

# ITAB

## INTERIM REPORT

JANUARY - JUNE 2019

### THE INTERIM PERIOD

- ▶ Net sales increased with 3 % to SEK 3 134 million (3 035)
- ▶ Operating profit amounted to SEK 251 million (173)
- ▶ Profit after financial items amounted to SEK 208 million (139)
- ▶ Profit after tax amounted to SEK 156 million (101)
- ▶ Earnings per share amounted to SEK 1.52 (0.94)
- ▶ Cash flow from operating activities amounted to SEK 171 million (246)

### Q2 (APRIL - JUNE)

- ▶ Net sales decreased with 1 % to SEK 1 531 million (1 554)
- ▶ Operating profit amounted to SEK 93 million (83)
- ▶ Profit after financial items amounted to SEK 72 million (64)
- ▶ Profit after tax amounted to SEK 54 million (45)
- ▶ Earnings per share amounted to SEK 0.52 (0.43)
- ▶ Cash flow from operating activities amounted to SEK 35 million (136)

- ▶ Net debt incl. lease liability amounted to SEK 1 888 million (2 175) excl. lease liability, SEK 2 644 million incl. lease liability.

2019 has been affected by IFRS 16 Leases. For further information, see page 4, as well as Note 1 on page 11.

### IMPORTANT EVENTS JANUARI - JUNE 2019

- ▶ Andréas Elgaard appointed new President and CEO of ITAB. He will be taking up the position on September 1st 2019.
- ▶ Agreements signed, among others, with Circle K, Megamark Group and leading German retail chain.
- ▶ Repayment of the purchase sum in respect of the acquisition of the D. Lindner companies had in Q1 a positive impact on the Group's profit after financial items amounting to SEK 42 million.
- ▶ Properties in Sweden and the UK have been sold, which in Q2 affected earnings after financial items by SEK 42 million.
- ▶ Restructuring costs have affected earnings after financial items by SEK -9 million



For further information:

Ulf Rostedt, CEO, +46 (0)70-694 86 82

Otherwise contact:

Samuel Wingren, CFO, +46 (0)70-848 43 00

*During Q2, the marketing of the wireless audio, light and media system Piri has been intensified. With Piri it is possible to control and influence the overall experience for customers in the store.*

# CEO ULF ROSTEDT'S COMMENTS

In the past year, the market has been very difficult to assess and diverse, which has proved to be clear during the first half of the year. After a Q1 which was the best first quarter ever, the second quarter was characterized by lower activity. Overall, the first half of the year has resulted in more positive signals from the market compared with the second half of 2018. The growth and efficiency program launched in 2018 is being developed according to plan and progressing with full focus. The positive effects of the program will gradually arise during 2019 in order to have full effect in 2020.



2019 has begun in a positive way and the Group showed slightly higher sales and a stronger result compared to the previous year. The market is still volatile, but the overall market situation for the company is now perceived as more positive compared to the second half of 2018. The beginning of 2019 was characterized by increased volumes generally with a large increase in new customer sales and cross-selling to existing customers. During the latter part of the half-year, activity on the market was lower, which meant that the Group's sales decreased. The result has been positively affected during the first half of the year by more efficient resource utilization as a result of the ongoing growth and efficiency program. At the same time, the result has been burdened by costs for new customer processing in general and market investments in Asia. New customer processing initially incurs costs, which in the short term is charged to earnings, the positive effects are expected to arise from the second half of the year. We have had a positive cash flow during the year, which is mainly due to effects from the ongoing capital efficiency program.

Geographically, sales increased mainly in Eastern Europe and Central Europe, while Northern Europe decreased sales.

Sales to our largest customer group Convenience goods increased by about 6% compared with the previous year. The customer group Construction and home furnishing decreased by 11% and the customer group Fashion decreased by about 2%. Other customer groups increased by 15%, mainly in electronics, brands and café and restaurant.

Sales of digital products including self-checkout solutions increased by 24% compared with the same period last year.

## GROWTH AND EFFICIENCY PROGRAM ACCORDING TO PLAN

During the previous year, ITAB launched a growth and efficiency program with the aim of increasing growth, reducing costs and using capital more efficiently. The program will be implemented gradually from 2018 to have full effect in 2020 with an estimated annual saving of approximately SEK 300 million at a one-time cost of approximately SEK 75 million before tax. The positive effects of the program will gradually arise during 2019 in order to have full effect in 2020.

The program includes both closures and mergers of operations in several markets. Personnel reduction has been implemented, while at the same time the sales work has developed, which means recruiting new skills. Shifting skills and changing is necessary to meet market demands, among other things, we have broadened the competence of the Group in terms of increasing service, driving sales and improving profitability for our customers. During the first half of the year, sales to both new customers in retail, as well as sales to new customer groups such as brands, restaurant and café, increased significantly. Cross-selling to existing customers has also increased. Investments in new concepts and products for the future store will continue simultaneously. In recent years, ITAB has invested heavily in product development and efforts to ensure that the organization is well prepared for the development taking place in the retail sector. With the changed sales organization, we have the opportunity to more efficiently offer customers the Group's all our products and concepts in a global market.

Efforts to streamline capital have so far freed up just over half a billion kronor, this mainly through reduced working capital and divested properties.

## FUTURE PROSPECTS

The first half of the year was very diverse, with large volumes in the first part and with lower activity during the second quarter. Our assessment is that we currently have less than 10% in market share on average in the markets in which we operate. The market is still under development with a wide variation between different industries and countries. There is a lot of change going on in retail where some retail chains invest in new concepts and products, while other chains have a more cautious attitude, which makes the market variable and difficult to assess. The market is also more project-oriented, which makes it more fluctuating in its nature. Despite the current market situation, we have a positive basic view of the market development and the company's opportunities to take market shares in the future. Renovation and remodeling are increasingly being done to create attractive environments. Experience and inspiration are becoming an increasingly large part of the concepts, while our customers are increasingly focusing on efficiency, additional sales and increased service in the store. Our digital offering with a focus on increased efficiency, service and sales in stores, our global presence together with our total offering drives our sales forward. Our total offering is unique in the market and few competitors can offer something similar.

The response to our commitment to offering our customers the future of the store has been positive and we have gradually increased this repositioning. At the same time, we are vigilant at the challenge of balancing cutbacks against new investments and having a continued high pace in our growth and efficiency program. All measures are aimed at meeting a changing market in the short term and strengthening ITAB's market position in the long term.

