At ITAB we help customers turn consumer brand experience into physical reality with our know-how, solutions and ecosystem of partners

ITAB Shop Concept AB

Annual Report 2020

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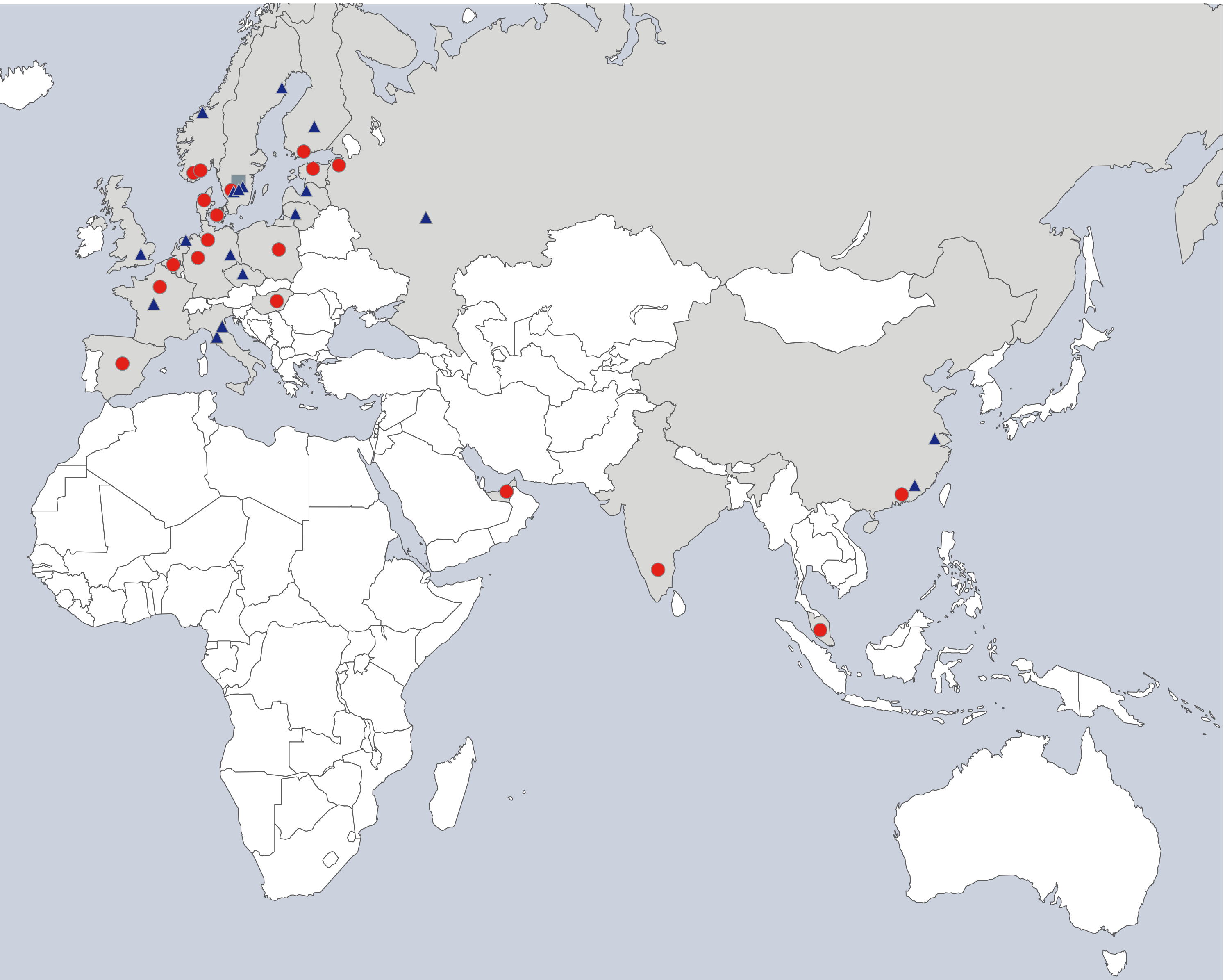
GEOGRAPHIC PRESENCE
Head office
Production & Sales
Sales offices



PRODUCTION FACILITIES

19 (14 countries)

OWN ACTIVITIES

26 countries

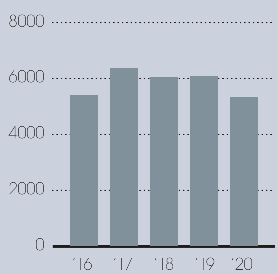
NUMBER OF SHAREHOLDERS

4,341

71% **29%**

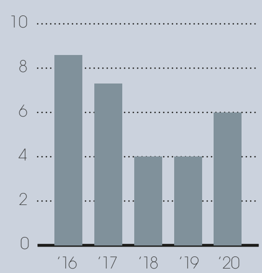
NET SALES

SEK 5,323 million



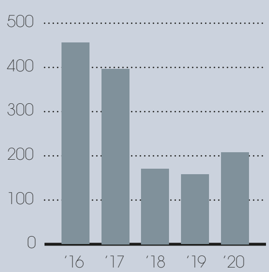
OPERATING MARGIN EXCL NON-RECURRING ITEMS

6.0 %



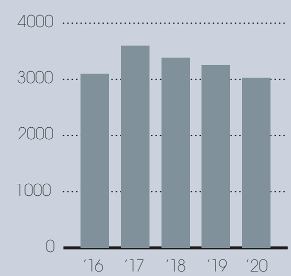
PROFIT AFTER NET FINANCIAL ITEMS EXCL NON-RECURRING ITEMS

SEK 208 million*



AVERAGE NO. EMPLOYEES

3,030 people



**During 2020, non-recurring items have affected EBITDA by SEK -202 million (16), operating profit by SEK -205 million (16) and profit after financial items by SEK -208 million (16). The non-recurring items consist primarily of restructuring costs for operational activities, see page 55.*

ITAB IS WHAT WE CREATE TOGETHER WITH OUR CUSTOMERS

At ITAB we help customers turn consumer brand experience into physical reality with our know-how, solutions and ecosystem of partners. Together with our customers, we create effective solutions that contribute to versatile and inspirational experiences. Our offering includes solution design, customised shop fittings, checkouts, consumer flow solutions, professional lighting systems and digitally interactive solutions for the physical store.

Tord Johansson laid the foundations for ITAB back in the 1970s, and a great deal has happened since then. Our market and our customers have changed significantly in recent years, as has consumer behaviour. To meet these changes, we have developed our business model order to better support our customers, both now and in the future.

ONE ITAB

Through employees, customers and consumers, we have created an in-depth understanding of the current and future needs of the market. This has resulted in a strategy we call "One ITAB", which has provided us with a clear and common direction for the Group. It is based on our strengths and future opportunities, and clarifies our strategic goals and our business model.

Through our strategy, we not only have the opportunity to develop our current market position but, most importantly, it also provides us with the potential to keep up with the developments that are taking place, and to explore new markets where we can add value.

Our own expertise and innovative capacity are supplemented with a network of partners, enabling us to further raise customer value. Together with our customers, we are able to create engaging, effective and seamless environments. Our projects are delivered with measurable results in the form of increased sales, improved operational efficiency and service, reduced internal costs and more effective in-store installations.

We are currently helping customers within a number of sectors, our foremost are: Grocery, Home Improvements, Consumer Electronics, Fashion, Café, and Health & Beauty.

WITH THE CONSUMER AS OUR GUIDE

By analysing the way consumer expectations and buying patterns are changing, we are able to support the physical store with the knowledge of how to satisfy these needs. Insights and a more in-depth understanding mean that ITAB, working alongside the customer, is able to create various solutions that differentiate the brand experience and ensure a rapid return on investments.

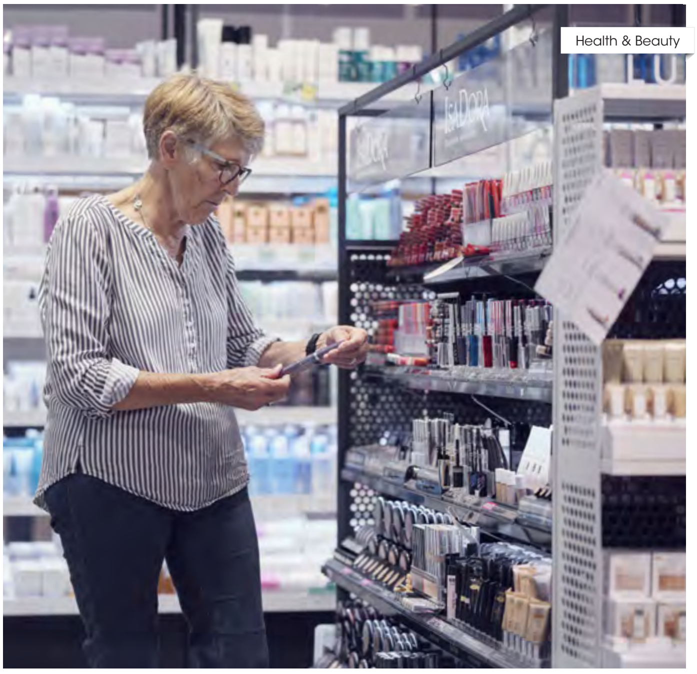
Find out more about consumer behaviour, our strategy and value proposition on page 26.

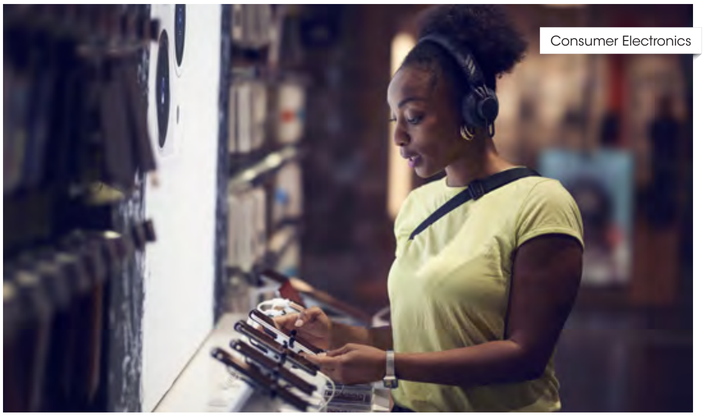
Depending on the challenge the customer faces or the expectations they have of consumer experiences, we can help with a wide range of effective solutions to meet their performance goals.

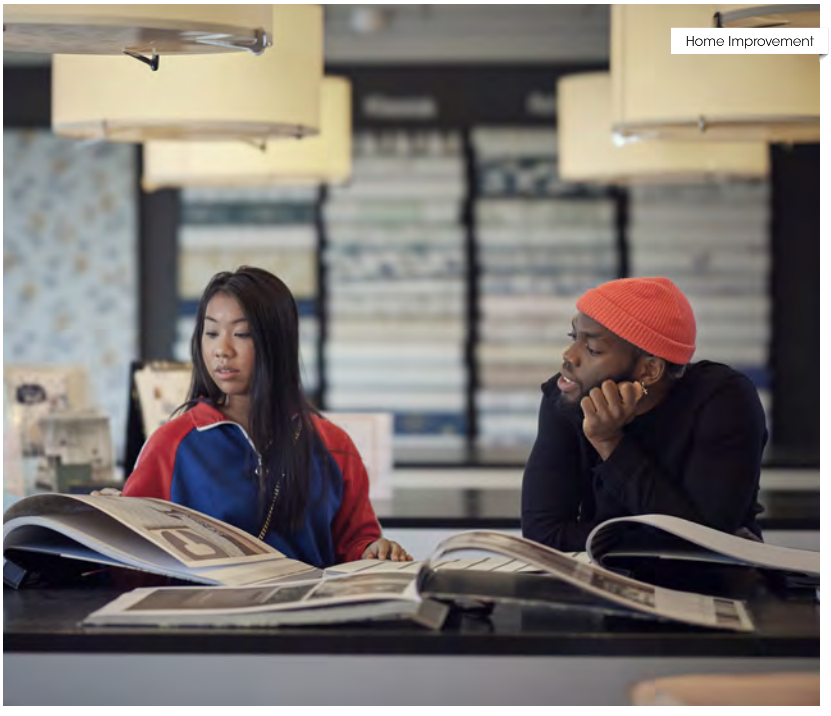
Andréas Elgaard, President & CEO
ITAB Shop Concept AB

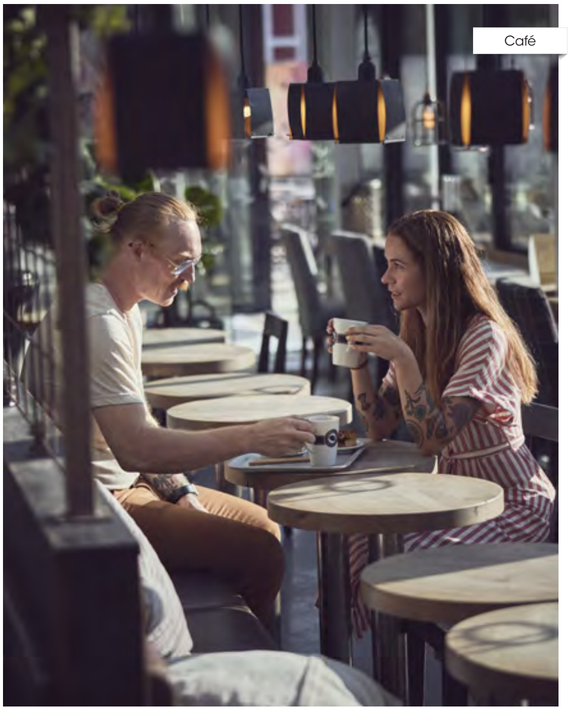

Grocery


Fashion


Health & Beauty


Consumer Electronics


Home Improvement


Café

ITAB 2020
A BRIEF SUMMARY

ITAB's operations have been greatly affected by Covid-19 in the form of reduced demand, the shutting down of some customers' operations as well as parts of ITAB's own operational activities. Steps were taken at an early stage to safeguard liquidity and adapt costs to the reduced demand. The effects of these steps and the transition in line with our One ITAB strategy are reflected in our results, which have improved during the second half of the year.

ITAB GROUP IN FIGURES

	2020	2019
Net sales, SEK million	5,323	6,064
Growth, %	-12	1
EBITDA, SEK million	376	532
EBITDA, excl. non-recurring items, SEK million*	578	516
Operating profit, SEK million	112	257
Operating margin, %	2.1	4.2
Operating profit, excl. non-recurring items, SEK million*	317	241
Operating margin, excl. non-recurring items, %	6.0	4.0
Profit after net financial items, SEK million	0	174
Profit margin, %	0.0	2.9
Profit after net financial items, excl. non-recurring items, SEK million*	208	158
Profit margin, excl. non-recurring items, %	3.9	2.6
Net profit after tax, SEK million	-22	120
Earnings per share, SEK	-0.21	1.17
Cash flow from operating activities, SEK million	811	478
Interest-bearing net debt, SEK million	1,748	2,509
Interest-bearing net debt exkl. IFRS 16 Leases, SEK million	1,092	1,746
Dividend per share, SEK**	-	-
Equity per share, SEK	15.69	17.07
Share price at the end of the period, SEK	18.24	16.82
Return on equity p.a., %	neg.	6.9
Equity/assets ratio, %	31.3	31.8
Share of risk-bearing capital, %	32.0	35.4
Average number of employees during the year	3,030	3,247

**During 2020, non-recurring items have affected EBITDA by SEK -202 million (16), operating profit by SEK -205 million (16) and profit after financial items by SEK -208 million (16). The non-recurring items consist primarily of restructuring costs for operational activities, see page 55.*

*** Dividend policy, see page 52.*

SUMMARY 2020

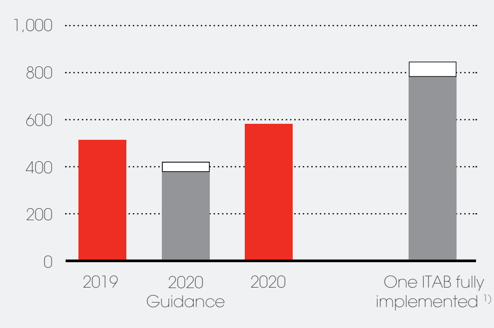
- **NET SALES**
  decreased by -12% to SEK 5,323 million (6,064)
- **EBITDA**
  excl. non-recurring items amounted to SEK 578 million (516)
- **OPERATING PROFIT**
  excl. non-recurring items amounted to SEK 317 million (241)
- **PROFIT AFTER FINANCIAL ITEMS**
  excl. non-recurring items amounted to SEK 208 million (158)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  amounted to SEK 811 million (478)

GUIDE EBITDA 2020

As a result of Covid-19 and its impact on ITAB's customers, a preliminary EBITDA guidance for 2020 was notified in July 2020, in the range of between SEK 380 million and SEK 420 million before non-recurring items. The result for EBITDA before non-recurring items amounted to SEK 578 million, mainly due to a positive sales trend, improved gross margin and a more rapid impact of implemented cost saving measures. The One ITAB transformation is planned to be implemented in full by the middle of 2022, with a gradual improvement of EBITDA of around SEK 270 million to SEK 330 million. The overall restructuring costs in respect of One ITAB are estimated at between SEK 275 million and SEK 325 million during the period 2020-2022, of which SEK 156 million has been recognised in 2020.

EBITDA, EXCL. NON-RECURRING ITEMS (Mkr)

Guide EBITDA after the implementation of One ITAB



1)Relates to annual rate once One ITAB has been implemented in full, which is planned for the middle of 2022.

SUMMARY PER QUARTER 2020

Q1

- **NET SALES**
  1,416 Mkr (1,603)
- **OPERATING PROFIT, EXCL. NON-RECURRING ITEMS**
  53 Mkr (119)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  126 Mkr (161)

The Group's currency-adjusted sales fell by 13 percent compared to Q1 2019, and all geographic markets reported reduced sales. During the final part of the quarter, some of the reduction in sales was caused by the outbreak of Covid-19. Operating profit excluding non-recurring items fell as a result of lower sales, as well as the fact that five of the Group's factories were completely or partially closed during the quarter.

Q2

- **NET SALES**
  1,142 Mkr (1,531)
- **OPERATING PROFIT, EXCL. NON-RECURRING ITEMS**
  61 Mkr (57)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  257 Mkr (62)

Currency-adjusted sales fell by 24 percent compared to Q2 2019. All geographic markets reported reduced sales, with the largest decreases occurring in Southern Europe and Northern Europe. Sales during the quarter were greatly affected by the Covid-19 situation. Operating profit excluding non-recurring items was negatively impacted by the reduction in sales and closed factories, although the effects of costs savings and a significantly improved product mix contributed to better earnings compared to Q2 2019.

Q3

- **NET SALES**
  1,258 Mkr (1,413)
- **OPERATING PROFIT, EXCL. NON-RECURRING ITEMS**
  95 Mkr (58)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  128 Mkr (17)

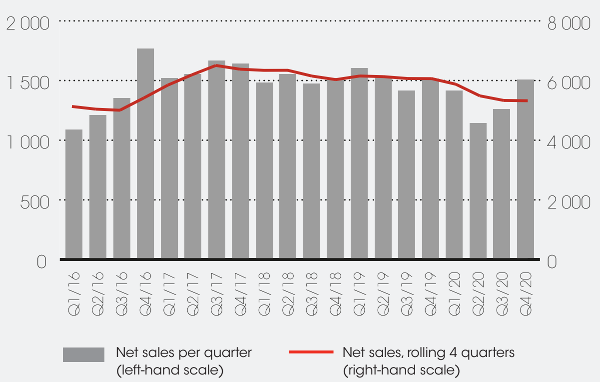
The Group's currency-adjusted sales fell by 7 percent, and all geographic markets apart from Central Europe reported reduced sales compared to Q3 2019. Sales increased by more than 10 percent compared to the second quarter of 2020, above all in the customer groups Grocery and Home Improvements. The reduced sales, mainly of fittings and lighting solutions, dragged down earnings, although a favourable product mix and costs savings contributed to an improved profit margin and higher earnings compared to Q3 2019.

Q4

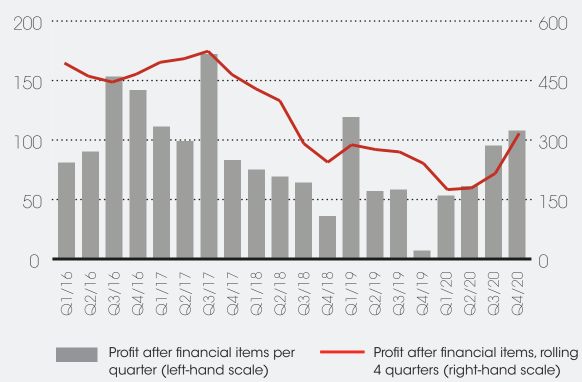
- **NET SALES**
  1,507 Mkr (1,517)
- **OPERATING PROFIT, EXCL. NON-RECURRING ITEMS**
  108 Mkr (7)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  300 Mkr (238)

The Group's currency-adjusted sales increased by 5 percent. Sales increased principally in Central Europe and Northern Europe, while the biggest decline was reported in Eastern Europe. The Group's sales increased by approximately 20 percent compared to the third quarter of 2020, with Northern Europe, Southern Europe and Central Europe increasing most, above all in the customer groups Grocery and Home Improvements. Earnings were positively impacted by a favourable product mix, an improved underlying gross margin and the cost savings that have been implemented over the past year, mainly in the form of staff redundancies.

NET SALES (SEK millions)



OPERATING PROFIT EXCL. NON-RECURRING ITEMS (SEK millions)



AN EVENTFUL YEAR FOCUSING ON THE FUTURE

An extremely eventful 2020 began with ITAB setting a new direction for the future, at the same time as the Covid-19 virus was starting to make itself known. Covid-19 has affected the world, our sector and of course ITAB during 2020, and we are all still busy dealing with its consequences and adapting our lives and our operations in a safe manner. The year ended with a positive sales trend during the second half of the year. Improved underlying profitability and a clear reduction in net debt shows that we are on the right track with the implementation of our strategy and One ITAB transformation plan.

CONSIDERABLE FLUCTUATIONS AND IMPROVED UNDERLYING PROFITABILITY

Our business was being affected by the closures in China resulting from Covid-19 as early as February, and in March wide-ranging lockdowns were implemented in many places around the world. This affected ITAB both directly due to the shutting down of production in several countries, and indirectly through the closure of stores. Support measures for our customers and for ITAB have differed greatly from country to country, and have also varied over the course of the year. Political decisions and corrective measures have been implemented at short notice, and as a result our business has been subjected to significant fluctuations with limited planning. We decided early on to run ITAB with a clear focus on liquidity. We immediately took decisions that reduced our costs, as well as launching a process with the aim of strengthening our balance sheet through the injection of new capital. Material supplies have been problematic at times, as have cross-border movements within Europe, both for our deliveries and our staff. At the start of the pandemic, our customers were Incredibly busy ensuring a safe environment for their consumers and staff.

Grocery stores and pharmacies have been able to remain open throughout the year, with the effects of the pandemic mostly being felt by other retail businesses. Sales recovered during the summer and autumn, and this trend continued into the final quarter of the year. The pattern of increased sales to our largest customer group, Grocery, was clear during the second half of the year. We have continued to deliver solutions from our traditional portfolio, supplemented with Covid-19 related solutions such as contact barriers and solutions to avoid overcrowding and queueing. We secured several important deals, including self-checkout systems and shop fittings for one of the world's leading grocery businesses; increased sales of gates to North America; and a significant order for conventional checkouts to a leading Nordic player which has many stores in Poland. The volume of orders at the end of 2020 was greater than at the start of the year. The positive sales trend, the improved underlying gross margin and the more rapid impact of implemented cost savings meant that the guidance in respect of adjusted EBITDA results, which was communicated in July 2020, was significantly exceeded. As a result of the efforts made during the year, net debt excluding lease liability was reduced to SEK 1,092 million, compared to SEK 1,746 million at the end of the previous year.

ACQUISITION OF CEFLA STRENGTHENING OUR POSITION IN THE FOOD SECTOR

In October, ITAB announced its intention to acquire 81 percent of Cefla's business unit for retail solutions, and this deal was concluded in January 2021. This is a strategically important acquisition that is strengthening ITAB's market position in southern Europe, mainly within the Grocery sector. The acquisition is creating opportunities to offer ITAB's solutions to a wider group of customers and entails clear synergies for both ITAB and our customers. ITAB has the right to acquire the remaining 19 percent from 2024.

RECAPITALISATION AND NEW STRATEGIC PRINCIPAL OWNER

At the start of December, ITAB announced its intention to conduct a rights issue amounting to SEK 768 million. We also announced that the current principal owners are selling the majority of their subscription rights in order to allow the potential for a new strategic principal owner. Aeternum Capital A/S has been established by WQZ Investments Ltd using capital from the Fredriksen family's foundations. The company is based in Oslo and has an independent investment team and an advisory board that endeavour to generate long-term value through Board representation and support for the investment companies. After the issue, Aeternum Capital AS will be the largest shareholder within ITAB, holding approximately 25 percent of the shares.

The rights issue was completed in March 2021 and was fully subscribed, with the result that SEK 768 million was supplied to ITAB before issue costs. The net liquidity from the issue will primarily be used to reduce indebtedness and secure long-term financing. The recapitalisation also covered a set-off issue, where SEK 100 million of the short-term shareholder loan arrangements that were entered into in July 2020 were offset against newly issued shares, further reducing ITAB's debt burden. ITAB's financial position is being strengthened ahead of the implementation of the One ITAB transformation plan, creating stability as the retail sector recovers from the effects of Covid-19.

IMPLEMENTATION OF ONE ITAB INFLUENCES THE ENTIRE ORGANISATION

Our One ITAB strategy, which was adopted in February 2020, is made up of three parts, with different focus areas in terms of time and content. The first part relates to stabilising ITAB's profitability and balance sheet by focusing on cost adaptations and capital efficiency, as well as clarifying and simplifying our marketing activities. The second part involves building new capabilities by investing in skills and partnerships, joint information and working methods, as well as in new tools, in order to improve our competitiveness. Finally, the third part relates to scaling up ITAB through organic growth and strategic acquisitions, with the aim of accelerating the transition into the leading supplier of solutions. One ITAB has served as a map and compass during 2020, and has helped to prioritise the right areas. The measures implemented to date have had a number of positive effects on profits. This can principally be seen in the form of reduced costs within sales and administration, as well as through a relative reduction in our purchasing costs. During the final quarter of the year, wide changes in a number of companies have been announced. For example, this relates to the closing down of production in France; the merging of two factories in China; the relocation of assembly and warehousing from Skellefteå to China and the Czech Republic; and the relocation of production from the Netherlands to Latvia, as well as the relocation of aspects of the production process from Jönköping to China and the Czech Republic. In all of these cases, this entails a combination of optimised capacity utilisation internally within ITAB, in addition to improved conditions for reducing lead times and costs as well as for coordinating purchasing and product development. The roll-out of a new CRM system along with training measures to launch the shift towards a larger share of solutions-focused sales have begun, at the same time as we have initiated a revision of internal working methods and an evaluation of the required system support. The costs of a non-recurring nature that we have incurred during the year derive principally from the restructuring of operational activities, such as shutting down and relocating businesses, stock reductions and redundencies.

Our culture and our employees have been the primary reason behind our ability to finish 2020 with better underlying profitability, an improved cash flow and higher order stock, despite the fact that we are fewer in number and our sales have decreased by approximately SEK 700 million compared to 2019. The strong entrepreneurial spirit and the implementation capability within the organisation have been evident, despite the fact that we have been facing the toughest conditions imaginable. We have had to say goodbye to colleagues during the year, at the same time as experiencing an extensive workload, and the change to a new, more connected ITAB that has been challenging for many employees. I would therefore like to say a big THANK YOU to all our employees for the incredible efforts you have put in during 2020.

ITAB'S FOCUS IN 2021

We will be continuing to work on our transformation, with the focus on implementing and completing our restructuring activities. Our balance sheet has been considerably strengthened, which is enabling us to devote all of our energy to transforming ITAB. Our costs will decrease over the coming years as a result of changed working methods, increased efficiency as well as through a simplified and less capital-intensive structure. During 2021, we will continue our work aimed at establishing common working methods and investing in a common information landscape, in order to provide the organisation with an overview and better control over operations, along with better tools for planning sales, purchasing and production. We will clarify our market approach, with the aim of taking the first steps in becoming the leading solution provider within our industry through closer collaboration with our customers.

Without this clear focus on initiating a shift within ITAB, our results would not have developed in the same way. Over the coming years, we will be laying the foundations to strengthen our position as the leading partner to the Grocery sector in Europe.

Andréas Elgaard,
VD & Koncernchef
ITAB Shop Concept AB

THE ITAB SHARE

ITAB's Class B shares were registered on First North on 28 May 2004, and have been listed on NASDAQ Stockholm since 2008. The average price on the first trading day, 28 May 2004, was approx. SEK 5, compared to SEK 18.24 which was the most recent price paid in 2020. Share dividends have been paid out in every year from the 2004 financial year up to and including 2017. Over this period, the combined dividend amounts to SEK 8.35 per share. The Board is proposing that no dividend be paid out for the 2020 financial year.

SHAREHOLDERS 31-12-2020

Name	Number of shares	Class A shares	Class B shares	No. of votes	Shares (%)	Votes (%)
Petter Fägersten with family and companies	17,652,774	15,686,400	1,966,374	158,830,374	17.24	52.61
Pomonagruppen AB	30,547,264	6,480,000	24,067,264	88,867,264	29.84	29.44
Anna Benjamin with family and companies	10,870,620		10,870,620	10,870,620	10.62	3.60
Svolder AB	5,836,601		5,836,601	5,836,601	5.70	1.93
Stig-Olof Simonsson with company	5,196,205		5,196,205	5,196,205	5.08	1.72
Kennert Persson	3,682,200		3,682,200	3,682,200	3.60	1.22
Öhman Fonder	2,506,475		2,506,475	2,506,475	2.45	0.83
Försäkringsaktiebolaget Avanza Pension	1,813,217		1,813,217	1,813,217	1.77	0.60
Tredje AP-fonden	1,500,000		1,500,000	1,500,000	1.47	0.50
Kenneth Lindqvist	1,180,000		1,180,000	1,180,000	1.15	0.39
Other	21,598,074		21,598,074	21,598,074	21.08	7.16
	102,383,430	**22,166,400**	**80,217,030**	**301,881,030**	**100.00%**	**100.00%**

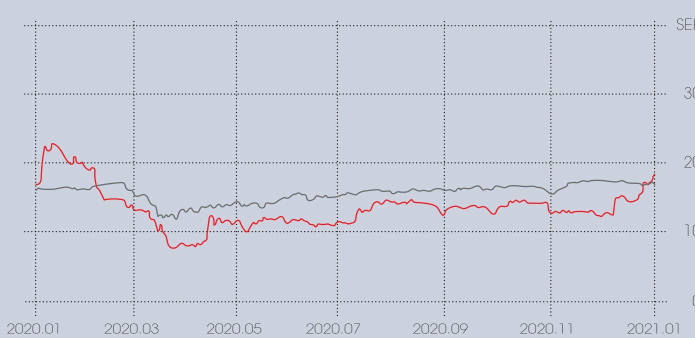
Class A shares grant entitlement to 10 votes and Class B shares grant entitlement to 1 vote. The proportion of institutional ownership as at 31 December 2020 was 5.08% (5.12%) of the voting rights and 14.96% (15.10%) of the share capital. Information about the number of shares refers to shareholdings as at 31 December 2020 and includes, where relevant, holdings via companies, spouses and minors.

DISTRIBUTION OF SHARES 31-12-2020

Share holding	No. of shareholders	No. of shareholders (%)	Number of shares	Number of shares (%)
1-1,000	2,937	67.66	722,478	0.71
1,001-5,000	860	19.81	2,068,558	2.02
5,001-10,000	239	5.51	1,784,289	1.74
10,001-50,000	215	4.95	4,574,525	4.47
50,001-100,000	38	0.88	2,647,157	2.59
100,001-	52	1.19	90,586,423	88.47
TOTAL	**4,341**	**100.00%**	**102,383,430**	**100.00%**

SHARE PERFORMANCE OVER 10 YEARS

SHARE PERFORMANCE 2020



ITAB Shop Concept is listed on Nasdaq Stockholm

■ ITAB Shop Concept B ■ OMX Stockholm PI

RECAPITALISATION 2021

In a press release on 4 December 2020, ITAB stated that the Board considers a recapitalisation to be in the best interests of both the shareholders and ITAB's other stakeholders. The reason for this is to reduce indebtedness and secure long-term financing, with a part-payment of existing short-term loans, the refinancing of short-term loans into a long-term loan, as well as the repayment of the short-term shareholder loans that were entered into in July 2020. For further information about the reasons for the recapitalisation and about how the net issue payment from the priority issue will be used, see the section "Background and reasons" in the prospectus published by ITAB on 15 February 2021. The recapitalisation consist of three main parts: (i) the priority issue, (ii) the set-off issue, and (iii) the reclassification of all Class A shares to Class B shares, which means that the company will only have outstanding Class B shares after the recapitalisation. At an Extraordinary General Meeting on 15 January 2021, the shareholders in the company adopted an issue authorisation to facilitate the implementation of the priority issue. This was used by the Board on 9 February 2021 to adopt the priority issue and the set-off issue.

The rights issue was carried out with subscription during the period 19 February 2021 to 8 March 2021, where one share prior to the implemented recapitalisation entitled the holder to subscribe for one new Class B share in ITAB at a subscription price of SEK 7.50 per share. The rights issue was fully subscribed, which meant that approximately SEK 768 million was supplied to ITAB before issue costs, and that the number of shares increased by 102,383,430 Class B shares to 204,766,860 Class B shares after the reclassification of Class A shares to Class B shares (described below).

The set-off issue, which was carried out in conjunction with the priority issue, was targeted at Pomona-gruppen AB (related to Fredrik Rapp), VIEM Invest AB (related to Anna Benjamin) and Övre Kullen AB (related to Petter Fägersten) in order to repay the part of the shareholder loans they had provided to ITAB in July 2020 that was not repaid in cash with the net issue payment from the priority issue. The subscription price in the set-off issue corresponds to the subscription price in the priority issue, at SEK 7.50 per share. The set-off issue means that ITAB's share capital is being increased by approximately SEK 5.6 million through the issuing of a maximum of 13,333,332 new Class B shares. After the priority issue and the set-off issue, the number of shares in ITAB will consequently amount to 218,100,193 B-aktier och aktiekapitalet uppgå till cirka 90.9 Mkr.

In conjunction with the recapitalisation, the owners of Class A shares in the company, Pomona-gruppen AB and Petter Fägersten together with Övre Kullen AB, undertook to request the reclassification of all their Class A shares to Class B shares at a ratio of 1:1 during February 2021, in accordance with that regulated in the company's Articles of Association. After the reclassification and recapitalisation, the company will consequently only have outstanding Class B shares, whereupon each Class B share will entitle the holder to one vote at the Annual General Meeting. The company's Board of Directors intends to propose that the company's 2021 Annual General Meeting should adopt a change to the Articles of Association, whereby the company will only have one share type after the change.

OWNERSHIP STRUCTURE

As at 31 December 2020, ITAB had approximately 4,300 shareholders. Set out below is a summary of the company's ownership structure as at 31 December 2020 and any known changes after this date, i.e. before ITAB's recapitalisation, as well as what form the ownership structure is expected to take after the recapitalisation, including the priority issue, the set-off issue and the reclassification of all of ITAB's Class A shares to Class B shares. As reported in the prospectus, Aeternum Capital AS undertook to invest approximately SEK 407 million in the priority issue by acquiring and utilising the majority of the subscription rights issued in conjunction with the priority issue to the company's current largest shareholder. This means that, after ITAB's recapitalisation, Aeternum Capital AS is expected to be the company's largest shareholder with shares corresponding to approximately 25 percent of the number of shares and number of votes in the company. In addition to that stated here, there is, to the best of the company's knowledge, no direct or indirect ownership or other arrangement that could lead to altered control of the company.

BEFORE THE RECAPITALISATION

Shareholders	Number Class A shares	Number Class B shares	Shares (%)	Votes (%)
Petter Fägersten with family and companies	15,686,400	1,966,374	17.24	52.61
Pomonagruppen AB	6,480,000	24,067,264	29.84	29.44
Anna Benjamin with family and companies	0	10,870,620	10.62	3.60
Svolder AB	0	5,836,601	5.70	1.93
Stig-Olof Simonsson with companies	0	5,196,205	5.08	1.72

AFTER THE RECAPITALISATION

Shareholders	Number Class B shares	Shares/votes (%)
Aeternum Capital AS	54,304,496	25.04
Pomonagruppen AB	37,945,397	17.40
Petter Fägersten with family and companies	24,321,840	11.15
Anna Benjamin with family and companies	14,209,233	6.52
Svolder AB	11,673,202	5.35
Stig-Olof Simonsson with companies	10,392,410	4.76

A CHANGING MARKET CREATES NEW OPPORTUNITIES

ITAB's market position and potential for growth are based on close, long-term collaborations with customers and business partners. Many retail chains adopted a cautious approach in 2020 due to Covid-19, although they also had an increased need for new types of solutions to address the changes that they were facing.

During 2020, the Group's net sales decreased by 12 percent compared to the previous year, while currency-adjusted sales decreased by 10 percent. The market is no longer characterised by long-term roll-out programmes with large volumes, but rather by projects involving smaller volumes. 2020 was also characterised by sales of Covid-19 related solutions.

ITAB's customers include several of Europe's largest retail chains and brand owners within both the food and the non-food sectors, with both international and national chains and brands. These customers include Albert Heijn, Asda, Auchan, Axfood, C&A, Carrefour, Celesio, Circle K, Clas Ohlson, Conad, Coop, Costa, Dixon, Dollarstore, Edeka, Elon, Etos, Finiper, H&M, Homebase, ICA, IKEA, Intermarche, John Lewis, Jumbo, Kesko, LeClerc, Leroy Merlin, Lidl, LuLu, Majid Al Futtaim, Metro Group, Morrisons, NorgesGruppen, O'key, Pandora, Prisma, Polestar, Real, Rema, Rewe, Rimi, Sony, System U, Tesco, Tiger, Uniqlo, Waitrose.

ITAB has competitors in most geographic markets and in several product areas. These competitors include Eden, Expedit, Fagerhult, Hermes Metal Youdigar (HMY), Kasseböhmer Storebest, Lival, Mago, NCR, ROL, Ruppel, Tego Metal, Umdasch, van Keulen, Vittra shop, Wanzl, Diebold/ Nixdorf and Fujitsu.

ITAB presents the breakdown of the Group's sales in two ways:

- Breakdown by customer category
- Breakdown by geographic area

More information about this can be found in Note 6.

MARKET BY CUSTOMER CATEGORY

The customers are divided up according to the sectors within which they operate. The customer groups are Grocery, Home Improvements, Fashion and Other Customer Categories.

GROCERY

The Group's largest Customer group mainly comprises food stores. Sales to Grocery increased by 1 percent during 2020. The UK and Ireland contributed most to this increase.

Proportion of the Group's sales by customer category. **58%**

HOME IMPROVEMENTS

Customer group Home Improvements refers primarily to construction, furniture and home furnishings stores. The customer group decreased by 20 percent compared to 2019. The majority of this fall occurred in Eastern Europe and Rest of the World.

14%

FASHION

This customer group includes stores selling ready-to-wear clothing and shoes, etc. Sales to Fashion decreased by 49 percent during 2020, principally in the geographic areas Rest of the World, Northern Europe and the UK and Ireland.

8%

OTHER CUSTOMER CATEGORIES

This includes e.g. electronics, sport & leisure, pharmacies, fuel stations, offices, brands, industry, cafés and restaurants. Sales to Other Customer Categories decreased by 16 percent in 2020, principally in the UK and Ireland.

20%

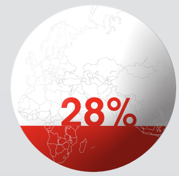
MARKET BY GEOGRAPHIC AREA

Below, the customers are divided up according to the geographical market on which they operate. These are Northern Europe, the UK and Ireland, Central Europe, Southern Europe, Eastern Europe and Rest of the World.

Proportion of the Group's sales by geographic area.

NORTHERN EUROPE

Northern Europe, which includes the Nordic countries, is ITAB's largest geographic area, with 28 percent of the Group's net sales. Sales fell by 8 percent in 2020, with customer group Fashion contributing most to the decrease.



THE UK & IRELAND

The UK and Ireland is ITAB's second-largest geographic area, with 20 percent of the Group's net sales. Sales fell by 8 percent in 2020, with customer group Fashion contributing most to the decrease, while Grocery increased.

CENTRAL EUROPE

Central Europe was responsible for 19 percent of the Group's net sales in 2020. This area is made up of Germany, the Netherlands, Belgium, the Czech Republic, Hungary, Switzerland and Austria. Sales increased by 2 percent.

SOUTHERN EUROPE

Southern Europe was responsible for 15 percent of the Group's net sales in 2020. Italy and France are the countries where ITAB achieves the highest sales. Other countries in this area include Spain, Portugal and Greece. Sales fell by 18 percent, with customer group Grocery contributing most to the decrease.

EASTERN EUROPE

Eastern Europe was responsible for 15 percent of the Group's net sales in 2020, with Russia, Poland and the Baltic States reporting the highest sales. Other countries in this region include Romania, Slovakia, Croatia and Serbia. Sales fell by 27 percent, with customer group Home Improvements contributing most to the decrease.

REST OF THE WORLD

The Rest of the World geographic area comprises all countries outside of Europe. The countries where ITAB achieves the highest sales are the USA, China, Australia and Argentina. Rest of the World was responsible for 8 percent of the Group's net sales in 2020. Sales fell by 28 percent, with customer group Fashion contributing most to the decrease.

SUSTAINABILITY

ITAB's operations are conducted in a responsible manner and the Group is aiming to achieve sustainable development. Thinking and acting sustainably is an important part of ITAB's all-inclusive offer to its customers.

CIRCULAR THINKING THROUGH DIALOGUE AND COOPERATION

ITAB's sustainability programme is based on a materiality analysis stemming from the impact that the Group's operations have on the environment, people, the economy and society. The most important areas emerge in dialogue with the company's various stakeholders.

