master of Business Administration, School of Business, Economics and Law at the University of Gothenburg

Professional experience: Authorized Public Accountant and Partner at PWC.

Shareholding: 6,700 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: 2,362 series B shares

Group

Income statement

MSEK	Note	1 May 2015 –30 Apr 2016	1 May 2014 –30 Apr 2015
	1, 2		
Sales		7,601.6	7,329.8
Cost of goods sold	4, 5, 6	-4,376.3	-4,181.9
Gross profit		3,225.3	3,147.9
Selling expenses	4, 5, 6	-2,408.5	-2,361.6
Administrative expenses	4, 5, 6, 7	-190.6	-188.6
Other operating income	3	24.2	24.1
Other operating expenses	3	-144.0	-25.8
Operating profit		506.4	596.0
<i>Financial items</i>			
Financial income	8	1.9	2.2
Financial expense	8	-0.7	-1.0
Profit before tax		507.6	597.2
Income tax	9	-128.8	-138.3
Profit for the year		378.8	458.9
Number of shares at the end of the period, millions			
		63.4	63.2
Earnings per share			
before dilution, SEK	10	6.00	7.27
after dilution, SEK	10	5.97	7.24
Proposed dividend per share, SEK			
	11	5.75	5.25

Statement of consolidated comprehensive income

MSEK		1 May 2015 –30 Apr 2016	1 May 2014 –30 Apr 2015
Profit for the year		378.8	458.9
Other comprehensive income, net after tax:			
Items that can later be reversed in the consolidated income statement:			
Exchange-rate differences		-62.8	25.4
Cash-flow hedging		4.3	-16.6
Items that cannot later be reversed in the consolidated income statement:			
Remeasurement of defined-benefit pension obligations		0.0	-0.1
Other comprehensive income, net after tax		-58.5	8.7
Comprehensive income for the year		320.3	467.6

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

Cash-flow statement

MSEK		1 May 2015 –30 Apr 2016	1 May 2014 –30 Apr 2015
<i>Operating activities</i>			
Operating profit		506.4	596.0
<i>Adjustment for non-cash items</i>			
– depreciation		235.4	233.2
– loss from sale/disposal of non-current assets		10.8	2.2
– other non-cash items*		121.9	23.6
Interest received		1.9	2.3
Interest paid		-0.8	-1.0
Tax paid		-133.0	-126.6
Cash flow from operating activities before changes in working capital		742.6	729.7
<i>Cash flow from changes in working capital</i>			
– accounts receivable		-5.1	-4.8
– inventories		-116.5	-213.2
– other receivables		-30.0	-3.1
– accounts payable		101.3	42.9
– other current interest-free operating liabilities		12.3	95.8
Cash flow from operating activities		704.6	647.3
<i>Investing activities</i>			
Investments in intangible assets		-133.4	-69.3
Investments in tangible assets		-141.0	-123.1
Sale of equipment		0.3	0.1
Cash flow from investing activities		-274.1	-192.3
<i>Financing activities</i>			
Repurchase of own shares		-47.9	-13.7
Sales of own shares		43.3	14.4
Dividend to shareholders		-331.3	-299.6
Cash flow from financing activities		-335.9	-298.9
Cash flow for the year			
		94.6	156.1
Cash and cash equivalents at the start of the year			
		517.4	358.3
Exchange-rate differences in cash and cash equivalents			
		-7.7	3.0
Cash and cash equivalents at the end of the year		604.3	517.4

*of which 102.7 MSEK, which did not impact liquidity, was attributable to recognised restructuring costs in the UK of 107.0 MSEK.

Group

Balance sheet

MSEK	Note	30 Apr 2016	30 Apr 2015
Assets			
Non-current assets			
Intangible assets	12		
IT and software costs		270.6	171.0
Total intangible assets		270.6	171.0
Tangible assets			
Land and buildings		444.4	473.8
Construction in progress		0.0	0.0
Equipment, tools, fixtures and fittings		682.8	755.1
Total tangible assets		1,127.2	1,228.9
Non-current receivables			
Deferred tax assets	9	16.9	10.4
Other non-current receivables	19	1.2	1.2
Total non-current receivables		18.1	11.6
Current assets			
Inventories	13	1,639.2	1,569.3
Accounts receivable	14	30.5	26.2
Tax assets		69.5	57.4
Other receivables	17	23.3	21.6
Prepaid expenses and accrued income	15	140.1	137.3
Cash and cash equivalents	16	604.3	517.4
Total current assets		2,506.9	2,329.2
Total assets		3,922.8	3,740.7

Balance sheet

MSEK	Note	30 Apr 2016	30 Apr 2015
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		-132.9	-74.4
Profit brought forward including profit for the year		2,099.3	2,046.5
Total equity		2,138.8	2,144.5
Non-current liabilities			
Deferred tax liabilities	9	190.2	208.0
Pension obligations	19	0.0	0.3
Other non-current liabilities		5.0	5.0
Total non-current liabilities		195.1	213.3
Current liabilities			
Accounts payable	20	685.7	591.3
Tax liability		111.6	96.3
Other current liabilities	17, 20	95.7	96.6
Accrued expenses and deferred income	21	528.9	541.3
Other provisions	22	166.9	57.4
Total current liabilities		1,588.9	1,382.9
Total equity and liabilities		3,922.8	3,740.7

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 2014	82.0	90.4	-80.5	-2.7	1,875.7	1,964.9
Comprehensive income						
Profit for the year	-	-	-	-	458.9	458.9
Other comprehensive income						
Cash-flow hedging after tax	-	-	-	-16.6	-	-16.6
Exchange-rate differences	-	-	25.4	-	-	25.4
Remeasurement of defined-benefit pension obligations	-	-	-	-	-0.1	-0.1
Total other comprehensive income	-	-	25.4	-16.6	-0.1	8.7
Total comprehensive income	-	-	25.4	-16.6	458.8	467.6
Transactions with shareholders						
Repurchase of own share	-	-	-	-	-13.7	13.7
Sales of own share	-	-	-	-	14.4	14.4
Employee stock options plan: value of employees' service	-	-	-	-	10.9	10.9
Dividend	-	-	-	-	-299.6	-299.6
Total transactions with shareholders	-	-	-	-	-288.0	-288.0
Closing balance at 30 April 2015	82.0	90.4	-55.1	-19.3	2,046.5	2,144.5
Opening balance at 1 May 2015	82.0	90.4	-55.1	-19.3	2,046.5	2,144.5
Comprehensive income						
Profit for the year	-	-	-	-	378.8	378.8
Other comprehensive income						
Cash-flow hedging after tax	-	-	-	4.3	-	4.3
Exchange-rate differences	-	-	-62.8	-	-	-62.8
Remeasurement of defined-benefit pension obligations	-	-	-	-	0.0	0.0
Total other comprehensive income	-	-	-62.8	4.3	0.0	-58.5
Total comprehensive income	-	-	-62.8	4.3	378.8	320.3
Transactions with shareholders						
Repurchase of own share	-	-	-	-	-47.9	-47.9
Sales of own share	-	-	-	-	43.3	43.3
Employee stock options plan: value of employees' service	-	-	-	-	9.9	9.9
Dividend	-	-	-	-	-331.3	-331.3
Total transactions with shareholders	-	-	-	-	-326.0	-326.0
Closing balance at 30 April 2016	82.0	90.4	-117.9	-15.0	2,099.3	2,138.8

Parent Company

Income statement

MSEK	Not	1 May 2015 –30 Apr 2016	1 May 2014 –30 Apr 2015
	1,2		
Sales	2,3	6,073.8	5,745.8
Cost of goods sold	4,5,6	-4,311.0	-4,056.5
Gross profit		1,762.8	1,689.3
Selling expenses	4,5,6	-1,145.9	-1,093.9
Administrative expenses	4,5,6,7	-145.0	-142.7
Other operating income	3	24.2	24.0
Other operating expenses	3	-138.4	-23.8
Operating profit		357.7	452.9
<i>Financial items</i>			
Dividend from subsidiaries		99.1	110.6
Interest income	8	1.8	3.1
Interest expense	8	-3.0	-4.1
Profit after financial items		455.6	562.5
Appropriations	25	37.2	-46.3
Profit before tax		492.7	516.2
Income tax	9	-82.3	-89.7
Profit for the year		410.4	426.5
Proposed dividend per share, SEK	11	5.75	5.25

Comprehensive income, Parent Company

MSEK		1 May 2015 –30 Apr 2016	1 May 2014 –30 Apr 2015
Profit for the year		410.4	426.5
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		-10.7	18.5
Comprehensive income for the year		399.7	445.0

Cash-flow statement

MSEK		1 May 2015 –30 Apr 2016	1 May 2014 –30 Apr 2015
<i>Operating activities</i>			
Operating profit		357.7	452.9
<i>Adjustment for non-cash item</i>			
– depreciation		157.6	156.4
– loss from sale/disposal of non-current assets		1.0	0.3
– other non-cash items		16.4	20.7
Interest received		1.8	3.1
Interest paid		-3.0	-4.1
Tax paid		-89.7	-77.7
Cash flow from operating activities before changes in working capital		441.8	551.6
<i>Cash flow from changes in working capital</i>			
– accounts receivable		-0.6	-4.0
– inventories		-37.3	-183.4
– other receivables		-18.8	-99.3
– accounts payable		75.7	40.8
– other current interest-free operating liabilities		32.9	137.2
Cash flow from operating activities		493.7	442.9
<i>Investing activities</i>			
Investments in intangible assets		-133.4	-69.3
Investments in tangible assets		-73.5	-45.9
Sale of equipment		0.3	0.0
Shareholder contribution in subsidiaries		-7.5	0.1
Cash flow from investing activities		-214.1	-115.1
<i>Financing activities</i>			
Repurchase of own shares		-47.9	-13.7
Sales of own shares		43.3	14.4
Repayments from subsidiaries		30.1	21.5
Dividend from subsidiaries		99.1	110.6
Dividend to shareholders		-331.3	-299.6
Cash flow from financing activities		-206.7	-166.8
Cash flow for the year		72.9	161.0
Cash and cash equivalents at the start of the year		442.5	281.5
Cash and cash equivalents at the end of the year		515.4	442.5