Jönköping 10 July 2019

Ulf Rostedt,  
VD & koncernchef  
ITAB Shop Concept AB

## 2019 IN BRIEF

### SUMMARY Q1 - Q2

- ▶ Net sales increased by 3 % to SEK 3,134 million (3,035)
- ▶ Operating profit increased by 45 % to SEK 251 million (173)
- ▶ Profit after financial items increased by 50 % to SEK 208 million (139)
- ▶ Earnings per share increased by 62 % to SEK 1,52 kr (0,94)

Non-recurring items Q1-Q2 2019, SEK million:	
Structuring costs	-9
Repayment of purchase price D Lindner-bolagen	42
Sale of property	42
<b>Total non-recurring items Q1-Q2 2019</b>	<b>75</b>
Non-recurring items Q1-Q2 2018, SEK million:	
Sale of property and structuring work, Belgium	15
Final negotiations, additional purchase sum La Fortezza	14
<b>Total non-recurring items Q1-Q2 2018</b>	<b>29</b>

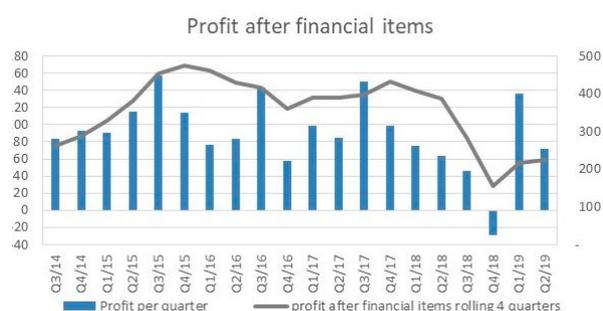
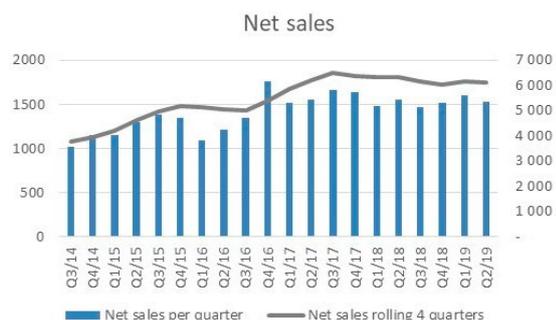
### SUMMARY Q2

- ▶ Net sales decreased by 1 % to SEK 1,531 million (1,554)
- ▶ Operating profit increased by 12 % to SEK 93 million(83)
- ▶ Profit after financial items increased by 12 % to SEK 72 million (64)
- ▶ Earnings per share increased by 21 % to SEK 0,52 kr (0,43)

Non-recurring items Q2 2019, SEK million:	
Structuring costs	-6
Sale of property	42
<b>Total non-recurring items Q2 2019</b>	<b>36</b>
Non-recurring items Q2 2018, SEK million	
Final negotiations, additional purchase sum La Fortezza	14
<b>Total non-recurring items, Q2 2018</b>	<b>14</b>

### IMPORTANT EVENTS Q1 - Q2

- ▶ In April, ITAB signed an agreement with the Italian grocery chain Megamark Group for the Checkout system ScanMate, also including complementary Checkout products. In June, ITAB was elected to deliver self-checkout solutions to a leading German retail chain with roll-out in 2019. At the end of the period, ITAB signed a three-year agreement with Circle K, one of Northern Europe's major players in fuel stations.
- ▶ In Q1, ITAB received a refund of the purchase price for the acquisition of the D Lindner companies, which had a positive impact on earnings of SEK 42 million.
- ▶ ITAB divested in Q2 properties in Sweden and the UK. The transactions entailed capital gains of SEK 42 million.
- ▶ During April, Andréas Elgaard was appointed President and CEO of ITAB. He is taking up the position on 1 September 2019 and will succeed Ulf Rostedt, who is leaving the position at his own request as communicated on 6 February 2019. Ulf Rostedt will remain as President and CEO until Andréas Elgaard takes over, and will then be available to the company during a transitional period.



### ITAB GROUP IN FIGURES

	3 MONTHS APR-JUN 2019	3 MONTHS APR-JUN 2018	6 MONTHS JAN-JUN 2019	6 MONTHS JAN-JUN 2018	ROLLING 12 MONTHS JUL-JUN 2018/2019	FULL-YEAR JAN-DEC 2018
Net Sales, SEK million	1 531	1 554	3 134	3 035	6 130	6 031
Operating profit, SEK million	93	83	251	173	308	230
Operating margin, %	6,0	5,3	8,0	5,7	5,0	3,8
Profit after net financial items, SEK million	72	64	208	139	226	157
Profit margin, %	4,7	4,1	6,6	4,6	3,7	2,6
Profit after tax, SEK million	54	45	156	101	152	97
Earnings per share, SEK	0,52	0,43	1,52	0,94	1,46	0,88
Equity per share, SEK	17,47	16,15	17,47	16,15	17,47	15,61
Return on equity, %	12,1	10,2	18,2	11,3	8,9	5,4
Share of risk-bearing capital, %	34,0	35,1	34,0	35,1	34,0	36,2
Cash flow from operating activities, SEK millions	35	136	171	246	425	500
Average no. employees, no.	3 261	3 382	3 287	3 424	3 316	3 384

2019 has been affected by IFRS 16 Leases. According to the simplified transition method, the comparative figures have not been recalculated. For further information, see page 4, as well as Note 1 on page 11.

2019, the profit after financial items was affected by a net effect of SEK 75 million regarding final settlement acquisition purchase consideration D Lindner companies (SEK 42 million in Q1), capital gains on property sales (SEK 42 million in Q2) and restructuring costs for the growth and efficiency program (SEK -3 million in Q1 and SEK -6 million in Q2). During the comparative period, the profit after financial items were affected by a net effect of MSEK 15 on property sales and structuring in Belgium. During Q2 2018, final negotiations have been made regarding the additional purchase price of La Fortezza, which had an impact of SEK 14 million on the profit after financial items. During Q4, negotiations have been held regarding the additional purchase price of the D Lindner companies, which affected the profit after financial items by MSEK 20. In Q4, the profit after financial items were charged with MSEK -63 relating to restructuring costs for the growth and efficiency program.

# DEVELOPEMENT DURING 2019

## JANUARY-JUNE

### Net sales

#### Interim period

The Group's net sales increased by 3% to SEK 3,134m (3,035). Currency-adjusted sales increased by 1%. Sales have increased in all geographic markets except in Northern Europe and Rest of the world.

#### Second quarter

The Group's net sales decreased by 1% to 1,531m (1,554). Currency-adjusted sales decreased by 3%. Sales have declined in Northern Europe, increased in Central Europe, while other geographic markets have been on a par with the previous year.

### Profit

#### Interim period

Operating profit increased by 45% to SEK 251m (173). Profit after financial items increased by 50% to SEK 208m (139). The result has been affected by the sales trend but also by a more efficient resource utilization as a result of the ongoing growth and efficiency program.

The result has been positively affected by repayment of the acquisition purchase price of the lighting acquisition D&L Lichtplanung and D Lindner of SEK 42 million as a result of deficiencies in sales guarantees in purchase agreements and capital gains on the sale of properties of SEK 42 million.

The growth and efficiency program that was launched last year has so far burdened the result with direct restructuring costs of SEK 6 million in Q2 2019, SEK 3 million in Q1 2019 and SEK 63 million in Q4 2018. The positive effects of the program will gradually arise during 2019 to achieve full effect during in 2020.

#### Second quarter

Operating profit increased by 12% to SEK 93 M (83). Profit after financial items increased by 12% to SEK 72 M (64). The result was negatively affected by the sales trend, but also by a less favorable market mix. The result was positively affected by capital gains on the sale of properties of SEK 42 million.

The growth and efficiency program that was launched last year has been charged with the result with direct restructuring costs of SEK 6 million in Q2 2019.

### Financial position

The new standard for leasing agreements, IFRS 16, has affected net debt by SEK 756 million. Net debt excluding the impact of IFRS 16 decreased to SEK 1,888m (2,175). Net debt including leasing debt according to IFRS 16 amounted to SEK 2,644m. The effects of IFRS 16 Leasing in the balance sheet and income statement and in key figures that the transition to the new leasing standard entails are reported in Note 1.