For ITAB, it is important to conduct an ongoing dialogue with its stakeholders and thereby build a relationship that incorporates their views, expectations and needs. The aim is that this should contribute to sustainable value creation.

ITAB's most important stakeholders are:

- Customers
- Employees
- Owners
- Suppliers
- The local community
- Decision-makers

There is an ongoing dialogue with stakeholders to ensure that we continually improve our performance. Examples of the main issues and areas raised in this dialogue are presented opposite. The sustainability work is governed by what the stakeholders and the company consider to be most important. For this purpose, a materiality analysis is conducted in which the aspects that are most relevant for the Group are weighed against the operations that the company conducts. The materiality analysis includes the impact that the operation has on the economy, society, people and the environment, as well as those aspects that affect the stakeholders' decision-making and their expectations. In the long term, the materiality analysis that the Group conducted in 2017 will form the basis for the Group's sustainability work and be adapted according to new conditions. The long-term focus areas that have been identified can be found on the next page.

REPORTING AND FOLLOWING UP

Reporting how well ITAB's sustainability work is proceeding takes place in line with Global Reporting Initiatives' (GRI) guidelines for sustainability reporting. ITAB has developed a number of Key Performance Indicators (KPIs) for regular following up and reporting of the sustainability work. The KPIs are reported quarterly by each commercial company to the Parent Company, and are followed up in ITAB's sustainability council, in which all the functions are represented. Examples of KPIs that are followed up and for which targets are set include:

- Proportion of personnel who have signed up/committed to the Code of Conduct

- Proportion of women in senior management positions
- Proportion of renewable energy out of total energy consumption
- Sick leave per working group
- Implemented performance reviews
- Reported incidents/accidents

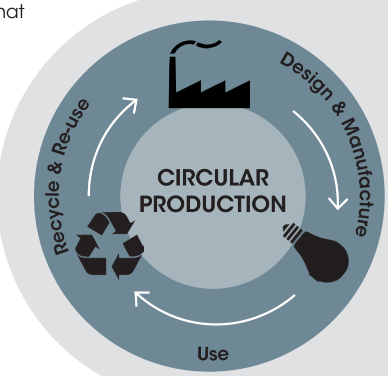
SUSTAINABILITY RISKS

ITAB is continuing to work on reducing the risks as regards environmental and social issues in the value chain. The assessment of sustainability risks is an important part of the work on the materiality analysis and forms the basis for the sustainability programme and the priorities as regards our sustainable goals.

ITAB has operations in a number of markets that are associated with a raised sustainability risk. Issues relating to safety, working conditions and corruption are particularly important from a risk perspective. ITAB handles the risks through the activities in the sustainability programme, with the implementation of ITAB's code of conduct and supplier policy being important tools. Several of ITAB's facilities located in countries associated with a higher risk are covered by audits performed by some of ITAB's major international customers.

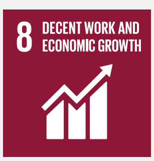
INCREASED VALUE THROUGH CIRCULAR THINKING

ITAB has recently entered into close dialogue with some of its major customers regarding the development of circular solutions, i.e. solutions where ITAB can deliver value to the customer by replacing parts of a product that have been consumed. The aim is for these parts to be able to be used subsequently in new installations or be recycled, thereby reducing the consumption of resources going forwards in a circular cycle. This can also open the door to new business models, for example based on leasing and service/installation for the customer. Collaborations of this type are an important part of ITAB's future business development.



FOCUS AREAS

In 2015, the UN's member states adopted a universal agenda that incorporates the Global sustainable development goals. There are 17 of these, acting as a guide for ITAB. There has been additional focus on four of these, with the most significant aspects set out below and described on the following pages.



GOOD WORKING CONDITIONS

- Health and safety
- Skills development and career opportunities
- Equality and diversity
- Good conditions in the supplier stage

Read more on page 18

EFFICIENCY IN THE VALUE CHAIN

- Minimise emissions from transport
- Energy-efficiency (production)
- Review of suppliers
- Collaboration in the value chain

Read more on page 20

SUSTAINABLE BUSINESS DEVELOPMENT

- Sustainable products
- Systematic internal environmental work
- Climate-smart solutions
- Energy-efficiency (products)

Read more on page 21

BUSINESS ETHICS

- Code of conduct
- Compliance with laws and ordinances
- Anti-corruption
- Valuation platform

Read more on page 22

GOOD WORKING CONDITIONS

ITAB's employees are its principal asset, and the company's ambition is to be a responsible employer that attracts, retains and develops talent. They are striving to work for sustainability in relation to business dealings, for people and for the environment. ITAB aims to offer a pleasant and attractive workplace characterised by good working conditions, equal opportunities and a safe and healthy environment.

ITAB respects human rights and works on the basis of international conventions on human rights in the management of its day-to-day operations. The Group's companies respect their employees' right to organise themselves and negotiate collective agreements. The companies must also respect an employee's right to refrain from joining a trade union. ITAB is open to offering collective agreements to employees in those markets where this is possible. The Group pays market-rate wages and benefits in accordance with relevant standards in those countries where it has operations. ITAB does not tolerate child labour or work carried out through the use of coercion or the threat of violence. No instances of child labour or forced labour have been reported during 2020.

EQUALITY & DIVERSITY

ITAB values and works actively to ensure that diversity is reflected in all its professional groups and management forums, including in the form of expertise, experience and background.

The term diversity includes a number of aspects, such as everyone's rights to equal opportunities regardless of gender, age, identity, ethnicity, beliefs, disability or sexual orientation. The diversity efforts should not only be exemplary, but should also be implemented in such a way as to benefit ITAB's customers.

A new organisational structure is creating more opportunities for ITAB to work on issues relating to equality and diversity issues. ITAB is striving to achieve a better balance between men and women, as this generates a pleasant working environment and a more dynamic workplace. However, there are challenges when it comes to finding the right skills among women for certain professional roles. ITAB is constantly working to provide support to recruiting managers to ensure a professional process. Each recruiting manager is supported by a recruitment guide and a recruitment tool, providing assistance during all recruitment to ensure correct processing in line with local legislation as well as support for the objective of guaranteeing diversity among the candidates.

At present, approximately 29 percent (29) of the Group's workforce is made up of women and 71 percent (71) men. The management teams in the Group's subsidiaries comprise around 130 (152) people from 26 countries, of whom 19 percent (17) are women and 81 percent (83) are men. By working to achieve diversity when recruiting managers, ITAB is now seeing results in terms of an increase in the proportion of women in leading positions, which is strengthening the goal of increasing diversity and equality in general.

The Group's Board of Directors comprises approximately 25 percent (25) women. The Board applies the diversity policy advocated in the Swedish Code of Corporate Governance.

NEW ORGANISATIONAL STRUCTURE CREATING OPPORTUNITIES FOR DIVERSITY WORK

At the start of 2020, a new organisational structure was launched to support ITAB's transformation. In conjunction with this, a new and expanded Group management was appointed (see page 89), where HR is represented through the role of Senior Vice President, People & Culture. In this way, ITAB wants to provide renewed and reinforced focus in areas such as diversity work and equality issues.

All management forums within ITAB must be represented by HR. These individuals will meet regularly in a matrix forum, and will all have responsibility for specific issues. ITAB is now setting its sights on a more equal and multi-faceted Group.

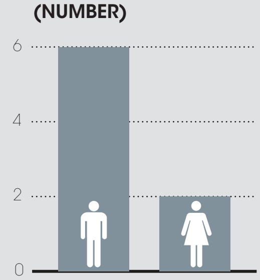
THE GROUP'S EMPLOYEES

The average number of employees amounted to 3,030 during 2020. Approximately 60 percent of the Group's total number of employees work in China, Sweden, the Czech Republic, the UK

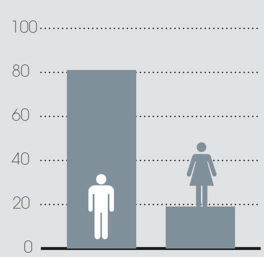
We are now building the People & Culture organisation in order to further strengthen ITAB to help it be an attractive workplace.

Pernilla Lorentzon
Senior Vice President People & Culture
ITAB

GENDER DISTRIBUTION, GROUP MANAGEMENT (NUMBER)



NUMBER OF EMPLOYEES MANAGEMENT (%)



and Germany. Staff turnover during the year has amounted to 19 percent (18), and has been affected by factors such as the pandemic and ITAB's transformation. Around 16 percent (20) of the Group's employees are below the age of 30, while 62 percent (56) are between the ages of 31 and 50.

HEALTH AND SAFETY

Illness numbers have been higher this year compared to the previous year due to the pandemic. Local action plans have been drawn up and developed during the year, with the aim of preventing and managing the spread of infection. The local organisations have acted robustly and have adapted procedures and working methods according to the prevailing conditions in each country. Initiatives are being implemented at a local level to reduce sickness absence within the company, which increased slightly to 3.6 percent (3.0) during 2020. Sick leave is monitored and measures are being implemented in units with a higher share.

ITAB is working to deliver a healthy, safe working environment. As a production company, it is important to minimise the risk of accidents and occupational injuries. Within the ITAB Group, each company is responsible for ensuring a safe workplace that complies with local regulations. Every year, the companies report their results to the Group management, which compiles a report regarding employee statistics. If there are any deviations as regards the number of accidents or sick leave, this will be investigated further.

During 2020, the number of accidents fell to 82, compared to 92 in 2019. The most commonly reported injuries were cuts. During 2021, ITAB will continue its work of reviewing the safety procedures for those companies that report a higher number of accidents.

SKILLS DEVELOPMENT AND CAREER OPPORTUNITIES

The employees' motivation, job satisfaction, commitment and participation are central factors when it comes to being able to contribute and grow within the ITAB Group, as well as an important element in the Group's ability to continue to develop.

The year has resulted in ITAB as an organisation, in a short space of time, developing the way it communicates and works through digital platforms. Under the circumstances, the ability to work as a team in project form towards a common objective has been challenged by not being able to meet in the traditional way. However, creativity and ambition in this respect have contributed to ITAB addressing this in a constructive manner.

The potential to build a career and receive training is decisive when it comes to attracting and retaining employees. Within the ITAB Group, it is the responsibility of each and every manager to ensure that their employees' development and career are in line with the individual's and the company's goals. This is followed up through ongoing performance reviews, for example. Career opportunities can also entail being offered positions in other work areas within the Group, thereby promoting skills development. It is possible to participate in both internal and external training courses.

ITAB Academy and the ACT programme are two of the initiatives conducted at Group level to develop the skills of employees. The internal training programmes provide employees from the companies in the Group with the opportunity to expand their knowledge about ITAB, as well as in the fields of leadership and business development.

Targeted training initiatives have also be carried out during 2020, such as training in the LEAN method in order to strengthen the work of developing and streamlining operations within production and logistics. Negotiation training with the project participants for a sourcing project was carried out in the spring. Over the course of two half-days, the participants received training in the negotiation process: Analysis, Preparation, Performance and Implementation. The training subsequently provided the participants with the opportunity to prepare actual negotiations within their respective categories. ITAB's sales organisation has also conducted training in conjunction with the implementation of a global CRM system.

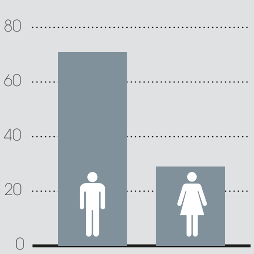
GOOD CONDITIONS IN THE SUPPLIER STAGE

For ITAB as a manufacturing company, it is important to ensure that consideration is given to various sustainability aspects throughout the value chain. For this reason, ITAB's responsibility also extends to ensuring good conditions for the company's supplier chain. The Group's companies mainly use suppliers with operations in Europe. ITAB conducts regular dialogue with its most important suppliers about various sustainability aspects.

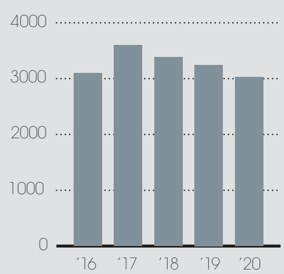
Each company within ITAB has its own guidelines and policies that regulate the demands placed on suppliers. Since 2017, a new Group-wide supplier policy has also been used. This policy applies to all companies in the Group and establishes fundamental criteria for all of ITAB's suppliers.

The ITAB Group has around 4,700 suppliers, and work relating to reviewing and consolidating these suppliers has been launched. As part of this work, ITAB has appointed a Head of Procurement during 2020 to drive and develop this work alongside the supplier base.

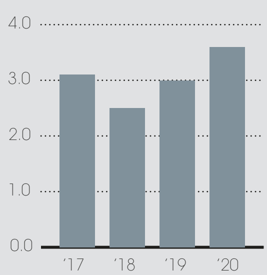
GENDER DISTRIBUTION EMPLOYEES (%)



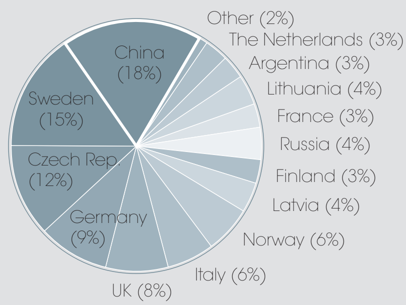
AVERAGE NUMBER OF EMPLOYEES



SICK LEAVE (%)



NUMBER OF EMPLOYEES PER COUNTRY (%)



EFFICIENCY IN THE VALUE CHAIN

ITAB will contribute to greater efficiency for the entire value chain through responsible choices of suppliers, raw materials, production processes and transport. For many years, the Group's companies have accepted environmental and social responsibility in order to strive to achieve business operations that are sustainable in the long term.

SUSTAINABILITY DEMANDS ON SUPPLIERS

Ensuring sustainability throughout the entire value chain is important for ITAB. This work usually starts by ensuring that the Group's suppliers are conducting their operations in accordance with ITAB's sustainability requirements. For a number of years, ITAB has been working with a supplier policy that applies to the whole Group. This policy describes fundamental requirements that ITAB imposes on its suppliers, and includes demands regarding the suppliers' environmental work. Up to and including 2020, around 1,070 (721) suppliers have been examined in respect of environmental criteria.

TRANSPORT

During 2018/2019, work began on a major transformation in the way transport is managed within ITAB. The Swedish companies joined a "Control tower solution", where all freight handling is outsourced to a player within 4PL (4th Party Logistics). This makes it possible to achieve better control over freight and freight data. A significant part of ITAB's environmental impact is caused by transport.

The second half of 2020 saw the start of the procurement of other European freight, the objective being for all companies within the EU to be using the new solution during Q4 2021; Scandinavia and the Baltic region during Q1, Central Europe during Q2 and Southern Europe including the UK during Q3. The aim of this is to be able to measure and follow up ITAB's CO2 impact from these transport operations in detail. All road freight in Europe, as well as Global Sea/Air and Rail transport, will be included in the future solution.

ENERGY

Reducing energy consumption is something that each individual company within the Group is focusing on, with an emphasis on both costs and the environment. All the investments made are intended to generate efficiency and thereby reduce energy consumption and time in the production processes. Many of the operations are already supplied through renewable energy, but as part of our updated strategy for a sustainable future, ITAB has now decided that, when renegotiating our future electricity contracts, we will only work with companies that can supply electricity from renewable energy sources. This work has been launched, and the aim is for 50 percent of our electricity consumption to be green in 2021 and for all units to be supplied with electricity from renewable sources by the end of 2025.

At the same time as ITAB is focusing on our own environmental impact, there is also a continual exchange of knowledge with customers, including discussions about aims and expectations in respect of sustainability.

All future electricity contracts entered into will be with companies that can supply electricity solely from renewable energy sources.

Jesper Blomquist
Chief Operating Officer
ITAB

SUSTAINABLE BUSINESS DEVELOPMENT

Sustainable business development means that ITAB, with its solution and product portfolio, is developing the shop solutions of the future through energy and cost-saving products and systems that contain increasingly sustainable materials.

When a product is designed and developed, the design Is adapted in order for the product to be sustainable and energy efficient. The use of raw materials for the product is optimised with regard to their impact on the environment and customer requirements. Product development is usually performed in very close collaboration with the customer, with the focus lying on well thought-through solutions, good function, user-friendliness, ergonomics and efficiency.

The environmental impact of a product is affected to a large extent by the raw materials that are used in the product. For example, the timber-producing units are working to satisfy the demands for environmentally friendly, financially robust and socially responsible forestry through FSC certification. At present, three of ITAB's major timber-producing units are certified.

The lighting system that a shop opts for significantly affects the shop's energy and maintenance costs. An increasingly important factor in the case of new construction or refurbishment projects is the level of energy efficiency that is achieved. In this respect, switching to LED systems provides considerable opportunities for energy saving, both in terms of the actual lighting but also as regards ventilation, as less heat is generated by LED lighting and this reduces the cost of ventilation in a shop. ITAB has, for a number of years, only been offering LED lighting and systems where occupancy and daylight detection sensors can ensure that minimal energy is used.

At present, lighting is often used 100 per cent of the time, regardless of how many shoppers are in a store or how much daylight is coming in through windows etc. By designing stores to let in daylight and using systems where sensors govern light levels, it is possible to make further energy savings. In this respect, the retail sector is still at the start compared to many other indoor environments such as offices and schools, where the technology is already being used to a large extent.

COVID-19 AND NEW DEMANDS

During 2020, ITAB has adapted its product development rapidly in relation to the new demands that have arisen, in the form of protection for personnel and consumers as well as managing queues and limiting maximum numbers of visitors in public environments around the world. Examples of some of the products that have been successfully offered to the market include acrylic splash guards, virtual queue systems using apps and QR codes, sanitation stations for shopping trolleys using alcohol spray or UVC light, as well as hand sanitiser and disinfectant dispensers. Several of these solutions are very likely to remain a common feature in the retail sector. You can see some of these solutions on page 25.

HIGH ENERGY SAVING

Using ITAB's lighting range with LEDs and sensors, customers can dramatically reduce their energy consumption. Today, almost 100 percent of the Group's lighting sales are made up of LEDs. This technology allows consumption to be reduced compared to previous technologies. This means that the investment will pay for itself in around 2-3 years. For a medium-sized shop, this entails a reduction in its climate footprint of around nine tonnes of carbon dioxide per year.

By using daylight and occupancy sensors, it is possible to further reduce energy consumption and CO2 emissions from stores. With the Piri system, wireless sensors can be installed to adapt energy consumption to the amount of daylight and the level of occupancy in the store.

WILDHOOD FOUNDATION

ITAB supports the Wildhood Foundation, a Swedish charity foundation that works to combat poaching and the illegal trade in endangered animal species. The trade is being driven by an increasing demand to purchase the body parts of wild animals to be used as status symbols and within traditional medicines. ITAB extended its collaboration with Wildhood during 2020, with two events being carried out to support and market their work. The first was an exhibition at EuroShop, the world's largest retail trade fair, together with Messe Düsseldorf. ITAB supplied 55 large elephants made of plywood from FSC-certified forests, in order to raise money and increase knowledge about the extinction of elephants in Africa. At the end of the year, an event was also held in Stockholm at which smaller wooden elephants were auctioned off, which brought in SEK 200,000 for Wildhood. The elephants can now be found at the companies that contributed, and are helping to shed light on the issue of diminishing diversity and the unnecessary killing of animals.

BUSINESS ETHICS

Through ITAB's Code of Conduct, all employees have a clear set of regulations for areas such as business ethics. Some aspects of the Code of Conduct have been communicated to ITAB's suppliers in the form of a Group-wide supplier policy. According to the Code of Conduct, ITAB has a zero tolerance policy regarding all forms of bribery and corruption. ITAB regularly reviews and evaluates internal checks in all subsidiaries, which provides reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances.

The managing director of each individual company within the ITAB Group is responsible for ensuring compliance with local regulations. All of ITAB's employees are covered by the Group-wide Code of Conduct, and everyone also has to sign to confirm that they are complying with the Code. The Code of Conduct focuses on aspects such as the importance of each and every employee, the fact that the Group offers a safe and healthy working environment and that it is working to reduce its environmental impact. It also points out that ITAB stands for straightforward, honest communication and that all employees have to respect commercial confidentiality. If an issue relating to business ethics arises at company level, there is a system in place detailing how employees should report directly to the Group and how such issues will be handled.

By the end of the year, around 100 percent (97) of the Group's employees had signed up to the Code of Conduct. ITAB's objective is for everyone in the Group to sign the Code. Generally speaking, when a new employee joins one of the Group's companies, it is the responsibility of their immediate superior to ensure that the employee studies and signs up to the Code of Conduct.

No known cases of corruption have been discovered in the Group during the year. ITAB has conducted separate reviews and training in respect of anti-corruption, primarily in countries where the Group is facing the greatest risks.

Since the end of 2017, there has also been a Group-wide supplier policy containing fundamental business ethics requirements that ITAB imposes on its suppliers.

In order to ensure that ITAB is complying with GDPR, training has been conducted during 2020 for those employees who handle personal data as part of their work.

ITAB's tool for internal control is based on the COSO framework. This is a framework for evaluating a company's internal control over financial reporting. The framework streamlines the work on the internal control. The internal audit programme has been revised during the year, primarily on the basis of business risks. The internal audit now also covers the following up of the sustainability programme and the Code of Conduct.

ITAB'S PLATFORM FOR A COMMITTED AND ENERGETIC ORGANISATION

Think Ahead, Think Consumer, Think Together are concepts that ITAB's employees use in their day-to-day work, providing guidance towards common goals. These concepts are summarised in ACT!

The meaning **Think Ahead** refers to ITAB's long-term focus on business, people and the environment, such as thinking carefully first and developing smart, efficient working methods and sustainable solutions.

We are all consumers and we can help to understand the needs of other consumers, to see trends and thereby help our customers create an attractive shop environment. We call this **Think Consumer.**

Working closely together within the Group, as well as creating long-term relations with both customers and partners, are all contained within the concept **Think Together.**

By focusing on ACT, all employees are helping our customers to deliver a strong Consumer Brand Experience.

SUSTAINABILITY AND NEW SOLUTIONS IN THE WAKE OF THE PANDEMIC

The outbreak of Covid-19 is affecting people and communities all over the world. The pandemic is also resulting in unavoidable consequences and commercial effects for companies and organisations, and this is also the case for ITAB.

ITAB's operations have been affected by the pandemic to a large extent in the form of reduced demand, the shutting down of some customers' operations as well as parts of its own operational activities. Steps were taken at an early stage to safeguard liquidity and adapt costs to the reduced demand. The rate of change has accelerated further, leading to investments being reprioritised and the focus shifting from large-scale roll-outs to concept development and renovations. New solutions that produce a clear return, where online and offline are merging, are being tested and implemented. Examples of this include virtual queue management, solutions for checking the number of visitors, protection against infection for staff and customers, as well as various disinfectant dispensers that have been developed alongside ITAB's customers. In all likelihood, many of these solutions will continue to be used after the pandemic.

In parallel with the pandemic, global warming and its effects have drastically increased the focus on sustainability issues, making them an area that is absolutely central for many consumers. This is reflected in the fact that retailers are rapidly strengthening their focus on all matters relating to sustainability, from "the cradle to the cradle". As society changes, circular thinking will be an important competitive tool for many retailers. New technology is creating considerable opportunities to help ITAB's customers identify more sustainable business models through recyclable materials, reuse and reduced energy consumption. ITAB is currently at the start of a circular approach, and collaboration will be decisive for this transition.

ITAB is continually developing its customer offering through consumer insights and a holistic process. This starts with the customer's problems and challenges, and involves the combining of solutions based on fittings, checkouts, lighting and digital interaction. The focus is on a better consumer experience, improved service, reduced operational costs and increased conversion rates in the store. As a result, ITAB is well positioned to grow and win market share in a changing retail market.

CONTACT BARRIERS

For ITAB's customers, protecting their employees has been a high priority, and the need to identify flexible solutions to protect checkout staff in particular arose early on. ITAB quickly adjusted its production operations in a number of countries to meet its customers' need for contact barriers. ITAB now offers various types of protection for its existing checkouts, as well as completely freestanding protection in various materials.

OCCUPANCY CONTROL

Occupancy control uses cameras to count the number of people entering and leaving the store, with no human involvement. Regardless of the number of entrances, the system will automatically count the total number of people in the store. The store sets the actual occupancy limit, which can also be adjusted remotely, making things easier in the event of abrupt changes in the prevailing recommendations.

When a visitor approaches the door, a digital sign will tell them if they are allowed to enter, or if the store has reached its limit. Alternatively, occupancy control can be configured to physically open or close the doors, preventing consumers from coming in if the store is full.

HAND SANITISER DISPENSERS

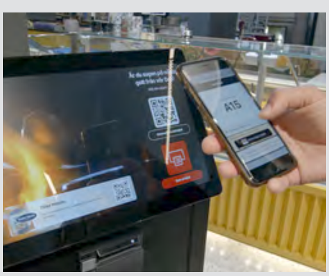
Many stores now offer hand sanitisers. ITAB rapidly adapted its production process following a significant increase in demand in a short space of time, and can now offer solutions for contact-free hand sanitiser dispensers.

ITAB Lithuania has focused on manufacturing customised dispensers that are controlled by sensors in order to avoid all contact with the station.

The dispensers can be designed according to the customer's brand profile, and can also be supplied with LED screens to carry instructions or a welcome message.

VIRTUAL QUEUE MANAGEMENT

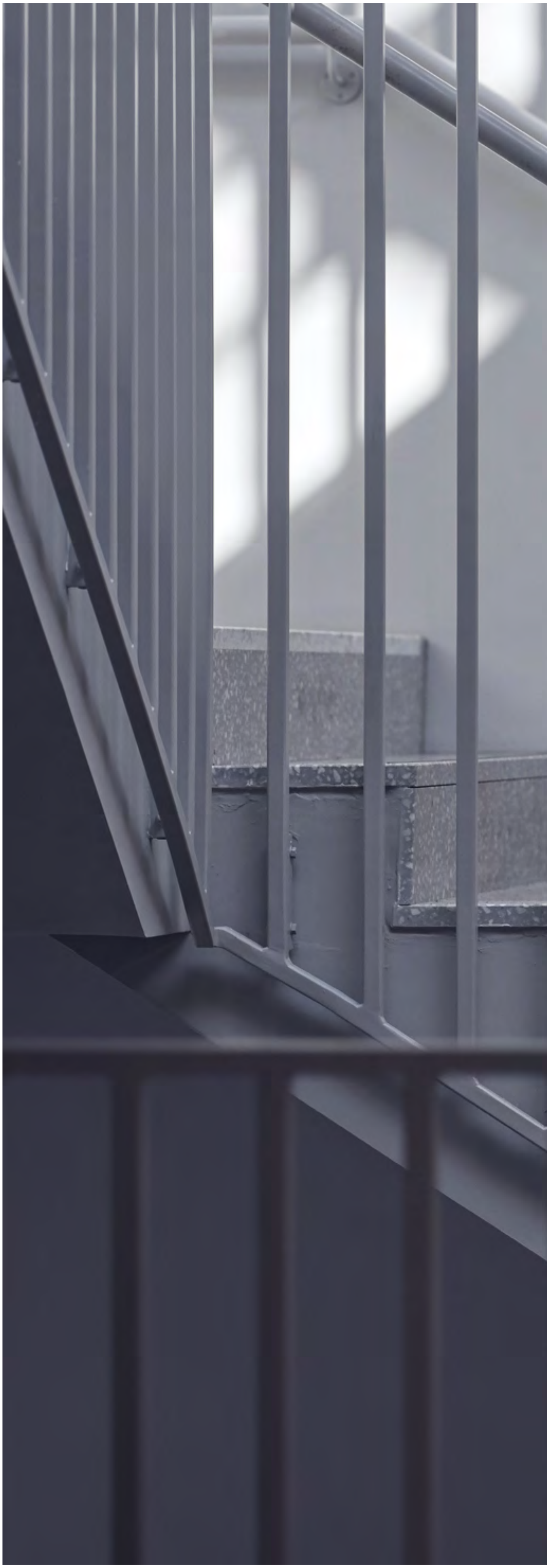
Minimising the risk of the spread of infection in queues and in stores has become a high priority. A virtual queue makes it possible to control this, by means of the customer scanning a QR code or calling a specific number to place themselves in the virtual queue. The number of customers who may be in the store at any one time can be regulated by managers, in line with current guidelines. As a result, the consumer can wait at home, in their car or outdoors and monitor their place in the queue in real time. At the same time, store personnel can also monitor the length of the virtual queue and take steps if required. A text message is sent when it is the customer's turn, and the personnel can easily check out each customer in an app. The same system can also be used inside the store, for example at the deli counter.



CLEANING SHOPPING TROLLEYS

Working alongside a partner, ITAB Italy has developed an automatic solution for disinfecting shopping trolleys and making the consumer journey safer. At two of the installations used by Metro and Carrefour in Italy, there are very high levels of satisfaction among consumers. Almost 100 percent of those who use a shopping trolley allow it to pass through disinfectant, which is triggered by an ultrasound sensor.

Almost 1,600 passes through the disinfectant were registered in the course of one test day.



DRIVING INCREASED VALUE AND RETURN

We are evolving to a solution-based and more agile business model, building on the Group's intrinsic knowledge base and its success in delivering innovative solutions, to further support our customers, as well as to take advantage of new market opportunities.

CONSUMER EXPECTATIONS DRIVING RETAIL DYNAMICS

Changes in the retail market in recent years have been driven by new consumer behaviour. To keep up with developments and to better understand future demand, requires in-depth knowledge of the end consumer. ITAB has conducted consumer surveys to better assist customers with developing the right solutions for these new challenges. In listening to consumers clear messages could be heard.

UNDERSTANDING THE CHANGES IN CONSUMER BEHAVIOUR

The world's consumers are better informed and increasingly online, and as a result are more time conscious and demanding; they are accustomed to having access to what they want, when they want it, and in the way they want it. Today's consumers have higher expectations of brands, particularly in terms of choice, convenience, service and value.

In order to investigate these changes, ITAB has carried out studies in consumer behaviour. The research included interviews with consumers in Asia and Europe. From these, patterns have been discerned, which have enabled the creation of a unique working tool. This tool is enabling ITAB to better understand the market challenges and opportunities, and to help customers clarify the evolving needs of their consumers.

The needs, wants and behaviours of the target consumer, together with operational necessities, drive ITABs concept and solution design process. These needs range from the more basic such as price, safety and convenience, as witnessed during the COVID-19 pandemic; to the more aspirational such as experience, inspiration, group affiliation and self-esteem. By providing deeper insight, ITAB specialists and their customers can co-create different operational solutions to support the investment into differentiating their brand experience, and ensure a quick return on the investment.

By understanding the consumer's behaviour and market challenges, ITAB will be the best partner to help customers find the right solutions to convert their brand strategy into a physical store/meeting place.

CONSUMER EXPECTATIONS REQUIRES RETAIL TO CHANGE

The consumer of the future demands environments that provide convenience, choice and/or a place for socialising and fun. Many are seeking a healthier, more sustainable lifestyle, while others simply want a deal and the best price. To complicate matters further, their wants and needs and resultant shopping missions can vary not only by day of week, but also by time of day; and they also expect to be seamlessly guided through an integrated and personalised experience across both offline and online channels. A successful concept must stand out by offering a frictionless consumer journey and experience that meets most or all of these raised expectations.

To provide the additional support that ITABs customers now require, it is essential that client-facing teams better understood consumer needs and how to satisfy them. To do this, behavioural trends are captured in the 'consumer hierarchy of needs' to help customers translate these needs into physical reality.

In ITAB's new analytical tool terminology, convenience is taking care of consumers in a seamless way; that is, *Time well saved*. Inspiration is making sure you engage in a meaningful way; in other words, *Time well spent*. It is about understanding consumers expectations when they are in different moods and modes. Retailers are experimenting and exploring new ways to stay relevant and to differentiate their store experience from their competitors.

RETAILERS ADAPT TO NEW CONSUMER BEHAVIOUR

With consumers having more choice and greater expectations on convenience and service, it is getting harder for retailers to keep up with a consumer who expects their varying needs to be met every time, 24/7. In addition, disruption has come from new competitors, new channels (online and mobile), and new business models. This disruption has diverted retailers' investment priorities to compete with online and price led formats.

Many retailers are switching their investment priorities, from store expansion and refurbishment into online integration, experiential initiatives, and promotions. They are testing new store concepts, reformatting existing space to bring in new products and services, and investing in new digital tools.

However, in most cases consumers' raised expectations still are not currently being met by their in-store experience. Many offline retailers with physical store networks continue to lose sales to online operators, while facing increasing price pressures. They are looking to find ways to bridge this gap between consumers online and offline experiences, and ideally create a single, seamless and flexible shopping journey. However, any investment in productivity and store experience needs a clear and rapid Return On Investment (ROI).

As a result, many of ITABs customers are seeking greater support from suppliers with solution design expertise to resolve their 'service vs cost' dilemma, so ITABs role has already started to evolve.

CONSUMERS AT THE HEART OF EVOLUTION

As part of 'One ITAB' strategic business review in the latter part of 2019, ITAB considered how they could help retailers afford to invest in better service and experience when their current operating model costs are increasing.

By learning from consumers and analysing how their expectations and spending patterns continue to evolve, and understanding the impact online and social media is having on society and consumer behaviour, the physical store can be helped to satisfy the expectations and relationship needs of shoppers.

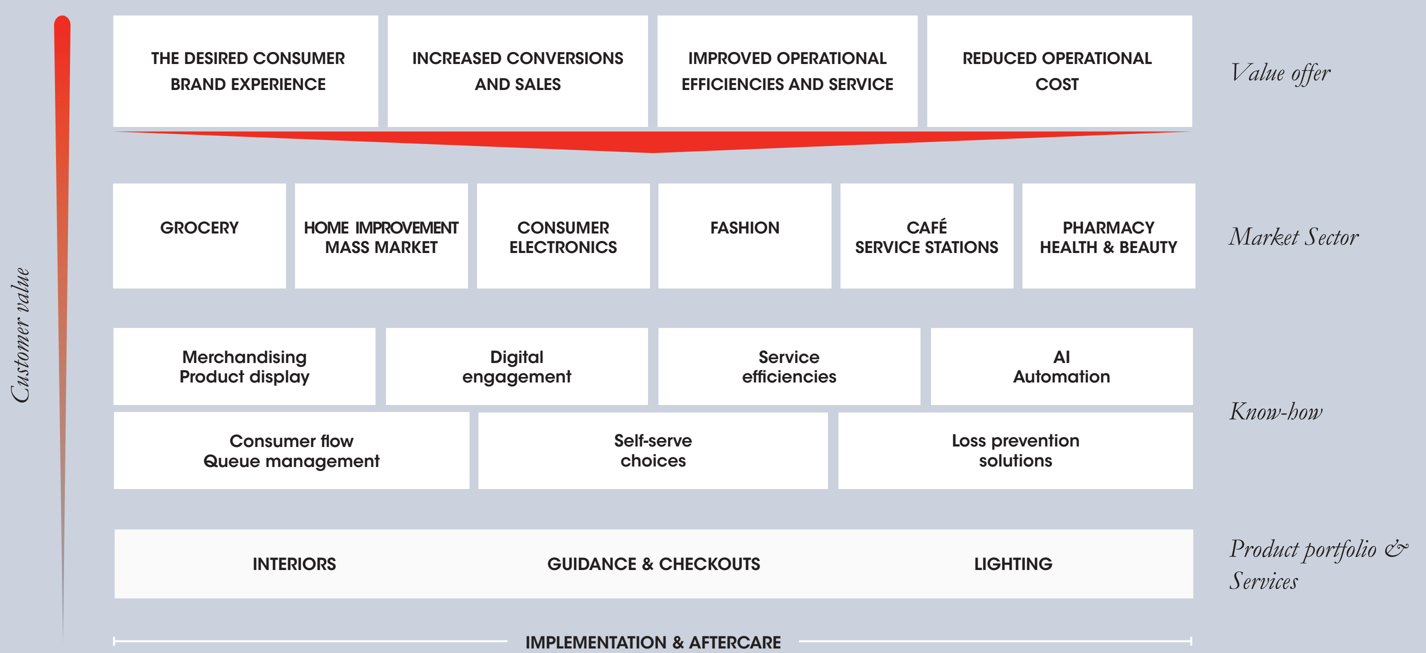
An early and key output of 'One ITAB' strategic planning sessions was a revised Value Proposition, which is customer-focused and centred on four clear ROI objectives;

- The desired consumer brand experience
- Increased conversions and sales
- Improved operational efficiencies and service
- Reduced operational costs

The markets for future investment were also prioritised. This work will provide the main platform for our profitable and sustainable growth in the coming years.

VALUE PROPOSITION MODEL

ITABs Value Proposition Model provides a flexible approach driven by insight innovation across multiple touchpoints of the consumer journey.



A STRATEGY TAILORED TO MEET A CHANGING MARKET

Consumer and market dynamics are driving change, and we are evolving our business under our 'One ITAB' Strategy to further support our customers, as well as to take advantage of new opportunities.

The Group's market and customers have been permanently changed by the disruption caused by online and mobile usage growth, and its impact on consumer behaviour. As a result we have been evolving the current ITAB business to better support customers in this new retail landscape, and to meet the expectations of all our key stakeholders.

The future direction of the Group has been co-created with input from our colleagues, customers and consumers from all over the world. During the last quarter of 2019, a number of 'One ITAB' Design Thinking workshops were held, involving the ITAB Executive Management Team and key Senior Management, and facilitated by a specialist agency. Input was gathered from our colleagues, customers and consumers from all the Group's regions. As a result our 'One ITAB' Strategy is based on an in-depth understanding of current and future consumer expectations and market demand. It builds on current strengths and future opportunities, and it will provide everyone in our business with a clear direction and understanding of our strategic goals and desired business model.

We are continuing to refocus our business to meet our customers' changing needs, building on our existing strengths and creating new revenue streams for growth. We are updating our offer in order to develop a more sustainable revenue model, creating new demand and selling more of our equipment and service portfolio to more customers. On the one hand, we will improve our traditional product and service supply; on the other hand, we will build on existing and new strategic customer relationships to satisfy the growing demand for outcome-based solutions. This combined approach will help us to grow our service-based revenues, and to smooth out the current demand peaks and troughs.

FROM BRAND EXPERIENCE TO PHYSICAL REALITY

Our mission statement is as follows: *"At ITAB we help customers turn consumer brand experience into physical reality with our know-how, solutions and ecosystem of partners."*

Through the physical realisation of engaging, efficient and seamless environments, we are delivering measurable results for customers in terms of their key performance metrics – experience, sales, efficiency, service and costs. We provide them with expert support to achieve their store profitability goals, from new concept and solution design, through tactical performance improvement initiatives, to more efficient store project implementation and refurbishment programmes.

Consumers are looking for better experiences everywhere. There are new opportunities for us to deliver value. We have adopted an approach which not only enables us to expand the share of our existing markets, but also allows us to explore various new markets where we can add value. It is about doing what we have been good at, but better, whilst also exploring new emerging opportunities.

ADAPTING TO A CHANGING MARKET – THREE CORE BUILDING BLOCKS

1. Reposition to Solution Provider
Our strategic vision is to develop a solution-based business model, building on the Group's intrinsic knowledge base and its success in delivering innovative solutions. Where we have developed more strategic relationships with customers and address their new market challenges, we drive greater value both for them and for our business. One of our strategic priorities is to build on this success and expand our solution design approach to a wider range of customers where we have identified a current need, and where they will benefit from working within our proven solution design process which is both customer and consumer centric.

2. More Agile Manufacturer
We are further reengineering our operational structure and processes to reflect changing demand, improving our production agility and flexibility. In general, our market is no longer characterized by long-term roll-out programs with large volumes. Instead, customer demand is increasingly based on projects with smaller volumes and shorter lead-times. Over the years our manufacturing base has been developed around more traditional demand patterns, and as a result we have identified a number of opportunities to increase operational efficiency and consistency throughout the Group.

3. Become One ITAB
The 'One ITAB' workshops highlighted issues caused by the Group's structure, which consisted of 45 individual business units based on product offer and country of origin. These included inefficiencies in communication, shared knowledge and common ways-of-working, as well as disparate unit cultures, which we are now addressing. More positively, the workshops also revealed that a number of the desired strategic components were either already in place or in development in different parts of the Group, including consultative selling activity, an existing solutions portfolio, senior customer relationships and Group training programmes.

ITAB'S STRATEGIC PRIORITIES

The core of our 'One ITAB' strategy is to evolve ITAB's business to a solution-based and more agile business model, building on the Group's intrinsic knowledge base and its success in delivering innovative solutions, and re-aligning the Group's management, operational and cost structures with the revised strategy. To do this we need to expand on and strengthen our existing capabilities in relationship management, solution and service sales, knowledge sharing, common core processes and IT systems. To this end we have made significant changes to our organisational structure, as well as a number of senior management appointments.

THE VALUE OF STRATEGY LIES IN ITS DELIVERY

We have identified a number of Strategic Priorities to streamline and help drive growth and change in the business. Specific goals and detailed action plans have been prepared for the Strategic Initiatives under the control and management of an appropriate Executive Sponsor, who is a member of the new Group Management Team. They are working closely with the leaders in each of the market regions and strategic business units to implement our plans and achieve the stated goals quickly and efficiently.

There are more than forty initiatives being executed over the next 24 months to build the competences required to deliver our mission statement and goals. Currently there are 19 initiatives underway focused on our two key objectives - becoming a solution provider and streamlining the business - as well as common ways of working and empowering our people.

BEING A SOLUTION PROVIDER

This is all about how we approach problem solving for our customers, and create measurable ROI for ITAB's solutions. We start by understanding our customers' strategic goals and challenges, and through a holistic dialogue we co-create solutions.

Progress to-date includes:

- Launch of our outcome based value proposition.
- Introduction of our solution design capabilities to support all Group customers.
- Sharing of know how and experience through a Group knowledge base.
- Common sales organisation, ways of working and development plans

Morrisons - Creating socially engaging and digitally enabled spaces which seamlessly connect different parts of both the shopper journey and the operational process.

In 2019, the electric vehicle company Polestar, jointly owned by Volvo Car Group and Zhejiang Geely Holding, opened its first Polestar Spaces. The premises are located in the downtown areas of major cities around the world. ITAB has during 2020 continued to realise the new concept which included furnishings, lighting and digital solutions in the cross-border project, which demonstrates ITAB's capabilities of working globally.