Parent Company

Balance sheet

MSEK	Note	30 Apr 2016	30 Apr 2015
Assets			
Non-current assets	12		
<i>Intangible assets</i>			
IT and software costs		270.6	171.0
Total intangible assets		270.6	171.0
<i>Tangible assets</i>			
Land and buildings		443.6	473.2
Construction in progress		0.0	0.0
Equipment, tools, fixtures and fittings		393.8	415.8
Total tangible assets		837.4	889.0
<i>Financial non-current assets</i>			
Deferred tax assets		3.7	1.7
Receivables, Group companies		146.8	187.6
Participations in Group companies	24	29.3	21.8
Total financial non-current assets		179.8	211.1
Total non-current assets		1,287.8	1,271.1
<i>Current assets</i>			
<i>Inventories</i>			
Merchandise	13	1,104.7	1,067.4
Total inventories		1,104.7	1,067.4
<i>Current receivables</i>			
Accounts receivable	14	19.5	18.8
Tax assets		20.7	0.0
Receivables from Group companies		293.2	290.3
Other receivables		1.8	0.8
Prepaid expenses and accrued income	15	81.3	87.2
Total current receivables		416.5	397.1
Cash and bank balances	26	515.4	442.5
Total current assets		2,036.5	1,907.0
Total assets		3,324.4	3,178.1

Balance sheet

MSEK	Note	30 Apr 2016	30 Apr 2015
Equity and liabilities			
Equity	18		
<i>Restricted equity</i>			
Share capital, 65,600,000 shares with a quotient value of 1.25		82.0	82.0
Statutory reserve		106.8	106.8
Total restricted equity		188.8	188.8
<i>Non-restricted equity</i>			
Fair value fund		-31.2	-20.5
Profit brought forward		403.0	302.5
Profit for the year		410.4	426.5
Total non-restricted equity		782.2	708.5
Total equity		971.0	897.3
Untaxed reserves	27	972.3	1,009.5
<i>Provisions</i>			
Other provisions	22	47.6	41.1
Total provisions		47.6	41.1
<i>Non-current liabilities</i>			
Other non-current liabilities		5.0	5.0
Total non-current liabilities		5.0	5.0
<i>Current liabilities</i>			
Accounts payable	20	601.3	525.6
Liabilities to Group companies		355.1	342.7
Tax liability		-	2.9
Other current liabilities		47.5	43.1
Accrued expenses and deferred income	21	324.5	310.9
Total current liabilities		1,328.4	1,225.2
Total equity and liabilities		3,324.4	3,178.1
Pledged assets	28	0.0	0.0
Contingent liabilities	29	237.5	325.6

Parent Company

Change in Parent Company equity

MSEK	Share capital	Statutory reserve	Total non-restricted equity	Total equity
Opening balance at 1 May 2014	82.0	106.8	551.7	740.5
Dividend	-	-	-299.6	-299.6
Repurchase own shares	-	-	-13.7	-13.7
Sales of own shares	-	-	14.4	14.4
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
Opening balance at 1 May 2015	82.0	106.8	708.5	897.3
Dividend	-	-	-331.3	-331.3
Repurchase own shares	-	-	-47.9	-47.9
Sales of own shares	-	-	43.3	43.3
Employee stock options plan: value of employees' service	-	-	9.9	9.9
Other comprehensive income	-	-	399.7	399.7
Closing balance at 30 April 2016	82.0	106.8	782.2	971.0

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 regarding the company's investment in intangible assets not yet utilised.

Restructuring costs include the necessary impairment of assets and other items that do not affect cash flow, as well as estimated costs for redundancies and other direct expenses related to the discontinuation of operations. Cost estimates are based on detailed action plans that are expected to improve the Group's cost structure and productivity. Historical outcomes from similar events in previous action plans are normally used as the basis for the calculations to minimise the uncertainty factor. Reserves for restructuring amounted to 107 MSEK at year-end.

The following new and amended IFRSs and interpretations came into effect and impacted the Group in the 2015/16 financial year.

New or amended standards and new interpretations did not have any material impact on the Group's 2015/16 financial statements.

New and amended standards that have not yet come into effect

The Group has not yet started to apply the new or amended standards and new interpretations that have been published, but that come into effect for financial years beginning on or after 1 May 2016. The standards and interpretations that are deemed to impact the financial statements for the period in which they are applied for the first time are described below.

Standards	To be applied to financial years beginning after:
IFRS 9 Financial Instruments	1 January 2018 or later
IFRS 15 Revenue from Contracts with Customers	1 January 2018 or later
IFRS 16 Leases	1 January 2019 or later

IFRS 9 Financial Instruments was issued on 24 July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard was published in phases, and the version issued in July 2014 replaces all preceding versions.

IFRS 9 contains new principles for recognising and measuring financial assets. The measurement category to be assigned to a financial asset is determined by either the objective of the company holding the asset (the company's "business model") or the financial asset's contractual cash flows.

The new standard also contains new impairment rules for financial assets that entails that the former incurred loss method is replaced by a new expected loss method.

The purpose of the new hedge accounting rules is that the company's risk management is to be reflected in the financial statements. The standard also expands the possibility of hedging risk components of non-financial items and including several types of instruments in a hedge relationship. The quantitative requirement for efficiency is no longer implemented. IFRS 9 applies to financial years beginning on or after 1 January 2018 and has not yet been adopted by the EU. Executive management believes that the application of IFRS 9 could impact amounts recognised in the financial statements for the Group's financial assets and liabilities. Executive management has not yet carried out a detailed analysis of the effects of the application of IFRS 9 and thus is not yet able to quantify its effects.

IFRS 15 Revenue from Contracts with Customers was issued on 28 May 2014 and will replace IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 stipulates a model for recognising revenue for almost all revenue arising on the basis of contracts with customers, except for leases, financial instruments and insurance contracts. The core principle of revenue recognition under IFRS 15 is that an entity is to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised as control of the goods or services is passed. IFRS 15 provides significantly more detailed guidance for specific areas and the disclosure requirements are extensive. IFRS 15 applies to financial years beginning on or after 1 January 2018, with earlier application permitted. The standard has not yet been approved by the EU. Executive management has not yet carried out a detailed analysis of the effects of the application of IFRS 15 and thus is not yet able to quantify its effects.

IFRS 16 Leases was issued on 13 January 2016 and is to replace IAS 17 Leases. IFRS 16 introduces a right of use model and for lessees it means that essentially all lease agreements are to be recognised in the balance sheet, and do not need to be classified into operating or financial leases. The exemption is leases with a lease term of 12 months or less and leases of a low value. Depreciation of the asset and interest expense on the liability are recognised in profit or loss. The standard contains more extensive disclosure requirements compared with the current standard. For lessors, IFRS 16 does not essentially entail any differences compared with IAS 17. IFRS 16 applies to financial years beginning on or after 1 January 2019, with earlier application permitted on the condition that IFRS 15 is applied simultaneously. The standard has not yet been approved by the EU. Executive management has not yet carried out a detailed analysis of the effects of the application of IFRS 16 and thus is not yet able to quantify its effects.

Other new or amended standards and new interpretations, that have not yet come into effect, are not expected to have any material impact on the Group's financial statements on initial application.

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 of the software's estimated useful life.

Impairment of non-financial assets

Intangible assets with an indeterminable useful life or intangible assets not ready for use, are not 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 as 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 buy, unredeemed gift cards, estimated future guarantee commitments, bonus points to club members as well as for restructuring of the store network in the UK, which is described in more detail in recognition of income. For further information see note 22.

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 buy and discounts. Income is recognised at the time of sales/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.

Amendments to accounting principles

Amendments to RFR 2 did not have any material impact on the Parent Company's financial statements for the financial year 2015/16.

Amendments to RFR 2 that have not yet come into effect

The amendments to RFR 2 Accounting for Legal Entities that come into effect on 1 May 2016 primarily refer to the following areas:

IAS 38 Intangible Assets

If expenses for internally generated development costs are capitalised, a limitation is introduced on the possibility of distributing equity, on the basis that an amount equal to that being capitalised is reserved in a separate, restricted fund, known as the development costs fund. However, this applies only to new capitalisation of expenses, meaning capitalisation carried out from 1 January 2016.

Senior management does not expect other amendments to RFR 2 that have not yet come into effect to have any material impact on the Parent Company's financial statements on initial application.

Classification and format

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

Tax

The amounts reserved as untaxed reserves are taxable temporary differences. Due to the connection between recognition and taxation, the deferred tax liabilities attributable to the untaxed reserves are not recognised in legal entities. According to Swedish practice, the amendments in untaxed reserves are recognised in the income statement in individual companies under the heading "Appropriations." In the balance sheet, the accumulated value of the reserves is recognised under the heading "Untaxed reserves," whereby 22 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 capital risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and endeavours to minimise potential unfavourable effects on the Group's financial results. The Group 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 44-47 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.

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).

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).

Currency effects excluding hedging

Current change	Change, %	Impact on profit before tax, MSEK
NOK	+/- 5 procent	+/- 83
USD	+/- 5 procent	-/+ 64
HKD	+/- 5 procent	-/+ 8
EUR	+/- 5 procent	+/- 5
GBP	+/- 5 procent	+/- 1

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 55 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	
	2015/16	2014/15	2015/16	2014/15
Other operating income				
Rental income	23.9	24.0	23.9	24.0
Profit on sale or disposal of tangible assets	0.3	0.1	0.3	0.0
Total	24.2	24.1	24.2	24.0
Other operating expenses				
Leasing expenses	-23.4	-23.4	-23.4	-23.4
Loss on sale or disposal of tangible assets*	-3.1	-2.4	-1.3	-0.4
Non-recurring expenses*	-117.5	0.0	-113.7	0.0
Total	-144.0	-25.8	-138.4	-23.8

* A non-recurring expenses of 107.0 MSEK pertaining to the restructuring of the store network in the UK impacted earnings during the financial year. During the year, 10.5 MSEK attributable to closure costs for one store in UK which has been balanced during the financial year. Closure costs include disposals of 7.2 MSEK. Non-recurring expenses are specified as follows: leasing expenses of 61.0 MSEK, personnel cost of 6.6 MSEK, impairment of inventories of 14.9 MSEK, impairment of tangible assets of 17.2 MSEK and other items of 7.3 MSEK.

Note 4 Depreciation

Group	2015/16	2014/15
Depreciation broken down by type of asset		
Intangible assets ¹	33.8	31.3
Land and buildings	30.0	29.9
Equipment, tools, fixtures and fittings	171.6	172.0
Total	235.4	233.2
Depreciation broken down by function		
Cost of goods sold	75.1	74.4
Selling expenses	153.9	149.1
Administrative expenses	6.4	9.7
Total	235.4	233.2
Parent Company	2015/16	2014/15
Depreciation by type of asset		
Intangible assets ¹	33.8	31.3
Land and buildings	29.6	29.6
Equipment, tools, fixtures and fittings	94.1	95.5
Total	157.6	156.4
Depreciation by function		
Cost of goods sold	75.1	74.4
Selling expenses	76.1	72.3
Administrative expenses	6.4	9.7
Total	157.6	156.4

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 1,686.9 MSEK (1,641.6) in the Group and 1,041.9 MSEK (1,001.9) in the Parent Company.