The Group's liquid funds, including granted unutilized credits, amounted to SEK 904 million (759) on the balance sheet date. The equity / assets ratio was 31% (31) and the share of risk-bearing capital was 34% (35). IFRS 16 has negatively affected both of these measures by about 4 percentage points.

### Investments

#### Interim period

The Group's net investments amounted to SEK -104m (37), of which SEK -141m (51) relates to properties and SEK -41m (2) relates to corporate transactions during the period. Leases have been entered into for the divested properties, which in the balance sheet have a value of SEK 83 million according to IFRS 16.

#### Second quarter

The Group's net investments amounted to SEK -116m (47), of which SEK -141m (51) relates to properties and SEK 1m (2) is attributable to corporate transactions during the period. Rental contracts have been entered into for the divested properties, which in the balance sheet have a value of SEK 83 million according to IFRS 16.

For more information on company transactions, see Note 2, page 11.

### Employees

The average number of employees for the interim period amounted to 3,287 (3,424) and for the second quarter to 3,261 (3,382).

### Parent company

The parent company ITAB Shop Concept AB's business mainly consists of Group-wide functions. The Parent Company's net sales for the interim period

amounted to SEK 79m (32) and for the second quarter SEK 69m (16) and refers to income from subsidiaries. Profit after financial items amounted to SEK 87m (236) for the interim period and SEK 136m (298) for the second quarter.

## OTHER INFORMATION

### SEASONAL VARIATIONS

ITAB's operations are affected to a certain extent by seasonal variations. The sales volumes are often lower at the start of the year and then gradually increase during the year. As a result, sales and earnings are generally higher above all during the third quarter but also in the fourth quarter. Last year, sales and earnings deviated from the normal pattern. Diagrams showing the quarterly net sales and earnings can be seen on page 3.

### Risks and uncertainties

The Group's significant risks and uncertainties include business risks, financial risks and sustainability risks.

A more detailed account of the Group's significant financial risks can be found in Note 4 of the annual report for 2018, on page 70.

ITAB's business risks are associated with its own operations, customers and suppliers, as well as other external factors. A summary of some of the most significant business risks can be found on page 55 of the annual report for 2018. Sustainability risks are described on page 41 of the annual report for 2018. No additional significant risks are deemed to have arisen.

### Convertible debentures 2014/2018

During the period 1 June to 11 June 2018, it was possible to convert the convertible debenture KV 4B with a nominal value of SEK 30 million to Class B shares at a conversion rate of SEK 49.83. No conversions were conducted and the convertible debenture was repaid at the start of July 2018. As a result of this, no dilution has occurred.

### Convertible debentures 2016/2020

On 11 May 2016, the Annual General Meeting of ITAB Shop Concept AB decided to approve the Board's proposal to issue a maximum of 1,950,000 convertibles with a maximum total nominal value of SEK 275,000,000, with a term from 1 July 2016 to 30 June 2020. The level of

interest in the convertible programme was considerable – approximately 440 employees in 13 countries decided to participate, and the issue was oversubscribed by more than 50 percent. Employees of the ITAB Group were allocated 1,950,000 convertibles at an issue price of SEK 86, representing a nominal value of SEK 167,700,000. The interest rate is STIBOR 3M plus 2.20 percent and interest is paid annually in arrears. All convertibles can be converted into Class B shares in ITAB in the period from 1 June 2020 to and including 12 June 2020. If all the convertibles are converted into shares, the dilution effect on the share capital will be approximately 1.9 percent, and on the voting rights approximately 0.6 percent, based on the current total number of shares.

#### Accounting policies

ITAB is applying the International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34, Interim Reporting, the Annual Accounts Act as well as the Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, and RFR 2, Accounting for Legal Entities.

#### Transition to IFRS 16 Leases

IFRS 16 Leases is replacing IAS 17 as from 1 January 2019. For the lessee, the standard is eliminating the classification of leases into operational or financial leases for the lessee, and is introducing a joint model for the reporting of all leasing. The lessee reports an entitlement to use an asset during the anticipated term of the lease, as well as financing over time, as a liability. In addition, the depreciation of leased assets is reported separately from the interest on the debt for leasing in the income statement.

ITAB applies the new standard by using the simplified transition method, which means that the comparative figures are not recalculated. The cumulative effect of applying IFRS 16 was reported on 1 January 2019. Long-term operational leases are recognised from 1 January 2019 as fixed assets and financial liabilities in the Group's balance statement. Instead of operational leasing costs, ITAB is recognising depreciation and interest expenses in the Group's income statement.

Lease liabilities that have previously been classified as operational leases according to IAS 17 are valued at the present value of the remaining lease payments, discounted using the mar-

ginal loan interest rate as at 1 January 2019. ITAB recognises a right of use at an amount that corresponds to the lease liability. As a result, the transition to IFRS 16 has not had any significant impact on equity on 1 January 2019. ITAB applies the practical exemptions regarding reporting payments attributable to short-term leases and leases for assets of a low value as a cost in the income statement. 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 the lease liability.

The transition to IFRS 16 is having the following impact on the Group's balance statement at the time of the transition, i.e. 1 January 2019:

Right of use	SEK 725 Million
Financial lease liability	SEK 725 Million

ITAB has identified leases attributable to properties, machines and vehicles. When determining the above amounts, 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 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 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.

#### Other accounting principles

As regards other accounting principles that are applied, these correspond with the accounting principles that were used in the preparation of the most recent Annual Report.

#### Estimates and judgements

The preparation of the interim report requires that the company management makes estimates and assessments as well as assumptions that affect the application of the accounting principles and the amounts reported for assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and assessments. The new standard for leases (IFRS 16), which applies from 1 January 2019, entails significant esti-

mates when determining right of use and lease liability. The assessment of the likelihood of the Group utilising an extension option affects the term of the lease, which has a significant impact on the size of the lease liability and the value of the asset with the right of use.

Other critical assessments and sources of uncertainty in estimates during the preparation of this interim report are the same as in the most recent annual report.

#### Financial assets and liabilities

ITAB has derivative instruments measured at fair value. Derivative instruments comprise currency swaps and interest rate swaps, and are used for hedging.

All derivative instruments are classified in level 2 and 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.

Additional purchase sums are recognised as financial liabilities and classified in level 3. These are dependent on parameters in each agreement that are mainly linked to anticipated results over the next few years for the acquired companies. The additional purchase sums have been recognised at their estimated value and revaluation is performed over the income statement.

The recognised value is considered to constitute a reasonable estimate of the fair value for all financial assets and liabilities. No financial assets and liabilities have been moved between the valuation categories, and the valuation techniques are unchanged during the year. Otherwise, please refer to the most recent annual report.

#### Related party transactions

There have been no transactions between ITAB and related parties that have significantly affected the company's position and results.

#### Next report date

The interim report for the period January to September 2019 will be presented on Friday October 25 2019.

This report has not been subject to a general review by the company's auditor.

We, the undersigned, declare that the half-yearly report for the period 1 January 2019 - 30 June 2019 provides a fair and true view of the Parent company's and Group's business activities, position and financial results and describes significant risks and uncertainties that the companies within the Group face.