B&Q - Queue busting, creating flexibility and choice, improving the Click & Collect experience and future proofing store performance.

RE-ENGINEERED COST STRUCTURE

We are re-aligning the Group's management, operational and cost structures with the revised 'One ITAB' strategy, way-to-play and differentiating capabilities. Our focus will be to ensure profitable and sustainable growth going forward.

Progress to-date includes:

- Reduced sales and administration costs across all businesses.
- Consolidation of manufacturing footprint underway to drive synergies and economies of scale.
- New operating model and organisational structure to facilitate a leaner and more dynamic organisation.
- Focus on European market development and the core capabilities.

EMPOWERING PEOPLE AND COMMON WAYS OF WORKING

Through clear KPIs, common ways of working and access to the right information at the right time, our people will be able to make good business decisions. Our aim is to make all ways of working parallel, collaborative, cross-functional and transparent.

Progress to-date includes:

- Introduction of common ways of working and support systems across our sales organisation.
- Revised operating model and new organisational structure implemented.
- Transparency of customer opportunity management and account planning.

DEVELOPING AN ECOSYSTEM OF PARTNERS

Building a robust ecosystem of partners will enable us both to deliver the complete solutions required by our customers, and to reduce our supplier numbers to drive out complexity and improve predictability.

Progress to-date includes:

- Sourcing organisation established on Group and business unit level.
- Direct material spend categorised.
- On-going consolidation towards preferred suppliers.

Other related goals include:

- Establish a network of partners to innovate and increase speed to market.
- Drive out complexity and improve predictability.

EXPANDING OUR MARKET POSITION

Currently, our main differentiator is our know-how, our customer relations, and our comprehensive portfolio, which is unique in the industry. We will build on these strengths and make it a reality in all our regions, expanding our market position.

Progress to-date includes:

- Extensive work has been carried out to achieve these goals as part of our investment and Value Proposition initiatives, building on current strengths and prioritising our markets, and leveraging our cross-sector experience, know-how and portfolio of solutions.

Related initiatives underway include:

- Ensure that we act as one across ITAB and learn from each other.
- Strengthen our prioritised markets.

EXCELLENCE IN OPERATIONS

Excellence in operations means that we take pride in "first time right" and "in the agreed time", and use Lean methodologies when we design our common ways of working. We will continue our focus on reducing lead times, improving quality and eliminating waste in our operations.

Progress to-date includes:

- Recruitment of new Chief Operation Officer
- Operations matrix meeting established to share best practices and build common ways-of-working
- ITAB WoW, based on Lean principles, piloted in two companies

Our goals include:

- Full implementation of ITAB WoW
- "First time right" and "in the agreed time".
- Reduce lead times and improve quality.
- Common operational KPI's.

SUSTAINABLE FUTURE

At ITAB we collaborate and continuously innovate for a sustainable future. We have clear goals and ambitions for our own operations in terms of sustainable business development, efficiency in the value chain, good working conditions and business ethics.

Progress to-date includes:

- Group Management augmented by the new role of SVP, People & Culture, further promoting diversity opportunities.
- Training initiatives to strengthen operations in production and logistics.
- All future electricity agreements must be with companies that can supply electricity from renewable energy sources.
- Benchmarking and identifying gaps in our sustainability work with an external partner.

Our goals and initiatives include:

- Sustainable business development
- Efficiency in the value chain
- Good working conditions
- Business ethics

TESTED SOLUTIONS CREATING ADDED VALUE

Through a strategic collaboration with the customer, the challenges they are faced with are being visualised in an entirely new way. In line with this, solutions are being generated that deliver value both for the customer and for ITAB as a company. New opportunities are being explored, while tried and tested methods and solutions are coming into their own.


Från en
MATALSKARE

RETAIL INTERIORS THAT CREATE MEMORABLE EXPERIENCES

As retailing undergoes a dramatic change, consumers are shopping and buying goods in new and different ways. From where to shop and how to shop, consumer behaviour and shopping cycles have never been influenced by as many different factors as today. The recent and on-going pandemic has simply accelerated this behavioural evolution, with the new consumer needs becoming more and more relevant.

Retailers that are well-positioned for this type of change are succeeding through a number of different factors, starting with a strong value proposition and a clear brand image and message that resonate with consumers when shopping with them.

From an experience standpoint, successful retailers are those that have a great consumer service model and a unique and seamless in-store and online experience that feels both holistic and memorable across all channels. However, retailers that fail to recognise the shift in consumer needs and to truly invest in their end-to-end experience are at risk of having a brand and an offering that are no longer seen as being of-value to the consumer. As a result, recognising this shift and valuing the level of need on the part of the consumer, as well as the importance of providing a seamless overall in-store experience, are key when it comes to succeeding in the new retailing norm and therefore optimising the overall potential.

STARTING WITH THE CONSUMER

To support this challenge, ITAB Interiors' offer starts with the consumer at every level of activity they undertake with their customers. This ensures that ITAB is well-placed, through multiple insight and data points and its ecosystems of partners, to support customers' challenges in creating memorable in-store experiences.

By learning from consumers and how their behaviour is continuing to evolve the retailing landscape, ITAB is able to co-create outcome-based in-store value propositions that provide customers with ROI.

ITAB's innovative solution offering, through global production with local customisation, allows both choice and flexibility. This ensures that customers can be first to market, at the same time as guaranteeing quality, cost control and right first-time metrics. ITAB is able to achieve this unique service level through an integrated service model that addresses the entire value chain. The focus is on a better consumer experience, improved service, reduced operational costs and increased conversion rates in the store. As a result, ITAB is well positioned to grow and win market share in a changing retail market.

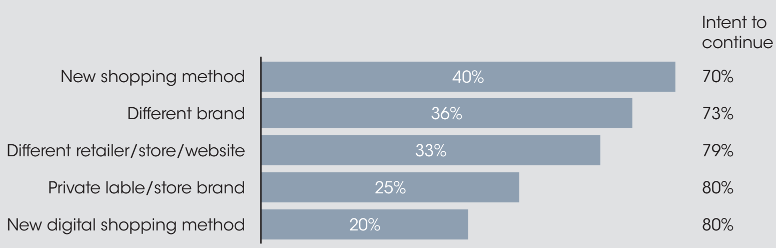
ITAB is essentially able to support the customer every step of the way, no matter what the challenge. At the same time, the company also offers full after-care service, helping to improve the life cycle of the product and thereby reducing service costs. From standard shelving to specialist fixturing, and covering all types of interactive and merchandising aids.

CO-CREATING SOLUTIONS

ITAB's agile and dynamic approach enables the customer to co-create the solution alongside ITAB through an iterative process. Through strong know-how and industry experience, ITAB's solution designers are able to share and leverage ideas to help maximise the return on investment for customers' solutions. The streamlined model is able to drive a differentiated store experience at the lowest cost, generating multiple value points across the consumer experience. This is a point of difference that, in this retailing climate, creates value for retailing customers and their consumers by generating memorable experiences that help to build success for the short, mid and long-term future.

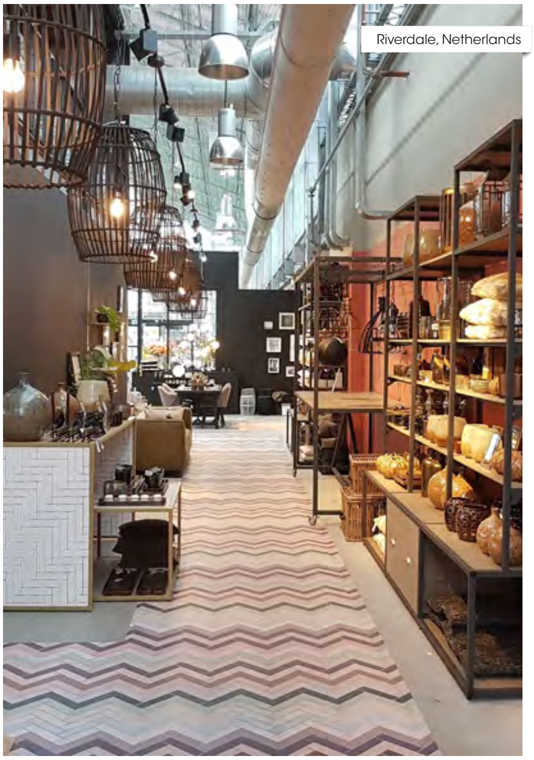
75%

Seventy-five percent of consumers have tried a new shopping behaviour, and most intend to continue with it beyond the crisis.



Reference material: McKinsey & Company


Coop, Sweden


Riverdale, Netherlands


Run Market, La Réunion


Apotek Hjärtat, Sweden


Maison COLOM, France


Polestar, Global

INVEST IN AN EFFICIENT CONSUMER FLOW FOR A RAPID ROI

ITAB develops entry and exit systems, checkouts and self-checkout solutions for both current and future retail operations, which can be kept updated via digital platforms. Using consumer analyses and insights as a basis, efficient solutions and systems are being created to ensure optimum flows and better experiences in the store.

In order to identify and create the right solutions to reduce the store's operating costs, improve throughput and contribute to a frictionless consumer journey, it is necessary to have an in-depth understanding of existing and future consumers.

ITAB is involved in a creative process alongside its customers, with the aim of finding the optimum solution that focuses on reducing shrinkage and theft, guiding customers properly and creating self-managed flows. By analysing 100 percent of all transactions that take place through ITAB's solutions, it is possible to optimise service levels and layout.

Controlling consumer flows in an efficient and safe manner has been, and will continue to be, an important factor in attracting consumers to the physical store. It is extremely important for the consumer journey to be as good as possible, in order to contribute to a positive shopping experience. This applies along the entire route, from an inviting entrance, via clear signposting, to a smooth and simple transaction at the checkout.

The physical store has really been put to the test in 2020. At the same time as regulating the number of consumers in the store, it is important to maintain a good level of service. As a result, ITAB has worked in a more focused manner during the year to develop new solutions that will contribute to flows and purchases in the store being safe, both for the consumer and for the staff.

E-COMMERCE AND PHYSICAL STORES WORKING TOGETHER

At a time when consumers have not been able to move about freely in the normal way during the pandemic, there has been a dramatic increase in the need for physical commerce to work with and benefit from the increasing level of e-commerce. New types of solutions for fast, safe and efficient delivery have been on the agendas of most retailers. A good example of this is Click & Collect, along with alternatives ranging from basic pick-up points to fully automated delivery robots. The use of new solutions is increasing rapidly among consumers, and this phenomenon is likely to remain after the pandemic.

By analysing consumer behaviour, ITAB can understand the challenges that exist and help its customers to understand the needs of consumers. It this way, solutions are being identified to ensure that the consumer will continue to choose to shop in their particular store. For example, this is being achieved by collaborating with other e-commerce companies and providing them with the opportunity to supply their products through the store's solution.

RAPID ROI WITH EFFICIENT CHECKOUT

Efficient checking out has always been important for retailers. ITAB's development of new solutions has consistently been characterised by releasing personnel from basic work duties so that they can focus instead on consumer care. Significant cost savings and an increased level of service can be seen both at large retail chains and in smaller, local stores. The use of self-checkouts also saves space in shops, providing room for more goods and expanding the number of checkouts to improve service.

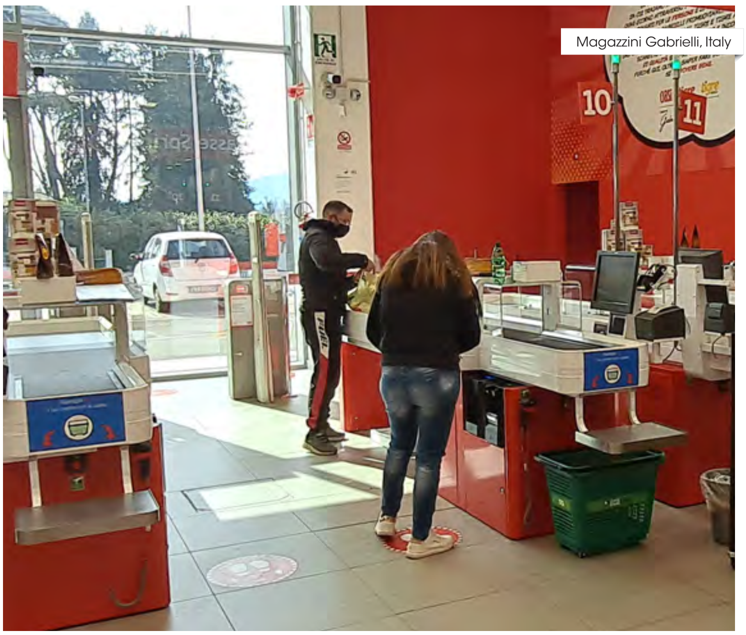
Allowing the consumer to scan their own goods has become standard for most retailers. ITAB has a unique range of self-checkout solutions, ranging from very small purchases to the large weekly shop. During 2020, the trend has shifted towards making fewer, larger purchases, which has supported the range that ITAB has available in the market.

Even though the use of self-checkouts is increasing, there is still a considerable need for traditional checkouts. ITAB has a large range comprising various types of checkouts to meet the needs that exist. In this respect, developments are moving towards increasingly efficient, ergonomic and aesthetically pleasing checkouts.

ITAB can also develop entirely new solutions at the request of its customers. Working alongside ICA, ITAB developed a new checkout where the working method in a traditional checkout meets the self-checkout. The design of this checkout is contributing to new working methods, as well as to improvements in customer service and engagement.

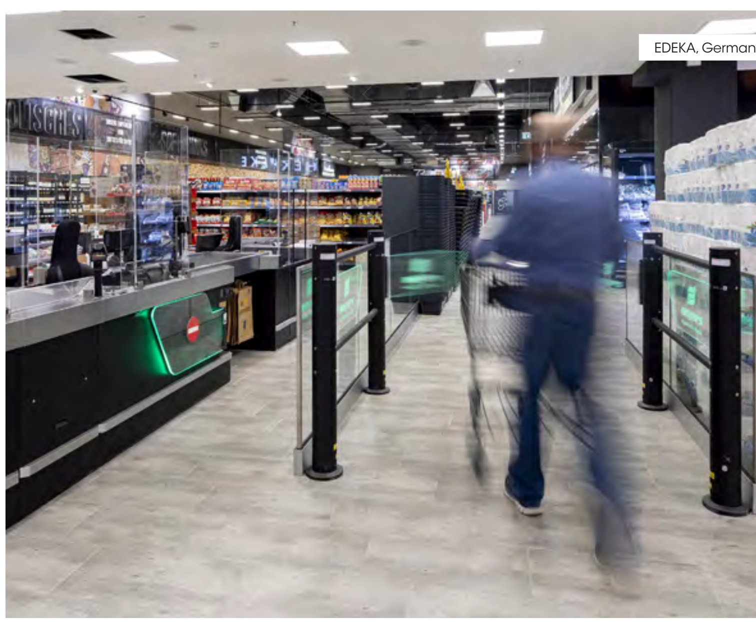
S Market, Finland


EDEKA, Germany


Magazzini Gabrielli, Italy


Hemköp, Sweden


Morrisons, UK


EDEKA, Germany

INTELLIGENT LIGHTING THAT ENHANCES THE CONSUMER EXPERIENCE

In line with increased knowledge about the way light affects people, lighting has become an increasingly central part of the store concept. During refurbishments and new construction, energy efficiency is also becoming increasingly important. ITAB develops, manufactures and sells complete professional lighting systems, light planning and light services for the food and non-food sectors.

Energy consumption represents a large proportion of a shop's costs. The right lighting can entail major energy savings and lower maintenance costs. The design and efficiency of the lighting systems have a direct impact on this. The amount of heat generated by the systems also affects the cost of ventilation in the shop.

This is central to the development of ITAB's products and systems. Shops often use more than one type of lighting to create the right atmosphere. Through its range of lighting solutions, ITAB can be an all-inclusive supplier for retail shops and chains. The lighting is becoming part of an overall concept in which all the various parts interact.

The Group sells and distributes lighting products to more than 90 countries, both through its own companies and through national distributors, in order to provide customers with local support in respect of imports, certification and local service/maintenance.

PRODUCT DEVELOPMENT AT THE FOREFRONT

The development of components for LED products is proceeding rapidly. New and improved LED chips are continually being released on the market, above all with improvements in relation to CRI (colour rendering index) and efficiency. Thanks to its in-house expertise in the fields of electronics and LED light sources, ITAB is able to guarantee an all-inclusive offer with the potential to tailor customer orders and unique solutions in respect of colour rendering and efficiency. ITAB is one of the leading suppliers of professional lighting systems in Europe. The company focuses on modern, energy-saving light sources based on LEDs (Light Emitting Diodes). ITAB offers a broad range of proprietary light fittings supplemented with solutions from an ecosystem of partners. Quality and design are secured within a "centre of excellence" team operating in both Sweden and China.

Customers are offered a combination of local lighting expertise and global sourcing of lighting products, all with the aim of matching the needs of each individual chain. At ITAB's local "solution design" office, store concepts are co-developed with customers as well as both in-house and external architects and lighting designers. Its product portfolio is the Group's toolbox for creating the right interaction between fittings, checkouts, lighting and the retail chain's goods.

Volume production takes place in the Group's own modern production facilities in China, where in addition to assembling light fittings, the production of electronics for driving mechanisms and LED-PCBs also takes place. Final assembly is also offered locally in markets around the world in order to manage the distribution of variants and local preferences. This allows a combination of efficient production and short lead times where required.

The lighting systems are third-party certified internationally, which makes things easier for retail chains that are expanding into other countries.

LIGHTING, SOUND AND IMAGES PROVIDING A TOTAL EXPERIENCE

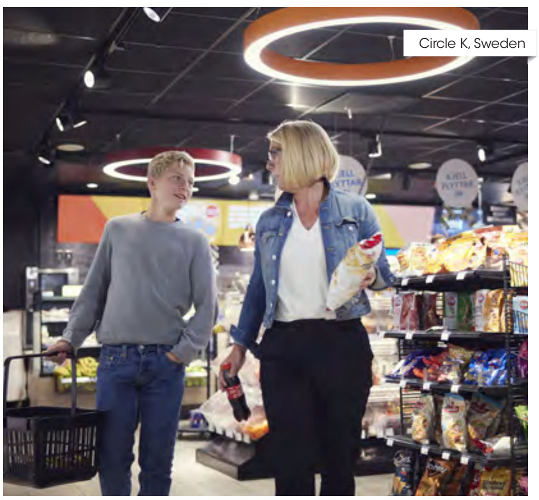
A successful shop experience needs to stimulate all the consumer's senses. Timing is also essential – doing the right thing at the right time to generate the right energy, feelings and behaviour on the part of the customer.

ITAB has developed the world's first wireless system providing simple control of in-store experiences. The solution combines professional lighting, sound and images in one and the same system, called Piri. The system helps the user to create experience zones to provide the consumer with the right impressions and messages. All the units are wireless, making it possible to change the experience instantly and control/monitor it centrally.


EDEKA, Germany

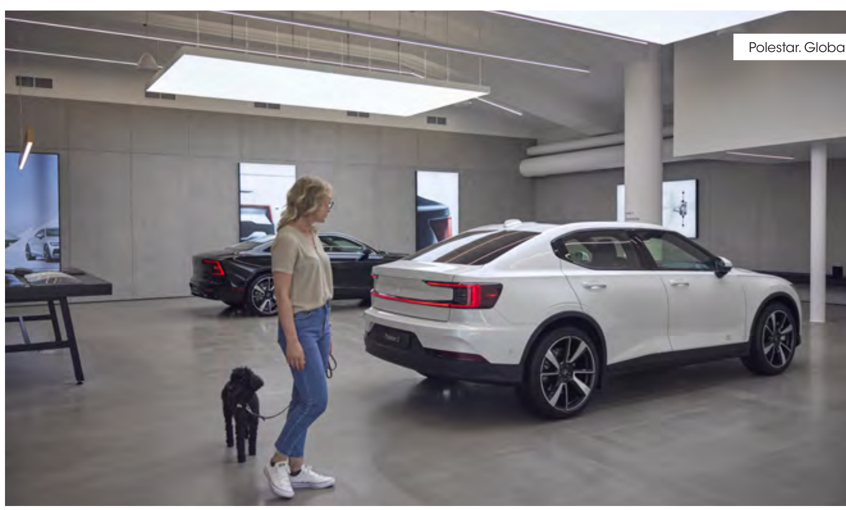

Polverini, Italy


Peter Pane, Germany


Circle K, Sweden


C&A, Germany

Run Market, La Réunion


Polestar. Globalt

INSTORE PLATFORMS SUPPORTED BY DIGITAL INNOVATION

Over the past year, retailers have been under considerable pressure to change the way they work. New technology combined with the effects of the pandemic have resulted in rapid changes in consumer behaviour and expectations as regards the physical store. To encourage consumers to continue visiting their stores, retailers have to find innovative ways of changing and adapting the shopping journey through the store.

Even before the pandemic, retailers had realised that there was a considerable need to be able to convert their stores rapidly to meet future consumer needs, trends and changes in behaviour. In order to meet market requirements, ITAB has worked to develop effective and innovative solutions to improve the shop experience, for example through consumer guides and self-service options based on consumer benefits. As a result, when this need increased in conjunction with the pandemic, there was already an established platform in place that could be used and developed to meet the new requirements as they arose.

ONE PLATFORM – ENDLESS OPPORTUNITIES

At a time when we are doing more and more on our mobile phones, we are seeing the development of more apps than ever before. It is becoming increasingly common for consumers to scan and pay for their goods themselves directly on their phone. In order to satisfy current and future requirements, retailers need a uniform digital infrastructure that links together all the steps in the consumer journey through a single platform to ensure the best possible experience. Rather than having a number of separate systems, each requiring individual maintenance, this is making it possible for retailers instead to follow the consumer on one and the same platform throughout the entire consumer journey.

To guarantee quality, scalability and function, ITAB has for a while been working with the company Ombori as part of a strategic collaboration with the aim of further developing this joint platform, which is being built by Microsoft Azure. Together, they have created a digital platform that supports retailers in their aim of generating seamless experiences. Thanks to connected products and solutions, ITAB is also being given the opportunity to gather valuable data, providing access to statistics, monitored operations and continually updated products. This in turn reduces costs for the store, allows operational problems to be detected immediately and rectified remotely, and at the same time provides a valuable overview of the consumer journey.

A SEAMLESS CONSUMER JOURNEY

From the moment the consumer arrives in the store until the time they leave, the digital solutions make the consumer journey smoother, faster and more enjoyable. They also make it possible to free up store staff time, allowing them to focus on providing consumers with an even better service.

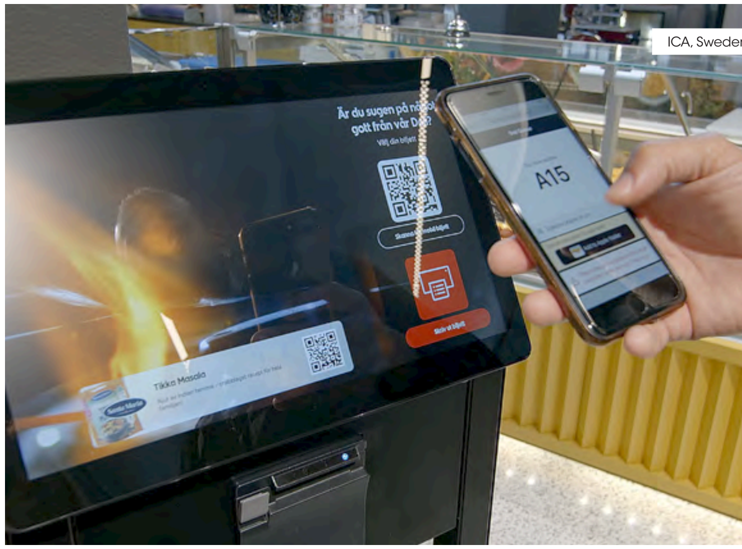
The consumer journey begins outside the store. With the aid of QR codes and interactive digital signs in the shop window, the retailer can promote products or offers as well as allowing the consumer to place online orders for home delivery using their phone. The same type of solution also enables them to provide information about the number of people in the shop and about whether it is permitted to enter.

To avoid the formation of queues inside or outside the store, it is also possible to create a virtual queue. This means that the consumer can wait at home, in their car or outdoors and monitor their place in the queue in real time. Virtual queues can also be used in locations such as delicatessen counters, service desks, pharmacies, fitting rooms, etc. In the same way, the consumer scans a QR code with their phone to join the queue, or takes a queue ticket from a ticket machine and then carries on shopping. When it is their turn, they receive a message on their phone and a queue number is displayed on a digital screen. See examples on page 25.

When it is time to pay, the consumer decides whether they want to use a staffed checkout or a self-checkout. In the case of the latter alternative, ITAB has developed a number of solutions that make it possible to ensure the consumer has paid before they leave the store. This is ideally achieved using an advanced analysis method linked to gates, which open automatically when the consumer has paid, without even scanning a receipt. This provides a frictionless and improved experience for the consumer, while retaining security for the retailer. Multiple consumers can be managed at the same time, while further minimising the risk of theft.

All of these applications work as standalone solutions to meet specific needs, yet they become much more powerful when they are combined. By creating an integrated experience, retailers can increase digital commitment, conversions and develop the consumer experience to achieve greater loyalty.

ICA, Sweden

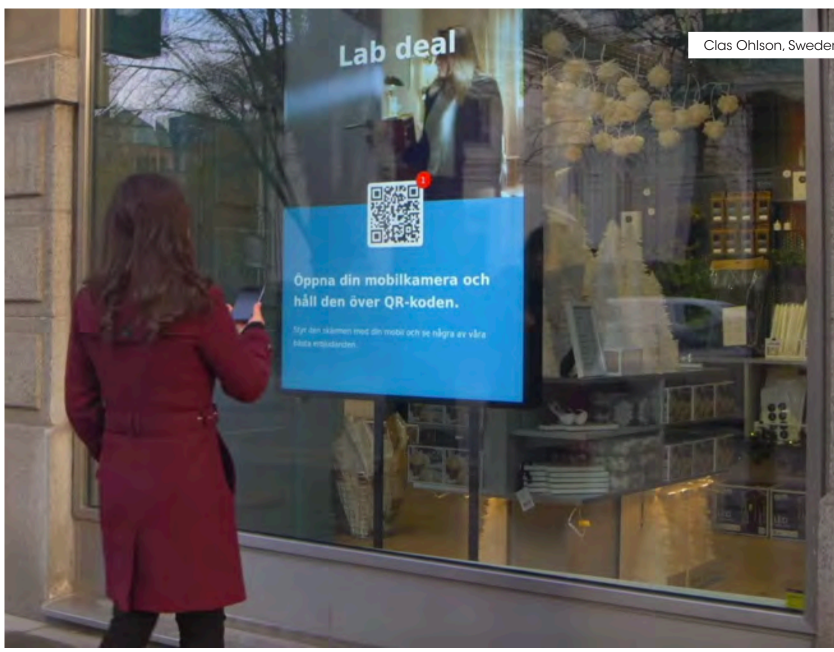


ICA, Sweden

BoConcept, Japan

Ideal of Sweden, Sweden

Hornbach, Sweden



Clas Ohlson, Sweden

This document is a translation of the official annual report for ITAB Shop Concept AB published in Swedish. In the event of discrepancy between the English text and the Swedish, the Swedish text shall prevail.

FINANCIAL INFORMATION

CONTENTS

DEFINITIONS

Share of risk-bearing capital
Equity plus provisions for deferred tax liabilities as well as convertible debenture loans in relation to total capital.

Relevant for assessing ITAB's potential to fulfil its financial obligations.

Return on equity
The net profit for the year attributable to the Parent Company's shareholders in relation to average equity attributable to the Parent Company's shareholders.

Relevant to assess how ITAB uses its assets to generate results in the company.

Return on capital employed
Profit after financial items plus financial borrowing costs in relation to average balance sheet total minus non interest-bearing liabilities.

Relevant to assess ITAB's efficiency and value creation from the business.

Return on total capital
Profit after financial items plus financial borrowing costs in relation to average total capital.

Relevant to assess the ability to generate results on the Group's assets regardless of financing costs.

Direct yield
Proposed dividend in relation to the share price on the closing day.

Return measure for shareholders.

Discount rate, (WACC)
Weighted Average Cost of Capital – weighted required return for equity and borrowed capital against the company's future earnings.

Measures the required return on ITAB's capital and is used to discount future cash flows.

EBITDA
Operating profit before depreciation, amortisation and impairment of non current assets.

A central profit measure to assess the profit development for the company over time.

Equity per share
Equity at the end of the period attributable to the Parent Company's shareholders in relation to the number of shares at the end of the period.

Measure to describe the size of the equity that belongs to the shareholders in the parent company.

Cash flow from operating activities per share
Cash flow from operating activities in relation to the average number of outstanding shares.

The measure highlights ITAB's ability to generate cash flow and pay its shareholders.

Average number of employees
Number of worked hours divided by normal annual working time.

The measure shows the size of ITAB's workforce.

Earnings per share
Net profit for the year attributable to the Parent Company's shareholders in relation to average number of shares.

A valuation measure that highlights ITAB's ability to pay its shareholders.

Earnings per share after dilution
Net profit for the period that is attributable to the Parent Company's shareholders plus costs attributable to convertible loans in relation to the number of shares, including shares that are added on conversion of outstanding convertibles.

A valuation measure that highlights ITAB's ability to pay its shareholders after conversion.

Interest-bearing net debt
Non-current and current interest-bearing liabilities minus interest-bearing assets as well as cash and cash equivalents.

Measures to show ITAB's total loan financing.

Interest coverage ratio
Income after financial items plus financial interest expenses in relation to financial borrowing costs.

Demonstrates ITAB's ability to cover its financial costs.

Operating margin
Operating profit in relation to net sales.

Relevant to assess ITAB's efficiency and added value.

Equity/assets ratio
Equity in relation to total capital.

Highlights financial risk.

Profit margin
Profit after financial items in relation to net sales.

Relevant to assess ITAB's efficiency and added value.

RECONCILIATION OF KEY RATIOS

Key figures included in the Annual Report derive primarily from the disclosure requirements according to IFRS and the Annual Accounts Act. In addition, reference is made to a number of key performance ratios that are not defined within the IFRS regulations or directly in the income statement or balance sheet, with the aim of illustrating the company's profit trend, financial position and how the company has invested its capital.

These financial measures are not always calculated in the same way by all companies. Below is a presentation of the primary alternative key figures i.e. EBITDA, risk-bearing capital, interest-bearing net debt and return on equity, capital employed and total capital. The definitions of these as well as other key figures can be found on the previous page.

▼ EBITDA

EBITDA, Operating profit before depreciation and amortisation, is considered a relevant performance measure to assess the company's profit development over time.

(SEK millions)	2020	2019
Operating profit	112	257
Depreciation and amortisation	264	275
EBITDA	**376**	**532**
Non-recurring items [1]	-202	16
EBITDA EXCL. NON-RECURRING ITEMS	**578**	**516**

[1] *For more information about non-recurring items, see page 55.*

▼ Share of risk-bearing capital

Share of risk-bearing capital is a measure that the Group views as important for creditors who want to be able to understand the Group's long-term payment capacity.

(SEK millions)	2020	2019
Equity attributable to Parent Company's shareholders	1,607	1,748
Equity related to non controlling interests	118	128
Provision for deferred tax liabilities	41	48
Convertible debenture loan	-	165
Risk-bearing capital	1,766	2,089
Total capital	5,519	5,896
SHARE OF RISK-BEARING CAPITAL, %	**32.0**	**35.4**

▼ Return on capital employed

This measure is used to assess efficiency and value added from the business.

(SEK millions)	2020	2019
Profit for the year after financial items plus financial borrowing costs	112	263
Average* balance sheet total minus non interest-bearing liabilities	4,441	4,856
RETURN ON CAPITAL EMPLOYED, %	**2.5**	**5.4**

▼ Interest-bearing net debt

Interest-bearing net debt is the most relevant measure for showing total debt financing, and is included in covenants that ITAB has in its loan contracts with the company's banks.

(SEK millions)	2020	2019
Interest-bearing non-current liabilities	1,239	1,943
Interest-bearing current liabilities	1,202	868
Interest-bearing assets	-1	0
Cash and cash equivalents	-692	-302
INTEREST-BEARING NET DEBT	**1,748**	**2,509**
Of which interest-bearing lease liabilities	656	763
INTEREST-BEARING NET DEBT EXCL. LEASING	**1,092**	**1,746**

▼ Return on equity

This measure shows how the ITAB Group has invested the shareholders' capital.

(SEK millions)	2020	2019
Net profit for the year attributable to Parent Company's shareholders	-21	120
Equity attributable to Parent Company's shareholders	1,607	1,748
Average* equity attributable to Parent Company's shareholders	1,720	1,739
RETURN ON EQUITY, %	**-1.2**	**6.9**

▼ Return on total capital

This measure is used to assess the ability to generate profit on the Group's assets, regardless of financing costs.

(SEK millions)	2020	2019
Profit for the year after financial items plus financial borrowing costs	112	263
Average* total capital	5,727	6,157
RETURN ON TOTAL CAPITAL, %	**2.0**	**4.3**

**) Average is calculated as the average of opening balance and the relevant reported quarterly data up until the closing period. In other words, 2020 is calculated as (31 December 2019 + Mars 2020 + Juni 2020 + September 2020 + December 2020) divided by 5.*

DIRECTORS' REPORT

The Board of Directors and the CEO of ITAB Shop Concept AB (publ), 556292-1089 based in Jönköping, hereby submit the annual and consolidated accounts for financial year 2020.

THE BUSINESS

ITAB Shop Concept sells, develops, manufactures and installs complete shop fitting concepts for retail chain stores. Our offer includes design advice, custom-made concept fittings, innovative solutions for the checkout area, entrance systems, professional lighting systems and interactive products for physical stores. Customers include leading players in Europe operating in the global market. ITAB has subsidiaries in Argentina, Belgium, Brazil, Chile, China, Denmark, Dubai, Estonia, Finland, France, Germany, Hong Kong, Hungary, India, Italy, Latvia, Lithuania, Malaysia, Netherlands, Norway, Poland, Russia, Spain, Sweden, the United Kingdom and the United States.

In close cooperation with the customer, ITAB adds experience and expertise to the customer's specific needs and wishes. The business is based on long-term relationships and delivery reliability, combined with efficient production resources. Today, ITAB is the market leader in checkouts for the retail trade in Europe, and one of the continent's largest suppliers of shop fittings and lighting systems.

COMMENTS ON THE GROUP'S DEVELOPMENT

The year was marked by the COVID-19 pandemic with closure of factories and sharp decline in order intake as a result. During the second half of the year, the market recovered somewhat while ITAB had significant sales of COVID-19 related solutions for stores. In parallel with the pandemic, the strategy and transformation plan One ITAB has been launched. One ITAB is implemented with comprehensive measures with the aim of becoming the leading solution provider in the industry.

In 2020, sales decreased by 12%. currency-adjusted sales decreased by 10%. Sales increased in our largest customer group, Grocery, by 1% compared to the previous year. Sales to Home improvements customers decreased by 20%, and to Fashion customers by 49%. Other customer categories increased by 16%, mainly in electronics.

Continued focus on reducing working capital and divestment of properties meant that cash flow after investments improved to SEK 766 million (512).

NET SALES & PROFIT

During the year, net sales totaled SEK 5,323 million (6.064), which is a decrease of 12%. Currency-adjusted sales decreased by 10%. Sales have decreased on all geographic markets, except for Central Europe, compared with last year. The largest decrease was in Eastern Europe, Southern Europe and Rest of the world.

Operating profit decreased to SEK 112 million (257). Result after financial items decreased to SEK 0 million (174). Non-recurring items with impact on profit after financial items amounted to SEK -208 million (16). Operating profit excl. non-recurring items amounted to SEK 317 million (241) and profit after financial items excl. non-recurring items amounted to SEK 208 million (158).

Earnings have been negatively affected, principally as a result of our reduced sales and currency effects, but an improved underlying gross margin and a faster effect of the cost-saving measures meant that the result excluding non-recurring items exceeded the corresponding result in 2019. Due to the COVID-19 outbreak, five of the Group's factories have been completely or partially closed during the interim period. Governmental support linked to COVID-19 has reduced costs in the order of SEK 63 million during the year, but this must be seen in the light of the COVID-19 situation's strongly negative impact on sales.

Most of the non-recurring items this year comprise restructuring costs, attributed to the transformation work, in the form of a new strategy known as One ITAB. In addition to restructuring costs, non-recurring costs consist of SEK 52 million regarding inventory write-downs of slow-moving and obsolete products, which is primarily an effect of the reduced sales during the year.

CASH FLOW, FINANCING AND LIQUIDITY

Cash flow from operating activities during the full year 2020 amounted to SEK 811 million (478) and for the fourth quarter to SEK 300 million (238). The improved cash flow is due to a reduced working capital partly attributable to lower sales, but mainly an effect of the organisation having had a strong focus on reducing working capital for a long time. The work of continuing to improve the processes with the aim of reducing the need for working capital is an integral part of the strategy work. Cash flow has also been positively affected by the fact that tax and VAT payments could be postponed in connection with COVID-19 related measures. Net debt excluding lease liability decreased to SEK 1,092 million (1,746). Net debt including lease liability amounted to SEK 1,748 million (2,509).

As previously communicated, ITAB and Nordea have reached an agreement regarding restructuring the current credit agreement. ITAB has also reached agreement to enter into a short-term shareholder loan amounting to SEK 140 million with related companies of three of the Board's members and principal owners. The shareholder loan, which is intended to safeguard liquidity in conjunction with the repayment of convertible loans to employees, is subject to approval at an Extraordinary General Meeting on 22 July 2020.

In December, the intention to implement and recapitalise, including, among other things, a rights issue of SEK 768 million, was communicated in order to strengthen the balance sheet, contribute to greater financial flexibility and finance the transformation plan One ITAB. The Board of Directors decided on 9 February 2021 on the implementation of the rights issue with support for emission authorisation as a decision on the Extraordinary General Meeting on 15 January 2021.

In December it was also communicated that the current principal owners in connection with the recapitalisation will sell the majority of their rights in the rights issue, to enable the entry of the new strategic principal owner WQZ Investments Group Ltd. In January 2021, a supplementary agreement will be entered whereby all WQZ Investments Group Ltd's rights and obligations related to ITAB's recapitalisation will be taken over by the investment company Aeternum Capital A/S, which is a company related to WQZ Investments Group Ltd. Aeternum Capital A/S will thus be the new principal owner, which after the recapitalisation is expected to hold approx. 25 % of the shares. The net proceeds from the corporate issue will primarily be used to pay off the debt and to secure low-term financing by repaying part of ITAB's short-term loans to Nordea and refinancing the remaining part. Furthermore, SEK 40 million will be used to repay part of the shareholder loans mentioned above.

The remaining SEK 100 million of the shareholder loans will, as part of the recapitalisation and in accordance with the decision on the Extraordinary General Meeting on January 15, 2021, be set off against new Class B shares at a conversion price corresponding to the subscription price in the rights issue. The current principal owners who hold Class A shares have also, as part of the recapitalisation, entered into commitments to begin reclassifying all Class A shares to Class B shares in accordance with the Articles of Association, which means that ITAB will only have Class B shares outstanding after the recapitalisation.

The Group's cash and cash equivalents, including granted unutilised loans, amounted to SEK 1,199 million (993) at the date of the balance sheet. The equity / assets ratio was 31% (32) and the share of risk-bearing capital was 32% (35).

INVESTMENTS

The Group's net investments amounted to SEK 45 million (-34), of which SEK 0 million (-141) relates to real estate, and SEK 0 million (-27) is attributable to corporate transactions during the period.

SHARE DATA

Earnings per share amounted to SEK -0.21 (1.17). Equity per share amounted to SEK 15.69 (17.07).

EMPLOYEES

The average number of employees for the period was 3,030 (3,247). For more information, see Note 8.

GUIDANCE FOLLOW-UP EBITDA 2020

Due to COVID-19 and its impact on our customers, preliminary EBITDA guidance was issued in a press release on July 10, 2020. The assessment was that ITAB's EBITDA for the financial year 2020 would be in the range between SEK 380 million and SEK 420 million before non-recurring items. Non-recurring items were estimated to amount to approximately SEK 100 million and mainly refer to restructuring costs. The outcome of EBITDA before non-recurring costs amounted to SEK 578 million for 2020, mainly due to increased sales, improved gross margin and earlier effects of the company's savings than previously anticipated. Non-recurring costs for 2020 amounted to SEK 202 million, of which SEK 150 million pertained to restructuring costs relating to One ITAB. The total restructuring costs regarding One ITAB are estimated at between SEK 275 million and SEK 325 million during the period 2020-2022.

PARENT COMPANY

The Group's parent company, ITAB Shop Concept AB, does not conduct any operational activities. ITAB Shop Concept AB consists of Group management and support functions for the Group. The Parent Company's net sales amounted to SEK 169 million (166), this figure relating to net sales from subsidiaries. Profit after financial items amounted to SEK 15 million (224) and includes dividends from subsidiaries of SEK 50 million (221) and write-downs of shares and receivables from subsidiaries by SEK -106 million (-75) in connection with the restructuring as carried out. Net divestments / investments amounted to SEK -3 million (15), of which SEK -3 million (15) is attributable to corporate transactions.

IMPORTANT EVENTS AND ACQUISITIONS

- The year was overshadowed by the COVID-19 pandemic. Extensive measures in the form of cost adjustments, redundancy notices, temporary layoffs and redundancies has been made to adapt operations to the reduced demand.
- ITAB has renegotiated terms of its credit facilities and entered into short-term shareholders' loans.
- A new CFO and a new COO has been assigned.
- IITAB and Ombori have developed the next generation of Ombori Grid, a digital platform, that will support retailers in their ambitions to create seamless multichannel experiences.
- ITAB Group has appointed adviser with respect to its financial options to transform its business and consolidate its market position as the leading retail solution provider.
- ITAB's Board of Directors has decided to announce the intention to raise new capital in order to strengthen the company's balance sheet and provide additional financing flexibility, as well as to invest in the One ITAB transformation plan.
- ITAB Shop Concept AB's (publ) Italian subsidiary ITAB La Fortezza s.p.a. has on October 8th, 2020 entered into an agreement with Cefla soc. coop. to acquire 81% of Cefla's retail solutions business unit. For more information see Note 5.
- ITAB announces its intention to conduct a recapitalisation through a rights issue of SEK 768 million and the entry of a new long-term and active main owner.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- 15 January 2021, the extraordinary general meeting made the resolution to carry out the recapitalisation that was communicated through a press release on 4 December 2020.
- The recapitalization was carried out through:
  - A rights issue that was fully subscribed, which meant that ITAB received SEK 768 million before issue costs.
  - A set-off issue. which meant that SEK 100 million of the shareholder loans to the company's main owners raised in July 2020 were set off against newly issued shares.
  - Reclassification of all outstanding Class A shares to Class B shares.
- Vegard Søraunet. as a representative of Aetenum Capital AS, which became the company's largest shareholder in connection with the re-capitalization, was elected a new board member of the company.
- The acquisition of 81% of Cefla's business unit for retail solutions was completed in January 2021.