Depreciation during the financial year totalled 235.4 MSEK (233.2) in the Group and 157.6 MSEK (156.4) in the Parent Company.

Note 6 Expenses for employee benefits

	2015/16	2014/15
<i>Salaries and other remuneration</i>		
Parent Company	749.7	740.2
Subsidiaries	551.9	547.4
Group total	1,301.6	1,287.6

	2015/16		2014/15	
	Social security expenses	of which, pension expenses	Social security expenses	of which, pension expenses
<i>Social security expenses</i>				
Parent Company	292.2	53.4	261.7	45.8
Subsidiaries	93.1	28.3	92.3	25.3
Group total	385.3	81.7	354.0	71.1

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

In the Group, expenses for defined-contribution pensions amounted to 70.9 MSEK (59.9) and defined-benefit pensions to 0.0 MSEK (0.3).

The Parent Company only has defined-contribution pension plans (including Alecta) for which the year's expenses was 42.6 MSEK (34.9).

In the Parent Company, the year's expenses for special employer's contribution on pension premiums was 10.8 MSEK (10.9). For more information on the defined-benefit pension plans in the Group, refer to Note 19.

Remuneration of Board members, presidents and other senior management

	2015/16	2014/15
<i>Parent Company</i>		
Salaries and other remuneration	37.3	38.7
– of which, variable remuneration	10.0	12.2
Pension expenses	6.7	6.6
Number of individuals in Group	17	17

	2015/16	2014/15
<i>Group</i>		
Salaries and other remuneration	46.7	45.9
– of which, variable remuneration	12.8	13.8
Pension expenses	7.9	7.5
Number of individuals in Group	21	21

Board remuneration

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

No director fees were paid in the subsidiaries.

	2015/16		2014/15	
	Director fees	Commit-tee fees	Director fees	Commit-tee fees
<i>Board of Directors</i>				
Kenneth Bengtsson, Chairman	0.63	0.12	0.63	0.12
Björn Haid, member	0.00	0.00	0.31	0.06
Mathias Haid, member	0.31	0.06	0.00	0.00
Cecilia Marlow, member	0.31	0.14	0.31	0.14
Sanna Suvanto-Harsaae, member	0.31	0.06	0.31	0.06
Klas Balkow, member and CEO	0.00	0.00	0.00	0.00
Göran Sundström, member	0.31	0.06	0.31	0.06
Edgar Rosenberger, member	0.00	0.00	0.31	0.07
Katarina Sjögren Petrini, member	0.31	0.07	0.31	0.07
Göran Näsholm, member	0.31	0.07	0.00	0.00
Board total	2.52	0.59	2.52	0.59

Board member Klas Balkow received remuneration in his capacity of President and CEO of the company. At the 2015 Annual General Meeting, Mathias Haid and Göran Näsholm was elected to the Board after Björn Haid and Edgar Rosenberger 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 2016, see page 58.

	2015/16				2014/15			
	Basic salary	Vari. remu. STI	Bene- LTI ¹	fits	Basic salary	Vari. remu. STI	Bene- LTI ¹	fits
Salaries paid to senior management								
Klas Balkow, CEO	6.5	2.0	1.2	0.2	6.5	2.6	1.3	0.2
Deputy CEO	3.0	0.9	0.7	0.1	2.9	1.2	0.7	0.1
Other senior management (8 individuals, of whom 8 individuals in 2014/15)	13.6	3.1	2.3	0.7	13.0	4.4	2.0	0.7
Management total	23.1	6.0	4.3	1.0	22.4	8.2	4.0	1.0

¹ LTI (Long term incentive program) pertains to a reported cost for LTI 2013, LTI 2014 and LTI 2015. See description below of STI (Short term incentive program) and LTI.

	2015/16		2014/15	
	Defined-contribution	Defined-benefit	Defined-contribution	Defined-benefit
Pension expenses for senior management				
Klas Balkow, CEO		2.3	2.3	0.0
Deputy CEO		0.7	0.7	0.0
Other senior management (8 individuals, of whom 8 individuals in 2014/15)		3.7	3.6	0.0
Management total		6.7	6.6	0.0

Long-term incentive programs LTI 2014 and LTI 2015 ¹

Participants	LTI 2014			LTI 2015		
	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	3,325	33,250	1.2	3,621	36,210	1.2
Other members of Senior Management	8,835	88,350	3.2	8,682	86,820	2.8
Other participants	18,366	183,660	6.7	3,953	223,810	4.8
Total	30,526	305,260	11.2	16,256	346,840	8.7

¹ Initially, at the start of the program, the participants acquired 30,526 and 16,256 shares under the frameworks of the LTI 2014 and LTI 2015 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 127.63 SEK (LTI 2014)/126.75 SEK (LTI 2015) and the fair value of the option was 23.94/19.13 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 139.63/143.25 SEK, an exercise price of 153.60/144.80 SEK, an expected dividend per share annually, an anticipated lifetime for the options of five years, an interest rate of 1.27 per cent /0.00 per cent, a volatility of 30.75 per cent /24.79 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.

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 (2.3).

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

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

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

Provisions for STI and LTI are posted continuously in the individual annual accounts. All members of Senior Management are entitled to annual pension contributions, primarily in accordance with the ITP plan. The retirement age is 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 48-55.

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 programs (Long Term Incentive, LTI)

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

Long-term incentive programs that entitle employees to acquire shares are subject to AGM approval. The qualification period for LTI 2013, LTI 2014 and LTI 2015 were in effect during the financial year. The qualification period for LTI 2013 was concluded after the close of the financial year and LTI 2016 was launched. All long-term incentive programs are share matching and profit-based employee stock option plans.

All ongoing long-term incentive programs have been approved by an Annual General Meeting. The current program covers up to 62 senior executives and other individuals deemed to be able to influence Clas Ohlson's development in the long-term.

All participants up to and including LTI 2014 acquired series B shares in Clas Ohlson corresponding to a value of not less than 5 per cent and not more than 10 per cent of their annual basic salary. Participants acquired series B Clas Ohlson shares, at market price, which the company will later match (1:1) free of charge through allotment of shares. If the employee holds the acquired shares and is still employed by the Group 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, see the description below.

The programs from LTI 2015 have been changed by dividing the participants into two groups:

1. senior management comprising senior management including the CEO, Group Management and country managers elected by the Board or corresponding positions, regarded as having considerable potential in their present position to influence Clas Ohlson AB's long-term development (Senior Management).
2. other employees who could develop into members of Senior Management or assume other key positions within the Group and thus influence Clas Ohlson AB's long-term development (Key Individuals).

For senior management, the program is unchanged compared with earlier pro-

grams, see the description above. For Key Individuals, LTI 2015 entails that participants receive an allocation of conditional performance-based employee stock options free of charge. The number of allocated employee stock options is based on the calculated number of shares, which, at the prevailing market price at the start of the program, corresponds to a value of a minimum of 5 per cent and a maximum of 10 per cent of the Key Individual's annual basic salary.

Employee stock options are allocated free of charge and each stock option entitles the holder to acquire one series B Clas Ohlson share. Up to and including LTI 2014, the price per share when the option was exercised was calculated at 110 per cent of the average of the volume-weighted average price paid for the series B Clas Ohlson share on the Nasdaq Stockholm established for each day during a period of 10 trading days prior to the acquisition period. For subsequent LTI plans, the figure is 100 per cent. The exercise price for LTI 2013, LTI 2014 and LTI 2015 has been set at 94.30 SEK, 153.60 SEK and 144.80 SEK, respectively. The options may be exercised not earlier than three years and not later than seven years from the date of allotment. For an option to be exercised, the holder must still be employed by the Clas Ohlson Group and have retained his/her personal investment for three years from the date of allotment. The option holdings do not provide entitlement to receive dividends on the underlying shares.

The number of employee stock options that may be exercised by participants of LTI programs up to and including LTI 2014 depends on the number of series B shares that the employee has acquired within the framework of the plan, and whether the company's growth and profit growth during the first three financial years increase to the levels set by the Board. These established levels are: Entry, Target and Stretch, with a straight-line increase between each profit level.

For Key Individuals under LTI 2015, the number of employee stock options that may be exercised depends on the number of shares as corresponded by the Key Individual's salary at the start of the program (a minimum of 5 per cent and a maximum of 10 per cent).

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

- Entry: 5 options per acquired/calculated series B share
- Target: 10 options per acquired/calculated series B share
- Stretch: 15 options per acquired/calculated series B share

In addition to the levels described above, there is a "Max" level. This level is conditional upon the existence of a specific situation and a single member of Senior Management fulfilling the exceptional tasks resolved by the Board. The level corresponds to a maximum of 25 options per acquired series B share.

Accordingly, the total number of employee stock options that may be exercised by each participant is limited to 15 options (25 options for exceptional tasks).

The qualification and performance periods for LTI 2013 were valid from 1 May 2013 until 30 April 2016. A total of 40,569 shares were allotted on 2 May, after the end of the financial year, in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period. The set criteria pertaining to the average sales and profit growth per share for the period 2013 to 2016 were achieved, which resulted in participants being allotted 15 options per share. The exercise price of an option is 94.30 SEK. Participants of LTI 2011 and LTI 2012 were already entitled to exercise 7.6 options and 9 options, respectively, per purchased share at an exercise price of 108.10 SEK and 109.10 SEK, respectively.

It was not possible to exercise any of the options for LTI 2013, LTI 2014 or LTI 2015 on 30 April 2016. 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 15 options per share for LTI 2013, 10 options per share for LTI 2014 and 10 options per share for LTI 2015.

In accordance with the above, LTI 2014 and LTI 2015 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 73).

The total cost recognised in profit or loss for 2015/16 amounted to 13.2 MSEK (13.7), including social security contributions.

Share repurchase for LTI programs

During 2013, 2014 and 2015, Clas Ohlson repurchased series B Clas Ohlson shares to fulfil the company's long-term obligations under the incentive programmes. Repurchased shares will be allotted, sold to participants or to correspond to social security expenses.