Jönköping 10 July 2019

Anders Moberg  
Chairman of the Board

Anna Benjamin  
Board member

Per Borgklint  
Board member

Jan Frykhammar  
Board member

Petter Fägersten  
Board member

Sune Lantz  
Board member

Fredrik Rapp  
Board member

Lottie Svedenstedt  
Board member

Ulf Rostedt  
Managing director & CEO

# KEY RATIOS

## KEY RATIOS

Key figures included in this 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 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. The main alternative key ratios presented in this report are interest-bearing net debt, proportion of risk-bearing capital and return on equity, capital employed and total capital.

Key ratios are defined below. Further definitions and reconciliation can be found on page 55 of the annual report for 2018.

## DEFINITIONS

### Portion of risk-bearing capital

Equity plus provisions for deferred tax liabilities as well as convertible debenture loans in relation to total capital.

### Return on equity

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

### Return on capital employed

Profit after financial items plus financial expenses in relation to average balance sheet total minus non interest-bearing liabilities.

### Return on total capital

Profit after financial items plus financial expenses in relation to average total capital.

### 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.

### Cash flow from operating activities per share

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

### Earnings per share

Net profit for the period attributable to the Parent Company's shareholders in relation to average number of shares.

### 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.

### Interest-bearing net debt

Non-current and current interest-bearing liabilities, including lease liabilities, minus interest-bearing assets as well as cash and cash equivalents.

### Interest-bearing net debt excl. IFRS 16 Leasing

Non-current and current interest-bearing liabilities, excluding operational lease liabilities, minus interest-bearing assets as well as cash and cash equivalents.

### Interest coverage ratio

Income after financial items plus financial expenses in relation to financial expenses.

### Operating margin

Operating profit in relation to net sales.

### Equity/assets ratio

Equity in relation to total capital.

### Total capital

Total equity and liabilities (balance sheet total).

### Profit margin

Profit after financial items in relation to net sales.

### Average number of employees

Number of worked hours divided by normal annual working time.

# THE GROUP

This interim report has been prepared in accordance with the new standard for leases, IFRS 16.

The effects in the income statement, financial position and the key ratios that the transition to IFRS 16 entails are reported in Note 1, page 11.

## INCOME STATEMENT IN SUMMARY

(SEK millions)	3 MONTHS APR-JUN 2019	3 MONTHS APR-JUN 2018	6 MONTHS JAN-JUN 2019	6 MONTHS JAN-JUN 2018	ROLLING 12 MONTHS JUL-JUN 2018/2019	FULL-YEAR JAN-DEC 2018
Revenue from contracts with customers, Note 3	1 531	1 554	3 134	3 035	6 130	6 031
Costs of goods sold	-1 119	-1 113	-2 257	-2 160	-4 520	-4 423
<b>Gross Profit</b>	<b>412</b>	<b>441</b>	<b>877</b>	<b>875</b>	<b>1 610</b>	<b>1 608</b>
Selling expenses	-290	-295	-579	-578	-1 141	-1 140
Administrating expenses	-74	-79	-146	-153	-287	-294
Other operating income and expenses	45	16	99	29	126	56
<b>Operating profit</b>	<b>93</b>	<b>83</b>	<b>251</b>	<b>173</b>	<b>308</b>	<b>230</b>
Financial income	2	0	4	1	9	6
Financial expenses	-23	-19	-47	-35	-91	-79
<b>Profit after financial items</b>	<b>72</b>	<b>64</b>	<b>208</b>	<b>139</b>	<b>226</b>	<b>157</b>
Tax expenses	-18	-19	-52	-38	-74	-60
<b>NET PROFIT FOR THE PERIOD</b>	<b>54</b>	<b>45</b>	<b>156</b>	<b>101</b>	<b>152</b>	<b>97</b>
Net Profit for the period related to:						
Parent Company shareholders	54	44	156	96	150	90
Non-controlling interests	0	1	0	5	2	7
Depreciation during the period amounts to	64	35	126	70	198	142
Tax rate during the period amounts to	25%	29%	25%	27%	33%	38%
Earnings per share						
basic, SEK	0,52	0,43	1,52	0,94	1,46	0,88
diluted, SEK	0,52	0,43	1,51	0,93	1,46	0,88
Average number of outstanding shares <sup>1)</sup>						
before dilution, thousands	102 383	102 383	102 383	102 383	102 383	102 383
after dilution, thousands	104 333	104 333	104 333	104 333	104 333	104 333

1) Up until 30 June 2018, the Group had two outstanding convertible programmes. In the first scheme, which ran during the period 1 July 2014 to 30 June 2018, conversion to a maximum of 602,004 Class B shares could take place during the period 1-11 June 2018 at a subscription price of SEK 49.83. No conversions were conducted and the convertible debenture was repaid at the start of July 2018. In the second scheme, a subscription for convertible shares for employees was carried out during June 2016. The scheme is running during the period 1 July 2016 to 30 June 2020 and conversion to a maximum of 1,950,000 Class B shares can take place during the period 1-12 June 2020 at a subscription price of SEK 86.00. The total number of shares after full dilution will then be 104,333,430.

## STATEMENT OF OTHER COMPREHENSIVE INCOME IN SUMMARY

(SEK millions)	3 MONTHS APR-JUN 2019	3 MONTHS APR-JUN 2018	6 MONTHS JAN-JUN 2019	6 MONTHS JAN-JUN 2018	ROLLING 12 MONTHS JUL-JUN 2018/2019	FULL-YEAR JAN-DEC 2018
<b>Net profit for the period</b>	<b>54</b>	<b>45</b>	<b>156</b>	<b>101</b>	<b>152</b>	<b>97</b>
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified to the income statement</b>						
Revaluation of defined-benefit pension commitments	-	-	-	-	1	1
Tax relating to items not to be reclassified	-	-	-	-	0	0
					1	1
<b>Items that may be reclassified to the income statement</b>						
Translation differences	8	-1	59	75	-3	13
Hedging of net investments, net	-2	12	-4	4	-3	5
Cash flow hedges, net	-7	9	-21	5	-14	12
Tax on items that may be reclassified	1	-5	5	-2	3	-4
	0	15	39	82	-17	26
<b>Total other comprehensive income after tax</b>	<b>0</b>	<b>15</b>	<b>39</b>	<b>82</b>	<b>-16</b>	<b>27</b>
<b>Comprehensive income for the period</b>	<b>54</b>	<b>60</b>	<b>195</b>	<b>183</b>	<b>136</b>	<b>124</b>
Comprehensive income for the period attributable to:						
Parent Company shareholders	56	56	191	170	136	115
Non-controlling interests	-2	4	4	13	0	9