SHARE AND OWNERSHIP STRUCTURE

The company was traded on the First North exchange in 2004. Since July 2008, the company has been listed on Nasdaq Stockholm. The total number of shares in the company totals 102,383,430 shares, divided into 22,166,400 Series A shares and 80,217,030 Series B shares. The number of votes totals 301,881,030. Series A shares carry ten votes and B shares one vote. All shares are equally entitled to dividends. At December 31, 2020, there are two shareholders who each own and control more than ten percent of the voting rights for all shares in the company. Petter Fägersten controls 17.24 percent of the capital, and 52.61 percent of the voting rights. The Pomona Group holds 29.84 percent of the capital, and 29.44 percent of the votes. The number of shareholders as of the balance sheet date was 4,369 (4,351).

The recapitalization completed in 2021 means that the number of shares is 218,100,193 shares, all shares are B shares and that there are three shareholders who each own and control more than 10% of the voting rights in the company. Aeternum Capital AS controls 25.04%. Pomonagruppen AB 17.40% and Petter Fägersten with family and company control 11.15% of the voting rights in the company. See also distribution of shares and owners on pages 10-11.

DIVIDEND POLICY

Dividends over a longer period must follow the result and correspond to at least 30% of the company's profit after tax. However, any dividend should be adjusted to the company's investment needs and any eventual share repurchase program.

The Board of Directors proposes to the Annual General Meeting 2021 that no dividend be paid for the 2020 financial year.

RISKS AND UNCERTAINTY FACTORS

The risks, uncertainty factors and important circumstances that are deemed significant for the Group's operations and future development are described below. The risks relate to ITAB's operations, industry and markets, and further include operational risks, legal risks, regulatory risks, risks related to corporate governance and tax risks. The financial risks are managed by the finance policy adopted by the Board of Directors. A more detailed account of the Group's significant financial risks can be found in Note 4.

Risks related to ITAB's operations, industry and markets

ITAB is exposed to risks related to changes in the retail market and macroeconomic factors

ITAB offers shop solutions and concepts to customers operating in the retail industry and ITAB's operations are therefore affected by changes in the retail market, especially in Europe, but also in other parts of the world, such as the United States, China and Argentina. In the last decade, the retail market has been affected by the growth of online shopping and its impact on consumer preferences and behavior. There has been a transition in large parts of the retail market from large physically-based stores only to smaller stores with digital elements and interconnection with online stores. Changing consumer preferences and behavior entail that ITAB's current and future customers demand that ITAB provides new types of solutions and concepts, which in turn places demands on, among other things, ITAB's project management and production. As an example, ITAB's production facilities have in recent years had to be changed from mainly working with large, and few orders, for the roll-out of completely new stores to having a more flexible production with more, but smaller, orders for more project-based purchases. The fact that consumers are increasingly expecting and demanding that ITAB's customers, especially larger retail chains, take responsibility for the entire supply chain from a sustainability perspective entails that ITAB's customers are increasingly demanding sustainable manufacturing processes, good working conditions and sustainable choices of materials and raw materials. It is crucial for ITAB to be able to predict and adapt to the changing preferences and behavior of consumers, and in turn customers, in a timely manner, in order to be able to retain its current customers and attract new customers.

The demand for ITAB's solutions, products and services is affected by general macroeconomic factors and other factors, including recession, inflation, deflation, general domestic and international political conditions, general weakness in retail markets and changes in consumer purchasing power and preferences. Any uncertainties regarding future economic prospects that affects consumer spending habits, including pandemics, could have an adverse effect on consumer purchases in the retail sector, particularly in physically-based stores, which could affect ITAB's customers and in turn adversely affect ITAB's operations, financial position and operating results. For additional information on the impact of the COVID-19-pandemic on ITAB, please see section "ITAB is exposed to risks related to the COVID-19-pandemic".

Changes in the political situation in the regions or countries where ITAB operates, or political ▶

▶ decisions affecting an industry or country, could materially impact the sales or associated costs of ITAB's shop solutions, products and services. ITAB's net sales derive mainly from sales to customers established in Europe, ITAB's suppliers of metal, which is an important raw material for ITAB's operations, are found mainly in Italy, Sweden and the Czech Republic, and ITAB's production is conducted mainly in Scandinavia and Central Europe. Examples of such changes are recent political events, such as the United Kingdom's exit from the EU ("Brexit"), which has created uncertainty regarding the future trade policy with the United Kingdom, political instability between major countries, such as between the United States and China, which has resulted in an increase of trade barriers in the form of increased tariffs, as well as stringent border controls, for example, due to COVID-19. There is a risk that political decisions may prevent or limit ITAB's opportunities to conduct its operations and market its solutions, products and services. Political upheaval, changes in laws due to political agendas, such as regarding environment, taxation, local labor hiring requirements, and other factors, such as trade barriers and customs duty, could adversely affect ITAB's results of operations.

ITAB is exposed to risks related to the implementation of the Group's strategy

As described in the section "ITAB is exposed to risks related to changes in the retail market and macroeconomic factors", the retail market in which ITAB operates has changed over the past decade, among other things, through the growth of online shopping and its impact on consumer preferences and behavior. It is crucial for ITAB to be able to predict and adapt to the changing preferences and behavior of consumers, and in turn customers, in a timely manner, in order to be able to retain its current customers and attract new customers.

To meet the changing market, ITAB has developed the One ITAB strategy, including a transformation plan, which focuses on changing ITAB's operations so that the Group can successfully meet the changing retail market by focusing on improving flexibility in production and delivery, increasing internal efficiency and improve the organizational structure. Until the end of 2020, ITAB's costs related to the One ITAB strategy amounted to approximately SEK 156 million and the strategy and transformation plan is expected to be associated with additional costs over the next two years. A successful implementation of One ITAB and the Group's future strategies depends, among other things, on ITAB's ability to predict the developments in the retail market and meet customer demand in the market in which it operates, as well as its ability to change ITAB's organizations and processes where necessary. If ITAB is not able to implement the One ITAB strategy or future strategies for continued profitable growth in a successful manner, it may entail that the strategy work instead burdens the Group's operating results and that ITAB fails to follow the changing market in an adequate way, which in turn could have an adverse effect on ITAB's brand, reputation and results, as well as ITAB's ability to maintain market shares and competitiveness.

If ITAB fails to meet changing demand and adapt to a developing market, it could have an adverse effect on ITAB's brand, reputation and results, as well as ITAB's ability to maintain market share and competitiveness, and thereby adversely affect ITAB's operations, financial position and operating results.

ITAB is exposed to competition

ITAB's markets are competitive and fragmented in such a way that ITAB competes directly with other companies that offer shop solutions and concepts, but also with companies that provide such products and services that ITAB provides and develops, for example, entrance and exit systems, cash registers and lighting, and digital solutions for physical stores, such as digital queuing systems in physical stores. There are several known competitors to ITAB in both current and new markets. In addition, there may be other competitors, products or services that aim to meet the same needs that ITAB meets and that are not yet known to ITAB. The fact that ITAB's markets are fragmented and that there are many different types of companies that directly or indirectly compete with ITAB means that ITAB's customers may, without any major obstacles, turn to any of ITAB's competitors if ITAB's solutions or pricing and timing do not meet customer expectations. There is a risk that competitors, both known and unknown, will develop more attractive and efficient solutions, products or services similar to those that ITAB develops and offers. ITAB's competitors may also have certain competitive advantages, such as greater financial, production, marketing and distributions resources than ITAB, which may give them better conditions to withstand unfavorable economic conditions, to compete more effectively with price and production, and/or to react to changes in consumer preferences and behavior, and thus customer demand, faster than ITAB. If any of these risks were to materialize, they could entail that ITAB's market position weakens, which, depending on the extent, could have a high level of impact on ITAB's future ability to generate revenue and have an adverse effect on ITAB's operating results.

ITAB is exposed to risks related to certain major customers

Most of ITAB's customers in terms of turnover are major chain stores that operate in retail trade. Many of these operate internationally and have stores in several countries. During 2020, the sales to ITAB's largest customer accounted for approximately 12 percent of the Group's total sales. Besides the largest customer, the sales to any other individual customer did not account for more than 7 percent of the total sales during the said period.

ITAB has long-term customer relationships with several of its customers, often through the conclusion of framework agreements, but has to a limited extent entered into customer agreements that regulate a long-term commitment for the customer to purchase shop solutions, products and/or services from ITAB. Instead, agreements are often entered into each individual shop solution, product and/or service. ITAB is thus dependent on maintaining good relations with its customers.

If a large customer reduces its use of ITAB's solutions, products or services, terminates an existing agreement or terminates the relationship with ITAB in its entirety, it could adversely affect ITAB's operations and financial position. In addition, bankruptcy, liquidation or any other deterioration of a large customer's profit or financial position may result in a significant loss of revenue for ITAB and force ITAB to limit or terminate its commercial relationship with the customer. All the events above could adversely affect ITAB's operations and financial position.

ITAB is exposed to risks related to its production facilities and production costs

ITAB has 19 production facilities in 14 different countries, including Cefla which was acquired in January 2021. The production facilities mainly work with timber production for interior decor, metal production for interior decor and checkout counters, as well as electronics for lighting. The production facilities are mostly located in Europe, two located in China and one in Argentina. The facilities have a total area of approximately 310,000 sqm and employ large parts of ITAB's employees.

The production facilities are a central function in the Group and the production facilities are in continuous operation. The production facilities may be subject to different types of disruptions which entails production stoppages, such as operator errors, accidents, fires, theft, burglary, machinery breakdown, unintentional release of substances harmful to health or environment, civil unrest, civil disobedience, natural disasters (including earthquakes, flooding, lighting strikes, snowstorms or other natural disasters or other force majeure events), cyberattacks or disruptions, terrorist attacks, strikes, transportation disruptions and pandemics. If stated, or other reasons, lead to disruptions in production or production stoppage in the production facilities, it could entail that the Group is unable to fulfill its obligations to the customer in a timely manner or at all.

ITAB is dependent on raw materials in its production, which makes ITAB exposed to risks related to price variations and supply disruptions for such raw materials that are needed for ITAB's operations, which may affect ITAB's production costs. The outbreak of the COVID-19-pandemic in 2020 lead, for example, to a sharp increase in demand for and shortage of acrylic glass, making it difficult for ITAB to live up to customers' wishes for speedy deliveries. Raw material prices fluctuate based on supply and demand in the world market, which in turn is affected by factors such as transport and production chain dynamics, but also regulatory, political and country-specific factors. Even though many of ITAB's customer agreements contain raw material clauses, a significant increase in the price of, or supply disruptions of, relevant raw materials may entail that ITAB needs to adapt its working methods and choice of raw materials in order to continue to have an attractive customer offering.

Within the line of business in ITAB that works with lighting, ITAB develops and produces its own drives and LEDs (light-emitting-diodes) together with optical solutions for these. ITAB tests quality and handles the certification process for these. There is a risk that defects in ITAB's products will not be detected and pass relevant quality tests and inspections. If ITAB certifies, launches or sells lighting or other products that prove to be affected by product defects, there is a risk that the Group may need to recall such products, which would entail increased costs, risk of litigation, deteriorating reputation and reduced sales.

Would any of the mentioned risks be actualized, with the result that the Group does not fulfill its obligations to customers, it may lead to loss of income, an adverse effect on customer relationships, loss of customers, costs for breach of contract, negative publicity and an overall adverse effect on the Group's operating results and profitability.

ITAB is exposed to risks related to distribution and logistics

ITAB operates on global markets and primarily has customers in most of Europe. As ITAB's customer offering includes offering all-inclusive solutions, including the idea for a shop concept, development and production of the concept, and finally the installation of the concept on-site at the customer, ITAB is highly dependent on reliable and orderly processes and systems for logistics. ITAB's processes and systems for logistics, which the Company is currently reviewing within the framework of the One ITAB strategy in order to improve them and to address any shortcomings in them, include, among other things, contact and co-ordination with relevant suppliers, such as suppliers of raw materials and transport services, and relevant production facilities, production testing, packaging and installation. The fact that ITAB offers all-inclusive solutions globally also entails that several of the Group's subsidiaries are often involved in the same customer arrangement, which requires the Group to be able to coordinate internally on production, distribution, installation and such.

ITAB's processes and systems for logistics are dependent on the employees' knowledge and computerized systems. Would the employees currently managing the systems leave ITAB or if errors or disruptions would occur in any of the relevant systems, for example as a result of malfunctions in software, natural disasters, vandalism, sabotage, ransomware or human error, it may affect ITAB's ability to deliver in accordance with what has been agreed with the customer.

ITAB uses external suppliers for the transport of input goods to ITAB's production facilities and the delivery of products to customers. There is a risk that difficulties or problems with ITAB's suppliers regarding their operations (for example strikes), financial position (including liquidation or bankruptcy), labor market relations, but also political changes and natural disasters, including fire, flooding or other events beyond the Group's control, causes disruptions or interruptions in deliveries, which in turn may affect the Group's ability to deliver in accordance with what has been agreed with the customer.

If ITAB fails to coordinate its operations in any of the above-mentioned ways and consequently fails to deliver the correct type, quantity and quality of its solutions, products and services in a timely manner, it may have an adverse impact on ITAB's reputation, financial position and results.

ITAB is exposed to risks related to acquisitions and integration of new business units

ITAB has historically carried out several acquisitions such as Nordic Light, New Store Europe and La Fortezza Group. In October 2020, ITAB entered into an agreement to acquire 81 percent of Cefla soc. coop's business unit for retail solutions through a newly formed company. ITAB may carry out additional acquisitions in order to expand its offering and thus support future growth and profitability. Acquisitions expose ITAB to several risks. For example, ITAB makes certain assumptions and takes certain positions in connection with an acquisition, based on its due diligence of the company to be acquired and other information available at the time of acquisition, including assumptions on future income and operating costs. These assumptions and positions involve risks and uncertainties that could lead to them being proven incorrect, entailing that ITAB cannot achieve all the expected advantages of the acquisition. The risks in connection with an acquisition include, among other things, risks linked to competitiveness (quality, performance and market share). The expected economies of scale and cost savings could fail to materialize, either in part or completely, or be achieved later than estimated. This could result in higher costs than planned. In addition, ITAB's acquisition of companies could expose the Group to risks associated with the integration of the acquisitions, including the inability to retain key personnel from acquired companies, disruptions of ITAB's current operations, merger costs, organizational expenses, unexpected costs as well as difficulties in achieving the expected synergy effects of the acquisitions and successfully implementing the Group's strategy after the acquisition.

ITAB is exposed to risks related to the COVID-19-pandemic

In late December 2019, the outbreak of a new coronavirus (later called COVID-19) was detected in the city Wuhan, in the province of Hubei in China. At the end of February 2020, COVID-19 also rapidly spread outside China, and on 11 March 2020 the World Health Organization (WHO) announced that the outbreak was classified as a pandemic. As a result of the pandemic, states, public authorities and other organizations have imposed guidelines, recommendations, prohibitions and taken other actions for the purpose of limiting the spread of infection. Such actions include, for example, recommendations and restrictions regarding transportation and travel, closing of workplaces, schools and other institutions, and restrictions on the number of participants at, or a complete ban of, public gatherings and public events.

With some exceptions, most companies within the Group had a clear decline in order intake in 2020. The impact of COVID-19 on ITAB's operations includes reduced demand, closure of certain customers' operations and parts of ITAB's own operational activity. For example, ITAB's production facilities in Italy, France, Russia, Argentina and China had to be closed for some time in the second quarter of 2020 due to then current restrictions. ITAB has taken several actions to address the situation and reduce its costs. ITAB has adapted its operations, among other things, through a reduction of the workforce, and during the year the number of full-time employees decreased by 369 persons. The reduction is largely a result of the impact of COVID-19 on ITAB, which also entailed that the Group had up to 475 employees laid off during periods. Despite the actions, the economic downturn and the unrest caused by the pandemic have had a clear adverse impact on ITAB's operating results and economic position.

To which extent COVID-19 will continue to affect ITAB's operations, results and financial position will depend on several factors which ITAB currently cannot identify or assess with precision or certainty. However, as stated in "ITAB is exposed to risks related to changes in the retail market and macroeconomic factors, and the implementation of the Group's strategy", ITAB is exposed to changes in macroeconomic factors as ITAB operates in a global market. Factors that may impact ITAB are, among other things, the scope and duration of the pandemic and negative effects on financial, political and market conditions and a continued adverse effect on the global economy is likely to have a continued adverse effect on ITAB's operations, results and financial position

ITAB is dependent on attracting and retaining dedicated and competent personnel

ITAB's operations and future success is largely dependent on several key individuals who have extensive knowledge of the shopfitting and store equipment industry in general and of ITAB in particular. ITAB is particularly dependent on the knowledge, experience and commitment of the management. There is fierce competition for highly qualified personnel in several of the areas in which ITAB's senior executives and other key staff have specialist knowledge. For example, ITAB's operations are dependent on key individuals within the Group's development units and ITAB's production-intensive operations are dependent on the knowledge that certain key individuals within the Group possess in timber production for interior decor, metal production for interior decor and checkout counters, as well as electronics for lighting.

If one or more key individuals leave or reduce their involvement in the Group, if ITAB's costs for retaining, training and recruiting employees would increase or if ITAB would fail to attract and retain qualified key individuals and other competent personnel within, among other things, production on acceptable terms, it could have an adverse effect on ITAB's future prospects and results, and lead to shifts in the development of ITAB's solutions, products and services.

ITAB is exposed to risks related to IT systems and cybersecurity

ITAB's business and operations are particularly dependent on the reliability of, the functions of and the continued development of ITAB's IT systems regarding data communication and business system that the Group uses for the workflow from order to delivery. The Group's daily operations are also affected by the functions of the IT systems relating to, among other things, finance, purchasing, warehousing and sales support. ITAB engages several external third parties who assist in efficiently managing these systems. If the IT systems do not work as expected, ITAB could be affected by disruptions in production and administration. ▶

- ITAB's operations may be disrupted if ITAB's IT systems are not managed and operated as expected by ITAB or its suppliers, or due to external factors, including cyberattacks or malicious software. This could entail that deliveries to the customer do not take place in a timely manner or at all, that sales or market shares are lost or that ITAB's reputation is damaged, which could adversely affect ITAB's operations and results. If ITAB or any of its contracted third parties, is unable to maintain or develop its IT systems, this may affect ITAB's ability to sell to current and future customers, ITAB's brand and reputation, ITAB's ability to conduct its operations in an efficient manner, manage warehouse and finances, and buy, sell, produce, deliver and issue invoices on their solutions, products and services in an efficient manner, as well as maintain a cost-efficient business model while enabling business growth.

As mentioned, ITAB is exposed to risks related to cybersecurity threats, which could jeopardize the confidentiality, availability and integrity of data and other information, including personal data, customer information and confidential business information. It is of great importance that ITAB's IT providers can maintain and update the Group's current IT systems and that the Group has efficient firewalls and antivirus programs. However, ITAB could be affected by intrusion or damaged by computer viruses and system attacks (such as attacks by malicious software), accidents, disasters or unauthorized physical or electronic access. If ITAB's cybersecurity procedures are insufficient, this could lead to unauthorized access to its systems, improper use of its data, deletion or alteration of stored information or other interruptions in its operations.

ITAB is dependent on its good reputation

ITAB's reputation is an important asset that, in ITAB's opinion, contributes to distinguishing its solutions, products and services from its competitors' solutions, products and services. ITAB's reputation also contributes to ITAB's work to retain and attract customers, employees and suppliers on the markets in which ITAB operates. However, ITAB's reputation could be damaged if ITAB fails to deliver in accordance with applicable agreements, if there are incidents in the business or as a result of actions or statements by, or about, current or former customers, competitors, partners, suppliers, counterparties in litigation, authorities or employees. There is also a risk that negative publicity about ITAB or its management in connection with, for example, system errors, cyber-attacks or litigation, even if it is based on a rumor or a misunderstanding, may have an adverse impact on ITAB's operations. Damage to ITAB's reputation may be difficult and time-consuming to repair, and it may divert the attention of the executive management from operations or make current or potential customers reluctant to enter into agreements with ITAB. This may result in a loss of opportunities for growth and income as well as affect ITAB's possibilities of raising financing on favorable terms or at all. If any above-mentioned risks were to materialize, it could have a materially negative effect on ITAB's financial position.

ITAB is exposed to risks related to insufficient insurance coverage

ITAB's insurance policies include insurance coverage for risks related to ITAB's operations, such as general liability, property, accidents, transport, business travel and board and management liability. However, ITAB is not fully insured against all conceivable risks and the Group may experience claims in excess of or not covered by the Group's current insurance coverage. ITAB's operations are productive-intensive and the Group's employees deal with raw materials, material and completed products that correspond to large values in the daily operations, and parts of ITAB's operations are also subject to permits. The Group may, due to its global operations, the scope of the Group's production, which in some cases is subject to permits and the large volumes of raw materials and electrical components that the Group works with, become subject to legal or regulatory actions, supervisory authorities or third parties, which may not be covered by ITAB's current insurance coverage. Further, damage caused to ITAB could, even if covered by ITAB's insurance coverage, result in increased insurance premiums. Thus, if an event occurs that would cause damage in excess of or not covered by the current level of insurance, this may entail that ITAB cannot reimburse the cost or entail an adverse effect on ITAB's operations, results and financial position.

Legal risks

ITAB is exposed to risks related to sanctions and corruption laws

ITAB's global operations, in particular the geographic spread of the Group, expose ITAB to risks attributable to sanctions and corruption.

ITAB's marketing and sales of its shop solutions, products and services in certain jurisdictions, such as countries in South America and Asia, increases exposure to corruption. The corruption risks are particularly high in connection with procurement exercises for contracts of significant value. The Group often engages agents to assist with sales operations in areas where the Group does not have a local presence and/or where the practice of the relevant market functions by sales through agents. The risk of corruption is further increased by the Group's use of agents in some of their markets, among others, in Italy and the Middle East, as the Group may be liable for corrupt practices by their agents and their employees. The Group has implemented a code of conduct that regulates zero-tolerance against all forms of bribes, bribery and corruption.

If the Group's employees or agents do not comply with ITAB's code of conduct and if undue benefits are offered by the Group, or on behalf of the Group, this may be punishable for both the Group and its employees and board members, under Swedish or other applicable anti-corruption law.

Financial sanctions have in recent years become an essential risk factor for companies with international operations and trade. It cannot be excluded that ITAB, due to its geographical spread and international sales, may be included on sanction lists due to unintentional trading, directly or indirectly through agents, with customers in areas subject to targeted sanctions.

Violations of applicable anti-corruption or sanction laws may lead to fines and other criminal, civil or administrative penalties and also adversely affect ITAB's reputation and financial position.

ITAB is exposed to risks related to compliance with laws and regulations, and import and export

ITAB has subsidiaries in 26 countries in Europe, South America, Asia and the US, production facilities in 14 different countries in Europe, China and Argentina and customers primarily in European countries, but also in the US, China and Argentina. The fact that ITAB conducts its operations in a global environment means that it is subject to different regulations in several different countries and jurisdictions, and consequently is also exposed to risks related to the implementation of new or amended laws or regulations in these countries and jurisdictions. For example, the Group, through some of its Swedish subsidiaries, conducts operations that are subject to regulation in accordance with the Swedish Environmental Code (1998: 808) and are exposed to liability-related risks associated to pollution that the business has historically created or creates. Corresponding liability may exist in accordance with rules applicable in the other jurisdictions where ITAB conducts operations. In addition, the Group manages personal data about, for example, its employees, customers, suppliers and is therefore obliged to comply with data protection and privacy legislation in the jurisdictions in which ITAB conducts operations, including the General Data Protection Regulation (EU) (GDPR).

If ITAB's compliance with laws and regulations related to the environment or data protection or other laws and regulations applicable to, among other things, the Group's production, working environment and certification is insufficient, or is considered insufficient, ITAB may be subject to fines, penalties and other sanctions, third party claims, lost reputation, loss of current customers and a risk that it will have an adverse impact on potential new customers' inclination to enter into agreements with ITAB. It is inherently difficult to predict the outcome of legal, regulatory and other proceedings or claims. If the outcome of any future proceeding turns out to be negative for ITAB, this could have a material adverse impact on the Group's financial position and operating results.

Amendments of laws and regulations, or in the interpretation of these, concerning customs duty, tariffs or the implementation of such actions in markets where ITAB conducts operations, or other increased barriers to trade, could impair ITAB's ability to export or import goods and thus lead to higher costs than competitors in the affected relevant markets, reduce ITAB's ability to compete successfully and adversely affect sales and revenue. For example, ITAB's operations is affected and may be further affected by new tariffs and other changes in U.S. trade policy and possible countermeasures by affected countries, such as China, as well as that Brexit may result in further changes in commercial law and trade policy that could have an adverse impact on ITAB's operations related to the United Kingdom. ITAB's ability to import and export products in a timely and cost-efficient manner may also be affected by the situation in ports or by other difficulties affecting transport providers, including port, freight and warehousing capacity, labor market disputes and blockages of work, political instability, difficult weather conditions or safety requirements within the EU, the United States, China and other countries.

These problems may delay the import or export of products or require ITAB to find alternative ports, warehouses or transport suppliers to avoid production interruptions or delayed deliveries to customers. Such alternatives may not be available at short notice or result in higher transport or warehousing costs, which could have an adverse impact on ITAB's operations and financial position.

ITAB is exposed to labor law risks

As of 31 December 2020, the Group had a total of 2,824 employees in 26 countries and the employees are covered to some extent by collective bargaining agreements or other agreements with labor organizations. In Sweden, the employees of all but two companies are covered by collective bargaining agreements. There is a risk that ITAB will not be able to maintain stable relations with the trade unions, negotiate or renegotiate terms of employment or pay agreements that meet the trade unions' expectations or demands, or will be impacted by conflicts at the national level where ITAB or its suppliers, distributors or other partners may be involved in labor conflicts and/or affected by strikes and work stoppages before or during a negotiation process.

ITAB may, in the future, be involved in conflicts resulting in strikes or other actions that could lead to operational disruptions and delays. In addition, conflicts with trade unions or labor organizations may arise as a direct result of redundancy, for example, due to efficiency measures or rationalization within the organization or discontinued production where a process is not well managed and executed in mutual understanding with the unions or organizations, which could lead to ITAB's reputation as an employer being damaged, resulting in labor actions being taken and a worsening of ITAB's reputation and relations with labor organizations. Legal disputes that lead to significant negative publicity and damage the Group's reputation may ultimately lead to production disruptions and increased payroll costs, and therefore have a material adverse effect on the Group's operations, operating results and financial position.

ITAB is exposed to risks related to taxation

The handling of tax issues within the Group is based on interpretations of current and relevant taxation legislation, tax treaties and other taxation regulations in the countries concerned, and the determinations of the affected authorities such as the Swedish Tax Agency. Furthermore, the Group regularly obtains advice from independent tax experts on these matters. ITAB and its subsidiaries are occasionally subject to tax audits and reviews. There is a risk that tax audits or reviews will result in additional tax being charged or made deductions being denied, for example in relation to previously completed acquisitions, reorganizations and intra-group transactions.

In the event ITAB's interpretation of tax legislation, tax treaties and other tax regulations, or its applicability, is incorrect, or if one or several authorities successfully make negative tax adjustments concerning a business unit within the Group, or if applicable laws, treaties, regulations or interpretations thereof or the administrative practice relating to these changes, including with retroactive effect, ITAB's past and present handling of tax issues may be questioned. If tax authorities successfully present such claims, this could lead to an increase in tax costs, including tax surcharge and interest, and have a material adverse effect on the Group's operating results.

The jurisdictions in which ITAB operates have transfer pricing regulations that require that transactions with associated companies must be made on market terms. The management of matters regarding transfer pricing within the Group is based on OECD's guidelines and national regulations for transfer pricing as well as documented principles for determining prices in associated party transactions. The Group regularly obtains advice from independent experts on these matters. Transactions between the Group's companies, such as distribution of products, management services, intra-group loans and the use of intellectual property, are made, in ITAB's opinion, on commercial terms through the application of existing international guidelines and national regulations. There is a risk that tax authorities in some of the jurisdictions where ITAB operates are of the opinion that the transfer pricing is not made on market terms. If a tax authority successfully objects to such a pricing, this may result in an increased tax expense, including tax surcharges and interest. This could have a material adverse impact on the Group's operating results.

ITAB is exposed to health and safety risks

The work environment within ITAB's operations is instrumental to the health and safety of the employees of the Group. due to the risk of accidents and incidents. This applies both to the physical work environment as well as to social and psychological aspects. ITAB is subject to regulations in areas such as occupational health and safety in the jurisdictions where ITAB conducts production. For example, ITAB's operations in Sweden are regulated by, amongst others, the Swedish Work Environment Act (Sw. Arbetsmiljölagen (1977:1160).

ITAB works actively to reduce the number of accidents and reviews the safety procedures for those companies that report a higher number of accidents. Furthermore, efforts are being made at a local level to reduce the proportion of sick leave within ITAB. Non-compliance with acts and regulations in any of the jurisdictions in which the Group operates may result in authorities issuing orders for enforcement measures, imposing fees or fines, and in some cases even imposing restrictions on the operations of the Group, which can be serious and adversely affect ITAB's financial position.

ITAB is exposed to risks related to intellectual property

ITAB's operations is dependent on a number of intellectual property rights, including but not limited to a number of trademarks, patents, other protected information and company secrets that are used in and for ITAB's solutions, products and services. ITAB may be unable to retain these intellectual property rights, protected information or company secrets. The Group's intellectual property rights could be declared invalid, be circumvented or be disputed. ITAB may also be unable to successfully protect its trademark, company name or company secrets, or achieve or maintain competitive advantages. When developing some of ITAB's solutions, products and services, ITAB uses its employees and consultants and ITAB settles the ownership of the intellectual property created within the framework of employment and/or engagement in its employment and consulting agreements. There is a risk that ITAB, in whole or in part, will not succeed in protecting and/or securing the rights to internally generated intellectual property, which risks entailing that competitors may offer similar solutions, copy or make it impossible to use intangible assets or otherwise use ITAB's solutions or products.

The Group's use of intellectual property rights may also constitute, or be alleged to constitute, an infringement of third parties' intellectual property. The costs that could result from ITAB taking or defending itself against legal action in the event of an infringement of intellectual property rights could be significant. If ITAB fails in this regard, ITAB may be liable to pay royalties and/or damages, and ITAB may be prohibited from using the intellectual property rights that have been proven to infringe on third party rights. If ITAB cannot in an efficient manner protect its intellectual property rights or if someone takes legal action against ITAB for infringement of intellectual property rights, it may have a material adverse effect on ITAB's operations, financial position and operating results and lead to impairment of the reported intellectual property.

ITAB is exposed to risks related to disputes and legal proceedings

ITAB conducts business globally in both mature markets, such as several countries in Europe and the United States, as well as in emerging markets, such as China and India, some of which may be less politically stable. ITAB may be involved as a counterparty in various jurisdictions. Accordingly, from time to time, ITAB risks being involved in civil, work environment-related and administrative proceedings which arise within the scope of its day-to-day operations.

ITAB may be negatively affected by ongoing and/or future disputes or legal proceedings relating to, among other things, labor, intellectual property, contractual or regulatory compliance matters or other legal claims which may result in obligations to pay damages and defense costs.

Would a claim be made against ITAB, regardless if the claim leads to a material legal responsibility being established, the claim may lead to financial loss or negative publicity for ITAB or significantly damage ITAB's brand and reputation, which could result in loss of revenue. Further, the handling of disputes and claims is typically both costly and time-consuming to manage and could therefore entail that the management and Group company involved in such a dispute cannot focus on the day-to-day operations to the extent expected.

ENVIRONMENTAL IMPACT

The Group conducts reporting activities according to the Environmental Code in three Swedish subsidiaries. The Parent Company does not conduct any business subject to notifiability. For 2020, ITAB has prepared a report for its ▶

sustainability work, supported by GRI's guidelines. For more information, see pages 14-25 and 98-99.

RESEARCH AND DEVELOPMENT

The Group's companies carry out continuous product development – partly in collaboration with customers, partly in-house – to develop new and improve existing products. Most of the Group's product development relates to self-checkout and lighting products as well as digital solutions for physical stores. In 2020, SEK 1 million (22) was capitalised as development expenditure and reported as intangible assets. Depreciation of development costs is charged with earnings of SEK 21 million (19).

THE WORK OF THE BOARD THIS YEAR

In 2020, ITAB's Board consisted of eight ordinary members. Among the members elected by the AGM are individuals representing ITAB's larger owner, as well as independent members. For more information, see the table on page 94.

The President and other officers of the Group participate in Board meetings, acting as rapporteur or in administrative functions.

During the 2020 fiscal year, the Board held seven regular meetings and eleven additional meetings. At each regular meeting, in addition to business information, there are fixed report and decision points in accordance with the Board's rules of procedure. The Board also takes a position on issues of a general nature such as the Group's strategy, structural and organisational issues and major investments.

The Audit Committee handles the Board's control function. The company's auditor attends at least one of the board's meetings annually. On such occasions, the auditor's observations concerning the company's accounts, routines and internal control are reported and reviewed.

NOMINATION COMMITTEE

The company must have a nomination committee. The committee shall submit proposals to the Chairman and other members of the Board, as well as recommendations for fees and other remuneration for Board assignments to each of the Board members. In assessment of the Board's evaluation and in its proposals, the nomination committee shall pay particular attention to the requirement for versatility and breadth in the Board and to strive for an even gender distribution. The nomination committee shall also submit proposals for election and remuneration of the auditor.

At the 2020 AGM, a nomination committee consisting of Anders Rudgård (chair), Fredrik Rapp and Ulf Hedlundh was appointed. Prior to the 2021 Annual General Meeting, the nomination committee has so far held one recorded meeting. In addition to this, the nomination committee has been in contact on a number of occasions.

AGREEMENTS

In 2020, the company has had an agreement with Board member Jan Frykhammar, who assisted the company with consulting services in his normal professional area of expertise. There are no other agreements between the company and the members of the Board of Directors, apart from agreements relating to Board directorships.

CORPORATE GOVERNANCE

ITAB's corporate governance is based on Swedish legislation and the listing agreement with NASDAQ Stockholm. On various issues, the directives issued by authorities and stakeholders in Swedish trade and industry as well as in the financial market are also applied. Governance, management and control are distributed among the shareholders at the Annual General Meeting, the Board of Directors and the President in accordance with the Swedish Companies Act and the company's articles of association and rules of procedure. From 1 July 2008, all companies listed on NASDAQ Stockholm must comply with the "Swedish Code of Corporate Governance", (the Code).

ITAB's Corporate Governance Report is prepared separately from the Directors' Report and can be found on pages 91-94.

AUTHORISATIONS FOR THE BOARD

The Annual General Meeting resolved to authorise the Board of Directors, on one or more occasions, with or without deviation from the shareholders' preferential rights, until the time of the next Annual General Meeting, to decide on a new issue of shares and/or convertibles replaceable to a maximum of one tenth of the company's issued shares.

The Annual General Meeting also decided to authorise the Board to make decisions on the acquisition and transfer of own shares. The authorisation is intended to give the Board increased leeway in its work with the company's capital structure and, if deemed appropriate, enable convertible programs for the Group's employees or the acquisition of operations through payment with the company's shares. The Board of Directors shall, on one or more occasions, be able to make such decisions to be implemented before the 2021 Annual General Meeting.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The guidelines for remuneration and other employment conditions for executives were unanimously resolved on, in accordance with the board of director's proposal, at the annual general meeting 2020. The guidelines are presented in full in Note 8.

Ahead of the annual general meeting 2021, an adjustment of the guidelines is proposed, entailing that the variable cash remuneration may amount to not more than 75 percent of the total fixed annual cash salary during the measurement period.

The proposal to new guidelines of remuneration for executives in its entirety can be found on page 53.

CONVERTIBLE DEBENTURES 2016/2020

ITAB's convertible debentures 2016/2020, which was subscribed for by the Group's employees, ran until 30 June 2020. No conversions were conducted and the total nominal amount of SEK 167,700,00 was repaid on 30 June 2020.

OUTLOOK

The focus for ITAB over the next year will be to continue with our work with the transformation and to implement the restructuring. With the recapitalization completed, the balance sheet is considerably strengthened which facilitates the work with the transformation.

Today, ITAB has a unique market position in the industry. The market has been in a transformational phase for a number of years, characterized by shorter foresight and reduced order values. The new strategy, One ITAB, governs the direction for the transformation to a modern, cost-efficient and even stronger positioned ITAB. The prevailing pandemic and market situation make the recent market development difficult to assess. The transformation work and the new strategy provide for strengthening the position as the leading partner in the European retail market.

PROPOSED ALLOCATION OF PROFITS

PARENT COMPANY	2020
The following funds are at the disposal of the Annual General Meeting: (SEK)	
Share premium reserve	298,716,541
Profit brought forward	723,627,987
Net profit for the year	-28,360,247
TOTAL	**993,984,281**
The Board of Directors and CEO propose that these funds be distributed as follows: (SEK)	
To be carried forward to a new account	993,984,281
TOTAL	**993,984,281**

DIVIDEND

- The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2020 financial year.
- ITAB's dividend policy states that dividends over a longer period must follow the result and correspond to at least 30% the company's profit after tax. Dividends must, however, be adjusted to the company's investment needs and any share repurchase programs.

PROPOSAL FOR NEW GUIDELINES OF REMUNERATION FOR EXECUTIVES AHEAD OF THE ANNUAL GENERAL MEETING 2021

The board of directors proposes that the annual general meeting resolves to adopt the following guidelines of remuneration for executives of the company.

GUIDELINES OF REMUNERATION FOR EXECUTIVES

These guidelines include the persons who are part of the executive management of ITAB Shop Concept AB (publ) ("ITAB"), currently the CEO and other members of the group management.

To the extent a board member performs work for ITAB in addition to the board assignment, these guidelines shall also apply to any remuneration (e.g. consultant's fees) for such work. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2021. These guidelines do not apply to any remuneration decided or approved by the general meeting.

THE GUIDELINES' PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

In short, ITAB's business strategy is the following. ITAB shall offer complete shop concepts for retail chain stores. With its expertise, long-term business relationships and innovative products, ITAB will secure a market-leading position in selected markets. For more information regarding the company's business strategy, please see www.itabgroup.com/en/about-itab/strategic-priorities/

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain management with good competence and capacity to achieve set goals. To this end, it is necessary that the company offers competitive remuneration, which these guidelines enable. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

TYPES OF REMUNERATION ETC.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The remuneration level for individual executives shall be based on factors such as position, competence, experience, and performance. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 75 percent of the fixed annual cash salary. The variable remuneration for other members of the group management may amount to not more than 50 percent of the fixed annual cash salary.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory local legislation or collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory local legislation or collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Premiums and other costs due to such benefits may amount to not more than 12 percent of the fixed cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

TERMINATION OF EMPLOYMENT

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other persons in the executive management. The period of notice may not to exceed six months without any right to severance pay when termination is made by the executive.

CRITERIA FOR AWARDING VARIABLE CASH REMUNERATION, ETC.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the executive management. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

SALARY AND EMPLOYMENT CONDITIONS FOR EMPLOYEES

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

CONSULTANT'S FEES TO BOARD MEMBERS

If a board member performs services for ITAB in addition to the board work, a special fee may be paid for this (consultant's fee), provided that such services contribute to the implementation of ITAB's business strategy and safeguard ITAB's long-term interests, including sustainability. This also applies to such services that ITAB receives through a company fully owned by a board member. The annual consultant's fee for each board member may never exceed the annual board fee. The consultant's fee shall be on market terms and determined in relation to the benefit of ITAB.

THE DECISION-MAKING PROCESS TO DETERMINE, REVIEW AND IMPLEMENT THE GUIDELINES

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year, or before if there is a need for significant adjustments, and submit it to the general meeting.

The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

DEROGATION FROM THE GUIDELINES

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

DESCRIPTION OF MATERIAL CHANGES TO THE GUIDELINES

The remuneration committee and the board of directors have determined that it is appropriate for the company that the CEO's variable cash remuneration shall amount to not more than 75 percent of the fixed annual cash salary, instead of the previous amount of not more than 50 percent of the fixed annual cash salary, and that members of the executive management do not have to be permanent employees. The above remuneration guidelines have been changed to reflect the mentioned. Furthermore, the description of the convertible program which ended during the summer of 2020 has been removed from the guidelines.

