

clas ohlson

Three-month report 2016/17

First quarter

- Sales amounted to 1,763 MSEK (1,770), up 2% in local currencies
- Operating profit amounted to 75 MSEK (106)
- Profit after tax amounted to 58 MSEK (81)
- Earnings per share amounted to 0.91 SEK (1.27)
- Cash flow from operating activities amounted to 16 MSEK (170)
- The store portfolio was expanded by 8 new stores (net) and Clas Ohlson opened its first store in the German market
- The Annual Report and Sustainability Report for 2015/16 were published
- As previously announced, the Board of Directors proposes that a dividend of 5.75 SEK per share (5.25) be approved by the Annual General Meeting



The establishment of Clas Ohlson in Hamburg was off to a good start.

+2%

sales in local currencies

+10%

August sales
in local currencies

Events after the end of the reporting period

- Sales in August increased by 9% to 665 MSEK (611), up 10% in local currencies
- Agreement signed for a new store in the Mercato Shopping Mall in Dubai

	3 Months			12 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015	Percentage change	Aug 2015 - Jul 2016	May 2015 - Apr 2016
Sales, MSEK	1,763	1,770	0	7,595	7,602
Operating profit, MSEK*	75	106	-29	476	506
Result before tax, MSEK*	75	106	-29	477	508
Result after tax, MSEK*	58	81	-28	356	379
Gross margin, %	39.1	40.4	-1.3 p.p	42.1	42.4
Operating margin, %*	4.3	6.0	-1.7 p.p	6.3	6.7
Return on capital employed, %*	-	-	-	22.2	23.6
Return on equity, %*	-	-	-	16.6	17.6
Equity/assets ratio, %*	55.7	58.6	-2.9 p.p	55.7	54.5
Earnings per share before dilution, SEK*	0.91	1.27	-28	5.64	6.00

*During previous year's first quarter 10.5 MSEK was attributable to costs for closing one store in the UK. During previous year a non-recurring cost of 107.0 MSEK related to the restructuring of the store network in the UK affected the result as well as a tax effect on non-deductible expenses estimated to 7.1 MSEK.

The 2016/17 financial year comprises the period from 1 May 2016 to 30 April 2017. This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence. This is information that Clas Ohlson AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:00 am CET on 7 September 2016.

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CEO's comments

Negative effects from currency but continued positive development

We are continuing to strengthen our position but this quarter we saw a slightly weaker sales trend than we are used to. Earnings were impacted by lower growth as well as the weaker NOK, and start-up costs for our launch in Germany.

Following a record-breaking quarter in the preceding year, we noted a slightly lower growth in the first quarter due to factors including negative calendar effects and exchange-rate effects. We increased sales in the quarter by 2 per cent in local currencies to 1,763 MSEK. However, the second quarter is off to a favourable start with sales growth in August of a full 10 per cent in local currencies, with a particularly strong performance in the Nordic markets.

NOK remains challenging

As expected, the weaker NOK resulted in a negative earnings trend for the quarter. We will work to balance the effects of the trend in NOK over time similar to our successful measures to offset the effects of the significantly stronger USD. As previously announced, we also incurred start-up costs for our launch in the German market that impacted our earnings for the quarter.

Next step in development of offering and international expansion

During the summer months, we continued to update our store network by opening four new stores, adapting three stores to our new store concept and restructuring our store network in the UK as planned. We also saw a positive trend in our offering to corporate customers and strengthened online shopping, which reported healthy growth figures. However, perhaps the most important event of the quarter was the opening of our store in central Hamburg. The reception thus far has been fantastic and it is clear that there is widespread interest in our offering among German consumers. In just a few days we will open our second store in Hamburg in the Altona city district. We can also announce today that we will open our second franchise store in Dubai in the Mercato Shopping Mall in the autumn, which we are very much looking forward to.

A strong sales development in August gives us a good start in our second quarter. We have filled our sales channels with many new products and are now entering the autumn brimming with energy.



Klas Balkow

President and CEO of Clas Ohlson AB



“ We end the summer with very strong sales in August, meaning that we have a favourable start to the second the quarter. We are now preparing for the autumn and have launched an autumn range filled with many attractive new items.

Content of financial statements	Financial information	Calendar
Financial statements	9	10 Sept 2016 2016 AGM
Key ratios	13	7 Dec 2016 Six-month Report 2016/17
Quarterly overview	14	15 Mar 2017 Nine-month Report 2016/17
Accounting policies	16	8 June 2017 Year-end Report 2016/17
Key ratio definitions	17	6 Sept 2017 Three-month Report 2017/18
The share	20	6 Dec 2017 Six-month Report 2017/18

Operations

Clas Ohlson is an international retail company with the business concept of selling a broad range of products at attractive prices 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, the UK and Germany via stores, online shopping, as well as through franchise in Dubai.

Business environment and market¹

Retail in Sweden increased by 2.8 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +4.9). During the quarter, consumer confidence in Sweden was 96.7, a decline compared with the preceding quarter (98.2) and a decline compared with the same quarter in the preceding year (97.7).

Retail in Norway increased by 3.2 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +0.4). During the quarter, consumer confidence in Norway amounted to 1.5, an increase compared with the preceding quarter (-7.3) and an increase compared with the same quarter in the preceding year (-5.6).