Pensions and other benefits

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

Note 7 Remuneration to auditors

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Remuneration for audit engagement	2.0	2.0	1.2	1.2
Remuneration for audit related services	0.1	0.1	0.0	0.0
Tax consultations	0.2	0.0	0.1	0.0
Other	0.0	0.1	0.0	0.1
Total	2.3	2.2	1.3	1.3

Note 8 Financial income and expenses

Financial income is distributed as follows:

Group	2015/16	2014/15
Interest income	1.9	2.2
Group total	1.9	2.2

Parent Company	2015/16	2014/15
Interest income	1.8	1.9
Interest income, subsidiaries	0.0	1.2
Parent Company total	1.8	3.1

Financial expenses are distributed as follows:

Group	2015/16	2014/15
Interest expense	-0.7	-1.0
Group total	-0.7	-1.0
Parent Company	2015/16	2014/15
Interest expense	-0.7	-0.9
Interest expense, subsidiaries	-2.3	-3.2
Parent Company total	-3.0	-4.1

Note 9 Income tax

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Tax on profit for the year				
Income tax on profit for the year	-148.7	-135.4	-84.3	-91.4
	-148.7	-135.4	-84.3	-91.4
Deferred tax				
Deferred tax pertaining to temporary differences	19.8	-2.9	2.0	1.7
	19.8	-2.9	2.0	1.7
Total recognised tax expense	-128.8	-138.3	-82.3	-89.7
Reconciliation of applicable tax rate and effective rate				
Recognised profit before tax	507.6	597.2	492.7	516.2
Expected tax expense according to the Swedish tax rate 22%	-111.7	-131.4	-108.4	-113.6
Tax effect of:				
Differences in foreign tax rates	-6.1	-5.6	0.0	0.0
Non-deductible/non-recognised	-6.3	-0.8	4.2	-0.4
Adjustment earlier taxation	-4.2	0.0	0.0	0.0
Tax-free dividend subsidiaries	0.0	0.0	21.8	24.3
Other	-0.6	-0.5	0.1	0.0
Recognised tax expense	-128.8	-138.3	-82.3	-89.7
Effective tax rate, %	25.4	23.2	16.7	17.4
Deferred tax items recognised directly in equity	1.2	0.0	0.0	0.0
Deferred tax assets	16.9	10.4	3.7	1.7
Deferred tax liabilities	-190.2	-208.0	0.0	0.0

	Amount at start of year	Recognised in profit or loss	Recognised in comprehensive income	Reclassification/exchange rate differences	Amount at the end of year
Group 2015/16					

Change in deferred tax in temporary differences during the year

Inter-company profit in inventories	7.2	5.1	0.0	0.0	12.2
Accruals and deferrals	17.9	-7.8	0.0	0.0	10.0
Pensions	1.5	2.0	0.0	-0.2	3.3
Accelerated depreciation	-83.9	12.8	0.0	0.0	-71.1
Tax allocation reserves	-140.6	7.7	0.0	0.0	-132.9
Hedging reserves	0.0	0.0	-1.2	5.9	4.7
Other	0.4	0.1	0.0	0.0	0.4
Total	-197.6	19.8	-1.2	5.7	-173.3

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

Group 2014/15	Amount at start of year	Recognised in profit or loss	Amount at the end of year
Change in deferred tax in temporary differences during the year			
Equipment, tools, fixtures and fittings	-0.3	0.3	0.0
Inter-company profit in inventories	4.7	2.5	7.2
Accruals and deferrals	18.3	-0.4	17.9
Pension	-1.0	2.5	1.5
Accelerated depreciation	-90.7	6.8	-83.9
Tax allocation reserves	-126.0	-14.6	-140.6
Other	0.2	0.1	0.4
Total	-194.7	-2.9	-197.6

During the 2014/15 financial year, the company received a decision from the Norwegian tax authority under which additional tax of 49 MNOK was charged for the years 2008 to 2010 concerning transfer pricing. 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

	2015/16	2014/15
Earnings per share before dilution		
Profit for the year	378.8	458.9
Average number of shares before dilution	63.2	63.1
Earnings per share before dilution	6.00	7.27
Earnings per share after dilution		
Profit for the year	378.8	458.9
Average number of shares after dilution	63.4	63.4
Earnings per share after dilution	5.97	7.24

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 378.8 MSEK (458.9) and on a weighted average number of shares outstanding before and after dilution during both 2015/16 and 2014/15.

Note 11 Dividend per share

The dividends paid in 2015/16 and 2014/15 totalled 331.3 MSEK (5.25 SEK per share) and 299.6 MSEK (4.75 SEK per share). A dividend pertaining to 2015/16 of 5.75 SEK per share, totalling 377.2 MSEK, will be proposed at the Annual General Meeting to be held on 10 September 2016. The proposed dividend has not been recognised as a liability in these financial statements.

Note 12 Non-current assets

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Intangible assets				
Capitalised IT and software costs				
Opening cost	234.6	165.3	234.6	165.3
Acquisitions for the year	133.4	69.3	133.4	69.3
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	0.0	0.0	0.0	0.0
Closing accumulated cost	368.0	234.6	368.0	234.6
Opening depreciation	63.6	32.3	63.6	32.3
Depreciation for the year	33.8	31.3	33.8	31.3
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	0.0	0.0	0.0	0.0
Closing accumulated depreciation	97.4	63.6	97.4	63.6
Closing residual value according to plan	270.6	171.0	270.6	171.0

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Tangible assets				
Land and buildings				
Opening cost	757.6	741.9	755.7	740.2
Acquisitions for the year	0.6	1.1	0.1	1.0
Reclassifications	0.0	14.5	0.0	14.5
Translation differences	0.0	0.1	0.0	0.0
Closing accumulated cost	758.2	757.6	755.8	755.7
Opening depreciation	283.8	253.9	282.5	252.9
Depreciation for the year	30.0	29.9	29.6	29.6
Closing accumulated depreciation	313.0	283.8	312.2	282.5
Closing residual value according to plan	444.4	473.8	443.6	473.2
Carrying amount, land	6.5	6.5	6.5	6.5

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Construction in progress				
Opening cost	0.0	17.2	0.0	17.2
Acquisitions for the year	0.0	0.0	0.0	0.0
Reclassifications	0.0	-17.2	0.0	-17.2
Closing accumulated cost	0.0	0.0	0.0	0.0

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Equipment, tools, fixtures and fittings				
Opening cost	1,771.5	1,634.9	1,012.0	977.4
Acquisitions for the year	140.4	122.0	73.4	44.9
Reclassifications	0.0	2.7	0.0	2.7
Sales and disposals	-65.3	-28.1	-41.3	-13.0
Translation differences	-66.3	40.0	0.0	0.0
Closing accumulated cost	1,780.2	1,771.5	1,044.2	1,012.0
Opening depreciation	1,016.4	848.9	596.2	513.1
Depreciation for the year	171.6	172.0	94.1	95.5
Reclassifications	0.0	0.0	0.0	0.0
Sales and disposals	-54.3	-25.6	-39.9	-12.5
Translation differences	-36.4	21.1	0.0	0.0
Closing accumulated depreciation	1,097.4	1,016.4	650.4	596.2
Closing residual value according to plan	682.8	755.1	393.8	415.8

	Parent Company	
	2015/16	2014/15
Financial non-current assets		
Opening cost	211.1	212.4
Increase/decrease in non-current receivables	-31.3	-1.3
Closing accumulated cost	179.8	211.1
Fair value	179.8	211.1

Investment commitments

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

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Land and buildings	0.0	0.2	0.0	0.2
Equipment, tools, fixtures and fittings	85.9	55.6	32.5	28.9

Note 13 Inventories

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Merchandise	1,639.2	1,569.3	1,104.7	1,067.4
Total	1,639.2	1,569.3	1,104.7	1,067.4
Cost of goods sold	4,376.3	4,181.9	4,311.0	4,056.5
Of which, obsolescence	-0.9	28.3	-0.7	22.5

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	
	2015/16	2014/15	2015/16	2014/15
Accounts receivable	30.5	26.2	19.5	18.8
Total	30.5	26.2	19.5	18.8
Fair value	30.5	26.2	19.5	18.8

Note 15 Prepaid expenses and accrued income

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Prepaid rent	71.1	76.0	41.2	44.0
Prepaid costs of materials	16.8	22.8	16.8	22.8
Other prepaid expenses	52.2	38.5	23.3	20.4
Total	140.1	137.3	81.3	87.2

Note 16 Cash and cash equivalents

Group	2015/16	2014/15
Cash and bank balances	604.3	517.4
Group total	604.3	517.4

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 (650.0).

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	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Sell/buy						
NOK/SEK	-1.6	-4.8	100.9	160.0	2.4	2.2
NOK/USD	-19.6	-20.7	366.5	342.8	3.1	3.2
SEK/USD	0.0	-1.1	0.0	18.3	0.0	5.8
Total	-21.2	-26.6	467.4	521.1	2.9	3.7

¹ Maturity ranges from 4 May - 27 Oct for NOK/USD and 11 May - 6 Oct for NOK/SEK, no SEK/USD hedging was required for this period. In the preceding year, the maturity ranges were from 7 May - 16 Sept for NOK/USD, 7 May - 21 Oct for NOK/SEK and 21 Oct - 28 Oct for SEK/USD.

Forward contracts belong to the derivative category, which is used for hedging purposes. All derivatives are measured at fair value, established by using forward contract prices on the balance-sheet date, meaning, level 2 in the fair value hierarchy according to IFRS 13.

Future hedging is performed monthly with a maturity of six months. Forward contracts with negative market values totalled 21.3 MSEK (26.6), which was recognised in the item Accrued expenses and deferred income. Forward contracts with positive market values amounted to 0.1 MSEK (0.0), which was recognised in the item Prepaid expenses and accrued income.

Deferred tax of 4.7 MSEK (5.9) was taken into account and the remaining fair value of 16.5 MSEK (20.8) 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 2,223,580 series B shares. The number of shares outstanding at the end of the year was 63,376,420 (63,216,061). The average number of shares before and after dilution is reported in Note 10.

The Group's reserves contain translation differences of negative -117.9 MSEK (-55.1), and hedging reserve of negative -15.0 MSEK (-19.3).

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 69.

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

	2015/16	2014/15
At the start of the year	1.2	1.2
Net Periodic Pension Cost	0.0	-0.3
Employer contribution	0.2	0.2
Exchange-rate differences	-0.2	0.1
At the end of the year	1.2	1.2

Recognised provision at end of the financial year:

	2015/16	2014/15
Present value of funded obligations	6.4	7.5
Fair value of plan assets	7.6	8.7
Non-recognised actuarial gains/losses	0.0	0.0
Asset/liability in balance sheet	1.2	1.2

Defined-contribution plans

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

	2015/16	2014/15
Group	70.9	59.9
Parent Company	42.6	34.9

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations retirement and family pensions are insured on the basis of insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 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 10.5 MSEK (9.5).

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 2015, Alecta's surplus in the form of the collective funding ratio was 153 per cent (143).

Note 20 Financial instruments

Financial instruments per category

Assets 30 April 2016	Level	Loan receivables and accounts receivable	Derivatives for hedging purposes	Total
Accounts receivable	2	30.5	0.0	30.5
Cash and cash equivalents	2	604.3	0.0	604.3
Total		634.8	0.0	634.8

Liabilities 30 April 2016	Level	Derivatives for hedging purposes	Other financial liabilities	Total
Derivative instruments	2	21.2	0.0	21.2
Accounts payable and other liabilities	2	0.0	766.1	766.1
Total		21.2	766.1	787.3

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

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	
	2015/16	2014/15	2015/16	2014/15
Accounts payable	685.7	591.3	601.3	525.6
Other current liabilities	80.4	82.9	32.3	28.3
Total	766.1	674.1	633.6	553.9
Fair value	766.1	674.1	633.6	553.9

The average period of credit is 45 days (46) for accounts payable and 18 days (19) 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.