FINANCIAL REVIEW – FIVE YEARS IN SUMMARY

Income statements (SEK millions)	2020	2019	EXCLUDING EFFECT OF IFRS16 2019	2018	2017	2016
Revenue from contracts with customers	5,323	6,064	6,064	6,031	6,381	5,417
Cost of goods sold	-3,906	-4,441	-4,445	-4,423	-4,552	-3,923
GROSS PROFIT [1]	**1,417**	**1,623**	**1,619**	**1,608**	**1,829**	**1,494**
Försäljningskostnader	-1,015	-1,183	-1,187	-1,140	-1,071	-861
Sales costs	-285	-286	-287	-294	-305	-255
Other operating income and expenses	-5	103	103	56	47	-7
OPERATING PROFIT [1]	**112**	**257**	**248**	**230**	**500**	**371**
Financial items	-112	-83	-68	-73	-68	-10
PROFIT AFTER FINANCIAL ITEMS [1]	**0**	**174**	**180**	**157**	**432**	**361**
Tax on the year's income	-22	-54	-55	-60	-103	-101
NET PROFIT FOR THE YEAR	**-22**	**120**	**125**	**97**	**329**	**260**
Related to:						
Parent Company shareholders	-21	120	125	90	319	241
Non controlling interests	-1	0	0	7	10	19

[1] *For more information about non-recurring items, see page 55.*

Balance sheets (SEK millions)	2020	2019	2019 excl. IFRS16	2018	2017	2016
Assets						
Intangible assets	1,743	1,837	1,837	1,807	1,752	1,597
Property, plant and equipment	1,367	1,606	860	939	945	865
Other non-current assets	119	130	128	109	113	107
NON-CURRENT ASSETS	**3,229**	**3,573**	**2,825**	**2,855**	**2,810**	**2,569**
Inventory	698	926	926	1,019	1,174	1,036
Current receivables	900	1,095	1,095	1,219	1,388	1,306
Cash and cash equivalents	692	302	302	271	285	404
CURRENT ASSETS	**2,290**	**2,323**	**2,323**	**2,509**	**2,847**	**2,746**
TOTAL ASSETS	**5,519**	**5,896**	**5,148**	**5,364**	**5,657**	**5,315**
Equity and liabilities						
Equity attributable to Parent Company's shareholders	1,607	1,748	1,754	1,598	1,664	1,512
Non controlling interests	118	128	128	128	120	122
Deferred tax liabilities	41	48	48	54	72	77
Convertible debenture loan	-	165	165	162	188	185
Other non-current liabilities	1,283	1,989	1,356	1,550	1,399	1,083
Other current liabilities	2,470	1,818	1,697	1,872	2,214	2,336
TOTAL EQUITY AND LIABILITIES	**5,519**	**5,896**	**5,148**	**5,364**	**5,657**	**5,315**

Cash flow (SEK millions)	2020	2019	2019 excl. IFRS16	2018	2017	2016
Cash flow before change in working capital	417	285	160	163	343	378
Change in working capital	394	193	193	337	-153	18
CASH FLOW FROM OPERATING ACTIVITIES	**811**	**478**	**353**	**500**	**190**	**396**
Cash flow from investing activities	-45	34	34	-242	-295	-919
CASH FLOW AFTER INVESTING ACTIVITIES	**766**	**512**	**387**	**258**	**-105**	**-523**
Cash flow from financing activities	-343	-489	-364	-280	3	653
CASH FLOW FOR THE YEAR	**423**	**23**	**23**	**-22**	**-102**	**130**

Key ratios	2020	2019	2019 excl. IFRS16	2018	2017	2016
Operating margin %	2.1	4.2	4.1	3.8	7.8	6.8
Profit margin %	0.0	2.9	3.0	2.6	6.8	6.7
Interest-coverage ratio, multiple	1.0	2.9	3.4	3.0	7.8	10.5
Equity related to the Parent Company's shareholders, SEK millions	1,607	1,748	1,754	1,598	1,664	1,512
Equity, SEK millions	1,725	1,876	1,882	1,726	1,784	1,634
Risk-bearing capital, SEK millions	1,766	2,089	2,095	1,942	2,044	1,896
Interest-bearing net debt, SEK millions	1,748	2,509	1,755	2,104	2,130	1,722
Balance sheet total, SEK millions	5.519	5.896	5.148	5.364	5.657	5,315
Equity/assets ratio,%	31.3	31.8	36.6	32.2	31.5	30.7
Share of risk-bearing capital,%	32.0	35.4	40.7	36.2	36.1	35.7
Return on equity, %	Neg	6.9	7.2	5.4	20.5	16.5
Return on capital employed, %	2.5	5.4	6.2	5.5	12.4	13.6
Return on total capital, %	2.0	4.3	4.7	4.1	9.0	10.2
Depreciation according to plan, SEK millions	264	275	143	142	139	111
Net investments excl. business acquisitions, SEK millions	45	-7	-7	100	194	182
Net investments attributable to corporate transactions, SEK millions	0	-27	-27	142	101	737
Net investments, SEK millions	45	-34	-34	242	295	919
Average number of employees, no.	3,030	3,247	3,247	3,384	3,599	3,097

2019 data has been prepared in accordance with the new standard for leases, IFRS 16.The comparative figures have not been recalculated. For comparison, 2019 is also reported excluding the implementation of IFRS16. As from 2018, the Group is following new principles for revenue and financial instruments. Comparison years have not been recalculated, but do not have any significant impact. Definitions, see page 44.

COMMENTS ON FIVE YEARS IN SUMMARY

NET SALES

Over the past five years, ITAB's average annual net sales growth has been under 1%. The acquisitions of the La Fortezza Group contributed positively to the change in net sales while the 2020 pandemic slowed down sales growth.

During the period, a number of long-term agreements have been concluded with leading chain stores. These have laid the foundation for the company's position as the leading all-inclusive supplier of shop fittings in the Europe. The work of creating more efficient solutions in shops and in the process of establishing shops is important for the Group's growth, as is the all-inclusive offer that includes shop concepts, checkouts, self-checkout solutions and professional lighting systems.

In 2016, net sales grew by SEK 224 million, an increase of 4%. Currency-adjusted sales rose by 7%. This increase was mainly due to the acquisitions of La Fortezza Group, which was acquired in October 2016, as well as Pikval Group and MB Shop Design, both of which were acquired in May 2016. Central and Eastern Europe recorded increased sales, while Scandinavia and the UK were on a par with the previous year. Lighting did not develop quite as well.

In 2017, net sales grew by SEK 964 million, an increase of 18%. Currency-adjusted sales rose by 17%. The majority of the growth can be attributed to the acquisitions of La Fortezza, which was acquired in October 2016, as well as D&L Lichtplanung and D. Lindner Lichttechhnische in Germany, both of which were acquired in July 2017. Sales increased in all market areas apart from Scandinavia, where, above all, sales of lighting were lower compared to the previous year.

In 2018, net sales decreased by SEK 350 million, a fall of 5%. Currency-adjusted sales fell by 8%. The majority of the reduction in sales can be attributed to the UK and Southern Europe. Northern Europe and the Rest of the world also decreased, while Central Europe and Eastern Europe recorded increased sales. Among the customer groups, the majority of the reduction in sales took place within Fashion and Other customer groups. Convenience goods also fell slightly, while Construction and home furnishings achieved an increase in sales.

In 2019, net sales increased by SEK 33 million, an increase of 1%. Currency-adjusted net sales decreased by 1%. Net sales increased slightly in Southern Europe, Eastern Europe and the UK, while Northern Europe decreased. The largest customer group Grocery increased, while Fashion and Construction and Home improvements decreased.

In 2020, net sales decreased by SEK 741 million, which corresponds to -12%. The currency-adjusted net sales decreased by 10%. A substantial part of the reduction was caused by the COVID-19 pandemic, especially during the first six months. The turnover recovered slightly during the second half due to, among other things, sales of COVID-19 related store solutions. All geographic markets, except Central Europe, decreased its sales. The largest customer group Grocery increased while Fashion, Home improvement and Other customer groups decreased.

PROFITABILITY

During the five-year period, operating income varied between a minimum of SEK 112 million (2020) and a maximum of SEK 500 million (2017). The operating margin during the five-year period has been between 2.1% and 7.8%. Profit after net financial items amounted to SEK 0 million (2020) and SEK 432 million (2017). The profit margin during the five-year period has been between 0% and 6.8%.

In 2016, the operating margin fell to 6.8%. This downturn was mainly due to the fact that profits were affected by costs of a non-recurring nature for acquisitions, integration and restructuring work amounting to SEK 95 million. In addition, the downturn can be explained by a weaker sales trend at the start of 2016 combined with an unfavourable sales mix during the first three quarters of the year.

In 2017, the operating margin improved to 7.8%. This improvement was due to a continued strong gross margin and a positive net effect in respect of the revaluation of the additional purchase sum as well as structural costs. Profits were affected by increased resources for product development and efforts aimed at meeting the rapid developments within the retail sector. In addition, profit was adversely affected by a number of major customers in Scandinavia cutting back their investment programmes, principally within lighting.

In 2018, the operating margin fell to 3.8%. Profit was adversely affected by lower sales, above all in the UK and Southern Europe. In addition, profit was affected by restructuring costs in connection with the launch of an extensive, Group-wide streamlining programme. Final negotiations of the additional purchase sum as well as property sales had a positive mpactonprofit.TheGroup's returnonequityaftertaxhas averaged approximately 17% over the past five years. Over an extended period, the Group's goal is to achieve a minimum 20% return on equity.

2019 profit was in line with the 2018 result. Profits were negatively impacted by restructuring costs related to the growth and efficiency program launched in 2018. Impairment of assets as well as organisational changes and staff reductions also reduced earnings. Capital gains on properties and repayment of purchase price paid had a positive impact on earnings. The Group's return on equity after tax has averaged around 15% over the past five years.

In 2020, operating profit fell to SEK 112 million, which corresponds to an operating margin of 2.1%. The result is affected by SEK -205 million regarding non-recurring items, which mostly are attributable to restructuring costs in conjunction with the transformation work with a new strategy under the name of One ITAB. In addition to these restructuring costs, non-recurring items of SEK -52 million regarding inventory write-downs of slow moving and obsolete products. The result is also affected by the sales decrease and currency effects while improved gross margin and cost saving measures had a positive effect on the result. The Group's return on equity after tax has over the past five years averaged about 10%.

INVESTMENTS

During the period 2016-2020, net investments, excluding corporate acquisitions, accounted for most of three percent of net sales. The Group's investments during the period mainly consisted of machine equipment with a focus on unmanned operations, high utilisation of resources, but mostly technical development. In 2017 and 2018, the Group invested in a larger production facility in China with the aim of securing a sustainable and efficient distribution to mainly European customers' establishments in Asia, and in the long term, to other players in the market. ITAB is therefore well equipped for the future and investment needs in the coming years are expected to be limited. A significant portion of net investment has consisted in the development of various self-checkout solutions for stores. The five-year investment attributable to corporate acquisitions has been focused on strengthening the position as a complete supplier of store furnishings to the Group's selected markets, and on strengthening and supplementing the product portfolio in certain areas.

FINANCIAL DEVELOPMENT

At the beginning of 2016 was the balance sheet total SEK 3,313 million and at the end of the five-year period, the corresponding amount was SEK 5,519 million. This increase is partly due to acquisitions made, and partly to the investments in production equipment made during the period. The transition to IFRS 16 (Leasing) made on January 1, 2019 increased the balance sheet total by SEK 725 million.

The expansion has been achieved with the help of a positive cash flow from operating activities as well as from bank financing, mainly in connection with the 2016 acquisition. Interest-bearing net debt excluding leasing debt was SEK 721 million in 2015. Net debt then increased – mainly due to acquisitions – to SEK 2,130 million in 2017, reduced to SEK SEK 1,092 million (SEK 1,748 million incl. leasing debt) 2020, as a result of reduced working capital and a lower level of investment. The Group's equity/assets ratio has, during the past five years, been at a level between 31% and 32%, and the share of risk-bearing capital has varied between 32% and 36%.

Items that do not belong to regulation operations, known as non-recurring items	2020	2019	2018	2017	2016
Acquisition, integration and restructuring costs	-156	-70	-63	-10	-95
Inventory write-down of non-recurring item	-52	-	-	-	-
Revaluation/settlement, additional purchase sums, acquisitions	-	42	34	45	-
Sale of property and restructuring work, Belgium	-	44	15	-	-
	-208	**16**	**-14**	**35**	**-95**

Impact of non-recurring items in the income statement	2020	2019	2018	2017	2016
Gross Profit	-121	-31	-37	-5	-61
EBITDA	-202	16	-5	35	-95
Operating profit	-205	16	-8	35	-95
Profit after net financial items	-208	16	-14	35	-95

INCOME STATEMENT – GROUP

(SEK millions)	Note	2020	2019
Revenue from contracts with customers	6	5,323	6,064
Cost of goods sold	8. 9. 10. 11	-3,906	-4,441
GROSS PROFIT		**1,417**	**1,623**
Selling expenses	8. 9. 10. 11	-1,015	-1,183
Administrating expenses	8. 9. 10. 11	-285	-286
Other operating income	12	24	121
Other operating expenses	12	-29	-18
OPERATING PROFIT		**112**	**257**
Financial income	14	5	7
Financial expenses	14	-117	-90
PROFIT AFTER FINANCIAL ITEMS		**0**	**174**
Tax expenses for the year	16	-22	-54
NET PROFIT FOR THE YEAR		**-22**	**120**
Net Profit for the year related to:			
Parent Company shareholders		-21	120
Non-controlling interests		-1	0
EARNINGS PER SHARE	17		
basic, SEK		-0.21	1.17
diluted, SEK		-0.21	1.17

STATEMENT OF OTHER COMPREHENSIVE INCOME – GROUP

(SEK millions)	Note	2020	2019
NET PROFIT FOR THE YEAR		**-22**	**120**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the income statement:			
Revaluation of defined-benefit pension commitments	29	2	-6
Tax relating to items not to be reclassified	16	0	1
		2	-5
Items that may be reclassified to the income statement:			
Translation difference when translating foreign operations		-131	48
Change in fair value of hedges of net investments		5	-2
Change in fair value of cash flow hedges		-12	-18
Change in fair value of cash flow hedges transferred to the year's profit or loss		7	6
Tax on items that may be reclassified	16	0	3
	25	-131	37
TOTAL OTHER COMPREHENSIVE INCOME		**-129**	**32**
YEAR'S COMPREHENSIVE INCOME		**-151**	**152**
The year's comprehensive income related to:			
Parent Company shareholders		-141	150
Non-controlling interests		-10	2

STATEMENT OF FINANCIAL POSITION – GROUP

(SEK millions)	Not	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill		1,599	1,669
Other intangible assets		144	168
	6.10.18	**1,743**	**1,837**
Property, plant and equipment			
Buildings and land		1,051	1,193
Plant and machinery		215	250
Equipment, tools and installations		95	131
Construction in progress and advance payments for property, plant and equipment		6	32
	6.10.19.22	**1,367**	**1,606**
Associated companies	20	12	15
Deferred tax assets	16	101	107
Financial non-current assets	21	6	8
		119	**130**
TOTAL NON-CURRENT ASSETS		**3,229**	**3,573**
CURRENT ASSETS			
Inventory	23	698	926
Accounts receivable	21	755	876
Current tax assets		21	56
Derivatives	21	1	-
Other receivables	21	48	68
Prepaid expenses and accrued income	6.21.24	75	95
Cash and cash equivalents	21	692	302
TOTAL CURRENT ASSETS		**2,290**	**2,323**
TOTAL ASSETS		**5,519**	**5,896**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		43	43
Other contributed capital		304	315
Other reserves		-78	44
Profit brought forward including net profit for the year		1,338	1,346
Equity attributable to Parent Company's shareholders		**1,607**	**1,748**
Non-controlling interests		118	128
TOTAL EQUITY	25	**1,725**	**1,876**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	21	670	1,274
Lease liabilities	21.22	542	640
Derivative liabilities	21	27	23
Other non-current liabilities	21	6	4
Provisions for pensions and similar obligations	29	29	40
Provision for deferred tax liabilities	16	41	48
Other non-current provisions	30	9	8
		1,324	**2,037**
CURRENT LIABILITIES			
Liabilities to credit institutions	21	896	261
Lease liabilities	21.22	114	123
Shareholders' loan	21.34	140	-
Convertible debenture loan	21.28	-	165
Overdraft facilities	21.27	52	321
Derivative liabilities	21	0	4
Advance payments from customers	6.21	49	17
Accounts payable	21	621	627
Current tax liabilities		43	19
Other liabilities	21	142	108
Accrued expenses and prepaid income	6.21.31	381	330
Current provisions	30	32	8
		2,470	**1,983**
TOTAL EQUITY AND LIABILITIES		**5,519**	**5,896**

STATEMENT OF CHANGES IN EQUITY – GROUP

(SEK millions)	Share capital	Other contri-buted capital	Other reserves (See Note 25)	Profit brought forward	Attributable to Parent Company's shareholders	Attributable to non-control-ling interest	Total equity
SHAREHOLDERS' EQUITY 1 JAN 2019	**43**	**315**	**9**	**1,231**	**1,598**	**128**	**1,726**
Net profit for the year				120	120	0	120
Revaluation of defined-benefit pension commitments				-5	-5		-5
Translation difference, foreign operations			46		46	2	48
Hedging of net investment			-2		-2		-2
Hedging of cash flow			-9		-9		-9
YEAR'S COMPREHENSIVE INCOME			**35**	**115**	**150**	**2**	**152**
Acquisition of non-controlling interests				0	0	-2	-2
SHAREHOLDERS´ EQUITY 31 DECEMBER 2019	**43**	**315**	**44**	**1,346**	**1,748**	**128**	**1,876**
Net profit for the year				-21	-21	-1	-22
Revaluation of defined-benefit pension commitments				2	2		2
Translation difference, foreign operations			-122		-122	-9	-131
Hedging of net investment			4		4		4
Hedging of cash flow			-4		-4		-4
YEAR'S COMPREHENSIVE INCOME			**-122**	**-19**	**-141**	**-10**	**-151**
Effect of repurchase of convertible debentures KV5B		-11		11	0	0	0
SHAREHOLDERS´ EQUITY 31 DECEMBER 2020	**43**	**304**	**-78**	**1,338**	**1,607**	**118**	**1,725**

STATEMENT OF CASH FLOWS – GROUP

Indirect method (SEK millions)	Note	2020	2019
Operating activities			
OPERATING PROFIT		**112**	**257**
Adjustment for items not included in the cash flow			
depreciation regarding right of use lease	10.22	128	135
depreciation and impairment charged to operating profit	10	136	140
write-down of current assets		98	26
adjustment for pensions and other provisions		22	-13
profit from acquired operations not affecting cash flow		3	0
other items		5	-87
TOTAL		**504**	**458**
Interest received		5	5
Interest paid		-130	-89
Tax paidt		38	-89
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**417**	**285**
Change in working capital			
Changes in inventories (increase -/decrease +)		85	90
Changes in operating receivables (increase -/decrease +)		90	163
Changes in operating liabilities (increase +/decrease -)		219	-60
Total change in operating capital		**394**	**193**
CASH FLOW FROM OPERATING ACTIVITIES[1]		**811**	**478**
Investing activities			
Acquisition of operations/Group companies, effect on cash and cash equivalents	5	-	-2
Additional considerations paid and adjusted purchase prices	5.12	0	41
Acquisition of associated companies	5	-	-15
Divestment of subsidiary	5.12	0	3
Purchase of intangible assets	18	-6	-24
Sale of intangible assets	13	1	-
Purchase of property, plant and equipment	19	-40	-140
Sale of property	19.12	-	141
Sale of plant and equipment	19.12	0	30
Cash flow from investing activities		**-45**	**34**
CASH FLOW AFTER INVESTING ACTIVITIES		**766**	**512**
Financing activities			
Amortised convertible debenture loan	21	-168	-
Amortised loans	21	-295	-530
Amortised lease liabilities	21	-122	-125
New loan raised	21	242	166
Cash flow from financing activities		**-343**	**-489**
CASH FLOW FOR THE YEAR		**423**	**23**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		302	271
Translation differences on cash and cash equivalents		-33	8
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**692**	**302**
[1] *Cash flow from operating activities excluding effect of IFRS16.*		*689*	*353*

INCOME STATEMENT – PARENT COMPANY

(SEK millions)	Note	2020	2019
Net sales	7	169	166
Cost of goods sold	7.8.9.11	-20	-15
GROSS PROFIT		**149**	**151**
Selling expenses	7.8.9.11	-48	-56
Administrating expenses	7.8.9.10.11	-53	-45
Other operating income	12	11	8
Other operating expenses	12	-10	-6
OPERATING PROFIT		**49**	**52**
Income from participations in Group companies	13	50	221
Expenses from participations in Group companies	13	-106	-75
Financial income	14	112	39
Financial expenses	14	-90	-103
PROFIT AFTER FINANCIAL ITEMS		**15**	**134**
Year-end appropriations	15	-29	-7
PROFIT BEFORE TAX		**-14**	**127**
Tax expenses for the year	16	-14	-1
NET PROFIT FOR THE YEAR		**-28**	**126**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(SEK millions)	Not	2020	2019
Net profit for the year		-28	126
Other comprehensive income		-	-
YEAR'S COMPREHENSIVE INCOME		**-28**	**126**

BALANCE SHEET – PARENT COMPANY

(SEK millions)	Not	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Equipment, tools and installations	10.19	7	8
Financial non-current assets			
Participations in Group companies	20	2,071	2,095
Associated companies	20	15	15
Non-current receivables, Group companies	21	16	25
Deferred tax assets	16	17	31
TOTAL NON-CURRENT ASSETS		**2,126**	**2,174**
CURRENT ASSETS			
Receivables, Group companies	21	242	920
Current tax assets		3	4
Prepaid expenses and accrued income	24	6	10
Cash and bank balance	21	449	0
TOTAL CURRENT ASSETS		**700**	**934**
TOTAL ASSETS		**2,826**	**3,108**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital		43	43
Statutory reserve		7	7
		50	**50**
Non-restricted equity			
Share premium reserve		299	310
Profit brought forward		723	586
Net profit for the year		-28	126
		994	**1,022**
TOTAL EQUITY	25.26	**1,044**	**1,072**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions		626	1,260
	21	**626**	**1,260**
CURRENT LIABILITIES			
Liabilities to credit institutions		832	203
Convertible debenture loan	28	-	165
Shareholder's loan	34	140	-
Overdraft facilities	27	25	285
Accounts payable		20	8
Liabilities to Group companies		102	83
Other liabilities		8	4
Accrued expenses and prepaid income	31	29	28
	21	**1,156**	**776**
TOTAL EQUITY AND LIABILITIES		**2,826**	**3,108**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

(SEK millions)	Note	RESTRICTED EQUITY Share capital	Statutory reserve	NON-RESTRICTED EQUITY Share premium reserve	Profit brought forward	Net profit for the year	Total equity
SHAREHOLDERS' EQUITY 1 JANUARY 2019		43	7	310	398	188	**946**
Previous year's profit transferred					188	-188	**0**
Net profit for the year						126	**126**
SHAREHOLDERS' EQUITY 31 DECEMBER 2019		43	7	310	586	126	**1,072**
Previous year's profit transferred					126	-126	**0**
Net profit for the year						-28	**-28**
Effect of repurchase of convertible debentures KV5B				-11	11		**0**
SHAREHOLDERS' EQUITY 31 DECEMBER 2020	25.26	43	7	299	723	-28	**1,044**

STATEMENT OF CASH FLOWS – PARENT COMPANY

(SEK millions)	Not	2020	2019
Operating activities			
OPERATING PROFIT		**49**	**52**
Adjustment for items not included in the cash flow			
depreciation charged to operating profit		1	2
other items		-3	-
TOTAL		**47**	**54**
Dividends received from subsidiaries		50	221
Interest received		50	39
Interest paid		-100	-63
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**47**	**251**
Change in working capital			
Changes in operating receivables (increase -/decrease +)		3	1
Changes in operating liabilities (increase +/decrease -)		16	18
Total change in operating capital		**19**	**19**
CASH FLOW FROM OPERATING ACTIVITIES		**66**	**270**
Investing activities			
Acquisition of subsidiaries	20	0	-15
Acquisition of associated companies		3	0
Purchase of property, plant and equipment	19	0	0
Cash flow from investing activities		**3**	**-15**
CASH FLOW AFTER INVESTING ACTIVITIES		**69**	**255**
Financing activities			
Repayment of convertible debenture loan		-168	-
Amortised loans		-282	-424
New loan raised		171	154
Lending to Group companies		688	22
Group contributions	15	-29	-7
Paid dividend to shareholders		0	0
Cash flow from financing activities		**380**	**-255**
CASH FLOW FOR THE YEAR		**449**	**0**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		0	0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**449**	**0**

NOTES / all amounts are in SEK million unless otherwise stated /

NOTE 1. GENERAL INFORMATION

ITAB Shop Concept AB, corporate identity number 556292-1089, is a Swedish registered limited liability company with its registered office in Jönköping, Sweden. The address of the company's head office is Instrumentvägen 2, Jönköping, Sweden.

The Parent Company's shares are listed on Nasdaq Stockholm.

The consolidated accounts include the Parent company and its subsidiaries, jointly referred to as the Group. These consolidated accounts were approved for publication by the Board of Directors on 30 mars 2021.

NOTE 2. ACCOUNTING PRINCIPLES

COMPLIANCE WITH STANDARDS AND LAWS

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 has been applied.

The Parent Company applies the same accounting principles as the Group except for the instances described in the section "Parent company's accounting principles".

BASIS FOR PREPARATION OF THE STATEMENTS

The Parent Company's functional currency is the Swedish krona (SEK). This means that the financial reports for the Parent Company and the Group are presented in the presentation currency Swedish krona, rounded off to the nearest million kronor.

Assets and liabilities are recognised at their historic cost values, except certain financial assets and liabilities that are measured at fair value.

INTRODUCED NEW AND AMENDED STANDARDS AND INTERPRETATIONS 2020

Management's assessments of relevant amendments and interpretations of existing standards that have entered into force as of January 1, 2020 have not had any significant impact on the Group's or the Parent Company's financial reports.

ISSUED NEW AND AMENDED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED BY THE GROUP

A number of new standards and interpretations are entering into force for the financial year commencing on 1 January 2021 or later, and have not been applied in the preparation of this financial report. No new standards, amended standards or IFRIC interpretations published by the IASB are expected to have any material impact on the financial statements of the Group or the parent company.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the Parent Company, ITAB Shop Concept AB, and companies in which ITAB Shop Concept AB, directly or indirectly, has a controlling influence as per the closing day. A controlling influence is defined as the right to a variable return and the potential to influence the return with the aid of the controlling influence. Subsidiaries are consolidated from the date the Group first has a controlling influence over the company until such time as this control ceases.

When preparing the consolidated accounts, the financial statements for the Parent Company and the subsidiary companies are merged. The accounting principles for subsidiary companies have been amended, where applicable, in order to guarantee consistent application of the Group's principles. Intra-Group receivables and liabilities, as well as transactions, including income and expenses and unrealised gains or losses that arise from intra-Group transactions, are eliminated in their entirety.

Business combinations

Business combinations are reported in accordance with the acquisition method. The acquisition value comprises the actual value of assets that have been provided as payment, issued equity instruments and liabilities that have arisen or are taken over as per the transfer date. Acquisition-related costs are expensed in those periods when they arise and the services are received.

The time of acquisition is the time at which the purchaser gains a controlling influence over the acquired company. Identifiable acquired assets, transferred liabilities and contingent liabilities in a business combination are initially valued at their fair value at the time of acquisition. Certain changes to the actual values may arise due to additional information that the purchaser has received after the time of the acquisition. Such changes are adjusted during the valuation period against identified surplus values. Changes that arise from incidents after the valuation period are presented in the income statement. The conditional additional purchase sum is classified as a liability that is a financial instrument and is valued at its fair value, while any consequential profit or loss is recognised in the income statement as other operating income or expenses.

If the Group-related cost for the acquisition of shares, including any amounts for holdings without a controlling influence, exceeds the value entered for the company's net assets in the acquisition balance, the difference is recognised as Group goodwill. If the Group-related acquisition cost for the shares instead is lower than the value of the company's net assets, the difference is recognised directly in the income statement. In the event of acquisitions, the entity theory has been applied, which means that all assets and liabilities as well as income and expenses are included in their entirety, including for part-owned subsidiaries, which influences recognised goodwill linked to the acquisition. Goodwill that has arisen in a business acquisition is assessed at least annually if there is an impairment requirement. See also the section on intangible assets below.

ASSOCIATE ACCOUNTING

Associated companies are companies for which the Group has a significant influence, but not a controlling influence. A significant influence means the opportunity to influence operating and financial governance of the company and is normally achieved when the Group's participation amounts to between 20 and 50 percent of the voting rights.

From the time the significant influence is achieved, participations in associated companies are recognised in accordance with the so-called equity method in the consolidated accounts. The equity method means that participations in an associated company are recognised at acquisition value at the time of acquisition and thereafter adjusted with the Group's portion of the change in the associated company's net assets.

TRANSLATION OF FOREIGN CURRENCY

Functional currency and presentation currency

Items in the financial statements for the various Group units are measured in the currency used in the financial climate where each company primarily conducts its business (functional currency). The consolidated accounts employ SEK, which is the Parent Company's functional currency and presentation currency.

Transactions and balances in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate value on the transaction day.

Exchange rate gains and losses incurred when paying such transactions and when converting monetary assets and liabilities in foreign currency at the closing day rate are reported in the income statement. Exceptions include when monetary assets and liabilities comprise hedging of net investments in foreign operations, when exchange rate differences are recognised in Other comprehensive income. A precondition is that the hedging transactions satisfy the necessary requirements as regards hedge accounting.

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Foreign Group companies

The profit and financial position of all Group companies with a functional currency other than the presentation currency are translated to the Group's presentation currency as follows:

(i) assets and liabilities for each of the balance sheets are translated at the closing day rate,

(ii) income and expenses for each of the income statements are translated at average exchange rate (unless the average rate is not a reasonable approximation of the accumulated effect of the rates valid on the transaction day, in which case income and expenses are translated as per transaction day rates),

(iii) all translation differences that arise are recognised in Other comprehensive income.

Countries with a high inflation currency are reported in accordance with IAS 29. In 2020, Argentina has been defined as a country with a high inflation currency. The effect has not been significant for the Group.

During consolidation, exchange rate differences that arise as a consequence of the translation of net investments in foreign operations and from borrowings and other financial instruments identified as hedging of such investments, are charged to Other comprehensive income. Translation differences that arise when divesting foreign businesses are recognised in the income statement as part of the capital gains/losses.

Goodwill and other assets and liabilities that arise when acquiring a foreign business are treated as assets and liabilities for this business and translated at the closing day rate.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue when the commitments to supply promised goods or services are fulfilled according to identified customer contracts, excluding VAT, discounts and returns and after elimination of internal Group sales.

The ITAB Group sells, develops, produces and distributes shop fittings and equipment to chain-based customers. Most of ITAB's customers are major chain stores that operate internationally and have stores in several countries. As ITAB sells customised shop concepts and often sets a price for a combined product and service, the revenue types are not recognised separately.

Revenue recognition for sales takes place in the period when the control has been transferred to the customers, which normally takes place when all significant risks and benefits associated with the ownership have been transferred to the buyer. As a result, the Group no longer has any involvement that is associated with ownership or does not exercise any real control. In the event of revenue from concept sales including service assignments, revenue recognition takes place over time based on the degree of completion on the closing day, when the Group will probably receive economic benefits that are associated with the assignment and reliable calculations can be performed. The degree of completion is determined on the basis of expenditure incurred in relation to calculated total costs. Anticipated losses are expensed immediately.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses derive from activities outside of the Group's primary operations, including exchange rate differences for operating receivables and operating liabilities, external rental income, revaluation of conditional additional purchase sums and profit from the sale and retirement of property, plant and equipment.

ACCOUNTING FOR GOVERNMENT GRANTS AND ASSISTANCE

According to IAS 20 Accounting for government grants and disclosure of government assistance, ITAB has chosen to report grants as a cost reduction of the items to which the grants refer, over the same period in which the costs arise. The contributions are reported in the income statement and balance sheet when it is reasonably certain that the grants will be received and conditions for the grants are met.

Due to the extraordinary situation that COVID-19 brought in 2020, ITAB has received government assistance in several companies. For more information see note 11.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income from money in the bank, receivables and interest-bearing securities, interest expenses on borrowings, dividend income, exchange rate differences for interest-bearing loan receivables and loan liabilities, as well as changes in the value of derivative instruments.

Borrowing costs are recognised in the earnings for the period to which the relevant loans are attributable. Exchange rate gains and losses on interest-bearing assets and liabilities are recognised net. Received dividends are recognised as income when the right to receive dividend has been determined.

INCOME TAXES

Recognised income tax includes tax to be paid or received for the year in question, adjustments for previous years' tax and changes in deferred tax. Deferred tax is reported on temporary differences that exist between fiscal and recognised values of assets and liabilities, as well as on fiscal losses carried forward that are deemed potentially able to be used in future. Temporary differences are not considered for differences that arise when goodwill is recognised the first time. Measurement of deferred tax is based on how assets or liabilities are expected to be recovered or settled.

Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the closing day. Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available, against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to do so and when the deferred taxes relate to the same tax authority.

PENSIONS

The Group's pension plans are mostly defined-contribution plans. The costs for these plans are recognised as an expense during the period the employees perform the services to which the contribution refers. The Swedish subsidiaries have a pension arrangement via Alecta in a benefit-based ITP plan. At present, Alecta cannot provide the required information for the Group to be able to report this plan in the balance sheet in accordance with IAS 19, Employee Benefits. Pension commitments that have not been taken over by insurance companies or secured in some other way with an external party are reported as provisions in the balance sheet.

INTANGIBLE ASSETS

Balanced expenses for development work

Development expenses, where the results are used to plan or create production of new or greatly improved processes or products, are capitalised if it is judged that the process or product is technically or commercially viable. The expenses are recognised as an asset in the balance sheet from the time when technical and economical feasibility of the product has been established, the company has the resources to complete the development process in order thereafter to use or sell the intangible asset, and it is feasible that the product will generate future economic benefits. The recognised value includes expenses for material, direct expenses and indirect expenses that can reasonably and consistently be attributed to the asset.

Capitalised development expenses are recognised at cost less accumulated depreciation and any impairment. Depreciation is recognised in the income statement over the estimated useful life of the capitalised development expenses. Depreciation commences from the time the asset is available for use. The estimated useful life varies between 3 and 10 years. Estimated useful lives are reassessed every year.

Trademarks, patents and similar rights

Trademarks, patents and similar rights are recognised at cost, less accumulated depreciation. The depreciation is carried out on a straight-line basis over the estimated useful life, 5-10 years. Estimated useful lives are reassessed every year.

Goodwill

Goodwill represents the difference between cost and fair value of the acquired assets, transferred liabilities and contingent liabilities. Goodwill represents the future economic benefits that arise from other assets acquired in a business combination that are not individually identified and reported separately. The factors that constitute recognised goodwill are primarily synergy effects in production, logistics, staff, know-how and effective organisation. Goodwill is recognised as an intangible asset with an indeterminable useful life and is tested for impairment annually or when there is an indication of possible impairment; see the section on Impairment in Note 3.

A cash-generating unit (IAS 36) is defined as the smallest identifiable group of assets that, in continuous use, generates cash inflows that are essentially independent of other assets or groups of assets. No distribution of the Group's goodwill has been performed because all Group companies' activities and their cash inflow are to a great extent dependent on each other.

The recoverable value for this unit has been determined based on the unit's value in use, which consists of the present value of the estimated future cash flows. Identification of projected cash flows is based in part on an assessment of the expected rate of growth of the business in accordance with forecasts prepared by the company management for the next four years. The company uses weighted average cost of capital (WACC) to discount projected cash flows and estimate the cash-generating unit's value in use, see also Note 18.

LEASING

ITAB is only a lessee, not lessor. IFRS 16 establishes principles for accounting, valuation, presentation and disclosure of leasing agreements. According to IFRS 16, assets and liabilities attributable to leasing agreements – with the exception of short-term leasing agreements or agreements relating to low-value assets – must be recognised in the statement of financial position. This accounting is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for this right. A lessee must report:

(a) rights of use and leasing liabilities for all leases with a contract term longer than 12 months, unless the underlying asset is of low value;

b) Depreciation of rights of use, deducted from interest expenses on lease liabilities in the income statement.

At the commencement date of a lease, a lessee determines the lease term as the non-cancellable period, together with periods covered by an extension or termination option if they are reasonably usable. The lease debt is valued at the present value of the lease fees that were not paid at the commencement date. Leasing fees are discounted with the implied interest rate if it can be easily determined, otherwise the lessee's marginal loan interest rate is used. The rights of use are valued at the commencement date to the sum of the lease debt plus (i) prepaid lease fees (less any benefits received), (ii) initial direct expenses and (iii) an estimate of restoration costs.

After the commencement date, the right of use is valued using the cost method, that is when the cost method is applied, the asset is measured at cost less accumulated depreciation and any impairment, taking into account the revaluation of the lease debt. The lease debt increases with interest costs, decreases with paid lease fees and is revalued to reflect any re-examination or amendment of the lease agreement.

When an agreement is entered into, the Group assesses whether the agreement is, or contains, a lease agreement. An agreement is, or contains, a lease agreement if the agreement assigns the right to decide over a certain period of use over an identified asset in exchange for compensation.

ITAB's leasing portfolio consists mainly of real estate, machinery and vehicles. The Group recognises in the statement of financial position rights of use and leasing liabilities attributable to the leasing agreements. Depreciation for right of use assets and interest on leasing liabilities are reconised in the income statment. The leasing fee is divided between amortisation of the lease debt and payment of interest.

All lease payments are discounted to present value using the implicit interest rate in the agreement, or ITAB's marginal loan interest rate.

ITAB applies the practical exemptions in IFRS16 regarding short-term leases, which are defined as agreements where the initial lease period is a maximum of twelve months after consideration of extension options, and leases where the underlying asset is of low value, which in the Group, for example, consists of office equipment. ITAB does not apply IFRS 16 for intangible assets. Non-lease components are expensed and are not reported as part of the right of use or lease liability.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised as assets in the balance sheet if it is probable that future economic benefits will flow to the company and that cost can be reliably estimated. Assets are valued at cost, less deductions for accumulated depreciation according to plan and any impairment. Cost includes the purchasing price and costs directly related to transporting the asset to site and in a condition that it can be utilised. Expenses for improving the performance of property, plant and equipment, beyond the normal level, increase the asset's value and are recognised in the balance sheet as a part of the original investment. Expenses for repairs and maintenance are expensed when incurred.

Depreciation is carried out systematically over the assets' expected useful life and commences after the non-current asset has been taken into operation. The Group applies component depreciation, which means that each part of a tangible fixed asset with a cost value that is significant in relation to the combined cost of the asset, is depreciated separately. Land is not depreciated.

Depreciation plan

Buildings	10-40 years
Land improvement	10-20 years
Improvements to others' property	10-20 years
Machinery and equipment	3-10 years

Depreciation plan for right of use assets

Buildings, production	8 - 15 years
Buildings, offices and warehouses	3 - 10 years
Machinery and equipment	3 - 10 years

Assets' utilisation period and residual values are reviewed regulary and adjusted regulary as needed.

FINANCIAL INSTRUMENTS

Financial instruments are every form of contract that gives rise to a financial asset, financial liability or an equity instrument in another company. This includes cash and cash equivalents, loan receivables, accounts receivable, accounts payable, current and long-term borrowing and derivative instruments.

A financial asset or financial liability is recognised in the balance sheet when the company is party to the instrument's contractual terms and conditions. Accounts receivable are recognised in the balance sheet when the invoice has been sent and the company's entitlement to payment is unconditional. Supplier invoices are recognised when the invoice has been received. The financial asset is eliminated from the balance sheet when the right to receive cash flow from the asset expires or is transferred to a third party by transferring all risks and benefits associated with the asset to the third party. A financial liability is eliminated from the balance sheet when the obligation has been fulfilled, revoked or expired. When settlement or disposal of financial instruments is expected to occur within a normal business cycle or within 12 months after the closing day, financial assets are recognised as current assets; otherwise they are recognised as non-current assets. Financial liabilities that fall due or are expected to be settled within a normal business cycle or within 12 months after the closing day, and where there is no unconditional right to postpone the liability for at least 12 months, are recognised as current liabilities; otherwise they are recognised as non-current liabilities.

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

A financial instrument is classified at the first accounting instance according to the purpose for which the instrument was acquired. The Group divides up its financial assets and liabilities into debt instruments, equity instruments and derivatives such as hedging instruments in hedge accounting.

Debt instruments

The classification of financial assets that are debt instruments is based on the Group's business model for the management of the asset and the nature of the asset's contractual cash flows. The instruments are classified at: accrued cost or fair value via profits.

Financial assets valued at accrued cost are non-derivative financial assets with payments that are defined or can be established and that are not listed for trade on an active market. Receivables of this type normally arise when the Group pays cash to a counterparty or supplies a customer with goods or services without the intent of converting the receivable that arises. Loans, cash and cash equivalents and account receivables are recognised at the amount that is expected to be received after deductions for anticipated credit losses.

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All loans and account receivables are appraised individually. The anticipated duration of a trade receivable is short, which is why the value is recognised at the nominal amount.

Financial assets measured at fair value via profit include financial assets available for sale and financial assets that have been identified as being valued at fair value via profit. Financial instruments in this category are initially recognised at fair value. Changes in fair value are recognised in the income statement. Derivatives are classified at fair value via profit, if the instrument has not been identified as a hedging instrument in hedge accounting or is ineffective. Financial liabilities are classified at accrued cost or fair value via profit.

Financial liabilities measured at accrued cost. This category includes loans, other financial liabilities, accounts payable and financial accrued expenses and prepaid income. Financial liabilities recognised at accrued cost are initially valued at fair value including transaction costs. After the first accounting instance, they are valued at accrued cost according to the effective interest method.

Financial liabilities measured at fair value via profit include financial liabilities that have initially been attributed to the relevant category as well as derivative liabilities if the instrument has not been identified as a hedging instrument in hedge accounting or is ineffective. Changes in fair value of financial instruments are recognised in the income statement for the period in which they arise. Additional purchase sums in connection with business combinations are classified as financial liabilities valued at fair value in the income statement.

Equity instruments. The Group classifies equity instruments at fair value via profit.

Derivatives as hedging instruments in hedge counting. Hedging of net investments in foreign operations and future cash flows are recognised according to the principles for hedge accounting. When the transaction is entered into, the relationship between the hedging instrument and the hedged item is assessed and analysed against the Group's objective for risk management in respect of hedging. An assessment of whether the hedging instruments used in hedging transactions are effective when it comes to countering changes in fair value or the cash flows that are attributable to the hedged items is performed when hedging is entered into and continually during the hedging period.

Hedging net investments in foreign operations. Investments in foreign subsidiaries (net assets including goodwill) have to a certain extent been hedged through loans in foreign currency. The exchange rate gain or loss in respect of borrowing that is deemed to be effective hedging is recognised as a translation difference when translating foreign operations in other comprehensive income. The ineffective portion is recognised immediately in the income statement's net financial items. Profit that has been reported under other comprehensive income is transferred to the income statement when the foreign operation has been divested.