Retail in Finland increased by 1.1 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +1.3). During the quarter, consumer confidence in Finland amounted to 13.5, an increase compared with the preceding quarter (9.3) and an increase compared with the same quarter in the preceding year (11.1).

Retail in the UK increased by 2.5 per cent at current prices compared with the same quarter in the preceding year (preceding quarter +1.3). During the quarter, consumer confidence in the UK was -4.7, a decline compared with the preceding quarter (-1.0) and a decline compared with the same quarter in the preceding year (4.0).

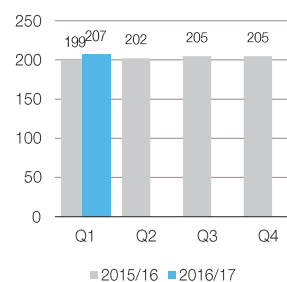
Sales

First quarter

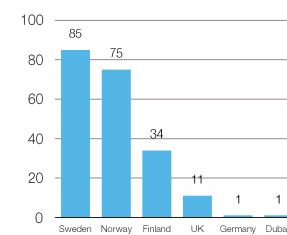
Sales amounted to 1,763 MSEK compared with 1,770 MSEK in the year-earlier period. Measured in local currencies, sales increased by 2 per cent.

During the quarter, the net store portfolio was expanded by 2 stores (1). At the end of the quarter, the total number of stores was 207, representing an increase of eight stores compared with the year-earlier period (13).

Total number of stores

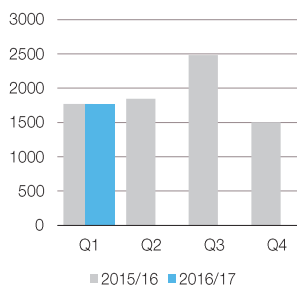


Distribution of numbers of stores

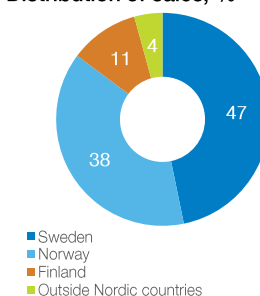


*Franchise store

Sales, MSEK



Distribution of sales, %



¹Source: HUI, National Institute of Economic Research, Office for National Statistics, Opinion, Statistics Finland, Statistics Norway, Trading Economics.

Distribution of sales

MSEK	3 Months			
	May 2016 - Jul 2016	May 2015 - Jul 2015	Percentage change	
			SEK	local currency
Sweden	825	806	2	2
Norway	677	702	-4	3
Finland	186	176	6	5
Outside Nordic countries*	76	86	-12	-4
Total	1,763	1,770	0	2

*Effected by store optimization in the UK

Distribution of sales increase

Per cent	May 2016 - Jul 2016
Comparable units in local currency	-1
New stores	3
Exchange-rate effects	-2
Total	0

Results

First quarter

The gross margin declined to 39.1 per cent, down 1.3 percentage points year-on-year (40.4). The gross margin was negatively affected by the weaker NOK and currency hedges during the quarter. Exchange-rate effects were reduced slightly through lower sourcing costs.

The share of selling expenses increased by 0.9 percentage points to 31.9 per cent (31.0). The share increased primarily as a result of start-up costs related to the German market.

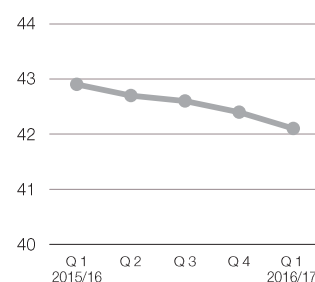
Operating profit amounted to 75 MSEK (106).

The operating margin was 4.3 per cent (6.0). Profit after financial items totalled 75 MSEK (106).

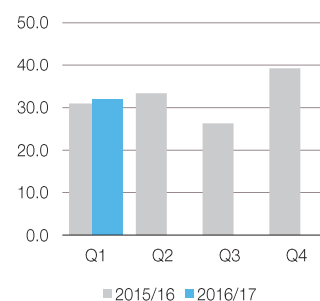
Depreciation for the period amounted to 58 MSEK (60).

Spot exchange rates for key currencies averaged 1.00 for NOK and 8.36 for USD, compared with 1.07 and 8.38, respectively, in the year-earlier period. Currency hedging was undertaken in USD and NOK. The company's policy is to hedge 50 per cent of the expected flow in each currency every month, with six-month maturities.

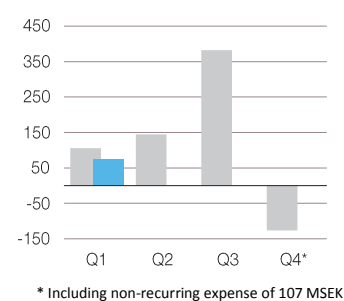
Gross margin rolling 12 months, %



Share of selling expenses, %

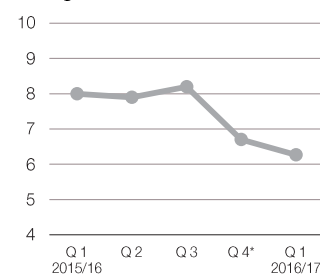


Operating profit, MSEK



* Including non-recurring expense of 107 MSEK

Operating margin rolling 12 months, %



* Including non-recurring expense of 107 MSEK

Investments

During the quarter, investments totalled 60 MSEK (52). Of this amount, investments in new or refurbished stores accounted for 28 MSEK (11). Other investments were primarily IT and replacement investments. During the first quarter, investments in IT systems amounted to 23 MSEK (34).