## STATEMENT OF FINANCIAL POSITION IN SUMMARY

(SEK millions)	2019 30-JUN	2018 30-JUN	2018 31-DEC
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	1 679	1 664	1 634
Other intangible assets	171	177	173
	<b>1 850</b>	<b>1 841</b>	<b>1 807</b>
Property, plant and equipment	1 636	968	939
Deferred tax assets	103	105	102
Financial non-current assets	9	8	7
<b>Total non-current assets</b>	<b>3 598</b>	<b>2 922</b>	<b>2 855</b>
<b>Current assets</b>			
Inventory	984	1 191	1 019
Current receivables	1 327	1 355	1 219
Cash and cash equivalents	368	342	271
<b>Total current assets</b>	<b>2 679</b>	<b>2 888</b>	<b>2 509</b>
<b>TOTAL ASSETS</b>	<b>6 277</b>	<b>5 810</b>	<b>5 364</b>
<b>Equity and liabilities</b>			
Equity attributable to Parent Company's shareholders	1 789	1 653	1 598
Non-controlling interests	132	132	128
Deferred tax liabilities	47	65	54
Other non-current liabilities	2 155	1 744	1 712
Current liabilities	2 154	2 216	1 872
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 277</b>	<b>5 810</b>	<b>5 364</b>
Interest-bearing net debt amounts to	2 644	2 175	2 104
Interest-bearing net debt excl. IFRS 16 Leases amounts to	1 888	2 175	2 104
of which convertible debenture loans are included at	164	190	162

## SUMMARY OF STATEMENT OF CHANGES IN EQUITY

(SEK millions)	Share capital	Other contributed capital	Other reserves <sup>*)</sup>	Profit brought forward	Attributable to Parent Company's shareholders	Related to holdings without controlling influence	Total equity
<b>SHAREHOLDERS EQUITY 1 JAN 2018</b>	<b>43</b>	<b>315</b>	<b>-15</b>	<b>1 321</b>	<b>1 664</b>	<b>120</b>	<b>1 784</b>
Net profit for the period				96	96	5	101
Other comprehensive income			74		74	8	82
<b>COMPREHENSIVE INCOME JAN-JUNE 2018</b>			<b>74</b>	<b>96</b>	<b>170</b>	<b>13</b>	<b>183</b>
Dividend				-179	-179		-179
Acquisition of non-controlling interests, note 2				-2	-2	-1	-3
<b>SHAREHOLDERS EQUITY 30 JUNE 2018</b>	<b>43</b>	<b>315</b>	<b>59</b>	<b>1 236</b>	<b>1 653</b>	<b>132</b>	<b>1 785</b>
Net profit for the period				-6	-6	2	-4
Other comprehensive income			-50	1	-49	-6	-55
<b>COMPREHENSIVE INCOME JAN-DEC 2018</b>			<b>-50</b>	<b>-5</b>	<b>-55</b>	<b>-4</b>	<b>-59</b>
<b>SHAREHOLDERS 31 DEC 2018</b>	<b>43</b>	<b>315</b>	<b>9</b>	<b>1 231</b>	<b>1 598</b>	<b>128</b>	<b>1 726</b>
Net profit for the period				156	156	0	156
Other comprehensive income			35		35	4	39
<b>COMPREHENSIVE INCOME JAN-JUNE 2019</b>			<b>35</b>	<b>156</b>	<b>191</b>	<b>4</b>	<b>195</b>
<b>SHAREHOLDERS' EQUITY 30 JUNE 2019</b>	<b>43</b>	<b>315</b>	<b>44</b>	<b>1 387</b>	<b>1 789</b>	<b>132</b>	<b>1 921</b>

\* Other reserves consist of translation reserve and hedging reserve.

## STATEMENT OF CASH FLOWS IN SUMMARY

	3 MONTHS APR-JUN 2019	3 MONTHS APR-JUN 2018	6 MONTHS JAN-JUN 2019	6 MONTHS JAN-JUN 2018	ROLLING 12 MONTHS JUL-JUN 2018/2019	FULL-YEAR JAN-DEC 2018
(SEK millions)						
<b>Operating profit</b>	<b>93</b>	<b>83</b>	<b>251</b>	<b>173</b>	<b>308</b>	<b>230</b>
Paid and received interest, tax and adjustments for items not included in the cash flow.	-119	-12	-117	-73	-111	-67
<b>Cash flow from operating activities before changes in working capital</b>	<b>-26</b>	<b>71</b>	<b>134</b>	<b>100</b>	<b>197</b>	<b>163</b>
<b>Changes in working capital</b>						
Changes in inventories	13	28	61	29	210	178
Changes in operating receivables	56	8	-109	84	9	202
Changes in operating liabilities	-8	29	85	33	9	-43
<b>Cash flow from operating activities</b>	<b>35</b>	<b>136</b>	<b>171</b>	<b>246</b>	<b>425</b>	<b>500</b>
<b>Investing activities</b>						
Acquisition of companies and operations, Note 2	-1	-2	41	-2	-99	-142
Disposal properties	141	51	141	51	141	51
Other sales / investments	-24	-96	-78	-86	-143	-151
<b>Cash flow after investing activities</b>	<b>151</b>	<b>89</b>	<b>275</b>	<b>209</b>	<b>324</b>	<b>258</b>
<b>Financing activities</b>						
Dividends to shareholders	0	-179	0	-179	0	-179
Cash flow from other financing activities	-41	155	-189	10	-300	-101
<b>Cash flow for the period</b>	<b>110</b>	<b>65</b>	<b>86</b>	<b>40</b>	<b>24</b>	<b>-22</b>
Cash and cash equivalents at the start of the period	260	270	271	285	342	285
Translation differences on cash and cash equivalents	-2	7	11	17	2	8
<b>Cash and cash equivalents at the end of the period</b>	<b>368</b>	<b>342</b>	<b>368</b>	<b>342</b>	<b>368</b>	<b>271</b>
<b>Cash flow from operating activities per share</b>	<b>0,34</b>	<b>1,32</b>	<b>1,67</b>	<b>2,40</b>	<b>4,15</b>	<b>4,88</b>

## KEY RATIOS

	3 MÅN APR-JUN 2019	3 MÅN APR-JUN 2018	6 MÅN JAN-JUN 2019	6 MÅN JAN-JUN 2018	RULLANDE 12 MÅNADER JUL-JUN 2018/2019	HELÅR JAN-DEC 2018
Operating margin, %	6,0	5,3	8,0	5,7	5,0	3,8
Profit margin, %	4,7	4,1	6,6	4,6	3,7	2,6
Share price at the end of the period, SEK	29,20	35,50	29,20	35,50	29,20	15,00
Earnings per share before dilution, SEK	0,52	0,43	1,52	0,94	1,46	0,88
Earnings per share after dilution, SEK	0,52	0,43	1,51	0,93	1,46	0,88
Cash flow from operating activities per share, SEK	0,34	1,32	1,67	2,40	4,15	4,88
Number of shares at the end of the period, SEK	102 383 430	102 383 430	102 383 430	102 383 430	102 383 430	102 383 430
Balance sheet total, SEK millions	6 277	5 810	6 277	5 810	6 277	5 364
Interest-bearing net debt, SEK millions	2 644	2 175	2 644	2 175	2 644	2 104
Interest-bearing net debt excl. IFRS Leasing, SEK millions	1 888	2 175	1 888	2 175	1 888	2 104
Equity related to the Parent Company's shareholders, SEK millions	1 789	1 653	1 789	1 653	1 789	1 598
Equity per share, SEK	17,47	16,15	17,47	16,15	17,47	15,61
Equity/assets ratio, %	30,6	30,7	30,6	30,7	30,6	32,2
Share of risk-bearing capital, %	34,0	35,1	34,0	35,1	34,0	36,2
Return on equity p.a., %	12,1	10,2	18,2	11,3	8,9	5,4
Return on capital employed p.a., %	7,7	7,6	10,4	8,1	5,1	5,5
Return on total capital p.a., %	6,0	5,6	8,2	6,0	5,0	4,1
Interest-coverage ratio, multiple	4,3	4,6	5,5	5,0	3,5	3,0
Net investments, SEK millions	-116	47	-104	37	101	242
Net investments (excl. business acquisitions), SEK millions	-117	45	-63	35	2	100
Average no. employees, no.	3 261	3 382	3 287	3 424	3 316	3 384