The overdraft facility in the cash pool carries floating interest rates. During the year, the average interest rate was 0.19 per cent (0.90). Collateral for bank loans consisted of the reporting of financial covenants. The credit limit on the overdraft in

the cashpool facilities totalled 350 MSEK (350). The Parent Company also has an overdraft facility of 300 MSEK available at DNB Bank ASA. The Group's total overdraft facilities amounted to 650 MSEK (650).

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	
	2015/16	2014/15	2015/16	2014/15
Accrued payroll expenses	114.9	117.9	73.1	71.1
Accrued holiday pay expenses	169.2	174.5	102.7	101.0
Accrued social security contributions	109.7	107.3	89.3	79.7
Other items	135.1	141.6	59.4	59.1
Total	528.9	541.3	324.5	310.9

Not 22 Övriga avsättningar

Refers to:

a) Sales-related provisions

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

Gift cards

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

Open purchase and complaints

Clas Ohlson offers its customers open purchase for 90 days and 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 program, Club Clas, receive bonus cheques in various amounts depending on the amount of purchases the customer made at Clas Ohlson. The cheques are distributed continuously and are valid for six months. All issued bonus cheques are not redeemed which is why each sale in the loyalty program is reduced by the fair amount with respect to future redemption of bonus cheques, considering the current degree of redemption.

b) Restructuring

A provisions for a non-recurring expense of 107.0 MSEK pertaining to the restructuring of the store network in the UK was made during the financial year.

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Guarantee commitments				
Opening provisions	9.0	9.2	5.3	5.4
Utilised during the year	-9.0	-9.2	-5.3	-5.4
Allocated during the year	10.0	9.0	5.7	5.3
Total	10.0	9.0	5.7	5.3
Open purchase, unredeemed gift cards and bonus points				
Opening provisions	48.4	34.9	35.8	26.0
Utilised during the year	-48.4	-34.9	-35.8	-26.0
Allocated during the year	54.2	48.4	41.9	35.8
Total	54.2	48.4	41.9	35.8

	2015/16	2014/15	2015/16	2014/15
Restructuring				
Opening provisions	0.0	0.0	0.0	0.0
Utilised during the year	-4.3	0.0	0.0	0.0
Allocated during the year	107.0	0.0	0.0	0.0
Total	102.7	0.0	0.0	0.0
Total provisions	166.9	57.4	47.6	41.1

Note 23 Inter-Group transactions

Of the Parent Company's invoiced sales, intra-Group sales accounted for 2,579.2 MSEK (2,439.5). Of this sum, 2,029.4 MSEK (1,978.8) related to sales to Clas Ohlson AS in Norway, 504.9 MSEK (418.7) to sales to Clas Ohlson Oy in Finland, 44.4 MSEK (42.0) to sales to Clas Ohlson Ltd in the UK and 0.5 MSEK (0.0) sales to Clas Ohlson GmbH in Germany. No purchases were made from subsidiaries.

Note 24 Participations in Group companies

All of the subsidiaries are wholly owned to 100 per cent.

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).

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 9.3 MSEK (1.8) of which the value of shareholder contributions was 8.4 (0.9).

Note 25 Appropriations

Parent Company	2015/16	2014/15
<i>The difference between recognised depreciation and depreciation according to plan:</i>		
– equipment, tools, fixtures and fittings	1.2	19.1
– land and buildings	1.0	1.0
<i>Provision for tax allocation reserves</i>		
Provisions for the year	35.0	-66.4
Parent Company total	37.2	-46.3

Note 26 Cash and bank balances

Parent Company	2015/16	2014/15
Cash and bank balances	515.4	442.5
Parent Company total	515.4	442.5

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

Note 27 Untaxed reserves

Parent Company	2015/16	2014/15
<i>Accumulated difference between recognised depreciation and depreciation according to plan:</i>		
– equipment, tools, fixtures and fittings	366.4	367.6
– land and buildings	1.9	2.9
<i>Provision for tax allocation reserve</i>		
Tax 2011	–	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	138.0
Tax 2016	123.0	0.0
Parent Company total	972.3	1,009.5

Note 28 Pledged assets

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Cash and cash equivalents	0.0	16.9	0.0	0.0
Total pledged assets	0.0	16.9	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 (650) in the Group and Parent Company.

Note 29 Contingent liabilities and commitments

Parent Company	2015/16	2014/15
<i>Contingent liabilities, Parent Company</i>		
Guarantee in favour of Group companies pertaining to future rental commitments	237.5	325.6

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 2016 was four years.

Contracted leases were calculated according to rent levels for 2016.

	2015/16	2014/15			
Rents and lease payments in financial year	275.1	272.6			
	2016/17	2017/18	2018/19	2019/20	2020-
Contracted future rents	272.5	257.9	259.7	176.2	398.1

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 2016 was five years.

Contracted leases were calculated according to rent levels for 2016.

Group	2015/16	2014/15			
Rents and lease payments in financial year	738.6	711.2			
	2016/17	2017/18	2018/19	2019/20	2020-
Contracted futur rents	714.9	638.2	575.9	433.1	946.7

Note 30 Related-party transactions

The number of shareholders in the company totalled 27,106. The major shareholders are Clas Ohlson's descendants Helena Ek-Tidstrand, Björn Haid, Johan Tidstrand, Peter Haid and Claus-Toni Haid, who hold 38 per cent of the capital and 65 per cent of the votes. No transactions with related parties took place during the financial year or previous year. Remuneration of the Board and senior management is presented in Note 6 to the Annual Report. For further description, refer to the corporate governance report, page 48-55.

Note 31 Average number of employees

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Total Sweden	1,567	1,544	1,567	1,544
– of whom, women	(668)	(661)	(668)	(661)
Total Norway	723	706		
– of whom, women	(280)	(273)		
Total Finland	279	257		
– of whom, women	(133)	(116)		
Total UK	166	179		
– of whom, women	(86)	(92)		
Total China	50	50		
– of whom, women	(25)	(25)		
Total Germany	2	0		
– of whom, women	(1)	0		
Total	2,787	2,736	1,567	1,544
– of whom, women	1,193	1,167	668	661

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.

	2015/16	2014/15
Sales per segment		
Sweden	3,483.0	3,294.6
Norway	2,928.1	2,934.0
Finland	818.8	746.7
Outside Nordic countries	371.7	354.5
Group-wide	2,579.2	2,439.5
Eliminations of sales to other segments	-2,579.2	-2,439.5
Total	7,601.6	7,329.8
Operating profit per segment		
Sweden	142.3	135.2
Norway	122.9	123.6
Finland	26.1	22.9
Outside Nordic countries	12.7	13.1
Group-wide	202.4	301.2
Total	506.4	596.0
Assets per segment		
Sweden	845.4	794.3
Norway	567.2	570.0
Finland	194.4	177.7
Outside Nordic countries	176.6	187.6
Group-wide	1,534.8	1,493.6
Total	3,318.5	3,223.3

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

Investment and depreciation per segment

	Investments		Depreciation	
	2015/16	2014/15	2015/16	2014/15
Sweden	40.0	22.5	38.1	36.8
Norway	33.0	60.5	44.5	43.6
Finland	10.6	8.6	13.5	13.1
Outside Nordic countries	15.5	7.8	24.3	24.4
Group-wide ¹	175.3	92.9	115.0	115.3
Total	274.4	192.3	235.4	233.2

¹Investments in intangible assets amounted to 133.4 MSEK (69.3).

Depreciation attributable to intangible assets amounted to 33.8 MSEK (31.3).

Note 33 Events after the end of the period

Sales in May

Sales in May amounted to 540 MSEK (554). In local currencies, sales increased 1 per cent.

At the end of the month, the total number of stores was 207, representing a net increase of nine stores compared with the year-earlier period (13).

Sales in May were distributed as follows:

	May 2016	May 2015	Percentage Change, SEK	Percentage Change, local currency
Sweden	264	250	6	6
Norway	189	223	-15	-6
Finland	56	54	4	4
Outside Nordic countries*	30	28	7	14
Total	540	554	-3	1

* Refers to UK, Germany (from May 19, 2016) and Dubai (franchise).

The qualification and performance periods for the long-term incentive program LTI 2013 were valid from 1 May 2013 until 30 April 2016. After the end of the reporting period, a total of 40,569 shares were allotted on 2 May in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants who remained employed after the three-year qualification period.

Following the end of the qualification period, the Board of Directors resolved to award 15 options per purchased share (5-15 options in cases of target fulfilment), based on established criteria for sales and profit growth. A total of 608,535 options were awarded. The employee stock options are exercisable as of 15 June 2016 but not later than 24 April 2020, and entitle participants to purchase Clas Ohlson shares at the price of 94.30 SEK per share.

In May 2016, the long-term incentive plan LTI 2016 was introduced following the same structure as LTI 2015. The exercise price for the conditional employee stock options has been set at SEK 161.00 per share, with exercise possible, following the three-year qualification period, between June 2019 and April 2023.

The Annual General Meeting of Clas Ohlson AB on 12 September 2015 authorised the Board of Directors to acquire a maximum of 860,000 shares during the period up until the next Annual General Meeting in order to secure the company's undertakings in conjunction with the introduction of a share-related incentive program, LTI 2016. The total number of shares required to secure the undertaking for LTI 2016 is estimated at 600,000. Part of the undertaking for the LTI 2016 can be secured through the use of shares that were bought back to secure previous LTI programs where the need has been recalculated (60,000). Besides this, further balances will be performed in connection with the repurchases being carried out if additional shares can be transferred to LTI 2016.

The Board of Directors has decided to use the authorisation received from the AGM to buy back the remaining maximum 540,000 shares required to secure the company's obligation in respect of the LTI 2016. Acquisition will be conducted via Nasdaq Stockholm during the period up until the 2016 AGM, at a price within the quoted price span. As per 30 April 2016, the company's holding of Clas Ohlson shares amounted to 2,223,580 shares, corresponding to 3 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 2016-06-30

Kenneth Bengtsson

Chairman of the Board

Mathias Haid

Cecilia Marlow

Göran Näsholm

Katarina Sjögren Petrini

Sanna Suvanto-Harsaae

Göran Sundström

Klas Balkow

Chief Executive Officer

Henrik Andersson

Employee representative (Unionen)

Robert Flahiff

Employee representative (Handels)

Our audit report was submitted on 1 July 2016

Deloitte AB

Kent Åkerlund

Authorized Public Accountant

The balance sheets and income statements are to be adopted at the Annual General Meeting on 10 September 2016.