Financing and liquidity

Cash flow from operating activities during the quarter totalled 16 MSEK (170). Cash flow for the quarter, after investing and financing activities, was -111 MSEK (86).

The average 12-month value of inventories was 1,666 MSEK (1,542). Over a rolling 12-month period, the stock turnover rate at the distribution centre was 6.5 times (6.7).

At the end of the quarter, the value of inventories was 1,721 MSEK (1,532). The increase in inventories was primarily attributable to inventory buildup related to the autumn range and campaigns, new stores and exchange-rate effects (USD). Compared with the preceding year, a net of eight own stores were added.

During the quarter, buy-backs of the company's own shares to secure the LTI 2016 (Long Term Incentive Plan 2016) amounted to 76 MSEK (48).

The Group's net cash holdings, meaning cash and cash equivalents less interest-bearing liabilities, amounted to 495 MSEK (601) at the end of the quarter. The equity/assets ratio was 56 per cent (59).

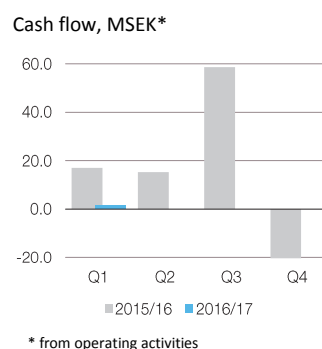
Sustainable development

Clas Ohlson's Sustainability Report for the 2015/16 financial year was published in July. We are continuing to develop "From Here to Sustainability" which describes the direction for how we should persuade our value chain to become more resource-efficient and for how we, as a company, should develop and improve in the long term. We can create value for our most important stakeholders by working towards clearly defined goals and continuously measuring and reporting our progress in eight prioritised areas. The Sustainability Report can be downloaded at about.clasohlson.com.

Developing, offering and raising the profile of our range of products and services for a more sustainable lifestyle will be a priority going forward, and during the quarter we focused on solar power products and the option for customers to return used ink and toner cartridges to our stores for recycling.

Update regarding new business system

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 50-70 MSEK per year over a five-year period.



The 2015/16 Sustainability Report was published.

Expansion

In connection with the start of the 2016/17 financial year, Clas Ohlson will begin reporting its planned net store expansion. During the 2016/17 financial year, Clas Ohlson plans to establish three to eight new stores net. See page 19 for a list of the number of future contracted store establishments.

Update on establishment in Germany

Clas Ohlson opened its first store in the German market on Jungfernstieg in Hamburg on 19 May and will open another store in the Altona city district on 15 September. A third store in Alstertal in Hamburg will be opened and online shopping in the German market will be launched in the autumn.

Update on optimisation of UK store network

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 existing store network. Two stores were closed in the first quarter (Norwich and Cardiff) and another store was closed at the start of September (Doncaster). An additional four stores in the UK will be closed in 2016/17. These are the store in Watford (March 2017 at the latest), in Croydon (date not confirmed), in Leeds (autumn 2016) and one additional store (negotiations ongoing). Total annual cost savings are estimated to amount to 70 MSEK when the restructuring generates a full effect in the 2017/18 financial year.

Clas Ohlson will focus on strengthening its presence in the London region with smaller format stores and plans to open one to two additional stores in the London region during the 2016/17 financial year.

Update on expansion in the Gulf region

An agreement has been signed for an additional franchise store in Dubai. The store will be opened in one of Dubai's most popular shopping centres, the Mercato Shopping Mall, which attracts about five million visitors every year. The store is expected to open in autumn of 2016.

Employees

The average number of employees in the Group was 2,803 (2,751). The increase was mainly related to new stores.

Parent Company

Parent Company sales during the quarter amounted to 1,399 MSEK (1,324) and profit after financial items totalled 59 MSEK (17).

Investments during the financial year totalled 36 MSEK (41). The Parent Company's contingent liabilities amounted to 241 MSEK (326).



Clas Ohlson is continuing to grow with new stores in both established and new markets.

Events after the end of the reporting period

Sales in August

Sales in August increased by 9 per cent to 665 MSEK (611). In local currencies, sales increased by 10 per cent.

At the end of the month, the total number of stores was 207, representing a net increase of eight stores compared with the year-earlier period (14).

Distribution of sales

MSEK	Aug 2016	Aug 2015	Percentage change	
			SEK	local currency
Sweden	295	279	6	6
Norway	272	239	14	16
Finland	75	61	22	22
Outside Nordic countries*	23	31	-26	-14
Total	665	611	9	10

*Effected by store optimization in the UK

In the first four months of the financial year (May-August), sales increased by 2 per cent to 2,429 MSEK (2,381). In local currencies, sales increased by 4 per cent.