## QUARTERLY FINANCIAL STATEMENTS AND KPIS

(SEK millions)	2019 APR-JUN	2018 APR-JUN	2019 JAN-MAR	2018 JAN-MAR	2018 OCT-DEC	2017 OCT-DEC	2018 JUL-SEP	2017 JUL-SEP
Net Sales	1 531	1 554	1 603	1 481	1 521	1 641	1 475	1 668
Costs of goods sold	-1 119	-1 113	-1 138	-1 047	-1 186	-1 198	-1 077	-1 176
<b>Gross Profit</b>	<b>412</b>	<b>441</b>	<b>465</b>	<b>434</b>	<b>335</b>	<b>443</b>	<b>398</b>	<b>492</b>
Selling expenses	-290	-295	-289	-283	-297	-290	-265	-256
Administrating expenses	-74	-79	-72	-74	-66	-78	-75	-67
Other operating income and expenses	45	16	54	13	21	43	6	3
<b>Operating profit</b>	<b>93</b>	<b>83</b>	<b>158</b>	<b>90</b>	<b>-7</b>	<b>118</b>	<b>64</b>	<b>172</b>
Financial items	-21	-19	-22	-15	-21	-19	-18	-22
<b>Profit after financial items</b>	<b>72</b>	<b>64</b>	<b>136</b>	<b>75</b>	<b>-28</b>	<b>99</b>	<b>46</b>	<b>150</b>
Tax expenses	-18	-19	-34	-19	-11	-19	-11	-39
<b>NET PROFIT FOR THE PERIOD</b>	<b>54</b>	<b>45</b>	<b>102</b>	<b>56</b>	<b>-39</b>	<b>80</b>	<b>35</b>	<b>111</b>
Net Profit for the period related to:								
Parent Company shareholders	54	44	102	52	-39	79	33	109
Non-controlling interests	0	1	0	4	0	1	2	2
Operating margin, %	6,0	5,3	9,9	6,1	neg.	7,2	4,4	10,3
Earnings per share before dilution, SEK	0,52	0,43	1,00	0,51	-0,38	0,77	0,32	1,05
Earnings per share after dilution, SEK	0,52	0,43	0,99	0,51	-0,38	0,76	0,32	1,06
Return on equity, %	12,1	10,2	24,6	12,1	neg.	19,7	8,0	28,8
Equity per share, SEK	17,47	16,15	16,93	17,36	15,61	16,26	16,19	15,09
Cash flow from operating activities per share, SEK	0,34	1,32	1,33	1,08	2,17	1,76	0,31	-0,86
Share price on closing day, SEK	29,20	35,50	20,25	36,90	15,00	51,75	24,40	63,75

## PARENT COMPANY

### INCOME STATEMENT IN SUMMARY

(SEK millions)	3 MONTHS APR-JUN 2019	3 MONTHS APR-JUN 2018	6 MONTHS JAN-JUN 2019	6 MONTHS JAN-JUN 2018	FULL-YEAR JAN-DEC 2018
Net sales <sup>1)</sup>	69	16	79	32	48
Costs of goods sold	-5	-4	-8	-7	-13
<b>Gross Profit</b>	<b>64</b>	<b>12</b>	<b>71</b>	<b>25</b>	<b>35</b>
Selling expenses	-19	-8	-28	-15	-28
Administrating expenses	-14	-10	-23	-18	-33
Other operating income and expenses	0	1	4	-1	1
<b>Operating profit</b>	<b>31</b>	<b>-5</b>	<b>24</b>	<b>-9</b>	<b>-25</b>
Result from participations in Group companies	126	360	126	366	271
Financial income and expenses	-21	-57	-63	-121	-118
<b>Profit after financial items</b>	<b>136</b>	<b>298</b>	<b>87</b>	<b>236</b>	<b>128</b>
Year-end appropriations	-	-	-	-	42
<b>Profit before tax</b>	<b>136</b>	<b>298</b>	<b>87</b>	<b>236</b>	<b>170</b>
Tax expenses for the period	-	-	-	-	18
<b>NET PROFIT FOR THE PERIOD</b>	<b>136</b>	<b>298</b>	<b>87</b>	<b>236</b>	<b>188</b>
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>					
Net profit for the period	136	298	87	236	188
Other comprehensive income	-	-	-	-	-
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>136</b>	<b>298</b>	<b>87</b>	<b>236</b>	<b>188</b>

1) 100% of the Parent Company's income relates to subsidiaries.

### BALANCE SHEET IN SUMMARY

(SEK millions)	2019 30-JUN	2018 30-JUN	2018 31-DEC
<b>Non-current assets</b>			
Property, plant and equipment	8	10	9
Financial non-current assets	2 150	2 217	2 148
Deferred tax assets	32	14	32
<b>Total non-current assets</b>	<b>2 190</b>	<b>2 241</b>	<b>2 189</b>
<b>Current assets</b>			
Current receivables	1 004	1 182	1 003
Cash and bank balance	0	0	0
<b>Total current assets</b>	<b>1 004</b>	<b>1 182</b>	<b>1 003</b>
<b>TOTAL ASSETS</b>	<b>3 194</b>	<b>3 423</b>	<b>3 192</b>
<b>Shareholders' Equity</b>			
Restricted equity	50	50	50
Non-restricted equity	983	944	896
<b>Total equity</b>	<b>1 033</b>	<b>994</b>	<b>946</b>
Non-current liabilities	1 340	1 549	1 548
Current liabilities	821	880	698
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3 194</b>	<b>3 423</b>	<b>3 192</b>

## NOTES

### Note 1

#### Effects in respect of the transition to IFRS 16, Leases

As from 1 January 2019, the new accounting principle in respect of leases (IFRS 16) is being applied. For the lessee, the new standard is eliminating the classification of leases into operational or financial leases, and is introducing a joint model for the reporting of all leasing. The lessee reports an entitlement to use an asset during the anticipated term of the lease, as well as financing over time, as a liability. In addition, the depreciation of leased assets will be reported separately from the interest on the debt for leasing in the income statement.

ITAB applies the new standard by using the simplified transition method, which means that the comparative figures are not recalculated. The cumulative effect of applying IFRS 16 was reported on 1 January 2019. The lease liability is valued at the current value of the remaining lease fees for long-term leases discounted by the marginal interest rate as at 1 January 2019, and the right of use is recognised as a fixed asset at an amount corresponding to the lease liability on 1 January 2019. Instead of operational leasing costs, ITAB is recognising depreciation and interest expenses in the Group's income statement.

ITAB applies the practical exemptions regarding reporting payments attributable to short-term leases and leases for assets of a low value as a cost in the income statement. 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 the lease liability.

For more information about the new leasing standard, see pages 64 and 84 in the annual report for 2018.

The interim report for the period up to 30 June has been prepared in accordance with this new standard. The effects that the transition to the new leasing standard entails are presented below in the balance sheet and income statement, as well as in key ratios.