Auditor's report

To the annual meeting of the shareholders of Clas Ohlson AB (publ)
Corporate identity number 556035-8672

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 2015-05-01 – 2016-04-30. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 37-82.

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 2016 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 2016 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 2015-05-01 – 2016-04-30.

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 2016
 Deloitte AB

Kent Åkerlund
 Authorized Public Accountant

The Clas Ohlson share

Clas Ohlson's series B share has been listed on Nasdaq Stockholm since 1999. The share is included in the Consumer Services sector index. The share reported a 13 per cent increase during the financial year. Clas Ohlson's total market capitalization amounted to 10.6 billion SEK (9.4) calculated on the most recent share price of 162 SEK paid for the share on 30 April 2016.

Share trend

The Clas Ohlson share increased by 13 per cent to 162.00 SEK (143.00) compared with the year-earlier period, while the SIX General Index declined by 11 per cent. The total return for the share, including re-invested dividends, was 17 per cent.

The highest price paid was 167.00 SEK, recorded in April 2016, while the lowest price paid was 123.50 SEK, recorded in October 2015.

Share turnover

During the financial year, 18,149,233 Clas Ohlson shares were traded, representing a turnover rate of 28 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



The 2015 Annual General Meeting of Clas Ohlson

In line with tradition, the 2015 Annual General Meeting of Clas Ohlson was held at the distribution centre in Insjön, Sweden. With 1,500 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.

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 2,223,580 shares (2,383,939) 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 63,376,420 (63,216,061).

To safeguard the company's commitment regarding conditional matching shares and employee stock options in connection with LTI 2015, Clas Ohlson bought back 310,000 shares during the first quarter 2015/16 for a total of 48 MSEK at an average price of approximately 155 SEK per share.

Shareholding structure

On 30 April 2016, the company had a total of 27,106 shareholders (27,993). Non-Swedish owners accounted for 35 per cent (33) of the capital and 35 per cent (34) of the votes.

The Swedish ownership is dominated by private individuals and companies, owning 40 per cent (40) of the capital, while institutions own 27 per cent (28).

Dividend policy and dividend

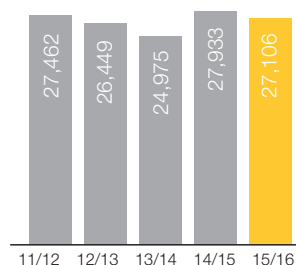
Clas Ohlson's dividend policy is that the dividend is to comprise at least 50 per cent of earnings per share after tax, with consideration for the company's financial position.

The Board of Directors proposes that a dividend of 5.75 SEK (5.25) per share be paid for 2015/16. The proposed dividend totals 377 MSEK (344), which represents 100 per cent (75) of the financial year's net profit.

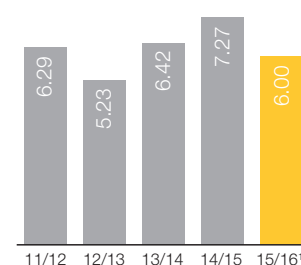
Share data

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

Number of shareholders

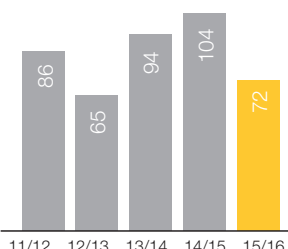


Earnings per share, SEK

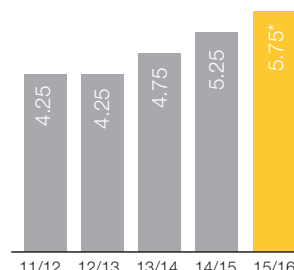


¹ Including a non-recurring cost of 107 MSEK

Average daily trading, thousands

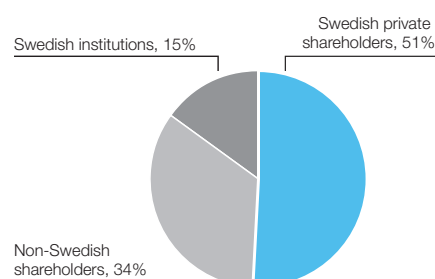


Dividend per share, SEK

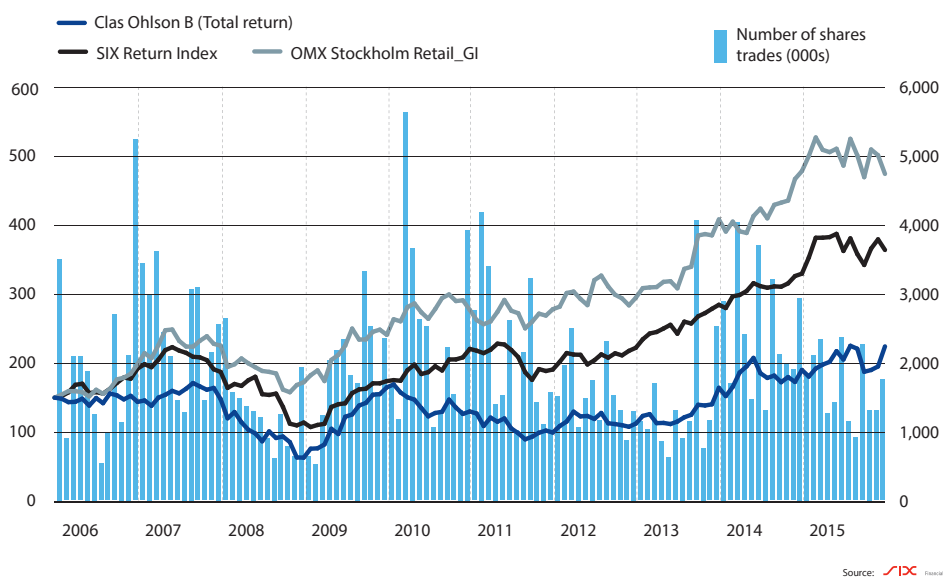
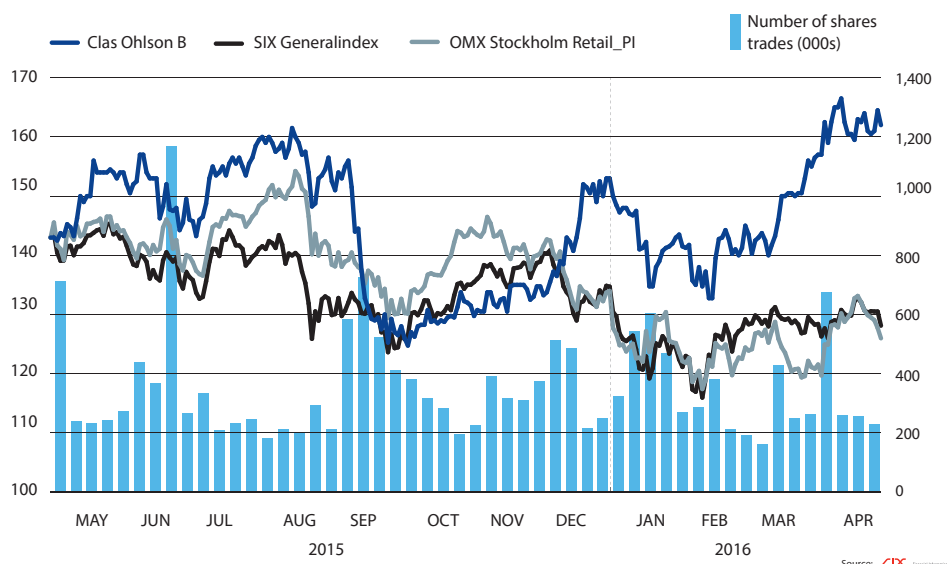


² Proposed dividend

Shareholder categories, %



The Clas Ohlson-share price and turnover trend 2015/16

Data per share²

	2015/16 ¹	2014/15	2013/14	2012/13	2011/12
Average number of shares before dilution, million	63.2	63.1	63.1	63.3	63.6
Earnings per share before dilution, SEK	6.00	7.27	6.42	5.23	6.29
Comprehensive income per share, SEK	5.07	7.41	6.41	6.78	6.75
Cash flow per share, SEK ³	11.15	10.25	10.91	8.17	15.16
Equity per share, SEK	33.75	33.92	31.12	29.02	28.98
Share price at 30 April, SEK	162	143	143	87	99
Dividend per share, SEK	5.75 ⁴	5.25	4.75	4.25	4.25
P/E- ratio, multiple	27	20	22	17	16
Dividend yield, %	3.5	3.7	3.3	4.9	4.3
Payout ratio, %	96	72	74	81	68
Total return, %	17	3	69	-8	5

¹ Including a non-recurring cost of 107 MSEK

² See key ratio definitions on page 89.

³ From the operating activities.

⁴ 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 shares	Percentage of capital	Percentage of votes
Helena Ek Tidstrand	1,368,060	6,179,828	11.5	16.9
Björn Haid	1,007,960	4,732,834	8.8	12.6
Johan Tidstrand	1,368,060	900,000	3.5	12.4
Peter Haid	1,007,960	3,785,243	7.3	11.8
Claus-Toni Haid	1,007,960	3,465,916	6.8	11.5
Nordea Investment Funds		3,599,227	5.5	3.1
IF Skadeförsäkring		3,114,337	4.7	2.7
Länsförsäkringar fondförvaltning AB		1,436,187	2.2	1.2
AFA Försäkring		1,430,171	2.2	1.2
Swedbank Robur fonder		1,328,486	2.0	1.1
Other shareholders		29,867,771	45.5	25.4
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	21,834,861	39.0	50.5
Swedish institutions		17,382,266	26.5	14.8
Non-Swedish owners	2,015,920	20,622,873	34.5	34.7
Total	5,760,000	59,840,000	100.0	100.0

Shareholding structure¹

Size interval	Number of shares	Percentage	Number of shareholders
1–500	3,027,337	4.6	21,342
501–1,000	2,823,172	4.3	3,491
1,001–5,000	3,940,292	6.0	1,836
5,001–10,000	1,369,802	2.1	184
10,001–15,000	722,354	1.1	59
15,001–200,000	679,361	1.0	39
200,001–	53,037,682	80.9	155
Total	65,600,000	100.0	27,106