Outlook

Clas Ohlson's vision is to develop the company into a leading international modern hardware retailer, with high profitability that adds value for all stakeholders. 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 will provide growth opportunities, in both established and new markets. Clas Ohlson is reviewing and optimising the current store network in the UK and strengthening its presence in the London region with smaller format stores, and establishing stores and online shopping in the German market, starting in Hamburg. An additional store is being established in the Gulf region through an existing franchise partnership.

A new IT platform is being implemented, and is expected to continue to and including 2018, to support the company's operations and future growth and development.

Risks and uncertainties

Clas Ohlson's operations entail risks that could negatively impact the Group to varying extents. Work is continuously carried out to update the Group's risk situation through a documented and systematic process in which risks are identified, assessed, monitored and reported. Those risks deemed to have the greatest negative potential based on the probability of occurrence and their possible impact on operations are prioritised. This work contributes to the strategic and operational management of the company.

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.

For a detailed description of the Group's risks and risk management, refer to pages 44-47 of the 2015/16 Annual Report. Apart from the risks described in the Annual Report, no other significant risks have arisen.

The company's auditors have not reviewed this report.

Insjön, Sweden, 7 September 2016

Klas Balkow
President and CEO of Clas Ohlson AB

Financial statements

Consolidated Income Statement

	3 Months		12 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015	Aug 2015 - Jul 2016	May 2015 - Apr 2016
MSEK				
Sales	1,763.5	1,769.8	7,595.4	7,601.6
Cost of goods sold	-1,074.5	-1,054.0	-4,396.8	-4,376.3
Gross profit	689.0	715.8	3,198.6	3,225.3
Selling expenses	-563.0	-549.0	-2,422.5	-2,408.5
Administrative expenses	-49.4	-49.2	-190.8	-190.6
Other operating income/expenses*	-1.2	-11.8	-109.2	-119.8
Operating profit*	75.4	105.8	476.1	506.4
Financial income	0.2	0.4	1.7	1.9
Financial expense	-0.1	-0.1	-0.7	-0.7
Profit after financial items*	75.5	106.1	477.0	507.6
Income tax*	-17.6	-25.5	-121.0	-128.8
Profit for the period*	57.9	80.6	356.1	378.8

Consolidated Comprehensive Income Statement

	3 Months		12 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015	Aug 2015 - Jul 2016	May 2015 - Apr 2016
MSEK				
Profit for the period*	57.9	80.6	356.1	378.8
Other comprehensive income, net of tax:				
Items that later can be reversed back to the Consolidated income statement:				
Exchange rate differences	12.0	-12.0	-38.8	-62.8
Cash flow hedging	22.5	32.6	-5.8	4.3
Total	34.5	20.6	-44.6	-58.5
Items that later can not be reversed back to the Consolidated income statement:				
Reevaluation of net pension obligations	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0
Total other comprehensive income, net of tax	34.5	20.6	-44.6	-58.5
Total comprehensive income for the period*	92.4	101.2	311.5	320.3

Data per share

	3 Months		12 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015	Aug 2015 - Jul 2016	May 2015 - Apr 2016
Number of shares before dilution	63,286,458	63,276,355	63,170,985	63,167,924
Number of shares after dilution	63,568,780	63,543,505	63,432,395	63,461,923
Number of shares at end of period	62,948,729	63,094,575	62,948,729	63,376,420
Earnings per share before dilution, SEK*	0.91	1.27	5.64	6.00
Earnings per share after dilution, SEK*	0.91	1.27	5.61	5.97
Comprehensive income per share, SEK*	1.46	1.60	4.93	5.07

*During previous year's first quarter 10.5 MSEK was attributable to costs for closing one store in the UK. During previous year a non-recurring cost of 107.0 MSEK related to the restructuring of the store network in the UK affected the result as well as a tax effect on non-deductible expenses estimated to 7.1 MSEK.

Consolidated Balance Sheet

MSEK	31 Jul 2016	31 Jul 2015	30 Apr 2016
Assets			
Intangible assets	285.6	196.8	270.6
Tangible assets	1,104.6	1,181.5	1,127.2
Non-current receivables	18.2	11.5	18.1
Inventories	1,720.6	1,531.7	1,639.2
Other receivables	263.8	261.4	263.4
Liquid assets	494.7	600.8	604.3
Total assets	3,887.4	3,783.7	3,922.8
Equity and liabilities			
Equity	2,166.8	2,217.1	2,138.8
Long-term liabilities, Non-interest-bearing	197.1	214.1	195.4
Current liabilities, Non interest-bearing	1,523.6	1,352.5	1,588.6
Total equity and liabilities	3,887.4	3,783.7	3,922.8