In addition to loans in foreign currencies, the Group uses currency swap contracts to hedge net assets in foreign currencies. The actual value of currency hedges is recognised as a change in the fair value of hedges of net investments in other comprehensive income. Any ineffectiveness is recognised immediately in the income statement's net financial items.

Hedging future cash flows. The derivative instruments used for hedging projected interest expenses and forecast cash flow in a foreign currency are recognised in the balance sheet at fair value. Any gain or loss is recognised as a change in the fair value of cash flow hedges in other comprehensive income until the hedged flow is recognised in the income statement, at which time the hedged instruments' accumulated gain or loss is transferred to the year's operating profit or loss to meet translated foreign cash flows from operations.

Impairment of financial assets. The Group's financial assets, apart from those that are classified at fair value via profit, are covered by impairment for anticipated credit losses. In addition to this, the impairment covers leasing receivables and contract assets that are not valued at fair value via profit. Impairment for credit losses according to IFRS 9 is forward-looking, and a loss reserve is made when there is exposure to credit risk, normally at the first accounting instance. Anticipated credit losses reflect an objective, probability-weighted outcome that gives consideration to most scenarios based on reasonable and verifiable forecasts for the anticipated remaining term.

The financial assets are recognised in the balance sheet at accrued cost, i.e. net of gross value and loss reserve. Changes in the loss reserve are recognised in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances as well as short-term investments with high liquidity, with a duration of less than 3 months, and which are exposed to an insignificant risk of fluctuations in value. In the statement of financial position, the overdraft facility is recognised as borrowing among current liabilities. Cash and cash equivalents are covered by the demands for a loss reserve for anticipated credit losses.

INVENTORIES

Inventories are measured in accordance with the lowest value principle and the first-in, first-out (FIFO) method. This means that inventories are entered at the lowest cost according to the FIFO method and net selling value. For manufactured goods and work in progress, cost includes a reasonable portion of the indirect costs based on a normal capacity.

Deductions are made for internal gains that arise through sales between companies in the Group.

PROVISIONS

A provision is recognised in the balance sheets when the company has a formal or informal commitment that is a consequence of an incident and it is probable that an outflow of resources will be required to regulate the commitment and a reliable estimate of the amount is possible. Provisions for restructuring operations are made when a detailed, formal plan for the measure is in place and a well-founded expectation that the restructuring will take place has been established among those who will be affected. Provisions for restructuring operations and other provisions are recognised as provisions, as specified in Note 30.

CONVERTIBLE DEBENTURE LOAN

A convertible debenture loan is a combined financial instrument that is both liability and shareholders' equity. These (IAS 32) are recognised divided into financial liability and equity instrument. This is achieved by deducting the fair value of the financial liability from that which was received when the convertible was issued.

The fair value of the liability is estimated by discounting the future payment flows by what is deemed to be market interest for a similar liability. The value of the equity instrument is calculated as the difference between the issue payment and the fair value of the financial liability. The expenses for issuing the convertible debenture are distributed proportionally in relation to the estimated value of the financial liability and the equity instrument.

RELATED PARTY TRANSACTIONS

Related companies are defined as those companies included in the Group as well as companies in which related physical persons have a controlling, joint controlling or significant influence. Related physical persons are defined as current and former Board members, senior executives and close family members of such persons. Information about transactions with related parties is presented in Note 34.

OPERATING SEGMENT

An operating segment is, according to the definition in IFRS 8, a component of a company

(i) that engages in business activities from which it may earn revenues and incur expenses

(including revenues and expenses relating to transactions with other components of the same company)
(ii) whose operating results are reviewed regularly by the company's chief operating decision-maker as a basis for decisions about the allocation of resources to the segment and to assess its performance, and
(iii) for which discrete financial information is available

Identification of the operating segments has been performed in four stages: identifying the company's chief operating decision-maker, identifying the business activities, determining whether discrete financial information is available for the business activities, and determining whether this information is reviewed regularly by the company's chief operating decision-maker. The definition according to IFRS 8 has there-after been used to define the Group's operating segments.

The company's chief operating decision-maker is identified as the Board of Directors, see page 96.

Profits at company level, or aggregated company level, are not used as a basis for decisions on the allocation of resources. Various parameters in customer projects based primarily on strategic aspects are used as a basis instead. The majority of the Group's sales are made to major global customers, which is why the ITAB Group has a local presence in many countries. Decisions are made at Group level, in which way e.g. pricing takes place in relation to a particular customer. Pricing can entail an uneven allocation of resources between different Group units in order for the Group to win an order. The various units' level of income and profit are consequently highly dependent on the Group's other companies, which is one reason why profits are not used as a basis for decisions on the allocation of resources.

Another reason is supporting data for decisions on the allocation of production resources. This is not controlled by various units' profits, rather by the conditions that exist in various customer projects as regards the most effective production for the Group as a whole. This can entail that certain units are allocated resources for production that are not favourable from the individual unit's perspective, but that are deemed to be the best decision from a Group perspective. The corresponding argument also applies to other parameters, such as design, construction, marketing, installation, development, etc.

The business model means that a large portion of the decisions that affect the Group's various companies are taken centrally. ITAB does not have any independent financial information regarding products or product groups, as the majority of sales take the form of concept sales, with a combination of several products and services.

These conditions mean that profits are not used as a basis for decisions regarding the allocation of resources to various parts of the company, and that the Group only comprises one operating segment.

THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company has prepared its annual accounts in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation, RFR 2. The Swedish Financial Reporting Board's recommendations for listed companies have also been applied. The application of RFR 2 means that the Parent company, in the Annual Report for the legal entity, applies all IFRS and statements approved by the EU to the extent possible within the framework of the Annual Accounts Act and the Act on Safeguarding of Pension Commitments, and with respect to the correlation between accounting and taxation. The recommendation explains which exceptions and additions to IFRS should be applied. The accounting policies stipulated below for the Parent Company have been consistently applied for all periods as presented in the Parent Company's financial statements.

Layout for income statement and balance sheet

The financial statements include an income statement, a statement of other comprehensive income, a balance sheet, a cash flow statement and a statement of changes in equity. The Parent Company uses the layouts specified in the Annual Accounts Act, which means for example that a different presentation of shareholders' equity is applied and that provisions are reported under a separate heading in the balance sheet. For the Parent Company, shareholders' equity is presented divided into unrestricted and restricted equity.

Leasing

In the Parent Company, IFRS 16 is not applied, instead the lease fee is recognised as an expense on a straight-line basis over the lease period.

Group contributions, shareholder contributions and dividends

Group contributions are recognised according to RFR 2's alternative rule, which means that received and paid Group contributions are recognised as year-end appropriations in the income statement.

Shareholder contributions are expensed directly against equity for the recipient and capitalised in shares and participations for the giver, to the extent impairment is not required.

Received dividends are recognised as income when the right to receive dividend has been determined.

Taxes

In the Parent company, untaxed reserves including deferred tax liabilities are recognised. In the Consolidated statement, however, untaxed reserves are divided up into deferred tax liability and equity.

Participations in subsidiaries

Participations in subsidiaries are recognised in the Parent Company according to the acquisition method. The investments' impairment requirements are tested annually or when there is a risk that the book value of the investment is higher than the re-acquisition value.

Dividends from subsidiaries are recognised as financial income. When dividends stem from gains earned before the acquisition, the item must be tested for impairment.

Financial instruments

As a result of the correlation between accounting and taxation, the rules relating to financial instruments are not applied according to IFRS 9 in the Parent Company as a legal entity, rather the Parent Company applies the cost method in accordance with the Annual Accounts Act. In the Parent Company, financial non-current assets are thereby valued at cost value and financial current assets according to the lowest value principle, with impairment of anticipated credit losses applied according to IFRS 9 in respect of assets that are debt instruments. For other financial assets, impairment is based on market values. Derivatives are recognised according to the lowest value principle.

NOTE 3. IMPORTANT ESTIMATES AND ASSESSMENTS

The preparation of financial reports requires that the company management performs assessments and uses estimates and assumptions that affect recognised amounts in the consolidated accounts. These estimates, assessments and attributable assumptions are based on experience and other factors that are deemed reasonable in the prevailing circumstances. The actual results may deviate from these estimates.

The estimates, assessments and assumptions are reassessed regularly. Changes to estimates and assessments are recognised in the period in which the change takes place, as well as in future periods if these periods are affected.

Below are the estimates and assessments that, in the management's opinion, are important for recognised amounts in the financial statements and for which there is a significant risk that future events or new information could result in them changing.

BUSINESS COMBINATIONS AND ADDITIONAL PURCHASE SUMS

The valuation of identifiable assets and liabilities in conjunction with the acquisition of subsidiaries or operations involves items in the acquired company's balance sheet, as well as items that have not been recognised in the acquired company's balance sheet such as customer relations, being valued at their fair value. There are normally no listed prices for the assets and liabilities that are to be valued, whereupon various valuation techniques must be applied. These valuation techniques are based on a number of different assumptions. For a production-intensive company like ITAB, fixed assets, inventories and account receivables are significant items in the balance sheet that can be difficult to value and assess.

The valuation of identifiable assets and liabilities is also dependent on the accounting environment in which the acquired company/business has operated. Assessments are made regarding the extent of the adaptations that are required to the Group's accounting principles, the frequency with which final accounts are prepared as well as access to data that may be required to value identifiable assets and liabilities. All balance sheet items are thereby subject to estimates and assessments. This also means that a preliminary valuation is performed and subsequently adjusted. All acquisition calculations are subject to final adjustment at the latest one year after the time of the acquisition. Bearing in mind the above description and the practical potential to compile and present all individual adjustments in a way that benefits the person reading the Annual Report, ITAB has decided, provided this is not a case of material adjustments, not to specify separately for each individual acquisition the reasons why the first presentation of the business combination is preliminary, nor the assets and liabilities for which the first presentation is preliminary.

All payments for acquiring a subsidiary company/business are recognised on the acquisition date at fair value, including liabilities related to additional purchase sums or conditional purchase sums (jointly known as additional purchase sums). These liabilities are valued at fair value in subsequent periods, where revaluations are recognised over the income statement. The final outcome for additional purchase prices is often dependent on one or more factors, which will only be confirmed through a future development, such as the future profitability growth over an agreed period. The final outcome may therefore be below or above the initially recognised value.

IMPAIRMENT TESTING FOR GOODWILL, OTHER INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS

Important sources of uncertainty in estimates

Goodwill is not amortised, rather impairment testing is performed annually instead. Other intangible assets and other non-current assets are written off over the period the company management estimates that the asset will be consumed. In addition, regular assessments are performed as to whether there is any indication of a need for impairment. Impairment testing is based on a review of the recoverable value. The value is estimated based on the company management's calculations of future cash flows, which are based on internal business plans and forecasts.

Estimates and judgements

The company management's judgement is required when it comes to impairment, particularly when assessing:

– whether an event has occurred that can affect the values of the assets,

– whether an asset's recognised value can be confirmed by the discounted current value of future cash flows, which are estimated based on the continued use of the asset in the operation,

– that adequate assumptions are used when preparing cash flow forecasts, and

– the discounting of these cash flows.

Changes to the assumptions that are made by the company management when determining the possible level for impairment can affect the financial position and operating profit.

ASSESSMENT OF THE NEED FOR IMPAIRMENT OF FINANCIAL ASSETS

Important sources of uncertainty in estimates

Impairment for credit losses of financial assets according to IFRS 9 is forward-looking, and a loss reserve is made when there is exposure to credit risk, normally at the first accounting instance. Anticipated credit losses reflect an objective, probability-weighted outcome that gives consideration to most scenarios based on reasonable and verifiable forecasts for the anticipated remaining term.

Estimates and judgements

ITAB's credit risk lies almost exclusively in Accounts receivable. The basis for anticipated credit losses comprises an assessment of the unpaid receivables. The reserve for anticipated credit losses is based on a calculation according to the internal regulatory framework in combination with an individual assessment. The assessment is performed on the basis of the circumstances that could have a significant impact in the valuation process. For example, important customers' financial position and ability to pay that are known on the closing day.

LEASING

Important sources of uncertainty in estimates

ITAB applies IFRS16 Leasing from the 1st of January 2019. Lease liabilities attributable to long-term lease agreements, which previously according to IAS 17 would have been classified as operational leases, are now valued at the present value of the remaining lease payments, discounted using the marginal borrowing rate. ITAB recognises from 1st of January the right of use asset to an amount corresponding to the lease liability. Determine the terms of the lease and the marginal borrowing rate are estimates and judgements that affect the value of the lease liabilities and right of use assets.

Estimates and judgements

When determining the lease liability and right to use asset the most significant assessments are attributable to the establishment of the term of the leases. The majority of ITAB's leases include options to either extend or terminate the agreement. When the term of the lease is established, ITAB takes into consideration all facts and circumstances that provide a financial incentive to utilise an option to extend or renounce an option to terminate the agreement. Examples of factors that are considered include strategic plans, restructuring programmes, the importance of the underlying asset to ITAB's activities and/or costs attributable to not extending or terminating leases.

DEFERRED TAX

Important sources of uncertainty in estimates

Deferred tax claims/liabilities are recognised for temporary differences between the reported amounts for assets and liabilities and the relevant taxable values, as well as unutilised losses carry forward. Deferred tax receivables are entered on the basis of the company management's estimates of future taxable profit in various tax jurisdictions.

The actual results may differ from the estimates due to changes in business climate and tax legislation.

Estimates and judgements

For example, the company management estimates future taxable income in order to determine the value of deferred tax.

Estimate/Assessment	Note
Business combinations and additional purchase sums	5
Impairment testing for goodwill, other intangible assets and other non-current assets	18. 19
Assessment of the need for impairment of financial assets	21
Leasing	22
Deferred tax	16

NOTE 4. FINANCIAL RISK MANAGEMENT

ITAB's risk management aims to identify, control, prevent and minimise the Group's risk picture. ITAB's financial risks are described below. For other business-related risks, see the Directors' Report on page 46.

The financial risks are managed by the finance policy adopted by the Board of Directors. Financial activities such as risk management, liquidity management and borrowing are handled centrally by the Parent Company. This allows the Group to optimise the financial risks and make use of economies of scale and synergy effects. The Group's identified financial risks are currency, interest, credit and liquidity risks.

CURRENCY RISK

ITAB Shop Concept is exposed to currency risks through its international business activities. These can be divided into transaction risks, risk when translating foreign subsidiaries' income statements and risk when translating foreign susidiaries' balance sheets.

Transaction risk

Commercial payment flows that occur in a currency other than the respective subsidiary's local currency entail a transaction risk. To reduce currency exposure, attempts are made to match the inflow and outflow in different currencies, for example by issuing invoices in the same currency in which purchases are made. In line with the finance policy, it is up to each individual Group company to decide on whether to hedge transaction exposure, which occurs with ITAB Shop Concept AB as the counterparty. External currency exposure hedging is thereafter performed by the Parent Company ITAB Shop Concept AB, with consideration for the Group's currency exposure within the next 12 months. According to ITAB's finance policy, 50-80% of the currency risk within the next upcoming 6 months and 50-70% within the time interval 7-12 months are hedged through forward agreements. It is also possible to adjust prices for currency fluctuations through clauses in a number of customer contracts. As a result of the hedging strategy, the impact on ITAB's profit from a reasonable fluctuation in exchange rates is deemed to be small, whereupon the currency risk analysis regarding the transaction flows is not deemed to be significant. Hedging activities to reduce transaction exposure are classified as cash flow hedges. At the end of 2020, there were cash flow hedges of projected flows in EUR, GBP, CZK, DKK, NOK and CNH. The fair value of the forward agreements used to hedge forecast flows amounted to net SEK 1 million (2). The year's change in fair value, SEK -1 million (-2) after tax, has been recognised in Comprehensive income. The recovered results of the forward agreements amounted to SEK 0 million (3) before tax for 2020, which has been recognised as other operating income and expenses in the income statement.

Risks when translating the income statements of foreign subsidiaries

The foreign subsidiaries' income statements are translated at the average exchange rate for the respective period. Given the invoicing and net earnings of 2020, a 5 percent change in the Swedish krona exchange rate would affect invoicing by about SEK 221 million (256) and net earnings by about SEK 5 million (8).

Risks when translating the balance sheets of foreign subsidiaries

The foreign subsidiaries' balance sheets are translated at the exchange rate on the closing day. The translation risks relate to exchange rate fluctuations that affect the value of the net foreign assets when translating to SEK. The value of net foreign assets amounted to SEK 1,084 million (928) as of the balance sheet date. Investments in net foreign assets are partly financed by taking loans in foreign currencies, which reduces the translation risks. To reduce the net assets in foreign currencies and thereby reduce the currency risks, assets are financed locally in the foreign subsidiaries, in local currency, where it is commercially possible. Some financing is arranged via the Parent Company ITAB Shop Concept AB, however. In addition to loans in foreign currencies, the Group uses currency swap contracts to hedge net assets in foreign currencies. The fair value of the currency hedges is recognised against comprehensive income and can be reclassified as a financial gain or loss when swap contracts are ineffective. Recovered results from currency swap contracts amounted to SEK 0 million (0) before tax in 2020, recognised against comprehensive income in the Group. Exchange rate fluctuations in 2020 had an impact on the Group's comprehensive income in the amount of SEK -127 million (47) after tax. At the end of 2020, the fair value of the currency swap contracts is estimated at SEK 0 million (-3).

Currency SEK million	2020-12-31	2019-12-31
CZK	285	252
NOK	7	45
GBP	57	76
EUR[1]	99	53
USD. HKD.CNY	518	361
Övriga	118	141
	1 084	**928**

[1] *EUR refers also to currencies linked to EUR.*

The value of the Group's foreign net assets per currency:

Currency hedges

At the close of the year, the Group had hedged the following net amount via currency swap contracts. The gross volumes are stated below per currency in the local currency (million) measured at nominal value. All contracts have a term of less than 15 months.

Currency	31-12-2020	31-12-2019
SEK	100	294
NOK	-70	-
CNH	152	31
CZK	187	107
GBP	-9	-3
EUR	-18	-33
DKK	-6	-

Average exchange rate, currency swaps	31-12-2020
EUR/SEK	10.1227
EUR/CZK	26.9150
EUR/CNH	8.1567
GBP/SEK	11.3136
GBP/CZK	28.9645
GBP/CNH	8.8218
NOK/SEK	0.9475
NOK/CNH	0.7556
DKK/SEK	1.3957

INTEREST RISK

The interest risk consists of interest rate changes having a negative impact on the Group's results through increased loan costs. In order to reduce the interest risk, interest rates can be tied via restricted loans or through interest rate swap agreements. The Group's interest-bearing net debt, which refers to borrowing as well as convertible debenture loans minus cash and cash equivalents, amounted to SEK 1,748 million (2,509) on the closing day. SEK 1,232 million (1,883) is financed with variable interest. The remaining SEK 516 million (626) is restricted through interest rate swap agreements and has an average fixed rate period of 49 (54) months. The average interest rate for outstanding interest-bearing liabilities was 5.53% (3.08) at year-end. A one percentage point change in interest would affect net earnings by approximately SEK 9 million (13) annually. The change in the fair value of interest rate swap agreements is recognised in other comprehensive income until the hedged flow is transferred to profit or loss for the year. The change in comprehensive income amounts to SEK -3 million (-10), of which SEK 8 million (8) has been transferred to the profit or loss for the year.

Derivative instruments

Interest rate swap agreement	31-12-2020 Nominal amount (SEK millions)	31-12-2019 Nominal amount (SEK millions)
Duration less than 1 year	49	85
Duration 1-3 years	150	51
Duration 3-5 years	192	186
Duration 5-10 years	125	304
	516	**626**

LIQUIDITY RISK

Liquidity risk refers to the risk that a company cannot borrow money to fulfil its obligations. ITAB Shop Concept strives to maintain a high level of financing readiness, for example by monitoring and managing the Group's combined capital financing centrally within the Parent Company. The majority of the Group's borrowing takes place between banks and ITAB Shop Concept AB. Subsidiary companies in turn borrow from ITAB Shop Concept AB on market terms. Some local borrowing from banks in the relevant company's local currency may occur.

CREDIT RISK

Credit risk refers to the risk that the counterparty in a financial transaction is unable to fulfil its obligations. ITAB Shop Concept's credit risk lies almost exclusively in accounts receivables. The Group has historically had low losses on account receivables. The company's customers are primarily large, well-established companies with sound payment capacity distributed across several geographical markets. The risk of losses on account receivables is handled through fixed routines for credit restrictions, reminder procedures and penalty interest invoicing. Credit insurance policies exist in conjunction with sales to customers in certain countries. The amount that best represents the maximum exposure to credit losses, without consideration for any security provisions and VAT, is the outstanding accounts receivable on the closing day of SEK 755 million (876). Credit risk from balances in banks and financial institutes is handled by the Parent Company in accordance with the Group's policy. The Group's total financial assets amount to SEK 1,519 million (1,275). See also Note 21, Financial assets and liabilities.

NOTE 5. BUSINESS ACQUISITIONS AND DIVESTMENTS

Information on purchase sums and acquired/divested net assets:

Purchase price	2020	2019
Total purchase sum excluding acquisition expenses:	0	17
of which unpaid purchase sum during the year	-	-

Acquisitions and divestment have affected 2019's net investment by a total of SEK 27 million. The 2019 net investments include paid additional purchase sum from the acquisition of the subsidiary Pulverlacken in Hillerstorp AB in Sweden and Reklamepartner A/S in Norway from previous years' acquisitions of SEK 1 million.

ACQUISITION 2020

ITAB Shop Concept AB's Italian subsidiary La Fortezza s.p.a. entered October 8th, 2020 into an agreement with Cefla soc. coop. to acquire 81 percent of Cefla's retail solutions business unit. In January 2021, the transaction was completed and the business unit was carved-out from Cefla's existing structure and transferred to a newly established Italian limited liability company Imola Retail Solution Srl. ITAB owns 81 percent of Imola Retail Solution and has the right to acquire Cefla's minority stake in the said company 3 years from the transaction date. The acquisition of Cefla will be consolidated from January 1, 2021.

Cefla's retail solutions business unit primarily offers interior design and checkout solutions to its customers, who are predominantly located in southern Europe and within the grocery sector. Through the acquisition and collaboration with Cefla, ITAB strengthens its leading position in southern Europe and creates opportunities to offer ITAB's solutions to a wider customer base. The positive EBITDA effect in 2021 on ITAB is estimated to at least 30 SEK million and the transaction will create opportunities for further synergy effects the coming years.

Effect of acquisition in 2021 of 81 percent of the shares in Imola Retail Solution Srl

Preliminary fair values of assets and liabilities acquired in 2021, purchase sums and the impact on the Group's liquid assets are reported below.

Expenses in conjunction with acquisitions are recognised continually as costs in operating profit.

In the acquisition, the entity theory is applied, which means that all assets and liabilities as well as income and expenses are included in their entirety at the time of the initial acquisition, which is why no additional goodwill will be linked to future acquisitions of holdings without a controlling influence.

	Preliminary fair values
Intangible assets	1
Property, plant and equipment	124
Deferred tax assets	1
Inventory	27
Accounts receivable	7
Non-current liabilities	-75
Current liabilities	-28
Net identifiable assets and liabilities	**57**
Non controlling interests	-11
Group goodwill	0
Purchase price including unpaid purchase price	**46**
Purchase price regulated in January 2021	-22
Unpaid purchase price, payed in 2021	-12
Unpaid purchase price, payed in 2022	-12
	-46

DIVESTMENTS IN 2020

During 2020 two dormant companies in Sweden was divested. A dormant company in China and one in Hungary was wound up.

ACQUISITION 2019

Acquisition of associated company

In July 2019, ITAB acquired a 30 percent stake in Ombori Apps AB to a purchase price of SEK 15 million. Ombori has developed a platform that provides opportunities for interaction between a digital store and the consumer and can be quickly adapted for different applications in the store.

With Ombori as a long-term strategic partner, ITAB, in combination with other products and services, can continue to design and deliver unique stores with unique customer experiences. During 2018, Ombori Apps AB had sales of approximately SEK 7 million. Holdings in Ombori are managed as associated companies according to the equity method and are initially valued at cost. ITAB's reported value of the holding includes intangible assets and goodwill identified at the acquisition. Ombori conducts similar operations as the Group in general and the share of profit, including depreciation of surplus values, will therefore be reported in operating profit.

Cash flow during the third quarter of 2019 was affected by the purchase price SEK 15 million.

Acquisition of non controlling particitaions

In July 2019, the remaining 10% of the jointly owned company La Fortezza Asia SDN BHD (Malaysia) was acquired through subsidiaries. The purchase price was SEK 2 million. In the event of acquisitions, the entity theory is applied, which means that all assets and liabilities as well as income and expenses are included in their entirety, including for partowned subsidiaries, at the time of the initial acquisition, which is why no additional goodwill is linked to the acquisition. The difference between valued holdings without controlling influence prior to acquisition and purchase price is reported directly in equity attributable to the Parent Company's shareholders (SEK 0m). Cash flow during the third quarter of 2019 was affected by the purchase price of SEK 2 million.

Repayment of the purchase sum in respect of D. Lindner companies

In July 2017, through subsidiaries, ITAB acquired the companies D&L Lichtplanung GmbH and D. Lindner Lichttechnische Grosshandlung GmbH, which have their registered offices in Menden, Germany. During February 2019, part of the purchase price was repaid, with ITAB receiving EUR 4 million as a result of shortcomings in vendor guarantees in the purchase agreement. The cash flow and operating profit have consequently been positively impacted by approximately SEK 42 million during the first quarter.

EFFECT OF ACQUISITIONS IN 2019

Estimated fair value of assets and liabilities acquired in 2019, purchase sums and the impact on the Group's liquid assets are presented below. Expenses in conjunction with acquisitions have been recognised continually as costs in operating profit.

Acquisition in 2019	Fair value
Acquisition of associated companies	15
Acquisition of non-controlling interests	2
Impact for the year on the Group's cash and cash equivalents from acquisitions	**17**
Final settlement and payment of additional purchase sum from acquisitions made previous years	1
Repayment of purchase price for the D. Lindner companies	-42
Impact for the year on the Group's cash and cash equivalents	**-24**

DIVESTMENT OF SUBSIDIARY 2019

In October 2019, ITAB, through subsidiaries, sold 100 percent of the shares in the property company Projektfinans in Hillerstorp AB to a purchase price of SEK 3 million. Sales have affected operating profit by SEK 2 million and cash flow during the fourth quarter of 2019 was affected by the purchase price SEK 3 million.

Project finance at the time of divestment	Fair value
Property, plant and equipments	3
Interest-bearing liabilities	2
Net identifiable assets and debts	**1**

In addition, during 2019 one Ukrainian dormant company and one Swedish dormant company have been divested.

1) Conditional purchase sum. The agreed conditional additional purchase sum from 2018 acquisition of holdings without a controlling influence in Pulverlacken i Hillerstorp AB was attributable to the company's profits during the period 2018-2019. Amounts that could be paid were in an interval of between SEK 0-3.2 M and was settled annually. 2019 the remaining additional purchase sum was valued to SEK 1 million. Final liquidity was settled in 2020 by SEK 0.5 million. The amount that may be paid is in an interval of between NOK 0-2 million and is settled annually, with final liquidity settled in 2021.

NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The ITAB Group comprises of some fifty operating companies that sell, develop, produce and distribute shop fittings and equipment to chain-based customers. The largest customer accounts for 12% of external sales, although none of the ITAB Group's other customers account for more than 7% of external sales. Most of ITAB's customers are major chain stores that operate internationally and have stores in several countries.

Several of the Group's companies are involved in most business deals. Because sales largely involve different customised shop concepts, customer sales are often conducted with resources from several Group companies in order to fulfil the customer's various needs in the best possible way.

Development and production of the various shop concept segments are carried out by different Group companies depending on where the best conditions exist. The business model means that a large portion of the decisions that affect the Group's various companies are taken centrally.

As ITAB sells customised shop concepts and often sets a price for a combined product and service, ITAB performs no division between product groups. These circumstances mean that the profit or loss is not used as a basis for deciding on the allocation of resources to different parts of the company, and that ITAB makes no allocation according to operating segment or business segments. See more on section business activities on pages 34-43.

EXTERNAL NET SALES[1)]

The Group	2020	2019
United Kingdom	1,020	1,103
Norway	584	602
Germany	582	410
Sweden	550	640
Italy	434	503
France	266	321
Finland	244	264
The Netherlands	180	270
Czech Republic	128	136
Denmark	118	127
Poland	118	157
Russi	118	192
Spain	74	121
Lithuania	71	74
Latvia	69	73
USA	64	91
Others	703	980
	5,323	**6,064**

1) The allocation basis for deciding the country for external sales is the country where the product is delivered and/or service is performed.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group	2020	2019
Sweden	474	547
China and Hong Kong	211	242
United Kingdom	118	118
Norway	114	143
Italy	102	125
Czech Republic	102	114
Finland	83	99
Germany	78	92
Lithuania	63	64
Russia	43	68
France	54	64
Others	69	98
Goodwill	1,599	1,669
	3,110	**3,443**

INCOME FROM AGREEMENTS WITH CUSTOMERS DIVIDED BY CUSTOMER GROUP AND GEOGRAPHIC MARKET

Revenue recognition takes place when the Group satisfies a performance commitment by transferring promised goods and the customer gains control of the asset. This normally takes place on delivery in accordance with applicable delivery terms. In the event of concept sales where a service assignment is included, revenue recognition for the projects takes place over time. The projects are primarily short-term projects. Payment terms vary as they are adapted according to different conditions on different geographic markets.

Sales per customer group 1)	2020	2019
Grocery	3.094	3.053
Home improvements	733	913
Fashion	420	824
ther customer categories	1,076	1,274
	5,323	**6,064**

1) The customer groups are divided up according to the sectors within which the customers operate. Almost half of Other customer categories are made up of consumer electronics, pharmacies and health/beauty.

Sales per market 2)	2020	2019
Northern Europe	1,500	1,635
The UK and Ireland	1,054	1,145
Central Europe	1,031	1,008
Southern Europe	819	1,002
Eastern Europe	509	701
Rest of the world	410	573
	5,323	**6,064**

2) Northern Europe consists of the Nordic countries. Central Europe's largest markets are Germany, the Netherlands and the Czech Republic. Southern Europe mainly comprises Italy, France and Spain. Eastern Europe's largest markets are Russia, the Baltic States and Poland, The USA, Australia, China and Argentina make up almost half the market for Rest of the world.

CONTRACT ASSETS AND CONTRACT LIABILITIES

ITAB's contract assets comprise goods and services that have been delivered but not yet invoiced, normally in the event of concept sales over time, where additional performance commitments must be fulfilled. Contract liabilities comprise advance payments from customers, allocations from customer loyalty programmes and invoicing in addition to performances not yet fulfilled in the event of concept sales over time.

Contract assets	2020	2019
Accrued income	16	21
-Contract liabilities		
Advance payments from customers	49	17
Accrued expenses	25	31
Prepaid income	1	5
	75	**53**

Income recognised during the period, of which:	2020	2019
Income included in the opening balance in the item contract liabilities	10	6
Income attributable to commitments wholly or partially executed during previous periods	3	2

NOTE 7. PURCHASES AND SALES BETWEEN PARENT COMPANY AND SUBSIDIARIES

Of the Parent Company's invoiced sales, 100 percent consisted of invoicing to subsidiaries.

Purchases from subsidiary companies relate primarily to IT, design and administration services.

No goods were purchased from subsidiaries. Income from participations in subsidiaries as well as financial income and expenses from Group companies are presented in Notes 13 and 14 respectively.

Parent Company	2020	2019
Sales of services to subsidiaries	169	166
Purchase of services from subsidiaries	-8	-27

NOTE 8. PERSONNEL AND SENIOR EXECUTIVES

Average number of employees		2020	of which men män	of which women	2019	of which men	of which women
Parent Company	Sweden	16	63%	37%	17	71%	29%
Subsidiaries	Argentina	93	91%	9%	99	91%	9%
	Belgium	5	80%	20%	5	80%	20%
	Brazil	-	-	-	1	100%	-
	Chile	2	100%	-	2	100%	-
	Denmark	16	75%	25%	20	65%	35%
	Estonia	10	80%	20%	6	83%	17%
	Finland	106	83%	17%	106	83%	17%
	France	103	74%	26%	113	75%	25%
	United Arab Emirates	6	83%	17%	6	83%	17%
	India	1	100%	-	3	67%	33%
	Italy	194	76%	24%	204	75%	25%
	China and Hong Kong	537	43%	57%	625	44%	56%
	Latvia	114	83%	17%	117	84%	16%
	Lithuania	129	85%	15%	137	86%	14%
	Malaysia	11	82%	18%	11	82%	18%
	The Netherlands	82	87%	13%	90	86%	14%
	Norway	167	77%	23%	171	78%	22%
	Poland	9	67%	33%	9	67%	33%
	Russia	124	74%	26%	140	76%	24%
	Spain	11	73%	27%	11	73%	27%
	United Kingdom	241	75%	25%	287	78%	22%
	Sweden	432	73%	27%	452	74%	26%
	Czech Republic	352	72%	28%	336	71%	29%
	Germany	259	81%	19%	267	80%	20%
	Hungary	-	-	-	2	50%	50%
	USA	10	40%	60%	10	40%	60%
TOTAL IN SUBSIDIARIES		**3,014**	**71%**	**29%**	**3,230**	**71%**	**29%**
THE GROUP TOTAL		**3,030**	**71%**	**29%**	**3,247**	**71%**	**29%**

Salaries, other remuneration and social security expenses (SEK millions)	2020 Salaries and remuneration	2020 Social security expenses	2019 Salaries and remuneration	2019 Social security expenses
Parent Company	25.1	15.4	32.3	18.2
(of which pension costs)[1]		*6.0*		*5.9*
Subsidiaries	990.3	230.2	1.127.5	258.2
(of which pension costs)		*58.6*		*67.6*
GROUP TOTAL	**1,015.4**	**245.6**	**1,159.8**	**276.4**
(of which pension costs)[2]		*64.6*		*73.5*

[1] Of the parent company's pension costs, SEK 1.4 million (1.6) pertains to the Board and CEO. The company's outstanding pension commitments to these persons amount to SEK 0 million (0).
[2] Of the Group's pension costs, SEK 7,2 million (8.5) pertains to the Board and CEO. The Group's outstanding pension commitments to these persons amount to SEK 0 million (0).

Salaries and other remuneration divided per country and between Board members/CEO and other employees	2020 Board of Directors and CEO	2020 Other employees	2019 Board of Directors and CEO	2019 Other employees
PARENT COMPANY SWEDEN[1]	**6.3**	**18.8**	**12.9**	**19.4**
(of which bonuses)	*1.7*		*1.4*	
SUBSIDIARIES IN SWEDEN	**8.3**	**179.4**	**13.1**	**186.1**
SUBSIDIARIES, OTHERS				
Argentina	1.4	7.4	0.9	18.5
Belgium	-	4.8	-	2.9
Brazil	-	0.7	-	0.9
Chile	-	0.8	-	0.9
Denmark	1.9	16.4	3.0	16.8
Estonia	-	2.3	-	1.8
Finland	2.5	42.9	2.2	45.4
France	2.6	28.4	2.6	61.3
United Arab Emirates	0.6	1.9	0.6	2.1
India	0.5	0.1	1.1	0.1
Italy	6.2	73.8	8.5	76.5
China och Hong Kong	3.9	52.4	3.9	68.1
Latvia	0.9	20.7	0.9	10.0
Lithuania	1.1	30.2	1.0	31.9
Malaysia	0.4	1.5	0.6	1.8
The Netherlands	1.4	42.1	5.0	43.3
Norway	5.7	109.9	6.1	147.5
Poland	0.6	3.9	0.7	4.1
Russia	1.1	14.5	2.2	17.5
Spain	0.8	1.7	1.1	4.1
United Kingdom	5.2	121.1	5.2	141.5
Czech Republic	2.2	52.5	1.3	50.2
Germany	6.5	120.3	9.1	117.4
Hungary	-	-	-	0.8
USA	1.5	5.3	1.5	5.4
SUBSIDIARIES TOTAL	**55.3**	**935.0**	**70.6**	**1,056.9**
(of which bonuses)	*7.1*		*12.1*	
GROUP TOTAL	**61.6**	**953.8**	**83.5**	**1,076.3**
(of which bonuses)	*8.8*		*13.5*	

[1] For 2019, remuneration to the CEO also includes remuneration for the outgoing CEO Ulf Rostedt.

REMUNERATION TO SENIOR EXECUTIVES

The Board's fees

In accordance with the resolution at the 2020 AGM, the fee for elected Board members amounts to a total of SEK 2,250 thousand, to be divided with SEK 500 thousand to the Chairman of the Board and SEK 250 thousand to each of the other seven Board members.

In addition, selected Board members received a fee for their work in the Remuneration Committee SEK 100 thousand and the Audit Committee totalling SEK 120 thousand. Board member Jan Frykhammar has carried out consultancy assignments for the company for SEK 680 thousand in 2020. Besides these fees, ITAB has paid no other remuneration to Board members.

Guidelines for renumeration for executives

These guidelines include the persons who are part of the executive management of ITAB Shop Concept AB (publ) ("ITAB"), currently the CEO and other members of the group management. To the extent a board member performs work for ITAB in addition to the board assignment, these guidelines shall also apply to any remuneration (e.g. consultant's fees) for such work. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2021. These guidelines do not apply to any remuneration decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainabiity

In short, ITAB's business strategy is the following. ITAB shall offer complete shop concepts for retail chain stores. With its expertise, long-term business relationships and innovative products, ITAB will secure a market-leading position in selected markets. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain management with good competence and capacity to achieve set goals. To this end, it is necessary that the company offers competitive remuneration, which these guidelines enable.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

The company has established a long-term share-based incentive program. This has been decided by the Annual General Meeting and is therefore not covered by these guidelines. The program includes i.a. company management. For more information on these programs. including the criteria on which the outcome depends, see https://itabgroup.com/en/governance/convertible-program/

Types of remuneration etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The remuneration level for individual executives shall be based on factors such as position, competence, experience, and performance. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 75 percent of the fixed annual cash salary. The variable remuneration for other members of the group management may amount to not more than 50 percent of the fixed annual cash salary.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory local legislation or collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory local legislation or collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary. Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars.

Premiums and other costs due to such benefits may amount to not more than 12 percent of the fixed cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may ▶

be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed cash salary for two years, and one year for other persons in the executive management. The period of notice may not to exceed six months without any right to severance pay when termination is made by the executive.

Criteria for awarding variable cash remuneration etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the executive management. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Consultant´s fees to board members

If a board member performs services for ITAB in addition to the board work, a special fee may be paid for this (consultant's fee), provided that such services contribute to the implementation of ITAB's business strategy and safeguard ITAB's long-term interests, including sustainability. This also applies to such services that ITAB receives through a company fully owned by a board member. The annual consultant's fee for each board member may never exceed the annual board fee. The consultant's fee shall be on market terms and determined in relation to the benefit of ITAB.

The decision-making process to determine, review and implement the guidlines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year, or before if there is a need for significant adjustments, and submit it to the general meeting.

The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Remuneration to senior executives 2020	Basic salary	Variable salary	Other remuneration [1]	Total salary and fees	Pension costs	Total incl pension [2]
CEO	4.6	1.7	0.2	6.5	1.4	7.9
Other senior executives in Group management (8 executives) [3]	16.9	5.8	1.1	23.8	3.5	27.3
TOTAL	**21.5**	**7.5**	**1.3**	**30.3**	**4.9**	**35.2**
2019						
CEO [4]	11.5	1.4	0.3	13.2	1.6	14.8
Other senior executives in Group management (3 executives)	7.8	0.9	0.3	9.0	2.1	11.1
TOTAL	**19.3**	**2.3**	**0.6**	**22.2**	**3.7**	**25.9**

[1] Other remunerations refer to taxable benefits for cars, healthcare etc.

[2] Salary and fees are presented above less employers' contribution. Pension costs are presented less special payroll tax.

[3] As of February 1, 2020, ITAB has expanded Group management to 10 people. The purpose is to support ITAB's transformation and at the same time simplify the Group's organization and common working methods. At the end of 2020, Group management consisted of 10 different positions held by 8 people.

[4] Regarding 2019, remuneration to the CEO also includes remuneration for the outgoing CEO Ulf Rostedt. This compensation includes salary. severance pay and remuneration for non-compete clause which has been paid with the exception of the company's guidelines for remuneration to senior executives. The exception is based on the assessment that it is important for the company that the outgoing CEO does not take employment with the company's competitors.

Gender distribution of Board members/senior executives

The Group	2020 Of which women	2020 Of which men	2019 Of which women	2019 Of which men
Board members	10%	90%	10%	90%
Senior executives	19%	81%	17%	83%
Parent Company				
Board members	25%	75%	25%	75%
Senior executives	25%	75%	0%	100%

Personnel expenses distributed per function

The Group	2020	2019
Cost of goods sold	-697	-777
Selling expenses	-517	-611
Administrating expenses	-145	-161
	-1,359	**-1,549**
Parent Compnay		
Cost of goods sold	-7	-9
Selling expenses	-13	-35
Administrating expenses	-20	-27
	-40	**-71**

NOTE 9. REMUNERATION TO AUDITORS

Shown below are the fees for audit assignments and other assignments that are expensed during the year. An audit assignment refers to reviewing the annual accounts and the accounting records, as well as the management of the Board of Directors and the CEO. Audit activities other than audits refer to other quality assurance services that are performed in accordance with applicable regulatory requirements. Tax advice includes both advice and checking of compliance within the tax field. Other services are other assignments. The audit was mainly performed by Ernst & Young AB (EY).