¹ at 30 April 2016

Quarterly results

MSEK	2015/16				2014/15			
	Q1	Q2	Q3	Q4*	Q1	Q2	Q3	Q4
	1 May 2015 –31 Jul 2015	1 Aug 2015 –31 Oct 2015	1 Nov 2015 –31 Jan 2016	1 Feb 2016 –30 Apr 2016	1 May 2014 –31 Jul 2014	1 Aug 2014 –31 Oct 2014	1 Nov 2014 –31 Jan 2015	1 Feb 2015 –30 Apr 2015
Sales	1,769.8	1,846.5	2,481.5	1,503.9	1,642.2	1,814.4	2,374.9	1,498.3
Cost of goods sold	-1,054.0	-1,035.4	-1,396.1	-890.8	-977.5	-1,001.1	-1,325.8	-877.5
Gross profit	715.8	811.1	1,085.4	613.1	664.7	813.3	1,049.1	620.8
Selling expenses	-549.0	-617.4	-651.8	-590.3	-516.4	-611.0	-648.1	-586.1
Administrative expenses	-49.2	-49.2	-49.0	-43.2	-45.9	-49.7	-48.8	-44.2
Other operating income/expenses	-11.8	-0.0	-2.2	-105.8	-0.5	-1.2	-1.8	1.8
Operating profit/loss	105.8	144.5	382.3	-126.2	101.9	151.4	350.4	-7.7
Net financial items	0.3	0.2	0.4	0.3	0.2	0.2	0.4	0.4
Profit before tax	106.1	144.8	382.7	-126.0	102.1	151.6	350.8	-7.3
Income tax	-25.5	-33.7	-88.3	18.6	-24.0	-35.8	-81.1	2.6
Profit/loss for the period	80.6	111.1	294.4	-107.4	78.1	115.8	269.7	-4.7
KEY RATIOS FOR THE PERIOD								
Gross margin, %	40.4	43.9	43.7	40.8	40.5	44.8	44.2	41.4
Operating margin, %	6.0	7.8	15.4	-8.4	6.2	8.3	14.8	-0.5
Earnings per share before dilution, SEK	1.27	1.76	4.66	-1.70	1.24	1.84	4.27	-0.07
Earnings per share after dilution, SEK	1.27	1.75	4.65	-1.69	1.23	1.83	4.26	-0.07

*Including a non-recurring cost of 107.0

Comments to the quarterly results

One new store (1) were opened during the first quarter 2015/16. Four new stores (6) were opened during the second quarter and one store was closed (0). In the third quarter, four new stores (4) were opened and one store was closed (0). One new store (2) was opened during the fourth quarter and one store was closed (0).

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 second and first 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 dividend in relation to share price at the beginning of the year.

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.

Glossary

Average receipt

Average amount per purchase.

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.

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

Nasdaq Stockholm

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

Omni-channel

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

Products for a more sustainable lifestyle

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

sCORE

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

Store traffic

Number of visitors.

The Swan

The Swan is the official Nordic ecolabel. Development of the Swan is conducted by SIS Miljömärkning AB on behalf of the Swedish Government and the Riksdag.

Ten-year summary

MSEK	2015/2016 ¹	2014/15	2013/14	2012/13	2011/12	2010/11
INCOME STATEMENT						
Sales	7,601.6	7,329.8	6,807.7	6,518.9	6,260.0	5,828.0
Operating profit	506.4	596.0	530.5	430.6	560.6	507.1
Profit before tax	507.6	597.2	530.2	419.9	551.0	499.0
Income tax	-128.8	-138.3	-124.8	-88.4	-150.5	-134.6
Profit for the year	378.8	458.9	405.4	331.5	400.5	364.4
BALANCE SHEET						
Non-current assets	1,397.8	1,399.9	1,424.2	1,461.6	1,515.0	1,469.5
Non-current receivables	18.1	11.6	8.1	3.2	3.5	10.9
Inventories	1,639.2	1,569.3	1,348.2	1,303.9	1,228.7	1,429.2
Current receivables	263.4	242.5	229.5	214.9	197.5	176.7
Cash and cash equivalents	604.3	517.4	358.3	124.6	111.8	132.6
Total assets	3,922.8	3,740.7	3,368.3	3,108.2	3,056.5	3,218.9
Equity	2,138.8	2,144.5	1,964.9	1,836.5	1,843.8	1,656.8
Non-current liabilities, interest-bearing	0.0	0.0	0.0	0.0	0.0	300.0
Non-current liabilities, non-interest-bearing	195.2	213.3	206.5	185.7	195.7	165.9
Current liabilities, interest-bearing	0.0	0.0	0.0	0.0	30.0	261.7
Current liabilities, non-interest-bearing	1,588.8	1,382.9	1,196.9	1,086.0	987.0	834.5
Total equity and liabilities	3,922.8	3,740.7	3,368.3	3,108.2	3,056.5	3,218.9
CASH FLOW						
Cash flow from operations	704.6	647.3	689.1	517.8	964.9	350.3
Investments	-274.1	-192.3	-171.8	-166.5	-206.1	-295.3
Cash flow after investments	430.5	455.0	517.3	351.3	758.8	55.0
Financing activities	-335.9	-298.9	-283.6	-334.4	-781.5	-6.0
Cash flow for the year	94.6	156.1	233.7	16.9	-22.7	49.0
KEY RATIOS²						
Growth in sales, %	3.7	7.7	4.4	4.1	7.4	4.9
Gross margin, %	42.4	42.9	42.6	41.6	42.1	41.6
Operating margin, %	6.7	8.1	7.8	6.6	9.0	8.7
Return on capital employed, %	23.6	29.3	28.0	23.2	27.9	24.6
Return on equity, %	17.6	22.5	21.7	18.3	23.1	22.5
Equity/assets ratio, %	54.5	57.3	58.3	59.1	60.3	51.5
Sales per square metre in store, SEK 000s	30	30	30	31	34	34
Number of stores at year-end	205	198	185	174	157	139
Number of full-time equivalent employees	2,787	2,736	2,629	2,524	2,370	2,219
DATA PER SHARE						
Average number of shares before dilution	63,167,924	63,121,729	63,137,148	63,349,241	63,635,998	63,802,230
Average number of shares after dilution	63,461,923	63,400,934	63,243,692	63,421,154	63,702,052	63,870,584
Number of shares at period end	63,376,420	63,216,061	63,140,994	63,287,808	63,615,000	63,710,000
Earnings per share before dilution, SEK	6.00	7.27	6.42	5.23	6.29	5.71
Earnings per share after dilution, SEK	5.97	7.24	6.41	5.23	6.29	5.71
Comprehensive income per share, SEK	5.07	7.41	6.41	4.68	6.75	4.79
Cash flow per share, SEK ³	11.15	10.25	10.91	8.17	15.16	5.49
Equity per share, SEK	33.75	33.92	31.12	29.02	28.98	26.01
Share price 30 April, SEK	162	143	143	87	99	98
Dividend per share, SEK	5.75 ⁴	5.25	4.75	4.25	4.25	3.75
P/E ratio	27	20	22	17	16	17
Dividend Yield, %	3.5	3.7	3.3	4.9	4.3	3.8

¹ During 2015/16, a non-recurring cost of 107.0 MSEK affected the result, related to the restructuring of the store network in the UK. During 2015/16 is also 10.5 MSEK attributable to costs for closing one store in the UK, which has been balanced during the financial year. In addition, there is a tax effect on non-deductible expenses estimated at 7.1 MSEK. ² See key ratio definitions on page 89 ³ From operating activities ⁴ Proposed dividend

Comments*

	2009/10	2008/09	2007/08	2006/07
	5,555.8	4,930.2	4,661.6	4,101.2
	590.5	502.8	577.5	530.9
	588.2	503.8	587.8	537.8
	-155.4	-138.3	-166.0	-152.0
	432.8	365.5	421.8	385.8
	1,365.5	1,195.5	848.7	678.7
	1.0	2.0	3.3	4.8
	1,204.1	1,117.2	952.6	826.7
	173.4	164.5	107.1	79.6
	98.8	92.0	280.3	347.9
	2,842.8	2,571.2	2,192.0	1,937.7
	1,646.1	1,493.1	1,499.5	1,367.3
	100.0	65.0	-	-
	90.3	86.4	26.9	23.9
	171.4	208.6	-	-
	835.0	718.1	665.6	546.5
	2,842.8	2,571.2	2,192.0	1,937.7
	602.8	339.7	480.0	405.1
	-315.8	-433.1	-250.6	-125.1
	287.0	-93.4	229.4	280.0
	-267.9	-109.2	-295.2	-262.4
	19.1	-202.6	-65.8	17.6
	12.7	5.8	13.7	15.0
	40.8	40.8	40.2	39.7
	10.6	10.2	12.4	12.9
	32.6	32.6	41.8	40.9
	28.0	24.4	29.4	29.4
	57.9	58.1	68.4	70.6
	38	38	44	45
	120	106	86	71
	2,048	1,927	1,801	1,647
	64,383,906	65,065,008	65,600,000	65,600,000
	64,432,321	65,075,701	65,600,000	65,600,000
	64,280,000	64,955,000	65,600,000	65,600,000
	6.72	5.62	6.43	5.88
	6.72	5.62	6.43	5.88
	6.43	5.76	6.51	5.88
	9.36	5.22	7.31	6.18
	25.61	22.99	22.86	20.84
	128	94	98	151
	3.75	3.00	5.00	4.50
	19	17	15	26
	2.9	3.2	5.1	3.0

Sales

Sales amounted to 7,602 MSEK, up 4 per cent compared with 7,330 MSEK in the preceding year. In terms of local currencies, sales increased 6 per cent.

Number of stores

During the financial year, 10 new stores (13) opened; five in Sweden, one in Norway, two in Finland and two in the UK. During the financial year 3 stores (0) were also closed, 2 in Norway and 1 in the UK. The number of stores at the end of the period was 205, of which 85 were in Sweden, 72 in Norway, 34 in Finland, 13 in the UK and a franchise store in Dubai.

Operating profit

Operating profit increased by 3 per cent to 613 MSEK (596), excluding non-recurring item of 107 MSEK related to the optimisation of the store network in the UK. Operating profit amounted to 506 MSEK.

Gross margin

The gross margin declined to 42.4 per cent, down 0.5 percentage points year-on-year (42.9). The gross margin was negatively affected by the considerable strengthening of the USD and the weakened NOK during the period. The effect was primarily reduced by a positive sales mix, currency hedges and lower sourcing costs.

Operating margin

The operating margin, excluding non-recurring items of 107 MSEK related to the optimisation of the store network in the UK, amounted to 8.1 per cent (8.1). The operating margin was 6.7 per cent.

Cash flow

Cash flow from operating activities during the financial year totalled 705 MSEK (647). After investments and financing activities, cash flow for the year was 95 MSEK (156). The cash dividend paid to Clas Ohlson's shareholders in September 2015 totalled 331 MSEK (300).

Return

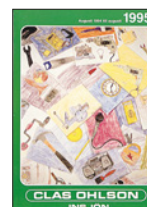
The return on capital employed amounted to 23.6 per cent (29.3) and the return on equity was 17.6 per cent (22.5), including non-recurring items of 107 MSEK.