Consolidated Cash Flow

MSEK	3 Months		12 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015	Aug 2015 - Jul 2016	May 2015 - Apr 2016
Operating profit	75.4	105.8	476.0	506.4
Adjustment for items not included in cash flow	48.7	75.4	341.4	368.1
Interest received	0.2	0.4	1.7	1.9
Interest paid	-0.1	-0.1	-0.8	-0.8
Tax paid	-41.0	-20.2	-153.8	-133.0
Cash flow from operating activities before changes in working capital	83.1	161.3	664.5	742.6
Change in working capital	-67.4	8.2	-113.7	-38.0
Cash flow from operating activities	15.7	169.5	550.8	704.6
Investments in intangible assets	-23.4	-34.4	-122.4	-133.4
Investments in tangible assets	-36.7	-17.7	-160.0	-141.0
Change in current investments	0.0	0.0	0.3	0.3
Cash flow from investing activities	-60.1	-52.1	-282.1	-274.1
Repurchase of own shares	-75.7	-47.9	-75.7	-47.9
Sale of own shares	9.2	16.4	36.1	43.3
Dividend to shareholders	0.0	0.0	-331.3	-331.3
Cash flow from financing activities	-66.4	-31.5	-370.9	-335.9
Cash flow for the period	-110.8	85.9	-102.2	94.6
Liquid assets at the start of the period	604.3	517.4	600.8	517.4
Exchange rate difference for liquid assets	1.2	-2.5	-3.9	-7.7
Liquid assets at the end of the period	494.7	600.8	494.7	604.3

Sales by segment

MSEK	3 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015
Sweden	824.9	806.0
Norway	677.4	702.1
Finland	185.6	175.7
Outside Nordic countries*	75.5	86.0
Group functions	571.4	515.8
Sales to other segments	-571.4	-515.8
Total	1,763.5	1,769.8

* Effected by store optimization in the UK.

Operating profit by segment

MSEK	3 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015
Sweden	32.3	31.7
Norway	27.3	28.0
Finland	5.7	5.4
Outside Nordic countries	2.2	2.4
Group functions	7.9	38.3
Total	75.4	105.8

Specification of change in profits*

MSEK	3 Months
	May 2016 - Jul 2016
Profit from sales	-3.6
Decreased gross margin	-24.3
Increased administrative expenses	-0.2
Increased expansion costs stores**	-14.6
Decreased depreciation	1.7
Change in other operating income/expense***	10.6
Change in financial income/expense	-0.2
Change in profit after financial items	-30.6

* The table shows the change in profit after financial items compared with previous year.

** Include start-up costs of the business operations in Germany.

*** During the first quarter 2015/16 is 10.5 MSEK attributable to costs for closing one store in the UK.

Change in equity

(attributable to the Parent company shareholders)

MSEK	3 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015
Equity brought forward	2,138.8	2,144.5
Repurchase of own shares	-75.7	-47.9
Sale of own shares	9.2	16.4
Paid-in option premiums:		
Value of employee services	2.1	2.9
Total comprehensive income	92.4	101.2
Equity carried forward	2,166.8	2,217.1

Forward contracts

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

MSEK	31 Jul 2016	31 Jul 2015
Sell/buy		
NOK/SEK	-3.8	0.7
NOK/USD	11.4	14.9
SEK/USD	0.0	-0.4
Total	7.6	15.2

Forward contracts belong to the derivative category, which is used for hedging purposes. All derivatives are measured at fair value, established by using forward contract prices on balance-sheet date, meaning, level 2 in the fair value hierarchy according to IFRS 13. As per 31 July 2016 there are both positive and negative market values in the currency pairs. Forward contracts with negative market value totalled MSEK 4.0 (1.6), which was recognized in the item Current liabilities, non-interest-bearing. Forward contracts with positive market values amounted to MSEK 11.7 (16.8), which is recognized in the item Other receivables. The company hedge the expected flow in each currency every month, with six-month maturities. A deferred tax assets of MSEK 1.7 (3.3) was taken into account and the remaining fair value of MSEK 6.0 (11.9) was recognized in the hedging reserve within equity.

Key ratios*

	3 Months		12 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015	Aug 2015 - Jul 2016	May 2015 - Apr 2016
MSEK				
Sales growth, %	-0.4	7.8	1.9	3.7
Gross margin, %	39.1	40.4	42.1	42.4
Operating margin, %	4.3	6.0	6.3	6.7
Return on capital employed, %	-	-	22.2	23.6
Return on equity, %	-	-	16.6	17.6
Equity/assets ratio, %	55.7	58.6	55.7	54.5
Sales per sq.m in stores, SEK thousand	-	-	30	30
Number of stores at period end	207	199	207	205
Number of employees at period end	2,803	2,751	2,803	2,787
Data per share				
Number of shares before dilution	63,286,458	63,276,355	63,170,985	63,167,924
Number of shares after dilution	63,568,780	63,543,505	63,432,395	63,461,923
Number of shares at period end	62,948,729	63,094,575	62,948,729	63,376,420
Earnings per share before dilution, SEK	0.91	1.27	5.64	6.00
Earnings per share after dilution, SEK	0.91	1.27	5.61	5.97
Comprehensive income per share, SEK	1.46	1.60	4.93	5.07
Cash flow per share**, SEK	0.25	2.68	8.72	11.15
Equity per share, SEK	34.42	35.14	34.42	33.75

* During previous year's first quarter 10.5 MSEK was attributable to costs for closing one store in the UK. During previous year a non-recurring cost of 107.0 MSEK related to the restructuring of the store network in the UK affected the result as well as a tax effect on non-deductible expenses estimated to 7.1 MSEK.