	THE GROUP		THE GROUP		PARENT COMPANY	
	2020	2020	2019	2019	2020	2019
	Fees to EY	Fee to other auditors	Fees to EY	Fee to other auditors	Fees to EY	Fees to EY
Audit assignments	4	2	5	2	1	1
Audit activities other than audits	1	1	1	0	0	0
Tax consultancy	2	1	2	1	0	0
Other services	0	1	0	1	0	0
	7	**5**	**8**	**4**	**1**	**1**

NOTE 10. DEPRECIATION AND AMORTISATION

Depreciation divided per function

The Group	2020	2019
Cost of goods sold	-173	-174
Selling expenses	-72	-82
Administrating expenses	-19	-19
	-264	**-275**
Parent Company		
Administrating expenses	-1	-2

Depreciation divided per asset type

The Group	2020	2019
Balanced development expenditure	-21	-19
Patents and other intellectual property rights	-11	-10
Buildings	-130	-131
Plant and machinery	-56	-62
Equipment, tools and installations	-46	-53
	-264	**-275**
Whereof leasing	-128	-135
Parent Company		
Equipment	-1	-2

NOTE 11. COSTS DIVIDED BY COST TYPE

Government grants are reported as a cost reduction of the items to which the grants relate when there is reasonable assurance that the grant will be received, and that the Group will meet the conditions associated with the grant. The grants are systematically accrued in the same way and over the same periods as the costs the grants are intended to compensate for.

Grants received related to COVID-19 reduced personnel and other costs during the year by SEK 62 million and SEK 1 million, respectively. In addition, extraordinary costs of approximately SEK 3 million due to COVID-19 have been added.

Cost of goods sold, sales expenses and administrating expenses divided by cost type:

The Group	2020	2019
Costs for direct materials	-2,336	-2,636
Personnel costs	-1,359	-1,549
Depreciation and amortisation	-264	-275
Other expenses	-1,247	-1,450
	-5,206	**-5,910**
Parent Company		
Personnel costs	-40	-71
Depreciation and amortisation	-1	-2
Other expenses	-80	-43
	-121	**-116**

NOTE 12. OTHER OPERATING INCOME AND EXPENSES

Other operating income

The Group	2020	2019
Operation's exchange rate differences	15	16
Profit due to repayment of purchase price and revaluation of additional purchase sum, Group companies	1	42
Profit from divestment of subsidiaries	0	2
Capital gain on sale of non-current assets	1	44
Other [1]	7	17
	24	**121**

Parent Company		
Operation's exchange rate differences	8	8
Profit from divestment of subsidiaries	3	0
	11	**8**

Other operating expenses

The Group	2020	2019
Operation's exchange rate differences	-19	-15
Capital loss on sale of non-current assets	-6	-2
Share in associated companies	-3	0
Other	-1	-1
	-29	**-18**

Parent Company		
Operation's exchange rate differences	-10	-6
	-10	**-6**

1) The item other operating income includes rental income at SEK2 million (2).

NOTE 13. RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2020	2019
IIncome from participations in Group companies		
Dividends received	50	221
	50	**221**
Expenses from participations in Group companies		
Impairment of long-term claims in Group companies [1]	-38	-3
Impairment of shares in subsidiaries [2]	-68	-72
	-106	**-75**

1) Impairment of claims for loss coverage in Group companies in 2020 refers to ITAB Rus Jsc SEK -2 million, La Fortezza SpA SEK -35 million and Radlok S.à r.l SEK -1 million (-3).
2) Of impairment of shares in subsidiaries in 2020 SEK 58 million refers to impairment as a result of shareholder contributions and SEK 10 million refers to impairment as a result of restructuring. Of impairment of shares in subsidiaries in 2019, SEK 67 million refers to impairment as a result of shareholder contributions and SEK 5 million refers to impairment as a result of restructuring. For more information, see Note 20.

NOTE 14. FINANCIAL INCOME AND EXPENSES

Financial income

The Group	2020	2019
Interest income	5	6
Exchange rate differences	0	1
	5	**7**

Parent Company		
Interest income, Group companies	50	39
Exchange rate differences	62	-
	112	**39**

Financial expenses

The Group	2020	2019
Interest expenses from interest rate swaps	-8	-8
Default interest, equity instrument, convertible liability	-1	-3
Other interest expenses	-79	-72
Exchange rate differences	-5	-
Other financial expenses	-24	-7
	-117	**-90**

Parent Company		
Interest expenses, Group companies	0	0
Interest expenses from interest rate swaps	-8	-8
Default interest, equity instrument, convertible liability	-1	-3
Other interest expenses	-60	-49
Exchange rate differences	0	-39
Other financial expenses	-21	-4
	-90	**-103**

NOTE 15. YEAR-END APPROPRIATIONS

Parent Company	2020	2019
Received Group contributions	17	64
Group contributions paid	-46	-71
	-29	**-7**

NOTE 16. TAX

The Group	2020	2019
Current tax expenses		
Tax expenses for the period	-30	-64
Adjustment of tax attributable to previous years	4	0
	-26	**-64**
Deferred tax expenses (-)/tax income (+)		
Deferred tax attributable to temporary differences	5	4
Deferred tax attributable to previous years	0	2
Deferred tax attributable to losses carried forward	-1	4
Deferred tax as a result of changes in tax rates	0	0
	4	**10**
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**-22**	**-54**

Parent Company		
Current tax for the period	0	0
Deferred tax attributable to losses carried forward	-14	-1
TTOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**-14**	**-1**

Difference between Swedish income tax rate and the effective tax rate

The Group	2020	2020	2019	2019
Reported income before tax	**0**		**174**	
Tax at Swedish income tax rate	0	-21.4%	-37	-21.4%
Tax effect of				
Adjustment of previous year's tax	4		2	1.0%
Other tax rates for foreign subsidiaries	1		-2	-1.1%
Deductible temporary differences	-5		-1	-0.5%
Losses carried forward	-13		-15	-8.9%
Altered tax rates	0		0	0.0%
Non-taxable income and non-deductible expenses	-9		-1	-0.5%
RRECOGNISED TAX EXPENSE	**-22**	**ET**	**-54**	**-31.4%**

Tax items recognised in other comprehensive income	2020	2019
Deferred tax on cash flow hedges	1	3
Deferred tax on hedging of net investments	-1	0
Deferred tax on pension obligations	0	1
	0	**4**

Changes in deferred tax The Group	2020	2019
At the start of the year	59	48
Items recognised in other comprehensive income	0	1
Translation differences	-3	0
Recognised in profit for the year	4	10
AT THE CLOSE OF THE YEAR	**60**	**59**

The deferred tax assets and liabilities recognised in the balance sheet are attributed to:

The Group	Receivables 2020	Receivables 2019	Liabilities 2020	Liabilities 2019
Non-current assets	9	9	33	34
Inventory	10	7	0	1
Current receivables	1	1	-	-
Provisions for pensions and similar obligations	2	5	0	0
Losses carried forward [1]	73	80	-	-
Untaxed reserves	-	-	3	4
Other	6	5	5	9
	101	**107**	**41**	**48**

[1] Of the deferred tax assets for losses carried forward recognised in the balance sheet, there is a deficit deduction of SEK 124 million, the utilisation of which is subject to time restrictions. Of this, SEK 3 million matures in 2022, SEK 6 million matures in 2023, SEK 2 million matures in 2024. SEK 59 million matures in 2025-2026 and the remaining SEK 54 million matures in 2027-2030.
The Group has losses carried forward equivalent to nominal SEK 316 million (253), which is not recognised as a deferred tax asset. This is partially an effect of current value calculation, partially the fact that certain losses carried forward are not deemed able to be utilised within the next 5 years. For a small proportion of these losses carried forward, there are restrictions as regards utilisation per yeaer as well as time limits.

Parent Company	Liabilities 2020	Liabilities 2019
Losses carried forward	17	31
	17	**31**

NOTE 17. EARNINGS PER SHARE

The Group	2020	2019
Earnings per share before dilution		
Net Profit for the period that is attributable to the Parent Company's shareholders, SEK millions	-21.2	119.8
Average number of outstanding ordinary shares	102,383,430	102,383,430
REARNINGS PER SHARE BEFORE DILUTION, SEK PER SHARE	**-0.21**	**1.17**
Earnings per share after dilution		
Net Profit for the period that is attributable to the Parent Company's shareholders, SEK millions	-21.2	119.8
Net interest expenses after tax on convertible debentures, SEK millions	-	2.8
Adjusted profit, SEK millions	**-21.2**	**122.6**
Number of outstanding shares as per the closing day	102,383,430	102,383,430
Adjustment for assumed conversion of convertible debentures	-	1,950.000
Number of shares after dilution	**102,383.430**	**104,333.430**
EARNINGS PER SHARE AFTER DILUTION, SEK PER SHARE	**-0.21**	**1.17**
ACTUAL NUMBER OF SHARES AT YEAR-END		
before dilution, shares	102,383,430	102,383,430
after dilution, shares	102,383,430	104,333,430

Until June 30, the Group had an outstanding convertible program. The program ran during the period July, 1 2016 to June, 30 2020 and conversion could take place to a maximum of 1,950,000 Series B shares during the period 1-12 June 2020 at a subscription price of SEK 86.00. The total number of shares after full dilution amounted to 104,333,430. No conversions were made and the convertible debenture loan was repaid on June 30, 2020.

SHARE CAPITAL TREND

Year	Transaction	Change in share capital (SEK thousands)	Total share capital, SEK thousands	Total no. of shares	Nominal value per share (SEK)
1987	Forming of company	50	50	500	100
1997	New share issue	50	100	1,000	100
1998	New share issue	8,500	8,600	86,000	100
2004	Bonus issue	8,600	17,200	172,000	100
2004	20:1 split	-	17,200	3,440,000	5
2004	New share issue	16,281	33,481	6,696,200	5
2006	New share issue	1,500	34,981	6,996,200	5
2007	2:1 split	-	34,981	13,992,400	2.5
2008	New share issue	725	35,706	14,282,400	2.5
2008	Conversion	0	35,706	14,282,500	2.5
2009	Conversion	9	35,715	14,285,940	2.5
2010	Conversion	0	35,715	14,285,952	2.5
2012	Conversion	6,668	42,383	16,953,205	2.5
2014	2:1 split	-	42,383	33,906,410	1.25
2016	3.1 split	-	42,383	101,719,230	0.417
2016	Conversion	227	42,660	102,383,430	0.417

NOTE 18. INTANGIBLE ASSETS

2020 **The Group**	**Balanced development expenses**	**Patents and other intellectual property rights**	**Goodwill**	**TOTAL**
Accumulated acquisition values				
At the start of the year	206	88	1,669	1,963
Additions	1	5	-	6
Sales and disposals	0	-1	-	-1
Reclassifications	-	4	-	4
Translation differences for the year	-	-4	-70	-74
	207	**92**	**1,599**	**1,898**
Accumulated depreciation according to plan				
At the start of the year	-81	-45	-	-126
Sales and disposals	0	0	-	0
Depreciation according to plan for the year	-21	-11	-	-32
Translation differences for the year	-	3	-	3
	-102	**-53**	**-**	**-155**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**105**	**39**	**1,599**	**1,743**

2019 **The Group**	**Balanced development expenses**	**Patents and other intellectual property rights**	**Goodwill**	**TOTAL**
Accumulated acquisition values				
At the start of the year	186	85	1,634	1,905
Additions	22	2	-	24
Sales and disposals	-2	0	-	-2
Translation differences for the year	-	1	35	36
	206	**88**	**1,669**	**1,963**
Accumulated depreciation according to plan				
At the start of the year	-64	-34	-	-98
Sales and disposals	2	0	-	2
Depreciation according to plan for the year	-19	-10	-	-29
Translation differences for the year	-	-1	-	-1
	-81	**-45**	**-**	**-126**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**125**	**43**	**1,669**	**1,837**

Balanced expenditure for development work primarily comprises internally generated, capitalised costs for the development of checkouts. Other intellectual property rights primarily consist of valued customer relations as well as patents. The depreciation of intangible assets excluding goodwill is recognised in the income statement over the estimated useful lives of the assets. Depreciation commences from the date the asset is available for use. Estimated useful lives are reassessed every year. No impairment or reversal of impairment has taken place.

The Group's goodwill comprises primarily synergy effects in production, logistics, staff, know-how and effective organisation.

Impairment testing for goodwill

The Group assesses goodwill for impairment annually, or more often if there are any indications of a need for impairment, in accordance with the accounting principles described in Note 2. No distribution of the Group's goodwill has been performed because all Group companies' activities and their cash inflow are to a great extent dependent on each other.

The recoverable value for this unit has been determined based on the value in use, which consists of the present value of the estimated projected cash flow. The estimate of projected cash flow is based on an assessment of expected growth in accordance with a cautious starting point in the forecasts prepared by the management for the coming four years. The forecasts are based on experience from previous years, but with consideration for future expected developments. Average growth in the organisation, after a period of being affected by COVID-19, is anticipated according to the forecast to reach 2% (2%) per year during 2023-2024. The cash flows beyond this four-year period have been extrapolated with the aid of an estimated rate of growth of 2% (2%) per year, which corresponds to estimated long-term inflation.

The assumption of projected growth is the most important assumption and is based on external assessments of the market's growth, past trends and the management's assessment of market shares. The margins in the business are an estimate that also has an impact on testing. The EBITDA margin is an important assumption on which the company management bases its assessment. When assessing impairment in 2020 a figure of 8.5% is used for 2022 and 9.0% för 2023 and onwards.

Average interest rates have been assumed at the same levels as the outcome for 2020. The forecast cash flows have been converted to present value using a discount rate of 11.02% (9.46%), before tax, which corresponds to 8.5% (7.5%) after tax.

The discount factor, WACC, has been determined through the Capital Asset Pricing Model (CAPM). As a part of the discount factor, a risk-free rate of interest corresponding to the yield on ten-year government bonds has been used, with an addition for the equity market's average risk premium. Required return is also affected by the debt/equity ratio at optimal capital structure.

From a historical perspective, the risk-free interest can be deemed to be low, which has been taken into consideration in the calculation. The risk premium increased during 2020, which gives a higher outcome on the discount rate before tax compared with 2019.

The recoverable value exceeds the recognised value, so there is no need for impairment. In order to support the impairment assessment that has been performed for goodwill within the Group, an overall assessment has been performed of the sensitivity of the variables used in the model. If the sustainable rate of growth is set at 0% or if EBITDA is lowered by two percentage points, there is still no indication of an impairment need.

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

2020 The Group	Buildings	Machinery	Equipment	Construction in progress	Total
Accumulated acquisition values excl. leasing					
At the start of the year	685	725	386	32	1,828
Additions	2	17	11	15	45
Sales and disposals	0	-12	-64	0	-76
Reclassifications	10	26	-0	-40	-4
Translation differences for the year	-52	-49	-19	-1	-121
	645	**707**	**314**	**6**	**1,672**
Accumulated depreciation according to plan excl. leasing					
At the start of the year	-210	-484	-285	-	-979
Sales and disposals	0	12	58	-	70
Reclassifications	-	-4	4	-	0
Depreciation according to plan for the year	-19	-54	-31	-	-104
Translation differences for the year	14	31	14	-	59
	-215	**-499**	**-240**	**-**	**-954**
TOTAL	**430**	**208**	**74**	**6**	**718**
Right of use assets [1]	621	7	21	-	649
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**1,051**	**215**	**95**	**6**	**1,367**

[1] *For more information regarding leasing right of use assets, see Note 22.*

2019 The Group	Buildings [1]	Machinery	Equipment	Construction in progress	Total
Accumulated acquisition values excl. leasing					
At the start of the year	663	760	386	118	1,927
Divestments, subsidiaries	-3	-	-	-	-3
Additions	9	54	32	45	140
Sales and disposals	-127	-117	-45	0	-289
Reclassifications	125	8	4	-137	0
Translation differences for the year	18	20	9	6	53
	685	**725**	**386**	**32**	**1,828**
Accumulated depreciation according to plan excl. leasing					
At the start of the year	-203	-519	-281	-	-1,003
Sales and disposals	19	103	38	-	160
Depreciation according to plan for the year	-19	-58	-33	-	-110
Translation differences for the year	-7	-10	-9	-	-26
	-210	**-484**	**-285**	**-**	**-979**
TOTAL	**475**	**241**	**101**	**32**	**849**
Right of use assets [1]	718	9	30	-	757
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**1,193**	**250**	**131**	**32**	**1,606**

Parent Company	2020 Equipment	2019 Equipment
Accumulated acquisition values		
At the start of the year	16	16
	16	**16**
Accumulated depreciation according to plan		
At the start of the year	-8	-6
Depreciation according to plan for the year	-1	-2
	-9	**-8**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**7**	**8**

NOTE 20. PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2020	2019
Opening recognised value	2,095	2,096
Divestments [1]	-263	-1
Shareholder contribution to subsidiaries [2]	307	72
Impairment and revaluations for the year [3]	-68	-72
CLOSING RECOGNISED VALUE	**2,071**	**2,095**

[1] *During 2020 shares in ITAB Scanflow AB and ITAB Guidance have been sold and merged into the subsidiary ITAB Shop Products AB. The purchase sum amounted to SEK 1 million and SEK 13 million, respectively. The subsidiary MB Shop Design AB has been sold internally to ITAB Shop Concept Nässjö AB for SEK 106 million. As a result of the restructuring, ITAB Shop Concept Nässjö AB and ITAB Shop Products AB have been sold internally to Nordic Light Group AB. where the purchase sum amounted to SEK 134 million and SEK 9 million, respectively. In 2020, the dormant companies ITAB Pikval AB and ITAB Shop Concept Hungary were liquidated. In 2019, shares in ITAB Shop Products France SaS and AO ITAB Shop Concept Russia were sold to subsidiaries within the Group.*
[2] *Shareholders contributions in 2020 have been made to ITAB Shop Concept Nässjö AB with SEK 106 million and Nordic Light Group AB with SEK 143 million in connection with the internal sale of shares due to a reorganization. In addtition, shareholders contribution have been made to Nordic Light Group AB with SEK 40 million and ITAB shop Concept A/S with SEK 18 million. In 2019, shareholder contributions were made to the subsidiaries ITAB Shop Concept Nässjö AB SEK 20 million. La Fortezza SpA 47 Mkr. Nordic Light Group AB SEK 4 million and ITAB Guidance with SEK 1 million.*
[3] *Impairment of shares in subsidiaries in 2020 refer to ITAB Pikval AB SEK -1 million, ITAB Pharmacy Concept AB SEK -1 million and ITAB Shop Concept Belgium N.V. SEK -7 million. In addition, impairments of shares in the subsidiaries ITAB Shop Concept A / S SEK -18 million and Nordic Light Group AB SEK -40 million were made in connection with shareholder contributions. Impairment of shares in subsidiaries in 2019 refers to ITAB Shop Concept Nässjö AB SEK -20 million. La Fortezza SpA SEK -47 million and ITAB Shop Concept A / S SEK -5 million.*

PARTICIPATIONS ARE HELD IN THE FOLLOWING GROUP COMPANIES:

	Corp. reg. no.	Registered office	Country	Number of shares	Holding	2020 Book value	2019 Book value
ITAB Shop Concept Lithuania AB	233393310	Kaunas	Lithuania	635,350	100%	20	20
ITAB Eesti OÜ	10994786	Tallin	Estonia	400	100%	0	0
ITAB Germany Gmbh	HRB 61998	Köln	Germany	2	100%	17	17
ITAB Harr Gmbh	HRB 29025	Malschwitz	Germany	-	100%	-	-
D&L Lichtplanung GmbH	HRB 11839	Menden	Germany	5	100%	-	-
D.Lindner Lichttechnische Grosshandlung GmbH	HRB 5072	Menden	Germany	1	100%	-	-
ITAB Holding B.V	32082085	Woundenberg	The Netherlands	180	100%	36	36
ITAB Den Bosch B.V	61775185	Hertogenbosch	The Netherlands	180	100%	-	-
ITAB Konsult AB	556554-1520	Jönköping	Sweden	1,000	100%	0	0
ITAB Shop Products Finland OY	1569393-8	Villähde	Finland	1,165	100%	11	11
ITAB Pharmacy Concept AB	556603-8245	Stockholm	Sweden	40,000	100%	5	7
Sintek Industrial Property AB	556031-3362	Jönköping	Sweden	9,070	100%	1	1
Radlok S.à r.l	B 150987	Luxemburg	Luxembourg	100	100%	-	-
ITAB Shop Concept AS	960912624	Oslo	Norway	1,534,500	100%	55	55
ITAB Industier AS	928907619	Stadsbygd	Norway	150	100%	-	-
ITAB Butikkinnredninger AS	935500419	Oslo	Norway	50	100%	-	-
ITAB Prolight AS	911973235	Oslo	Norway	30	100%	-	-
Reklamepartner Graphics AS	979895909	Vinterbro	Norway	100	100%	-	-
KB Design AS	913275438	Oslo	Norway	34	100%	-	-
ITAB Lindco AS	929240227	Oslo	Norway	1,000	100%	-	-
ITAB Shop Concept Belgium N.V	0413.792.003	Antwerpen	Belgium	279,295	100%	7	14
ITAB Shop Concept CZ a.s	255 68 663	Blansko	Czech Republic	2,210	100%	277	277
ITAB Shop Concept A/S	19353443	Herning	Denmark	11,000	100%	0	0
ITAB Shop Products A/S	13769893	Taastrup	Denmark	500	100%	22	22
ITAB Kiinteistö Oy	0719064-4	Järvenpää	Finland	77,000	100%	12	12
ITAB Shop Concept Polska Sp zoo	338168	Warszawa	Poland	1,250	100%	2	2
ITAB Shop Concept Hungary LLC [4)]	24685113-2-43	Budapest	Hungary	1	100%	-	0
ITAB Shop Products Ltd	5822228	Hemel Hempstead	England	2,500,000	100%	35	35
ITAB Holdings UK Ltd	4135080	Hemel Hempstead	England	4,638,743	100%	119	119
ITAB UK Ltd	3411363	Hemel Hempstead	England	1,200,000	100%	-	-
ITAB Interiors Ltd	1112808	Hemel Hempstead	England	550	100%	-	-
Nordic Light Group AB	556306-5373	Skellefteå	Sweden	1,000	100%	523	380
ITAB Shop Products AB [4)]	556132-4046	Jönköping	Sweden	1000	100%	-	9
ITAB Scanflow AB [4)]	556270-5367	Jönköping	Sweden	10,000	100%	-	1
ITAB Guidance AB [4)]	556065-3866	Jönköping	Sweden	10,000	100%	-	13
ITAB Shop Concept Nässjö AB [4)]	556474-2244	Nässjö	Sweden	2,000	100%	-	28
MB Shop Design AB [4)]	556549-1643	Hillerstorp	Sweden	1,981	100%	-	106
Pulverlacken i Hillerstorp AB	556672-7854	Hillerstorp	Sweden	1000	100%	-	-
ITAB Prolight AB	556673-8877	Borås	Sweden	1,000	100%	-	-
Nordic Light AB	556203-5161	Skellefteå	Sweden	130,000	100%	-	-
Nordic Light Group Development AB	556511-7800	Skellefteå	Sverige	2,000	100%	-	-
Nordic Light Group (HK) Co Ltd	759628	Hongkong	Hong Kong	20,000	100%	-	-
Nordic Light (Suzhou) Investment (HK) Co Ltd.	875186	Hongkong	Hong Kong	10,000	65%	-	-
Nordic Light (Suzhou) Co Ltd	91320594760529353P	Suzhou	China	-	65%	-	-
ITAB Shop Concept China Co Ltd	91320505MA1MEFBL86	Suzhou	China	-	65%	-	-
Nuco Lighting Technology Ltd Co	440306503426898	Shenzhen	China	-	100%	-	-
Nordic Light America Inc.	27-4627942	Columbus	USA	1,500	100%	-	-
Nordic Light South America SpA	71.936 / 49.962	Santiago	Chile	100	100%	-	-
Nordic Light Brasil Design E Comercio de luminarias LTDA	13.253.209/0001-09	Sao Paolo	Brazil	49,645	100%	-	-
Nordic Light India Private Ltd	U74900KA2014FTC073090	Bangalore	India	10,000	100%	-	-
ITAB Finland Holding Oy	2447365-4	Vantaa	Finland	10,494	100%	43	43
ITAB Finland Oy	1882702-2	Jyväskylä	Finland	28,000	100%	-	-
ITAB Pikval AB	556046-4389	Jönköping	Sweden	1,000	100%	-	1
La Fortezza SpA	FI - 462981	Scarperia	Italy	20,900,000	100%	786	786
La Fortezza Alser S.a.S	438699225	Jouy-le-Moutier	France	2,790,000	100%	-	-
ITAB Shop Products France S.a.S [4)]	817 964 984	Jouy-le-Moutier	France	4,500	100%	-	-
La Fortezza Asia Sdn Bhd	396959-A	Kuala Lumpur	Malaysia	600,000	100%	-	-
La Fortezza Equipamento Iberica S.l.	B85907236	Barcelona	Spain	19,000	100%	-	-
ITAB Rus Jsc	1057747369723	Stupino	Russia	2,780,000	100%	-	-
AO ITAB Shop Concept Russia [4)]	1057811914808	St Petersburg	Russia	100	100%	-	-
La Fortezza Middle East Dmcc	JLT5135	Dubai	UAE	1	100%	-	-
La Fortezza Sudamericana S.A.	30-68703602-2	Buenos Aires	Argentina	5,645,921	85%	-	-
SIA ITAB Latvia	40103175540	Riga	Latvia	2,845	100%	100	100
						2,071	**2,095**

In addition to the above companies, the subsidiaries owned shares in dormant companies. In total, the Group comprised 69 legal companies at the end of 2020.

[4)] During 2020 the shares in ITAB Scanflow AB and ITAB Guidance AB have been sold and merged into the subsidiary ITAB Shop Products AB. All shares in the subsidiary MB Shop Design AB have been sold internally to ITAB Shop Concept Nässjö AB and thereafter the shares in ITAB Shop Concept Nässjö AB and ITAB Shop Products AB have been sold internally to Nordic Light Group AB. In 2020, the dormant companies ITAB Pikval AB and ITAB Shop Concept Hungary were liquidated. In 2019, ITAB Shop Products France SaS and AO ITAB Shop Concept Russia have been sold to subsidiaries in the group and thereafter ITAB Shop Products France SaS merged into La Fortezza Alser S.a.S.

PARTICIPATIONS IN ASSOCIATED COMPANIES:

There are no major associated companies within the ITAB Group. the most significant value is linked to Ombori Apps AB.

PARENT COMPANY	Corp. reg. no.	Registered office	Country	Number of shares	Proportion of holding	Proportion of votes %	2020 Book value
Ombori Apps AB	556841-1333	Stockholm	Sverige	22,059,400	30.00%	35.47%	15

THE GROUP	2020	2019
Recognised value at the start of the year	15	-
Acquisitions during the year	-	15
Depreciation surplus value	-1	0
Share of profit within period	-2	0
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**12**	**15**

ITABs share of Ombori Apps AB:s assets, total equity, net sale and profit before tax at the time of acquisitions, Ombori Apps has a split financial year.

	2020	2019
Assets	24	4
Total equity	9	5
Net sales	-2	2
Profit before tax	-2	0

Ombori App AB's transactions with ITAB companies	2020	2019
Sales to companies within the ITAB Group	1	0
Receivable to companies within the ITAB Group	0	0

NOTE 21. FINANCIAL ASSETS AND LIABILITIES

Time analysis of financial assets	2020 Due	2020 Not due	2020 Total	2019 Due	2019 Not due	2019 Total
Accounts receivables, not written down						
less than 30 days old	44	659	703	60	741	801
31-60 days old	30		30	34		34
more than 60 days old	22		22	41		41
Accounts receivables written down						
more than 60 days old	13		13	23		23
Deduction for reserves	-13		-13	-23		-23
TOTAL ACCOUNTS RECEIVABLES	**96**	**659**	**755**	**135**	**741**	**876**
Other financial assets		72	72		97	97
BOOK VALUE, FINANCIAL ASSETS EXCL. CASH AND CASH EQUIVALENTS	**96**	**731**	**827**	**135**	**838**	**973**

The receivable is reserved as doubtful in the case of an anticipated credit loss. The appraisal is individual and performed on a case-by-case basis.

Change in provision for anticipated credit losses	The Group 2020	The Group 2019
Opening balance	23	22
Increase in provision via the income statement	3	11
Utilised reserve due to ascertained customer losses	-11	-8
Reverse provisions	-1	-2
Translation differences for the year	-1	0
CLOSING BALANCE	**13**	**23**

TIME ANALYSIS OF FINANCIAL LIABILITIES REPORTED TO UNDISCOUNTED CASH FLOWS INCLUDING ACCRUED INTEREST

The Group	2020	2019
Maturity date		
within 1 year	2,117	1,709
between 1 and 3 years	925	1,573
between 3 and 5 years	229	318
after 5 years	163	138
	3,434	**3,738**

Parent Company	2020	2019
Maturity date		
within 1 year	1,185	792
between 1 and 3 years	679	1,210
between 3 and 5 years	-	105
after 5 years	-	-
	1,864	**2,107**

CHANGE IN LIABILITY ATTRIBUTABLE TO FINANCING OPERATIONS IN THE GROUP'S CASH FLOW	2019	Cash flow	Items that do not affect the cash flow: Short-term portion of long-term loans	Translation difference	Fair value	2020
Derivative receivables	0				-1	-1
Non-current liabilities to credit institutions	1,274	272	-831	-45		670
Current liabilities to credit institutions as well as overdraft facility	582	-465	831			948
Convertible debenture loan and shareholder loan	165	-28			-3	140
Leasing debt	763	-122		15		656
Derivative liabilities	27				0	27
TOTAL NET LIABILITY FROM FINANCING OPERATIONS	**2,811**	**-343**	**0**	**-30**	**2**	**2,440**
Cash and cash equivalents						-692
INTEREST-BEARING NET DEBT [1)]						**1,748**

[1)] Some of the company's bank loans are restricted with covenants, stipulated in the loan contract. One of the restrictions mean that ITAB has committed to keeping the company's interest-bearing net debt in relation to EBITDA within certain stipulated levels. In 2020, the company's covenants have been temporarily adapted to the prevailing market situation affected by COVID-19.

INFORMATION ABOUT RECOGNISED VALUE PER CATEGORY AND FAIR VALUE PER CLASS

VALUATION HIERARCHY

The Group recognises financial instruments that are valued at fair value in the statement of financial position. This requires information about valuation at fair value per level in the following fair value hierarchy:

Level 1: Listed prices (unadjusted) on active markets for identical assets or liabilities. Financial instruments valued at fair value based on level 1 comprise cash and cash equivalents as well as non-current and current interest-bearing liabilities.

Level 2: Other observable input data for assets or liabilities other than listed prices included in level 1, either direct (i.e. as price quotations) or indirect (i.e. derived from price quotations). Financial instruments valued at fair value based on level 2 comprise derivatives that are applied in hedge accounting.

Level 3: Input data for the asset or liability that are not based on observable market data (i.e. non-observable input data).

DERIVATIVE INSTRUMENTS

Derivative instruments comprise interest rate swaps and currency swaps, and are valued at market value according to level 2. In other words, for derivative instruments, the fair value is calculated through discounted future cash flows according to the contracts' terms and due dates, where all variables, such as discount rates and exchange rates, are obtained from market listings for calculations.

CONDITIONAL PURCHASE SUM

The calculation of conditional purchase sum (level 3) is dependent on parameters in the agreement in question. These parameters are mainly linked to anticipated results until 2020 for the acquired companies. For existing agreements, however, there is a ceiling that limits the maximum extent of the liability. An increase in anticipated profit entails a slightly higher liability for the conditional purchase sum. Refer also to Note 5.

INFORMATION ABOUT RECOGNISED VALUE PER CATEGORY AND FAIR VALUE PER CLASS

The Group 2020	Derivatives that are applied in hedge accounting	Financial liabilities measured at fair value via the income statement	Financial assets valued at accrued cost	Other financial liabilities	Total recognised value	Fair value [1]
Financial assets						
Financial non-current assets			6		6	6
Accounts receivable			755		755	755
Derivative receivables (level 2)	1				1	1
Other receivables			48		48	48
Accrued income, financial claims			17		17	17
Cash and cash equivalents [2]			692		692	692
TOTAL FINANCIAL ASSETS	**1**		**1,518**		**1,519**	**1,519**
Financial liabilities						
Liabilities to credit institutions				2,222	2,222	2,222
Shareholder's loan				140	140	140
Overdraft facilities				52	52	52
Derivative liability (level 2)	27				27	27
Conditional purchase sum (level 3)		1			1	1
Advance payments from customers				49	49	49
Accounts payable				621	621	621
Other liabilities				147	147	147
Accrued expenses, financial liability				34	34	34
TOTAL FINANCIAL LIABILITIES	**27**	**1**		**3,265**	**3,293**	**3,293**
2019						
Financial assets						
Financial non-current assets			8		8	8
Accounts receivable			876		876	876
Other receivables			68		68	68
Accrued income, financial claims			21		21	21
Cash and cash equivalents [2]			302		302	302
TOTAL FINANCIAL ASSETS			**1,275**		**1,275**	**1,275**
Financial liabilities						
Liabilities to credit institutions				2,298	2,298	2,298
Convertible debenture loan				165	165	166
Overdraft facilities				321	321	321
Derivative liability (level 2)	27				27	27
Conditional purchase sum (level 3)		2			2	2
Advance payments from customers				17	17	17
Accounts payable				627	627	627
Other liabilities				110	110	110
Accrued expenses, financial liability				42	42	42
TOTAL FINANCIAL LIABILITIES	**27**	**2**		**3,580**	**3,609**	**3,610**
Parent Company **2020**						
Financial assets						
Receivables, Group companies			258		258	258
Cash and cash equivalents [2]			449		449	449
TOTAL FINANCIAL LIABILITIES			**707**		**707**	**707**
Financial liabilities						
Liabilities to credit institutions				1,458	1,458	1,458
Shareholder's loan				140	140	140
Overdraft facilities				25	25	25
Accounts payable				20	20	20
Liabilities to Group companies				102	102	102
Other liabilities				8	8	8
Accrued expenses, financial liability				8	8	8
TOTAL FINANCIAL LIABILITIES				**1,761**	**1,761**	**1,761**
2019						
Financial assets						
Receivables, Group companies			945		945	945
Cash and cash equivalents [2]			0		0	0
TOTAL FINANCIAL LIABILITIES			**945**		**945**	**945**
Financial liabilitiesr						
Liabilities to credit institutions				1,463	1,463	1,463
Convertible debenture loan				165	165	166
Overdraft facilities				285	285	285
Accounts payable				8	8	8
Liabilities to Group companies				83	83	83
Other liabilities				4	4	4
Accrued expenses, financial liability				6	6	6
TOTAL FINANCIAL LIABILITIES				**2,014**	**2,014**	**2,015**

[1] For current receivables and liabilities with a lifetime of less than six months, the reported value is considered to reflect the fair value.
[2] Cash and cash equivalents are made up in their entirety of cash and bank funds.

NOTE 22. LEASING

ITAB´s leasing agreements are attributable to properties, machinery and vehicles. The majority of ITAB's leases include options to either extend or terminate the agreement. When the term of the lease is being established, ITAB takes into consideration all facts and circumstances that provide a financial incentive to utilise an extension option or not to utilise an option to terminate an agreement. Examples of factors considered include strategic plans, restructuring programs, the importance of the underlying asset to ITAB's activities and/or costs attributable to not extending or terminating leases.

Leasing – right of use assets and liabilities
Items concerning financial leases have been included in the consolidated accounts as described below:

	AS OF DECEMBER 31st 2020				AS OF DECEMBER 31st 2019			
Right of use assets	**BUILDINGS**	**EQUIPMENT**	**MACHINERY**	**TOTAL**	**BUILDINGS**	**EQUIPMENT**	**MACHINERY**	**TOTAL**
Start of the year	718	30	9	**757**	-	-	15	**15**
Additional IFRS16	-	-	-	**0**	696	29	-	**725**
Additions	17	9	0	**26**	121	20	0	**141**
Disposals during the year	-	-1	-5	**-6**	-3	0	-1	**-4**
Translation difference	-3	-2	5	**0**	16	1	-2	**15**
Depreciations during the year	-111	-15	-2	**-128**	-112	-20	-3	**-135**
Recognised value at the close of the year	**621**	**21**	**7**	**649**	**718**	**30**	**9**	**757**
Lease liabilities	**630**	**22**	**3**	**655**	**725**	**29**	**9**	**763**

	IFRS16 LEASING		IFRS16 LEASING	
Lease liabilities	**NOMINAL VALUE 2020**	**CURRENT VALUE 2020**	**NOMINAL VALUE 2019**	**CURRENT VALUE 2019**
Current portion, maturity date within one year	127	114	126	123
Non-current portion, maturity date between one and three years	216	189	344	325
Non-current portion, maturity date between three and five years	194	153	211	201
Non-current portion, maturity date over five years	156	199	118	114
Recognised value at the close of the year	**693**	**655**	**799**	**763**

The Groups essential leasing contracts refers to rent of buildings mostly related to Sweden, United Kingdom, Italy and France. Machineries are placed in Sweden, Norway, Russia, Italy and Latvia. The majority of equipment are cars.

ITAB Group profit during the financial year 2020 was affected by costs attributable to leasing with depreciation SEK 128 million (135) and interests to SEK 14 million (15). There are no significant variable charges or restrictions. Total leasing costs during 2020 amounted SEK 169 M (178). Lease costs related to low value and short maturity amounted to SEK 27 M (28). There are no significant variable charges or restrictions.

NOTE 23. INVENTORY

The Group	**2020**	**2019**
Raw materials and supplies	211	376
Products in progress	79	92
Finished products and trading goods	405	453
Advance payments for goods	3	5
	698	**926**

The year's impairment of finished products and trading goods expensed to the year's income totalled SEK 98 million (26) for the Group, of which SEK 23 million relates to measures in connection with restructuring and SEK 52 million relates to a non-recurring inventory write-down.

NOTE 24. PREPAID EXPENSES AND ACCRUED INCOME

The Group	2020	2019
Prepaid rent and leasing fees	15	13
Prepaid insurance premiums	4	4
Other prepaid expenses	38	46
Accrued income from contracts with customers	16	21
Other accrued income	2	11
	75	**95**

Parent Company	2020	2019
Prepaid insurance premiums	0	1
Prepaid financing expenses	0	0
Other prepaid expenses	6	9
	6	**10**

NOTE 25. SHAREHOLDERS' EQUITY

THE GROUP

Share capital

For information regarding share capital and the share capital trend, see the Parent Company's details below.

Other contributed capital

Refers to equity that is contributed by the shareholders. This includes a portion of share premium reserves transferred to the statutory reserve as of 31 December 2005. Provisions to the share premium reserve as of 1 January 2006 and thereafter are also recognised as other contributed capital.

A convertible debenture loan is a combined financial instrument that is both liability and shareholders' equity. These are recognised divided into financial liability and equity instrument. This is achieved by deducting the fair value of the financial liability from that which was received when the convertible was issued. The value of the equity instrument is calculated as the difference between the issue payment and the fair value of the financial liability. Equity instruments are recognised as other contributed capital. If conversions are not carried out, the value of the own capital instrument is transferred back to retained earnings. During 2020, SEK 11 million has been transferred between other contributed capital and retained earnings.

Other reserves

Other reserves in equity comprise translation reserve and hedging reserve.

Translation reserve

Translation differences for subsidiary operations abroad are recognised as a separate item in equity. The translation reserve includes all exchange rate differences that arise when translating financial statements from foreign operations that have prepared their financial statements in a currency other than the Group's functional currency. The Parent Company and the Group present their financial statements in Swedish kronor (SEK). In addition, the translation reserve comprises exchange rate differences that arise when translating liabilities that have been entered as hedging instruments for a net investment in a foreign operation.

When foreign operations are divested and liquidated, the accumulated exchange rate differences are to be recognised as part of the earnings from the sales. During 2020 and 2019 only dormant foreign companies of minor value have been disposed or deregistered.

Accumulated translation reserve, recognised in comprehensive income as of 2004, amounts to the following:

Translation reserve related to the Parent Company's shareholders	2020	2019
Opening balance	61	17
Translation difference when translating foreign operations	-122	46
Change in fair value of hedges of net investments	5	-2
Tax	-1	0
Closing balance	**-57**	**61**

Translation reserve related to holdings without controlling influence	2020	2019
Opening balance	14	12
Translation differences for the year	-9	2
Closing balance	**5**	**14**

Hedging reserve

The hedging reserve includes the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet taken place.

	2020	2019
Opening balance	-17	-8
Change in fair value of cash flow hedges	-12	-18
Change in fair value of cash flow hedges transferred to the year's profit or loss	7	6
Tax	1	3
Closing balance	**-21**	**-17**
Total other reserves related to the Parent Company's shareholders	**-78**	**44**
Total other reserves related to non controlling interest	**5**	**14**

Profit brought forward

Profit brought forward, including net profit for the year, includes earned gains in the Parent Company and its subsidiaries. Previous provisions to the statutory reserve, excluding transferred share premium reserves, are included in this separate capital item.

PARENT COMPANY

Share capital

The share capital in ITAB Shop Concept AB amounts to SEK 42,660 thousand distributed between 22,166,400 Class A shares and 80,217,030 Class B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote. All shares have equal rights to dividends. The nominal value per share is SEK 0.4167. With regard to the share capital trend, refer to Note 17.

Statutory reserve

The purpose of the statutory reserve has been to save a portion of the net profit, which is not used for coverage of loss brought forward. This also includes a portion of share premium reserves transferred to the statutory reserve as of 31 December 2005.

Share premium reserve

When shares are issued at a share premium, i.e. it is necessary to pay more than the shares' nominal value for the shares, an amount corresponding to the received amount over and above the nominal value for the shares must be transferred to the share premium reserve. Share premium reserves prior to 31 December 2005 have been transferred to the statutory reserve.

Profit brought forward

Profit brought forward comprises the previous year's profit brought forward, including the previous year's profit after payment of any dividends. Together with the profit for the year and the share premium reserve, this constitutes total unrestricted equity, i.e. the amount that is available for dividends to the shareholders.

NOTE 26. ALLOCATION OF PROFITS

Parent Company	2020	2019
The following unrestricted profit is at the disposal of the Annual General Meeting:		
Share premium reserve	299	310
Profit brought forward	723	586
Net profit for the year	-28	126
TOTAL	**994**	**1,022**

The Board of Directors and CEO propose that these funds be distributed as follows:

Number of shares	102,383,430	102,383,430
To be paid as dividends to shareholders in total	-	-
To be carried forward to a new account	994	1,022
TOTAL	**994**	**1,022**

NOTE 27. OVERDRAFT FACILITY

The Group	2020	2019
Granted overdraft facility	560	926
Utilised overdraft facility	53	321
Unutilised overdraft facility	**507**	**605**
Parent Company		
Granted overdraft facility	505	849
Utilised overdraft facility	25	285
Unutilised overdraft facility	**480**	**564**

The companies in the ITAB Group are affiliated to the Group account system. At the end of the year, ITAB Shop Concept AB had net assets of SEK 529 million (430) via Group accounts. Together with the subsidiaries within the Group, the Parent Company's total liability to credit institutions via Group accounts amounted to SEK 449 million (-226), i.e. the Parent Company has a claim against subsidiaries totalling SEK 80 million (696).