* Refers to the financial year 2015/16.

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 at great value.

- 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, Sweden. 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, Sweden.
- 1991** The first store outside Sweden is inaugurated in Oslo, Norway. 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.
- 2008** The Central Warehouse, now called the distribution centre, is expanded. 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.



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 museum tells the story of Clas Ohlson – the man who started with two empty hands back in 1918. His inventiveness, entrepreneurship, common sense and sheer stubbornness laid the foundation of what Clas Ohlson is today.

The aim is to create a living museum, showing the strong links with the area and the unique Clas Ohlson spirit.



- 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 Clas Ohlson opens its 200th store in Karlstad in Sweden.
- 2016 The Club Clas customer loyalty program welcomed its two millionth member. Clas Ohlson's first store in Germany was opened in central Hamburg.



Our stores*

SWEDEN

Store	Opening date
A Alingsås	2014-03-27
B Borlänge	2013-09-26
Borås	2002-10-24
E Eskilstuna	2002-05-30
F Falun	2009-02-05
G Gothenburg, Bäckebo	2003-04-10
Gothenburg, Nordstan	1992-06-01
Gothenburg, Partille	2006-04-09
Gothenburg, Sisjön	2012-04-19
Gothenburg, Västra Frölunda	2009-10-23
Gävle	2003-11-27
H Halmstad, Flygstaden	2011-06-16
Halmstad, Gallerian	2001-03-08
Helsingborg, Kullagatan	2009-06-04
Helsingborg, Väla centrum	2003-06-12
Hudiksvall	2009-04-23
I Insjön	1918-06-27
J Jönköping, A6	2003-05-22
Jönköping, City	2010-12-09
K Kalmar, Baronen	2005-11-24
Kalmar, Hansa City	2013-03-14
Karlskrona	2014-11-27
Karlstad, Mitt i City-gallerian	2006-09-21
Karlstad, Bergvik	2015-08-20
Kiruna	2010-11-11
Kristianstad	2007-04-18
Kungsbacka	2008-03-13
L Lidköping	2012-04-25
Linköping	2004-06-10
Luleå, MVG	2002-03-21
Luleå, Storheden	2012-02-16
Lund	2013-11-07
Löddeköpinge	2015-11-26
M Malmö, Burlöv	2010-03-25
Malmö, Emporia	2012-10-25
Malmö, Mobilia	2013-09-26
Malmö, Triangeln	1993-12-03
Motala	2009-01-29
N Norrköping, Domino	1996-05-02
Norrköping, Hageby Centrum	2009-12-10
Nortälje	2012-06-14
Nyköping	2006-10-05
P Piteå	2007-09-20
S Skellefteå	2005-03-17
Skövde	2008-11-27

Store	Opening date
Stockholm, Barkarby Gate	2014-11-27
Stockholm, Bromma	2010-09-23
Stockholm, Drottninggatan	2010-10-21
Stockholm, Farsta	1999-11-18
Stockholm, Gallerian	1989-06-30
Stockholm, Haninge	2004-12-10
Stockholm, Häggvik	2007-05-31
Stockholm, Kista	2002-12-05
Stockholm, Kungens Kurva	2014-04-24
Stockholm, Liljeholmen	2010-10-15
Stockholm, Nacka	2007-03-29
Stockholm, Sickla	2007-12-06
Stockholm, Skärholmen	2000-12-07
Stockholm, Solna	2005-04-07
Stockholm, Solna, Mall of Scandinavia	2015-11-12
Stockholm, Täby	2001-10-25
Stockholm, Vällingby	2007-11-15
Stockholm, Väsby	2007-04-27
Strömstad	2009-05-29
Sundsvall, Birsta	2008-04-30
Sundsvall, In: gallerian	1999-06-10
Södertälje	2010-04-29
T Trelleborg	2007-04-25
Trollhättan	2012-06-28
U Uddevalla	2006-10-19
Umeå, MVG	2000-04-13
Umeå, Avion	2016-03-17
Uppsala, Gränby	2011-08-25
Uppsala, S:t Per Gallerian	2000-11-16
V Valbo	2012-02-23
Visby	2008-04-17
Värmdö	2015-06-17
Västervik, Ljungheden	2012-12-06
Västerås, Erikslund	2011-09-22
Västerås, Igor	2001-11-22
Växjö	2004-05-06
Ö Örebro, Krämaren	1997-11-27
Örebro, Marieberg	2009-03-26
Örnsköldsvik	2007-04-12
Östersund	2005-04-28

NORWAY

Store	Opening date
A Alta, Amfi Alta	2011-11-17
Arendal	2007-11-28
Asker	2008-10-16
B Bergen, Lagunen	2003-03-06
Bergen, Sartor	2006-02-16
Bergen, Sentrum	1999-04-22
Bergen, Vestkanten Kjøpesenter	2012-11-22
Bergen, Åsane	2004-09-30
Bodø	2011-06-07
Bryne	2009-11-05
Buskerud	2011-09-08
D Drammen	2008-09-18
E Elverum	2012-03-22
F Fredrikstad, Dikeveien	2010-11-25
Fredrikstad, Torvbyen	2005-12-01
Førde, Handelshuset	2012-11-22
G Gjøvik	2006-03-10
H Halden	2015-03-12
Hamar, CC Stadion	2014-11-11
Harstad	2011-02-24
Haugesund	2002-10-03
Horten	2011-06-09
Hønefoss	2009-02-19
J Jessheim	2008-11-05
K Kongsberg	2010-06-03
Kongsvinger	2012-05-24
Kristiansand, Sandens	2008-11-06
Kristiansand, Sørlandssenteret	1998-11-19
Kristiansund, Amfi Futura	2011-03-24
L Larvik	2009-04-23
Levanger, Magneten	2014-06-05
Lillehammer	2010-11-18
Lørenskog, Lørenskog Storsenter	2006-11-30
M Mandal	2014-11-20
Mo i Rana	2012-06-07
Molde	2009-10-22
Moss	2006-10-12
N Narvik	2008-12-04

			FINLAND		UK			
	Store	Opening date	Store	Opening date	Store	Opening date		
O	Orkdal	2014-10-30	E	Espoo, Entresse	2008-11-25	C	Cardiff	2010-12-08
	Oslo, Alna Senter	2006-09-27		Espoo, Iso Omena	2015-10-14	D	Doncaster	2010-12-09
	Oslo, Bogstadsveien	2011-10-27		Espoo, Lippulaiva	2012-11-08	E	Ealing, Ealing Broadway	2015-12-03
	Oslo, Bryn Senter	2010-08-26		Espoo, Sello	2005-09-14	L	Leeds	2010-04-30
	Oslo, CC-Vest	2014-09-11	H	Helsinki, Itis	2003-11-06		Liverpool	2010-04-29
	Oslo, Lambertseter Senter	2010-10-12		Helsinki, Kamppi	2006-03-02		London, Croydon	2008-11-27
	Oslo, Oslo City	2005-11-11		Helsinki, Kannelmäki	2013-10-17		London, Kingston	2009-12-03
	Oslo, Storo Storsenter	2008-06-19		Helsinki, Mannerheimvägen	2002-11-14		London, Watford	2009-12-10
	Oslo, Torggata	1991-08-26		Hyvinkää	2012-10-18	M	Manchester	2009-04-30
P	Porsgrunn	2006-04-27		Hämeenlinna	2014-10-30	N	Newcastle	2011-08-24
S	Sandefjord	2015-09-10	J	Joensuu	2008-11-06		Norwich	2010-12-10
	Sandnes, Kvadrat	1998-09-23		Jyväskylä	2011-09-08	R	Reading	2009-11-19
	Sandnes, Maxi	2016-05-26	K	Kokkola	2007-09-27	S	St Albans	2015-10-01
	Sandvika	2002-01-10		Kotka	2013-05-23			
	Sarpsborg	2006-06-08		Kouvola	2012-09-13			
	Ski	2003-10-16		Kuopio, Haapaniemenkatu	2005-02-24			
	Skien	2007-10-18		Kuopio, Matkus	2012-11-01			
	Slependen	2014-09-18	L	Lahtis, Karisma	2011-11-03			
	Sogndal	2013-06-06		Lahtis, Syke	2012-05-31			
	Stavanger, Kilden	2007-10-25		Lappeenranta	2007-11-01			
	Stavanger, Madla	2007-11-08		Lempäälä	2007-11-29			
	Stavanger, Mediegården	2010-11-11	M	Mariehamn	2013-05-16			
	Steinkjer	2009-10-15		Mikkeli	2011-06-16			
	Stord	2013-06-20	O	Oulu	2010-11-25			
	Strømmen, Strømmen		P	Pori	2014-10-30			
	Storsenter	1999-10-21	R	Rovaniemi	2008-10-23			
T	Tromsø	2008-06-12	S	Seinäjoki	2008-09-11			
	Trondheim, City Syd	2003-05-08	T	Tampere	2004-03-18			
	Trondheim, Lade	2008-02-14		Turku, Forum	2005-03-03			
	Trondheim, Solsiden	2000-10-19		Turku, Raisio	2015-11-04			
	Trondheim, Trondheim Torg	2011-02-17		Turku, Skanssi	2012-10-25			
	Tønsberg	2001-09-21	V	Vaasa	2004-10-14			
V	Vestby	2013-03-14		Vantaa, Jumbo	2005-10-27			
	Vinterbro	2015-03-26		Vantaa, Myyrmanni	2011-11-29			
Å	Ålesund	2004-01-22						
Ø	Ørsta, Amfi Ørsta	2012-10-04						

* Store portfolio at 31 May 2016

** Franchise store

Visit about.clasohlson.com/about-us/our-stores/ to receive continuously updated information about the store portfolio.

Clas Ohlson's broad and affordable product range is also available online in the Swedish, Norwegian, Finnish and UK markets.

www.clasohlson.se
www.clasohlson.no
www.clasohlson.fi
www.clasohlson.uk

Information to shareholders

Annual General Meeting

The Annual General Meeting ("AGM") of shareholders of Clas Ohlson AB will be held on Saturday, 10 September 2016 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, 5 September 2016, 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, 5 September 2016, and who have notified their intention to participate by not later than Monday, 5 September 2016. 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, 5 September 2016.

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 5.75 SEK per share (5.25) for 2015/16 financial year.

- The final trading day for Clas Ohlson shares, including rights to dividends, is 10 September 2016.
- The record date for payment of the dividend is 13 September 2016.
- The payment date is 16 September 2016.

Financial information

Clas Ohlson provides financial information for the 2016/17 financial year as follows:

- Interim report May-July, 7 September 2016
- Interim report August-October, 7 December 2016
- Interim report November-January, 15 March 2017
- Interim report February-April, 8 June 2017

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

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