** From the operating activities

Quarterly overview

MSEK	Q1 14/15	Q2 14/15	Q3 14/15	Q4 14/15	Q1* 15/16	Q2 15/16	Q3 15/16	Q4** 15/16	Q1 16/17
Sales	1,642.2	1,814.4	2,374.9	1,498.3	1,769.8	1,846.5	2,481.5	1,503.9	1,763.5
Cost of goods sold	-977.5	-1,001.1	-1,325.8	-877.5	-1,054.0	-1,035.4	-1,396.1	-890.8	-1,074.5
Gross profit	664.7	813.3	1,049.1	620.8	715.8	811.1	1,085.4	613.1	689.0
Selling expenses	-516.4	-611.0	-648.1	-586.1	-549.0	-617.4	-651.8	-590.3	-563.0
Administrative expenses	-45.9	-49.7	-48.8	-44.2	-49.2	-49.2	-49.0	-43.2	-49.4
Other operating income/expenses	-0.5	-1.2	-1.8	1.8	-11.8	0.0	-2.2	-105.8	-1.2
Operating profit	101.9	151.4	350.4	-7.7	105.8	144.5	382.3	-126.2	75.4
Financial income	0.6	0.4	0.6	0.6	0.4	0.5	0.6	0.4	0.2
Financial expense	-0.4	-0.3	-0.2	-0.2	-0.1	-0.3	-0.2	-0.2	-0.1
Profit after financial items	102.1	151.6	350.8	-7.3	106.1	144.8	382.7	-126.0	75.5
Income tax	-24.0	-35.8	-81.1	2.6	-25.5	-33.7	-88.3	18.6	-17.6
Profit for the period	78.1	115.8	269.7	-4.7	80.6	111.1	294.4	-107.4	57.9

Assets

Intangible assets	161.4	164.2	166.3	171.0	196.8	209.7	244.4	270.6	285.6
Tangible assets	1,269.5	1,259.7	1,237.5	1,228.9	1,181.5	1,158.0	1,137.8	1,127.2	1,104.6
Non-current receivables	8.1	8.1	8.1	11.6	11.5	11.5	11.4	18.1	18.2
Inventories	1,328.6	1,608.7	1,457.8	1,569.3	1,531.7	1,763.6	1,540.2	1,639.2	1,720.6
Other receivables	223.2	287.2	206.9	242.5	261.4	288.4	266.6	263.4	263.8
Liquid assets	462.4	212.9	674.3	517.4	600.8	353.6	861.4	604.3	494.7
Total assets	3,453.2	3,540.8	3,750.9	3,740.7	3,783.7	3,784.9	4,061.8	3,922.8	3,887.4

Equity and liabilities

Equity	2,047.8	1,874.4	2,140.3	2,144.5	2,217.1	1,989.1	2,252.5	2,138.8	2,166.8
Long-term liabilities, Non-interest-bearing	201.9	198.0	204.0	213.3	214.1	221.1	208.7	195.1	197.1
Current liabilities, Non interest-bearing	1,203.5	1,468.4	1,406.6	1,382.9	1,352.5	1,574.7	1,600.6	1,588.9	1,523.6
Total equity and liabilities	3,453.2	3,540.8	3,750.9	3,740.7	3,783.7	3,784.9	4,061.8	3,922.8	3,887.4

Key ratios for the period

Gross margin, %	40.5	44.8	44.2	41.4	40.4	43.9	43.7	40.8	39.1
Operating margin, %	6.2	8.3	14.8	-0.5	6.0	7.8	15.4	-8.4	4.3
Earnings per share before dilution, SEK	1.24	1.84	4.27	-0.07	1.27	1.76	4.66	-1.70	0.91
Earnings per share after dilution, SEK	1.23	1.83	4.26	-0.07	1.27	1.75	4.65	-1.69	0.91
Equity per share, SEK	32.46	29.71	33.91	33.92	35.14	31.52	35.68	33.75	34.42

*During the first quarter 2015/16 is 10.5 MSEK attributable to costs for closing one store in the UK.

**During the fourth quarter 2015/16 a non-recurring cost of 107.0 MSEK related to the restructuring of the store network in the UK affected the result. In addition, there was a tax effect on non-deductible expenses estimated to 7.1 MSEK.

Seasonal fluctuations

Clas Ohlson's market and operations are influenced by consumer purchasing behaviour. The company's product range is particularly well suited to Christmas preparations and Christmas shopping, which means that the third quarter (Nov-Jan) is generally the strongest quarter of the financial year. This is followed by the second and first quarters and, finally, the fourth quarter, which is the weakest in terms of sales and profit.