## THE GROUP

### INCOME STATEMENT IN SUMMARY

(SEK millions)	6 MONTHS JAN-JUN 2019 incl. IFRS16	6 MONTHS JAN-JUN 2019 IFRS16 effect	6 MONTHS JAN-JUN 2019 excl. IFRS16	6 MONTHS JAN-JUN 2018 excl. IFRS16	12 MONTHS JAN-DEC 2018 excl. IFRS16	ROLLING JUL-JUN 2018/2019 excl. IFRS16
Revenue from contracts with customers	3 134		3 134	3 035	6 031	6 130
Costs of goods sold	-2 257	-2	-2 259	-2 160	-4 423	-4 522
<b>Gross Profit</b>	<b>877</b>	<b>-2</b>	<b>875</b>	<b>875</b>	<b>1 608</b>	<b>1 608</b>
Selling expenses	-579	-2	-581	-578	-1 140	-1 143
Administrating expenses	-146	0	-146	-153	-294	-287
Other operating income and expenses	99	0	99	29	56	126
<b>Operating profit</b>	<b>251</b>	<b>-4</b>	<b>247</b>	<b>173</b>	<b>230</b>	<b>304</b>
Financial items	-43	7	-36	-34	-73	-75
<b>Profit after financial items</b>	<b>208</b>	<b>3</b>	<b>211</b>	<b>139</b>	<b>157</b>	<b>229</b>
Tax expenses	-52	-1	-53	-38	-60	-75
<b>NET PROFIT FOR THE PERIOD</b>	<b>156</b>	<b>2</b>	<b>158</b>	<b>101</b>	<b>97</b>	<b>154</b>
Net Profit for the period related to:						
Parent Company shareholders	156	2	158	96	90	152
Non-controlling interests	0			5	7	2
Depreciation during the period amounts to	126	-54	72	70	142	144
Tax expense during the period amounts to	25%		25%	27%	38%	33%

### STATEMENT OF FINANCIAL POSITION IN SUMMARY

(SEK millions)	2019 30 JUN incl. IFRS 16	2019 30 JUN IFRS 16 effect	2019 30 JUN excl. IFRS16	2018 30 JUN excl. IFRS16	IB/UB - Analysis		
					2018 31 DEC Closing balance	IFRS 16 effect	2019 1 JAN Opening balance
<b>Assets</b>							
Total non-current assets	3 598	-754	2 844	2 922	2 855	725	3 580
Total current assets	2 679	-	2 679	2 888	2 509	-	2 509
<b>TOTAL ASSETS</b>	<b>6 277</b>	<b>-754</b>	<b>5 523</b>	<b>5 810</b>	<b>5 364</b>	<b>725</b>	<b>6 089</b>
<b>Equity and liabilities</b>							
Equity attributable to Parent Company's	1 789	2	1 791	1 653	1 598	-	1 598
Non-controlling interests	132	0	132	132	128	-	128
Non-current liabilities	2 202	-653	1 549	1 809	1 766	625	2 391
Current liabilities	2 154	-103	2 051	2 216	1 872	100	1 972
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 277</b>	<b>-754</b>	<b>5 523</b>	<b>5 810</b>	<b>5 364</b>	<b>725</b>	<b>6 089</b>
Interest-bearing net debt	2 644	-756	1 888	2 175	2 104	725	2 829

## Note 1 continued.

### THE GROUP'S KEY RATIOS

	6 MONTHS JAN-JUN 2019 incl. IFRS 16	6 MONTHS JAN-JUN 2019 excl. IFRS16	6 MONTHS JAN-JUN 2018 excl. IFRS16	12 MONTHS JAN-DEC 2018 excl. IFRS16	ROLLING JUL-JUN 2018/19 excl. IFRS16
Operating margin, %	8,0	7,9	5,7	3,8	4,9
Profit margin, %	6,6	6,7	4,6	2,6	3,7
Earnings per share before dilution, SEK	1,52	1,54	0,94	0,88	1,48
Earnings per share after dilution, SEK	1,51	1,53	0,93	0,88	1,48
Cash flow from operating activities per share, SEK	1,67	1,67	2,40	4,88	4,15
Balance sheet total, SEK millions	6 277	5 523	5 810	5 364	5 523
Interest-bearing net debt, SEK millions	2 644	1 888	2 175	2 104	1 888
Equity rel. to the Parent Company's shareholders, mSEK	1 789	1 791	1 653	1 598	1 791
Equity per share, SEK	17,47	17,49	16,15	15,61	17,49
Equity/assets ratio, %	30,6	34,8	30,7	32,2	34,8
Share of risk-bearing capital, %	34,0	38,6	35,1	36,2	38,6
Return on equity p.a., %	18,2	18,5	11,3	5,4	9,0
Return on capital employed p.a., %	10,4	12,0	8,1	5,5	5,7
Return on total capital p.a., %	8,2	9,1	6,0	4,1	5,6
Interest-coverage ratio, multiple	5,5	6,3	5,0	3,0	3,8

## Note 2

### 2019

#### Repayment of purchase price for the 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.

### 2018

#### Acquisition of non-controlling participations, 2018

The MB Shop Design group, which comprised three wholly-owned and one part-owned company (91%), was acquired in May 2016. In April 2018, the remaining 9% of the part-owned company Pulverlacken i Hillerstorp AB was acquired. The purchase sum amounted to SEK 1.5 million, as well as a supplementary purchase sum of a further max. SEK 1.5 million based on the company's performance between 2018-2019. 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 part-owned 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 a controlling influence prior to acquisition and the purchase price is recognised directly in equity attributable to the Parent Company's shareholders at SEK -2 million.

The acquisition has impacted on net investments for 2018 in the cash flow in the amount of SEK 2 million. Net investments for 2018 also include paid additional cash and cash equivalents relating to the acquisition of the La Fortezza Group from 2016, amounting to SEK 140 million.

## Note 3

#### Income from contracts with customers divided by customer group and geographic market

The Group applies IFRS 15 Revenue from contracts with customers. Revenue recognition takes place when the Group satisfies a performance commitment by transferring promised goods and customers gain 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.

	6 MONTHS JAN-JUN 2019	6 MONTHS JAN-JUN 2018
<b>Sales per customer group<sup>1)</sup></b>		
Convenience goods	1 505	1 418
Construction & Home furnishings	522	586
Fashion	453	464
Other customer groups*)	654	567
	3 134	3 035

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

	6 MONTHS JAN-MAR 2019	6 MONTHS JAN-MAR 2018
<b>Sales per geographic area<sup>2)</sup></b>		
Northern Europe	885	930
UK & Ireland	546	526
Southern Europe	527	495
Central Europe	523	470
Eastern Europe	368	311
Rest of the world	285	303
	3 134	3 035

<sup>2)</sup> 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, Argentina and China make up almost half the market for Rest of the world.