NOTE 28. CONVERTIBLE DEBENTURE LOAN

Up until 30 June 2020, ITAB Shop Concept AB had one outstanding convertible programmes targeted at the Group's employees under market conditions.

The loan was taken out in June 2016 in which 1,950,000 convertibles were subscribed for, and each convertible can be converted to one share at a conversion price of SEK 86. The nominal amount is SEK 167.7 million, which corresponds to 1,950,000 shares. Transaction expenses that arise in connection with the convertible loan are spread over the term of the loan and expensed as financial expense. The convertible loan will run until 30 June 2020 at an annual interest rate of STIBOR 3 months (minimum 0) plus 2.2 percentage points. No conversions were conducted and the convertible debenture loan was repaid on June 30, 2020.

NOTE 29. PROVISIONS FOR PENSIONS

The following tables present an overview of the items included in the net costs for remuneration recognised in the consolidated income statement for defined-benefit pension plans. Certain information concerning the outcome of capital management and amounts reported in the Group's balance sheet for these pension plans is also provided.

Defined-benefit pension plans	2020	2019
Net costs		
Interest on the year's increase of present value of pension commitments	1	1
Net of earned pensions and paid premiums during the year	-4	-4
Expected return on management assets	0	-1
RECOGNISED PENSION COSTS, NET	**-3**	**-4**
Recognised provisions per 31 December		
Pension commitments' present value	62	79
Management asset's fair value	-33	-39
RECOGNISED PROVISIONS PER 31 DECEMBER	**29**	**40**
The net amount is distributed between the following countries		
Norway	4	7
Sweden	2	2
Italy	16	18
France	3	8
Belgium	4	5
Others	0	0
OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	**29**	**40**

	2020	2019
Change in recognised provision		
Opening net liability	40	38
Transfer or reclassification in connection with restructuring	-4	-
Actuarial gains and losses	-2	6
Realignment	-2	0
Pension costs, net	-3	-4
RECOGNISED PROVISIONS PER 31 DECEMBER	**29**	**40**
The most important assumptions used for determining commitments for pensions (%)		
Discount factor	0.6-1.5%	0.3-1.8%
Future wage increases	1.0-2.0%	1.0-2.2%
Future pension increases	1.5-2.4%	2.0-2.6%
Expected yield	2.40%	1.80%

ALECTA

For salaried employees in Sweden, the ITP 2 plan's defined benefit pension commitments for retirement and family pension are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of the pension plan ITP 2 which is financed through insurance with Alecta, this is a defined-benefit plan that covers several employers. For the 2019 financial year, the company has not had access to information in order to report its proportional share of the plan's obligations, management assets and costs, which has meant that it has not been possible to report the plan as a defined-benefit plan. The ITP 2 pension plan that is secured through insurance with Alecta is therefore reported as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated on an individual basis, and is dependent in part on wages, previously earned pension and anticipated remaining period of service. The fees for the year for ITP 2 insurance policies taken out in Alecta amount to SEK 7 million (5).

The collective solvency level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's insurance-related methods and assumptions, which do not coincide with IAS 19. The collective solvency level will normally be allowed to vary between 125 and 155 percent. If Alecta's collective solvency level is below 125 percent or above 155 percent, measures must be taken with the aim of creating the conditions to bring the solvency level back to the normal range. In the event of low solvency, one measure may be to raise the agreed price for new subscriptions and to extend existing benefits. In the event of high solvency, one measure may be to introduce premium reductions. At the close of 2020, Alecta's surplus in the form of the collective solvency level was 148 percent (148).

NOTE 30. OTHER PROVISIONS

The Group	2020	2019
Restructuring reserve [1]	27	-
Guarantee fund	5	4
Environmental reserve	0	1
Other provisions [2]	9	11
	41	**16**

[1] *The restructuring reserve refers to costs in association with the closure of the production unit in France*

[2] *Other provisions refer primarily to a provision for agents pursuant to Italian law and are based on average commission over the past 5 years.*

The Group 2020	Guarantee fund	Environmental reserv	Restructuring reserve [1]	Other provisions [2]	Total
Opening balance as per 1 Jan 2020	**4**	**1**	**-**	**11**	**16**
The year's provisions	1	-	27	-	28
Utilised provisions	-	-1	-	-1	-2
Translation differences	0	0	0	-1	-1
Closing balance as per 31 Dec 2020	**5**	**0**	**27**	**9**	**41**
of which, current provision	-	0	27	5	32
of which, non-current provisions	5	-	-	4	9

The Group 2019	Guarantee fund	Environmental reserv	Restructuring reserve [1]	Other provisions [2]	Total
Opening balance as per 1 jan 2019	**4**	**1**	**0**	**21**	**26**
Utilised provisions	0	0	0	-10	-10
Closing balance as per 31 dec 2019	**4**	**1**	**-**	**11**	**16**
of which, current provision	-	1	-	7	8
of which, non-current provisions	4	-	-	4	8

NOTE 31. ACCRUED EXPENSES AND PREPAID INCOME

The Group	2020	2019
Payroll and vacation expenses	167	133
Accrued social security fees, including pension and payroll tax	70	65
Accrued expenses from contracts with customers	25	31
Accrued sales commissions	14	16
Accrued service-related expenses	5	6
Accrued interest expenses	8	6
Other accrued expenses	88	63
Prepaid income from contracts with customers	1	5
Other prepaid income	3	5
	381	**330**

Parent Company		
Payroll and vacation expenses	9	13
Accrued social security fees, including pension and payroll tax	6	7
Accrued interest expenses	8	6
Other accrued expenses	6	2
	29	**28**

NOTE 32. PLEDGED ASSETS

The Group	2020	2019
Pledges for own liabilities		
Property mortgages	-	48
Business mortgages	152	173
Shares in subsidiaries	1,673	1,566
TOTAL PLEDGED ASSETS	**1,825**	**1,787**
Parent Company		
Pledges for own liabilities		
Shares in subsidiaries	1,353	1,354

All security provisions refer to security for liabilities to credit institutions.

NOTE 33. CONTINGENT LIABILITIES

The Group	2020	2019
Guarantee undertakings	22	46
Parent Company		
Sureties for subsidiaries	123	855

NOTE 34. RELATED PARTIES TRANSACTIONS

The ITAB Group's related parties refer to Group management, the Parent Company's Board and companies under the controlling influence of these parties. Transactions of significance with related parties refer to transactions with a value of more than SEK 1 million with the Group's aforementioned related parties. For information regarding salary and remuneration to senior executives, see Note 8.

Current liabilities include short-term shareholder loans to Pomona-gruppen AB (related to board member Fredrik Rapp). VIEM Invest AB (related to board member Anna Benjamin) and Övre Kullen AB (related to board member Petter Fägersten). The loans totalled to SEK 140 million and were approved at the Extraordinary General Meeting on July 22, 2020.

Transactions between ITAB's subsidiaries and companies under the controlling influence of ITAB's Board members do take place. These transactions are part of the company's standard operations and are conducted at market conditions.

Purchases to a total value of SEK 1 million (1) have been made in 2020 by the ITAB companies ITAB Shop Products AB in Jönköping, ITAB Shop Concept Nässjö AB, MB Shop Design AB and ITAB Finland Oy from companies in the XANO Group, which are under the controlling influence of board member Anna Benjamin and family.

Transactions between the Parent Company ITAB Shop Concept AB and its subsidiaries are specified in Notes 7, 13 and 14. Transactions between ITAB companies and associated companies are specified in Note 20.

NOTE 35. EVENTS AFTER THE CLOSING DAY

In January, the acquisition of Cefla's business unit for retail solutions was completed and ITAB Shop Concept AB's Italian subsidiary La Fortezza s.p.a. now owns 81% of the newly started company Imola Retail Solutions srl.The acquisition will be consolidated in the ITAB Group from 1 January 2021. For more information on the acquisition, see note 5.

15 January 2021, the extraordinary general meeting made the resolution to carry out the recapitalisation that was communicated through a press release on 4 December 2020.

The recapitalization was implemented at the end of March through:

- A rights issue that was fully subscribed, which meant that ITAB received SEK 768 million before issue costs.
- A offset issue, which meant that SEK 100 million of the shareholder loans to the company's main shareholders raised in July 2020 were set off against newly issued shares.
- Reclassification of all outstanding A shares to B shares.

For more information on the recapitalization, see the Board of Directors' report on page 46 and the section on the ITAB share on page 76.

At the Extraordinary General Meeting on January 15, 2021 a decision was also made to expand the board to nine members and Vegard Søraunet was elected until the next AGM in 2021.

The Board of Directors and the CEO hereby verify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act, and provide a true and fair view of the Group's and the Parent Company's financial position and results, and that the Directors' Report presents a true and fair view of the development of the Group's and the Parent Company's business activities, position and financial results, as well as describing significant risks and uncertainties that the Parent Company and companies within the Group face. The annual accounts and the consolidated accounts have been approved for issue by the Board of Directors on 24 March 2020. The Group's income statement and statement of financial position, as well as the Parent Company's income statement and balance sheet, will be subject to adoption at the Annual General Meeting on May 11, 2021.

Jönköping on March 30, 2021

Anders Moberg
Chairman

Anna Benjamin
Board member

Jan Frykhammar
Board member

Petter Fägersten
Board member

Eva Karlsson
Board member

Roberto Monti
Board member

Fredrik Rapp
Board member

Ruthger de Vries
Board member

Vegard Søraunet
Board member

Andréas Elgaard
CEO

Our audit report was submitted on March 30, 2021
Ernst & Young AB

Joakim Falck
Authorised Public Accountant

AUDITORS' REPORT

To the Annual General Meeting of ITAB Shop Concept AB
Corporate identity number 556292-1089

STATEMENT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of ITAB Shop Concept AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 44-87 in this document.

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 31 December 2020 and its financial performance and cash flow 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 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and shares in Group companies

Description

As of 31 December 2020, the reported value for goodwill amounts to SEK 1.599 million in the Group's balance sheet which corresponds to 29,0 % of total assets. Shares in Group companies are reported in the Parent Company's balance sheet at SEK 2.071 million, which corresponds to 73.3 % of total assets. Every year, and when there is an indication of a fall in value, ITAB checks that the recognized value does not exceed the calculated recoverable amount. The recoverable amount is determined for each cash-generating unit by means of a current value calculation of future cash flows. Future cash flows are based on the management's business plans and forecasts and include a number of assumptions, including regarding profit trend, growth, investment needs and discount rate For shares in Group companies, the recoverable amount is determined as fair value or value in use, whichever is the highest. Altered assessments of the assumptions the management has made in the calculation of the recoverable amount and the assumptions that the Company has applied are therefore very important in the assessment of the need for impairment. We have therefore judged that the recognition of goodwill and shares in Group companies are a key audit matter. A description of the impairment test can be seen from Note 18 "Intangible assets" and in Note 3 "Important estimates and assessments".

How our audit addressed this key audit matter

In our audit, we have evaluated and tested the company's process for establishing impairment tests, including by evaluating the accuracy of forecasts and assumptions in previous years. With the aid of our valuation specialists, we have assessed the selected discount rate and assumptions regarding long-term growth. We have also reviewed the company's model and method for implementing impairment tests and have evaluated the company's sensitivity analysis. We have reviewed the additional information provided in the Annual Report.

Information other than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-43. The remuneration report for the financial year 2020 also constitutes other information. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant dobt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of ITAB Shop Concept AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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 CEO be discharged from liability for the financial year.

Basis for our opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Ernst & Young AB Box 7850, 103 99 Stockholm, was appointed auditor of ITAB Shop Concept AB (publ) by the general meeting of the shareholders on the 8 May 2020 and has been the company's auditor since the 28 May 2004.

Jönköping on March 30, 2021
Ernst & Young AB

Joakim Falck
Authorised Public Accountant

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate governance in Swedish companies listed on the Stock Exchange is regulated by a combination of written rules and practice. The regulations are made up in the first instance of the Swedish Companies Act and the rules that apply on the regulated market on which the company's shares are listed for trading. In addition, all listed Swedish companies have been covered by the Swedish Code of Corporate Governance ("the Code") since 1 July 2008.

The Swedish Companies Act states that there should be three decision-making organs in the company: the general meeting, the board and the managing director. There must also be a control body, an auditor, that is appointed by the annual general meeting. The Act specifies the duties of each body and the responsibility of the individuals included in the company's bodies.

Good corporate governance involves insuring that companies are managed sustainably, responsibly and as efficiently as possible for the shareholders. Trust among legislators and in society that the companies are acting responsibly is decisive for the companies' freedom to realise their strategies in order to create value. Trust among existing and potential investors that this is taking place is decisive for their interest in investing in the companies. In this way, the business sector's freedom to develop and its supply of venture capital and expertise are safeguarded. The purpose of the Swedish Code of Corporate Governance ("the Code") is to strengthen trust in Swedish listed companies by promoting positive development of corporate governance in these companies. The Code supplements legislation and other regulations by specifying a standard for good corporate governance with a high level of ambition, but also makes it possible for companies to deviate in individual cases if it is considered that this would result in better corporate governance

CORPORATE GOVERNANCE IN ITAB

ITAB Shop Concept AB (publ) is a Swedish registered limited liability company, whose overall ambition is to create long-term value for shareholders and other stakeholders. The ITAB share is listed on NASDAQ OMX Nordic in the Mid Cap segment.

The information requirements that ITAB consequently has to fulfil are set out in the "issuer regulations" issued by the Stock Exchange. This Corporate Governance Report describes ITAB's corporate governance, management and administration as well as internal controls regarding financial reporting. This corporate governance report is not part of the Directors' Report. The report is examined by the company's auditor in accordance with the Annual Accounts Act, see separate statement attached to this Corporate Governance Report on page 94.

SHAREHOLDERS

At the end of 2020, the number of shareholders in ITAB amounted to 4,341 (4,369). Institutional ownership made up 5.08 percent of the votes and 14.96 percent of the capital. The ten largest shareholders accounted for 92.84 percent of the votes and 78.92 percent of the capital. By the end of 2020, there were two shareholders who each own and control more than 10 percent of the votes for all the shares in the company. Petter Fägersten controls 17.24 percent of the capital and 52.61 percent of the votes. Pomona-gruppen holds 29.84 per cent of the capital and 29.44 percent of the votes.

ANNUAL GENERAL MEETING

The Annual General Meeting is the forum where the shareholders exert their influence. The Annual General Meeting is the company's highest decisionmaking body and has a senior position in relation to the company's Board of Directors and CEO. According to the Articles of Association, the notice of the Annual General Meeting must be published by means of an announcement in Post och Inrikes Tidningar and on the company's website. Information notifying that the announcement has been made in Post och Inrikes Tidningar and on the company's website must be advertised in Dagens Industri.

THE ANNUAL GENERAL MEETING

The Annual General Meeting convenes once a year in order to decide on whether to adopt the annual accounts and consolidated accounts, on the discharge from liability for members of the Board and the CEO, and on the appropriation of profits or losses for the past year. The meeting also elects the Board and, when required, the auditors.

All shareholders registered in the shareholders' register and who have given notice of attendance may participate in the Meeting and vote according to the number of shares owned. Shareholders who are unable to attend in person may exercise their rights by proxy.

ANNUAL GENERAL MEETING 2020

ITAB's 2020 Annual General Meeting was held on Friday, May 8th.

Attending the Meeting were 16 shareholders representing 86,18 percent of the votes and 59.26 percent of the total number of shares. ITAB's Board of Directors, management, auditors and representatives from the Nomination Committee were present at the Meeting.

- Anna Benjamin, Jan Frykhammar, Petter Fägersten, Anders Moberg and Fredrik Rapp were re-elected as Board members and newly elected Eva Karlsson. Roberto Monti and Ruthger de Vries.
- Anders Moberg was elected as Chairman.
- Anders Rudgård (chariman), Fredrik Rapp and Ulf Hedlundh were elected to the Nomination Committee.
- The registered auditing company Ernst & Young AB was selected as auditor, with authorised public accountant Joakim Falck as auditor with overall responsibility.
- Fees to the Board of Directors and auditors, as well as guidelines for remuneration to senior executives.
- Authorisation to the Board to decide on the purchase and transfer of the company's own shares.
- Authorisation to the Board to decide on a new share issue for a maximum one-tenth of the company's issued shares.

EXTRA ANNUAL GENERAL MEETING 2020

ITAB held an Extraordinary General Meeting on 22 July 2020. The meeting was held in accordance with Sections 20 and 22 of the Act (2020: 198) on temporary exemptions to facilitate the conduct of general and general meetings. ie with participation by advance vote.

A decision was made to raise short-term shareholder loans from Pomonagruppen AB (controlled by board member Fredrik Rapp). VIEM Invest AB (controlled by board member Anna Benjamin) and Övre Kullen AB (controlled by board member Petter Fägersten).

ANNUAL GENERAL MEETING 2021

ITAB's Annual General Meeting 2021 will take place on Tuesday, May 11, and is intended to be conducted by mandatory advance voting. Further information can be found on page 103.

NOMINATION COMMITTEE

The company shall have a Nomination Committee. The Nomination Committee is the Meeting's body for proposing the AGM's decisions regarding appointment issues that provides conditions for well-informed decision-making in these issues. ▶

At the 2020 AGM, shareholders who jointly represent more than 80 percent of the votes in ITAB appointed a Nomination Committee comprising Anders Rudgård as Chairman and Fredrik Rapp and Ulf Hedlundh as members.

The Nomination Committee's task ahead of the 2021 AGM is to propose a Chairman of the Board and other Board members, as well as fees and other remuneration for Board assignments for each of the Board members. In the assessment of the Board's evaluation and in its proposals, the Nomination Committee will pay particular attention to the demand for diversity and breadth in the Board, as well as endeavour to achieve an even gender distribution. The Nomination Committee will also submit proposals regarding the choice of auditor and fees for the auditor. The Nomination Committee has evaluated relevant aspects of the work of the Board and, prior to the AGM, has held one minuted meeting with all members present, as well as several other contacts.

THE BOARD OF DIRECTORS

The tasks of the Board of Directors are to manage the company's affairs on behalf of the shareholders. According to ITAB's Articles of Association, the Board of Directors must comprise at least three and at most eight members. According to the Code, deputies will not be appointed to those members elected by the Annual General Meeting. At the end of 2020, ITAB's Board consisted of eight ordinary members, Anders Moberg (Chairman), Anna Benjamin, Jan Frykhammar, Petter Fägersten, Eva Karlsson, Roberto Monti, Fredrik Rapp and Ruthger de Vries,

At an Extraordinary General Meeting on January 15, 2021, it was decided to change the Articles of Association's limits for the number of Board members and deputies so that the Board can consist of a maximum of nine members with a maximum of nine deputies. Furthermore, it was decided that the board will be expanded from the current eight members to nine members and that Vegard Søraunet. as a representative of the player who was expected to become the company's largest shareholder in connection with the recapitalization. is elected a new board member of the company.

A more detailed presentation of the Board members can be found on page 96.

The Board members elected by the AGM include individuals representing ITAB's major shareholders as well as independents (see table on page 94). The Articles of Association contain no special provisions regarding the appointment and dismissal of Board members or changes to the Articles of Association. In addition to current laws and recommendations, ITAB's Board work is governed by the Board's rules of procedure stipulated once a year. The rules of procedure include rules for the division of responsibilities between the Board and the CEO, financial reporting and investments.

The Board held eighteen Board meetings during 2020, of which one was an constituent meeting.

Essential subjects that have been discussed during 2020:

- Longterm goals
- Strategic direction
- Business plans, financial plans and forecasts
- Investments
- Longterm financing
- Policies and guidelines
- Risk management and internal control
- Interim reports and Annual Report
- Reports from the committees of the board
- Sustainability work
- External audit follow up

The Board conducts an annual evaluation, where a questionnaire is sent out to all members. The results are compiled by the Chairman of the Nomination Committee, who then provides feedback to each member. The board continuously evaluates the director's work. The company's auditors participate in at least one of the Board's meetings every year. At this time, the auditor presents observations made when auditing the company's accounts, procedures and internal audits.

AUDIT COMMITTEE

The Audit Committee will prepare the Board of Directors' work of quality-assuring the company's financial reporting, continually meet the company's auditors to obtain information about the focus and scope of the audit, as well as discuss co-ordination between the external audit and the internal control and views of the company's risks, establish guidelines regarding which services other than audits the company may procure from the company's auditors, evaluate audit work and notify the company's Nomination Committee about the results of the evaluation, as well as assist the Nomination Committee in the drawing up of proposals for auditors and the payment of fees for the audit work.

ITAB's Audit Committee comprises Anna Benjamin (Chair of the Committee), Robert Monti and Ruthger de Vries. Per Borgklint and Sune Lantz was members of the Audit Committee until 8 May 2020.

During 2020, the Audit Committee has held two minuted meetings in which the all members have participated, and has maintained ongoing contact with the company's auditors. The Audit Committee has also had a number of contacts with the Group management.

REMUNERATION COMMITTEE

The Remuneration Committee's primary tasks are preparing the Board's decisions on issues regarding remuneration principles, remunerations and other terms of employment for corporate management, monitoring and evaluating ongoing schemes and schemes concluded during the year regarding variable remuneration to corporate management, as well as monitoring and evaluating the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting, as well as current remuneration structures and remuneration levels in the company. ITAB's Remuneration Committee has also been tasked with preparing issues regarding remuneration and other employment terms for CEOs in other companies in the Group.

ITAB's Remuneration Committee comprises the Board members Anders Moberg (Chairman of the Committee), Fredrik Rapp and Eva Karlsson. Lottie Svedenstedt was a member of the Remuneration Committee until May 8, 2020.

The Remuneration Committee has held three minuted meeting with all members present regarding remunerations in 2020.

CEO

The CEO is appointed by the Board to be responsible for the company's day-to-day management in line with the Board's guidelines and instructions. The current CEO and President of the group, Andréas Elgaard took up his position in September 2019.

GROUP MANAGEMENT

The Group Management 2020 comprised of CEO Andréas Elgaard, CFO Ulrika Bergmo Sköld, Chief Operating Officer Jesper Blomquist, Senior Vice President Pernilla Lorentzon, Senior Vice President Nick Hughes, Senior Vice President Roy French, Senior Vice President Glauco Frascaroli and Senior Vice President Mikael Gustavsson.

GROUP STAFF

Reporting directly to the CEO is a staff that has responsibility within business development, finance, insurance, HR, purchasing, IT, information, law, communications, consolidated accounts and Group-wide administration. Projects that cover all or the majority of the Group's companies are controlled and co-ordinated from here. Within each area, handbooks and policies are drawn up that regulate the work in the subsidiaries.

AUDITOR

The auditors examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO.

To examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO, a registered auditing company or one or two auditors, of whom at least one must be authorised, with or without deputy auditors, shall, according to the Articles of Association, be appointed by the Annual General Meeting. The auditors report to the owners at the Annual General Meeting via their auditor's report. The auditors are appointed by the shareholders at the AGM.

The election of auditors within ITAB took place at the 2020 Annual General Meeting and related to the term up to and including the 2021 Annual General Meeting. The company's auditor is the registered auditing company Ernst & Young AB, with authorised public accountant Joakim Falck as auditor with overall responsibility. Alongside his duties for ITAB Shop Concept AB, Joakim Falck also has auditing assignments for e.g. Nolato AB, Xano Industri AB, Garo AB, Nefab AB, One Partner Group AB and Gyllensvaans Möbler AB.

DEVIATIONS FROM THE CODE

There are no deviations to report for 2020.

PRINCIPLES FOR THE REMUNERATION OF MANAGERIAL EMPLOYEES, INCENTIVE PROGRAMMES

The tasks of the Remuneration Committee include preparing the Board's decisions on proposals for guidelines for remuneration to senior executives. The board shall prepare proposals for new guidelines at least every four years or before that if there is a need for significant adjustments. and present the proposal for resolution at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for company management. the application of guidelines for remuneration to senior executives as well as current remuneration structures and remuneration levels in the company.

The 2020 Annual General Meeting resolved on guidelines for senior executives. The guidelines shall apply to benefits that are agreed. and changes made to already agreed benefits, after the guidelines have been adopted by the 2020 Annual General Meeting. The guidelines shall promote the company's business strategy and the safeguarding of the company's long-term interests, including its durability. The compensation must be market-based and may consist of the following components: fixed cash salary, variable cash compensation, pension benefits and other benefits. The level of remuneration for individual executives must be based on factors such as position, competence, experience and performance. The Annual General Meeting may in addition – and independently of these guidelines – decide on, for example, share and share price-related remuneration.

INTERNAL CONTROLS FOR FINANCIAL REPORTING

According to the Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal controls aimed at protecting the company's assets and thereby the investments of its owners. The internal controls should provide reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances. ITAB's tool for internal controls is based on the COSO framework. COSO is a framework for evaluating a company's internal control over financial reporting. The framework streamlines the work with the internal controls.

The risk map has been analysed during the year, which forms the basis for a revised internal audit programme. In addition to the business risks, the internal controls have focused on formalities, procedures and processes linked to the updated risk map.

FINANCIAL REPORTING

All subsidiaries submit monthly reports concerning economic outcomes, in accordance with the Group's internal finance manual. The reporting is consolidated and constitutes the basis for quarterly reports and operative follow-up.

This operational follow-up is carried out in accordance with an established structure where incoming orders, invoicing, liquidity, profit, capital binding and other key figures of importance for the Group are collated and form the basis for analysis and measures by the management and controllers at various levels. Other important, Group-wide parts of the internal control include business plans and the annual forecast process.

For communication with external parties, the Group has an information policy intended to ensure that all information obligations are complied with, correctly and in full.

CONTROL ENVIRONMENT

The Audit Committee's primary task is to monitor the accounting and reporting processes and to ensure the quality of these reports and processes. The responsibility for maintaining an effective control environment, day-to-day risk management and internal controls in terms of financial reporting has been delegated to the CEO.

Executives at various levels of the company are in turn responsible within their respective areas.

Responsibilities and authorisation are defined in CEO instructions, instructions concerning attestation rights, manuals and other policies and procedures.

The Board determines the Group's policies regarding information, credit and finance. The Group management determines other instructions, and the responsible Group functions issue guidelines and oversee the application of the regulatory framework. The Group's accounting and reporting rules are stipulated in an economy handbook that is available to all accounting staff. Together with laws and other external regulatory frameworks, the organisational structure and internal regulatory frameworks constitute the control environment.

RISK ASSESSMENT

ITAB works continually with risk analyses as a basis for revising the Group's risk map. Both financial and operational risks are charted. At each meeting, the Audit Committee goes through the relevant risk map and revisions are performed when necessary.

CONTROL ACTIVITIES

The purpose of control activities is to identify, prevent and correct errors and deviations. Policies and guidelines are particularly important for accurate accounting, reporting and information dissemination and also define which control activities should be conducted. Within ITAB, policies and guidelines are regularly updated, both in writing and at meetings. Control activities include approval routines, reconciliation of accounts, analytical follow-up and control of IT systems.

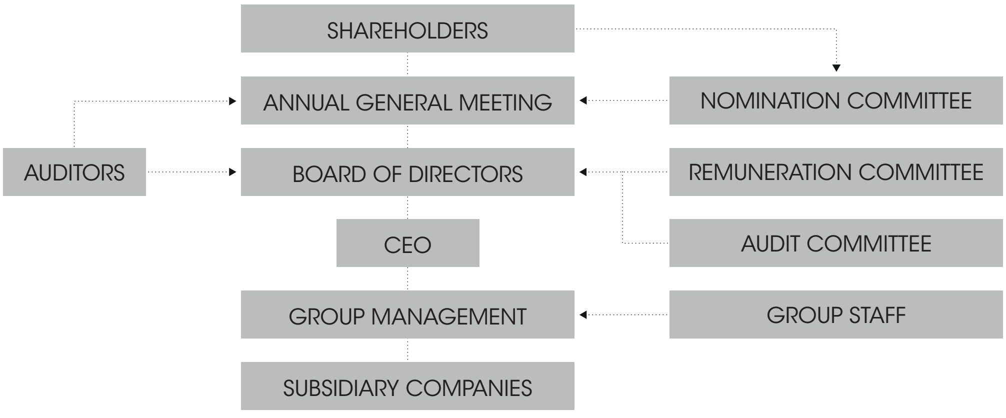
FOLLOW-UP

Corporate management and controllers regularly follow up economic and financial reporting, as well as key business events. At each Board meeting, economic performance is monitored against forecasts, and examinations are conducted looking at how well investments are following prepared plans. The Audit Committee regularly evaluates the internal control, the code of corporate governance and significant accounting issues.

OPINION CONCERNING INTERNAL AUDIT

The work with internal control takes place in an internal audit programme that covers all subsidiary companies according to a pre-determined plan. Parts of the internal control are regularly examined by the auditors.

CORPORATE GOVERNANCE



THE COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES AT THE END OF 2020

Name	Commissions	Remunerations Committee	Audit Committee	Independent in relation to the company and corporate management	Independent in relation to major shareholders	Participation in Board meetings [2]	Participation in Remuneration Committee [2]	Participation in Audit Committee	Board fee incl. committee remuneration (SEK)
Anders Moberg	Chairman	Chairman	-	Yes	Yes	18 (18)	3 (3)	-	540,000
Anna Benjamin	Board member	-	Chairman	Yes	No [1]	18 (18)	-	2 (2)	310,000
Jan Frykhammar	Board member	-	-	Yes	Yes	18 (18)	-	-	250,000
Petter Fägersten	Board member	-	-	No [4]	No [1]	18 (18)	-	-	250,000
Eva Karlsson[3]	Board member	Board member	-	Yes	Yes	12 (13)	1 (1)	-	280,000
Roberto Monti[3]	Board member	-	Board member	Yes	Yes	13 (13)	-	1 (1)	280,000
Fredrik Rapp	Board member	Board member	-	Yes	No [1]	18 (18)	3 (3)	-	280,000
Ruthger de Vries[3]	Board member	-	Board member	Yes	Yes	12 (13)	-	1 (1)	280,000
									2,470,000

[1] Fredrik Rapp, Petter Fägersten and Anna Benjamin, via their own holdings and holdings through companies, controlled more than ten percent of the shares or votes in ITAB, which is why they are not to be considered as independent in relation to major shareholders.
[2] CEO Andréas Elgaard has participated as deputy at four Board meetings and at one Remuneration Committee meeting.
[3] Eva Karlsson. Roberto Monti and Ruthger de Vries was elected to the Board at 8 May 2020.
[4] By virtue of his former employment in subsidiaries in the ITAB Group, Petter Fägersten is judged to be dependent in relation to the company and the company management.

More information about the Board and corporate management is provided on pages 96-97.

Jönköping on March 30, 2021

Anders Moberg
Chariman

Anna Benjamin
Board member

Jan Frykhammar
Board member

Petter Fägersten
Board member

Eva Karlsson
Board member

Roberto Monti
Board member

Fredrik Rapp
Board member

Ruthger de Vries-
Board member

Vegard Søraunet
Board member

Andréas Elgaard
CEO

AUDITOR'S STATEMENT CONCERNING THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of ITAB Shop Concept AB (publ), corporate reg. no. 556292-1089

Assignments and division of responsibility

The Board of Directors is responsible for the Corporate Governance Report for 2020 on pages 91 - 93 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the examination

Our examination has been conducted in accordance with FAR's statement RevU 16 Auditor's examination of the Corporate Governance Report. This means that our examination of the Corporate Governance Report has a different focus and a significantly reduced scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination provides a sufficient basis for our opinion.

Opinion

A Corporate Governance Report has been prepared. Information pursuant to Chapter 6, Section 6, subsection 2, points 2–6 in the Annual Accounts Act, as well as Chapter 7, Section 31, subsection 2 of the same Act, is compatible with the annual accounts and the consolidated accounts.

Jönköping on March 30, 2021
Ernst & Young AB

Joakim Falck
Authorised Public Accountant


ITAB

BOARD OF DIRECTORS

ANDERS MOBERG
(born 1950)
Chairman of the Board since 2018 och Board Member since 2011.
Principal work experience: CEO of the IKEA Group. Royal Ahold N.V. and Majid Al Futtaim Group LLC.
Commissions: Chairman of the Board of Byggmax AB. Board member of Bergendahl & Son AB, ZetaDisplay AB, Boconcept A/S and Stichting INGKA Foundation.
Shareholding in ITAB Shop Concept AB: Class B: 1,100,000 shares (endowment policy).

ANNA BENJAMIN
(born 1976)
Board member since 2004.
Degrees: Master in Economics and Finance, Jönköping International Business School.
Principal work experience: Project manager business development ICA Sverige AB, Manager PricewaterhouseCoopers and Controller Nobina
Commissions: Board member of AGES Industri AB, Inev AB, Pegital Investment AB and XANO Industri AB.
Shareholding in ITAB Shop Concept AB: Class B: 10, 870,620 shares.

JAN FRYKHAMMAR
(born 1965)
Board member since 2019.
Degrees: Degree of Bachelor of Science, University of Uppsala.
Principal work experience: CEO (interim), deputy CEO and CFO of Ericsson AB.
Commissions: Chairman of the board of Kvdbil AB, Aspia AB and Openet Ltd. Board member of Nordic Semiconductor AS, Telavox AB, Clavister AB etc.
Shareholding in ITAB Shop Concept AB: No holding in ITAB.

PETTER FÄGERSTEN
(born 1982)
Board member since 2016.
Degrees: Economics and Finance, Jönköping International Business School.
Principal work experience: CEO and Head of Marketing of ITAB Shop Concept Jönköping AB.
Commissions: Board member of AGES Industri AB, XANO Industri AB, Inev AB, Ravingatan AB, Skanditape AB, Övre kullen AB, etc.
Shareholding in ITAB Shop Concept AB: Class A: 15,686,400 shares. Class B: 1,966 374 shares.

EVA KARLSSON
(born 1966)
Board member since 2020.
Degrees: M.Sc. - Chalmers University of Technology.
Principal work experience: EVP and Head of Group Operations, Dometic Group AB, Stockholm, President Pedestrian Door Business Area, ASSA ABLOY Entrance Systems, Landskrona and Director of Supply Chain, ASSA ABLOY Entrance Systems, Landskrona.
Commissions: -
Shareholding in ITAB Shop Concept AB: No holding in ITAB.

ROBERTO MONTI
(born 1963)
Board member since 2020.
Degrees: International relations, Lund University. International relations, University of Perugia. Italy
Principal work experience: Head of IKEA Concept & Management Board Director at Inter IKEA Systems. Region Manager South & East Europe at IKEA Group and CEO IKEA Italy.
Commissions: Member of the Board of Advisors ORBITAL SYSTEMS. Sweden. Senior Advisor, Boston Consulting Group and Member of the Board of Directors. AIDAF (Italian Family Businesses).
Shareholding in ITAB Shop Concept AB: No holding in ITAB.

FREDRIK RAPP
(born 1972)
Board member since 2013.
Degrees: B.Sc. Economics.
Principal work experience: CEO of Pomonagruppen AB, CEO of Talk Telecom AB.
Commissions: Chairman of the Board of Xano Industri AB, Borgstena Group AB, Binar AB, Eesti Höövelliist AS, Serica Consulting AB, Svenska Handbollförbundet, etc. Board member of Ages Industri AB, PrimeKey Solutions AB, Segulah AB, Nordic Flow Group AB, etc
Shareholding in ITAB Shop Concept AB:
Holdings via Pomonagruppen AB 6,480,000 Class A shares and 24,052,864 Class B shares.

RUTHGER DE VRIES
(born 1965)
Board member since 2020.
Degrees: Master Degree Mechanical Engineering, Delft Technical University, the Netherlands.
Principal work experience: Executive Vice President, Production and Logistics, Scania Södertälje, Senior Vice President, Logistics, Scania Södertälje, Head of Production Control, Scania Södertälje and Plant Manager, Scania Oskarshamn, Body in White (BIW).
Commissions: -
Shareholding in ITAB Shop Concept AB: No holding in ITAB.

VEGARD SØRAUNET
(born 1980)
Board member since 2021-01-15.
Degrees: Master in Accounting and Finance, Handelshøyskolen BI in Oslo, Norway.
Principal work experience: Investment director at Seatankers Management Norway AS and leading positions and portfolio manager at ODIN Fund.
Commissions: CEO, investment director and founder of Aeternum Management AS, which manage the investment company Aeternum Capital AS. CEO and chairman of the board of Søraunet Invest AS.
Shareholding in ITAB Shop Concept AB: No holding in ITAB.

INFORMATION ABOUT THE NUMBER OF SHARES
Information about the number of shares refers to shareholdings as of February 28, 2021 and includes, where relevant, holdings via companies, spouses and minors.

GROUP MANAGEMENT

ANDRÉAS ELGAARD
President & CEO
Employed since: 2019 (aug)
Born: 1972
Degrees: Civilingenjör. Master of Science from Lunds Institute of Technology.
Principal work experience: Senior positions within IKEA, Ballingslöv, Sperian, Icopal and Saint-Gobain Isover.
Shareholding in ITAB Shop Concept AB:
Class B: 200,000 shares.

ROY FRENCH
Senior Vice President
MBU North Europe
Employed since: 2010
Born: 1965
Shareholding in ITAB Shop Concept AB:
No holding in ITAB.

ULRIKA BERGMO SKÖLD
Chief Financial Officer
Employed since: 2020 (juli)
Born: 1967
Shareholding in ITAB Shop Concept AB:
Class B: 12,800 shares.

JESPER BLOMQUIST
Chief Operating Officer & Senior Vice President - SBU Lighting
Employed since: 2020 (april)
Born: 1968
Shareholding in ITAB Shop Concept AB:
Class B: 40,000 shares.

PERNILLA LORENTZON
Senior Vice President
People & Culture
Employed since: 2015
Born: 1969
Shareholding in ITAB Shop Concept AB:
No holding in ITAB.

GLAUCO FRASCAROLI
Senior Vice President
MBU South Europe
Employed since: 2016
Born: 1958
Shareholding in ITAB Shop Concept AB:
No holding in ITAB.

NICK HUGHES
Senior Vice President
Group Strategy & Transformation
Employed since: 2010
Born: 1969
Shareholding in ITAB Shop Concept AB:
No holding in ITAB.

MIKAEL GUSTAVSSON
Senior Vice President
SBU Guidance & Checkout
Employed since: 2003
Born: 1964
Shareholding in ITAB Shop Concept AB:
Class B: 116,000 shares.

KLAUS SCHMID
Senior Vice President
MBU Central Europe
Employed since: 2018 (part of group management since 2021)
Born: 1965
Shareholding in ITAB Shop Concept AB:
No holding in ITAB.

INFORMATION ABOUT THE NUMBER OF SHARES
Information about the number of shares refers to shareholdings as of February 28, 2021 and includes, where relevant, holdings via companies, spouses and minors.

AUDITORS

The auditors are appointed by the shareholders at the AGM. The auditors examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO.

The company's auditor is the registered auditing company Ernst & Young AB, with authorised public accountant Joakim Falck as auditor with overall responsibility. Alongside his duties for ITAB Shop Concept AB, Joakim Falck also has auditing assignments for e.g. Nolato AB, Xano Industrier AB, Garo AB, Nefab AB, One Partner Group AB and Gyllensvaans Möbler AB.

JOAKIM FALCK
(born 1972)
Auditor to ITAB since 2018
Authorised Public Accountant
Member of FAR SRS, Ernst & Young AB

GLOBAL REPORTING INITIATIVE (GRI)

ITAB presents its sustainability information with the support of Global Reporting Initiatives' (GRI) standards, core level. The sustainability report is prepared annually and forms part of ITAB's Annual Report. The sustainability information presented in the Annual Report for 2020 has not been reviewed by an external party.

All in all, the information in the Annual Report will provide a good picture of ITAB's work within the framework of social, financial and environmental sustainability. The sustainability information in the report has been defined and delimited on the basis of an analysis of ITAB's most essential issues, and describes the impact both within and outside of the organisation.

GRI's fundamental principles for sustainability reporting form the basis for the preparation of ITAB's GRI report. This includes consideration having been given in order to ensure good reporting quality and to delimit and define the content of the report.

▶ **CONTACT PERSON, GRI**
Ulrika Bergmo Sköld
Chief Financial Officer
ulrika.bergmoskold@itab.com
Phone: +46 36 31 73 00

GRI-INDEX

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102-55	GRI Index	99	
102-56	Policy and practice for external examination of accounts	98-99	
Management approach			
103-1	Explanation of material aspects and limitations	16-22	
103-2	Sustainability control	16-22	
103-3	Evaluation of sustainability control	16-22	
Specific information			
205-3	Measures that have been implemented due to incidents of corruption	22	No corruption incidents were reported in 2020
302-1	Energy consumption in the organisation	20	
308-1	Number of new suppliers that are screened using environmental criteria	20	
403-2	Extent of injuries, work-related illness, lost working days, absence and the total number of work-related fatal accidents per region	19	
404-2	Programme for further development and learning for employees	18-19	
405-1	Composition of Board of Directors and management with regard to gender, age group and other diversity indicators	19. 72	
414-1	Number of new suppliers that are screened using social criteria	19	

EDEKA, Germany

ANNUAL GENERAL MEETING 2021

The Annual General Meeting will be held on Tuesday 11 May 2021.

Due to the extraordinary situation resulting from the covid-19 pandemic, the Annual General Meeting will be carried out through advance voting (postal voting) pursuant to temporary legislation. No meeting with the possibility to attend in person or to be represented by a proxy will take place.

▶ More information about the Annual General Meeting and instructions regarding advance voting can be found at itabgroup.com, where you can also download or order reports.

FINANCIAL STATEMENTS FOR 2021

Interim report, January-March	11 May
Annual General Meeting 2021	11 May
Interim report, January-June	12 July
Interim report, January-September	29 October
Year-end Report, January-December 2021	7 February 2022
Annual Report 2021	March/April 2022
Annual General Meeting 2022	May 2022

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