Parent Company Income Statement

MSEK	Note	3 Months		12 Months	
		May 2016 - Jul 2016	May 2015 - Jul 2015	Aug 2015 - Jul 2016	May 2015 - Apr 2016
Sales		1,399.3	1,323.6	6,149.5	6,073.8
Cost of goods sold	1	-1,030.4	-1,017.3	-4,324.1	-4,311.0
Gross profit		368.9	306.3	1,825.4	1,762.8
Selling expenses	1	-270.8	-251.1	-1,165.6	-1,145.9
Administrative expenses	1	-38.6	-37.1	-146.5	-145.0
Other operating income/expenses		-0.3	-0.7	-113.8	-114.2
Operating profit		59.2	17.4	399.4	357.7
Dividends from group companies		0.0	0.0	99.1	99.1
Financial income		0.0	0.0	1.8	1.8
Financial expense		-0.2	-0.4	-2.9	-3.0
Profit after financial items		59.0	17.1	497.5	455.6
Appropriations		0.0	0.0	37.2	37.2
Profit before tax		59.0	17.1	534.7	492.7
Income tax		-13.4	-3.8	-91.8	-82.3
Profit for the period		45.6	13.2	442.8	410.4

Parent Company Comprehensive Income Statement

MSEK	3 Months		12 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015	Aug 2015 - Jul 2016	May 2015 - Apr 2016
Profit for the period	45.6	13.2	442.8	410.4
Other comprehensive income, net of tax:				
Items that later can be reversed back to the Consolidated income statement:				
Income from hedge of net investment in foreign operations	1.6	6.7	-15.8	-10.7
Other comprehensive income, net of tax	1.6	6.7	-15.8	-10.7
Total comprehensive income	47.2	19.9	427.0	399.7

Note 1 Depreciations

	3 Months		12 Months	
	May 2016 - Jul 2016	May 2015 - Jul 2015	Aug 2015 - Jul 2016	May 2015 - Apr 2016
Depreciations for the period	39.6	39.4	157.8	157.6

Parent Company Balance Sheet

MSEK	31 Jul 2016	31 Jul 2015	30 Apr 2016
Assets			
Intangible assets	285.6	196.8	270.6
Tangible assets	819.1	864.4	837.4
Financial assets	186.0	217.7	179.8
Inventories	1,183.9	1,047.3	1,104.7
Other receivables	187.0	436.2	416.5
Liquid assets	417.8	533.7	515.4
Total assets	3,079.4	3,296.2	3,324.4
Equity and liabilities			
Equity	953.9	895.1	971.0
Untaxed reserves	972.3	1,009.5	972.3
Provisions	46.9	43.4	47.6
Long-term liabilities, Non-interest-bearing	5.0	5.0	5.0
Current liabilities, Non interest-bearing	1,101.3	1,343.2	1,328.4
Total equity and liabilities	3,079.4	3,296.2	3,324.4
Pledged assets	0.0	0.0	0.0
Contingent liabilities	241.2	325.9	237.5

Accounting policies

Clas Ohlson applies the International Financial Reporting Standards (IFRS) adopted by the EU. This interim report has been prepared in accordance with the Swedish Annual Accounts Act, IAS 34 Interim Financial Reporting and RFR 1 Supplementary Accounting Rules for Groups. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided in both notes and elsewhere in this interim report. The ESMA's Guidelines on Alternative Performance Measures are applied from 3 July 2016, which entail disclosure requirements for financial measures that are not defined in accordance with IFRS.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2. The same accounting policies are applied as for the Group, except in those cases described under the section headed "Parent Company accounting policies" in the 2015/16 Annual Report on page 70. The same accounting policies and calculation methods are applied as in the latest annual report, except those stated below.

The International Accounting Standards Board (IASB) has issued new and revised IFRSs as well as interpretations that apply from 1 May 2016. However, these had no appreciable impact on the consolidated income statements and balance sheets.

For a more detailed description of the accounting policies applied to the Group and Parent Company in this interim report, refer to the 2015/16 Annual Report, pages 66-70.

Key ratio definitions

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

Capital employed

Balance-sheet total (total assets) less current 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 divided by the average number of shares before dilution.

Comprehensive income per share

Comprehensive income divided by average number of shares before dilution.

Earnings per share (before and after dilution)

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

Equity/assets ratio

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

Equity per share

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

Dividend yield

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

Gross margin

Gross profit divided by sales for the period.

Operating margin

Operating profit divided by sales for the period.

Payout ratio

Dividend divided by earnings per share before dilution.

P/E ratio

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

Return on capital employed

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

Return on equity

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

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.

Sales growth

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

Working capital

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

Glossary

Clas Office

Our concept that facilitates purchases for our corporate customers.

Club Clas

Our loyalty program, our loyalty club.

Franchise

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

GRI

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

Comparable units

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

Conversion rate

The percentage of visitors who make a purchase.

Nasdaq Stockholm

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

Omni-channel

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

Products for a more sustainable lifestyle

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

sCORE

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

Average receipt

Average amount per purchase.

Store traffic

Number of visitors.

Code of Conduct

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

Store portfolio

New stores opened in first quarter

- Hamburg, Germany, opened in May 2016
- Sandnes, Norway, opened in May 2016
- Finnsnes, Norway, opened in June 2016
- Voss, Norway, opened in June 2016

For more information, refer to the detailed list on the website about.clasohlson.com

Stores closed in first quarter

- Norwich, closed in June 2016
- Cardiff, closed in June 2016

Stores closed after the end of the period

- Doncaster, closed in September 2016

Future store openings as of report date

- Altona, Hamburg, Germany, scheduled to open in September 2016
- Stovner, Oslo, Norway, scheduled to open in October 2016
- Hornstull, Stockholm, Sweden, scheduled to open in October 2016
- Kaivotalo, Helsinki, Finland, scheduled to open in November 2016
- Jyväskylä, Finland, scheduled to open in November 2016
- Svolvær, Norway, scheduled to open in November 2016
- Alstertal, Hamburg, Germany, scheduled to open in December 2016
- Dubai, United Arab Emirates, scheduled to open in autumn of 2016 (franchise)
- Ängelholm, Sweden, scheduled to open in March 2017
- Varberg, Sweden, scheduled to open in spring of 2017
- Espoo, Finland, scheduled to open in spring of 2017
- Trondheim, Norway, scheduled to open in autumn of 2017
- Tampere, Finland, scheduled to open in April 2018
- Helsinki, Finland, scheduled to open in September 2018

For more information, refer to the detailed list on the website about.clasohlson.com

The share

Clas Ohlson Series B shares have been listed on Nasdaq Stockholm since 1999 and are included in the Consumer Services sector index. The price paid on 31 July 2016 was 143 SEK per share.

Number of shares

The number of registered shares totalled 65,600,000, unchanged from the preceding year. At 31 July 2016, the company held 2,651,271 shares (2,505,425) corresponding to 4 per cent (4) of the total number of registered shares. At the end of the period, the number of shares outstanding, net after buy-back, was 62,948,729 (63,094,575).

Long-term incentive plans LTI 2016 and LTI 2013

In the first quarter of 2016/17, the long-term incentive programme LTI 2016 was introduced, mainly following the same structure as previously implemented LTI plans. The participants purchased a total of 14,528 shares. 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.

To safeguard the company's commitment regarding conditional matching shares and employee stock options in connection with LTI 2016, Clas Ohlson bought back 530,000 shares during the first quarter of the 2016/17 financial year for a total of 76 MSEK at an average price of approximately 143 SEK per share.

A total of 40,569 shares were allotted during the quarter in accordance with the AGM's resolution regarding share matching of one share per share purchased to those participants in LTI 2013 who remained employed after the three-year qualification period.

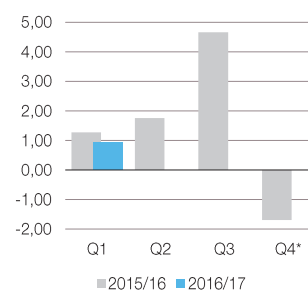
Dividend policy

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

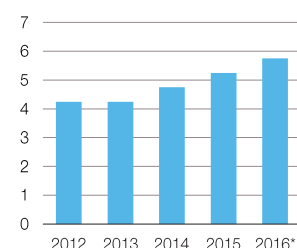
Share data	
Listing	Nasdaq Stockholm Mid Cap
Ticker	Clas B
Industry	Consumer Services
ISIN code	SE0000584948

Earnings per share, SEK



* Including non-recurring expense of 107 MSEK

Dividend per share, SEK



* Proposed dividend 5.75 SEK

The largest shareholders 31 July 2016

Owner	Number of A-shares	Number of B-shares	Equity, %	Votes, %
Helena Tidstrand	1,368,060	6,179,828	12	17
Björn Haid	1,007,960	4,732,834	9	13
Johan Tidstrand	1,368,060	900,000	3	12
Peter Haid	1,007,960	3,785,243	7	12
Claus-Toni Haid	1,007,960	3,465,916	7	12
IF Sweden	0	3,114,337	5	3
Nordea Småbolagsfond, Norden	0	2,131,321	5	3
Länsförsäkringar Sverige Aktiv	0	1,410,000	2	1
Svenska Handelsbanken AB	0	1,001,500	2	1
Odin Fonder, Sverige	0	936,629	2	1
Other Shareholders	0	32,182,392	46	25
Total	5,760,000	59,840,000	100	100

clas ohlson in brief

Our business model

Clas Ohlson offers a broad range of smart products at attractive prices, knowledgeable and available customer service, and an inspirational shopping experience.

■ Development of product range

Based on knowledge about our customers and their needs, we continuously develop our product range. We offer products and services that make everyday life easy, with demands placed on function, price, quality, product safety and sustainability in five categories: Hardware, Electrical, Multimedia, Home and Leisure.

■ Purchasing

An efficient purchasing organisation, with our own offices in China, and a close relationship with our suppliers, enable us to have an attractively priced and sustainable offering. 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.

■ 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.

■ 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. We believe in wear but not waste and our range of 10,000 spare parts is popular among cost and environmentally conscious customers.

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.

Financial objectives

- Annual sales growth in comparable units of at least 2 per cent
- Establishment of 3-8 new stores during the 2016/17 financial year
- An operating margin of at least 10 per cent

Sustainability targets

- The proportion of products for a more sustainable lifestyle should represent at least 12 per cent of sales by 2020
- Relative emissions of CO₂ attributable to freight should be reduced by not less than 50 per cent during the 2007-2020 period

Strategic focus areas

Customer offering
We will be the natural choice for practical solutions

Customer interaction
We will increase customer loyalty and attract new

Expansion
We will continue to expand operations

Supply chain
We will continue to optimise our supply chain

Our ways of working
We will rationalize and simplify ways of working

Our people
We will be high performers and customer-oriented



Our business concept

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

www.clasohlson.com

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