## Note 4

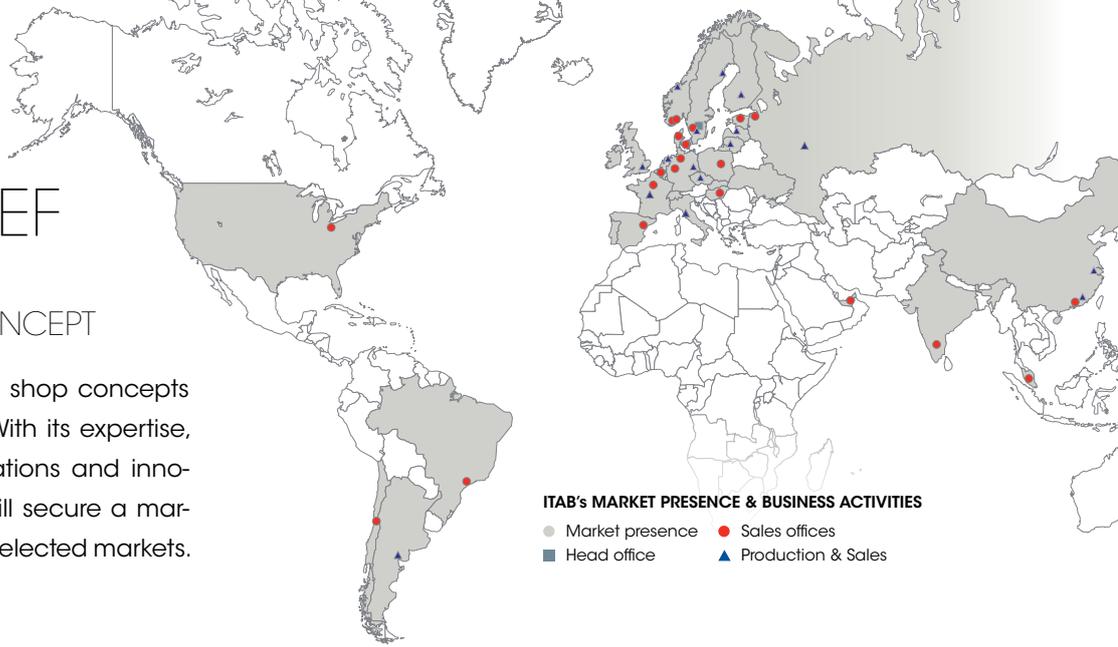
#### Pledged assets and contingent liabilities

With regard to pledged assets and contingent liabilities, please refer to the Group's most recent annual accounts, as there have been no other major changes during the year.

# ITAB IN BRIEF

## ITAB'S BUSINESS CONCEPT

ITAB will offer complete shop concepts for retail chain stores. With its expertise, long-term business relations and innovative products, ITAB will secure a market-leading position in selected markets.



## ABOUT ITAB

ITAB Shop Concept sells, develops, manufactures and installs complete shop fitting concepts for retail chain stores. The all-inclusive offer includes custom-made fitting concepts, innovative solutions for the checkout area and professional lighting systems. As part of the further development of the shop experience, a uniform digital solution for the physical shop has been produced.



Customers include the major players throughout most of Europe. Business operations are founded on long-term business relationships and delivery reliability in combination with streamlined production resources. ITAB is currently the market leader of checkouts to retailers in Europe, and one of Europe's largest suppliers of shop fitting concepts and lighting systems.



ITAB has operations in some 30 countries and has 18 production facilities in Europe, China and Argentina. ITAB also has a network of partners across large parts of Europe. Working in close collaboration with the customer, ITAB contributes its experience and expertise to the customer's specific needs and requests.

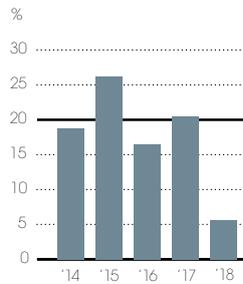


▲ ITAB Shop Concept is a leader in the market for retail checkouts in Europe and is also one of Europe's largest suppliers of shop fittings and lighting systems.

## ITAB'S FINANCIAL TARGETS

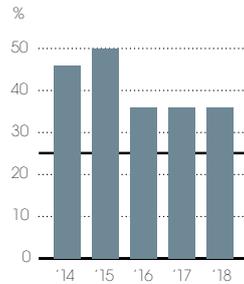
### RETURN ON EQUITY

Over an extended period, ITAB will have a minimum 20% return on equity.



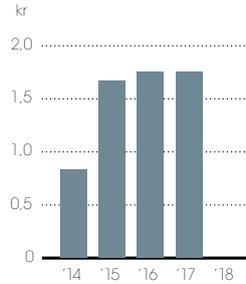
### RISK-BEARING CAPITAL

ITAB will have at least 25% risk-bearing capital.



### DIVIDENDS

ITAB's share dividends will, over an extended period, mirror the company's earnings and correspond to at least 30% of the company's profit after tax. The dividend will, however, be adjusted to the company's investment needs and share repurchase schemes when relevant.



ITAB's financial targets are calculated excl. the impact of IFRS 16

## SHARE INFORMATION

- ▶ LISTING  
Nasdaq Stockholm  
Mid Cap list
- ▶ TICKER SYMBOL  
ITAB B
- ▶ TRADING LOT  
1 share
- ▶ SECTOR CLASSIFICATION  
Industrial Goods & Services
- ▶ ISIN-CODE  
SE0008375117
- ▶ SHARE PRICE ON CLOSING DAY  
SEK 29.20 (35.50)

## ITAB'S BUSINESS TARGETS

### ▶ TARGETS

ITAB will achieve an annual growth rate of at least 15% over an extended period.

### ▶ REALISATION

Sales decreased by about 5% in 2018. Over the past five years, average growth was about 11% per year.

### ▶ TARGETS

ITAB will maintain and enhance its market-leading position in Europe and develop market share in new markets.

### ▶ REALISATION

ITAB retained its leading position in Europe during 2018. ITAB is now one of the leading players in Europe and also has a local market presence in Southern Europe. As part of its work of following major customers into new markets, ITAB now has operations in Asia, South America and the USA.

### ▶ TARGETS

ITAB will develop its all-inclusive offer of complete shop concepts through custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems.

### ▶ REALISATION

ITAB has been offering shop fitting concepts to retail chains for many years. In recent years, ITAB has extended its offer with professional lighting systems, self-checkout systems and a digital offer for the physical shop. ITAB is now a one-stop supplier of complete shop concepts.

## STRATEGIC DIRECTION

### ▶ LONG-TERM BUSINESS RELATIONSHIPS

ITAB will develop and nurture long-term business relations with chain stores within the food and non-food segments by working closely with its customers and their markets.

### ▶ EXPERTISE, COMMITMENT AND BUSINESS ACUMEN

Through the expertise, commitment and business acumen that characterise the Group, ITAB aims to instil trust and confidence in each and every customer.

### ▶ ALL-INCLUSIVE SOLUTIONS

ITAB will offer all-inclusive solutions by assuming responsibility for the entire process – from concept, design, project management and construction to production, logistics and installation.

### ▶ MARKET KNOWLEDGE AND INNOVATIVE CAPABILITY

ITAB will develop new concepts, products and solutions by utilising its extensive market expertise and innovativeness while working closely with its customers.

### ▶ HIGHLY EFFICIENT AND FLEXIBLE PRODUCTION RESOURCES

ITAB will use its highly efficient and flexible production resources, well-developed logistics and selected partners to offer the market competitive terms coupled with precise delivery accuracy and quality.

### ▶ EXPANSION IN SELECTED MARKETS

ITAB will use its leading position in Northern Europe to cultivate conditions for further growth and expansion in other selected markets.



## A PRODUCT PORTFOLIO FOR THE SHOP OF THE FUTURE

**The rapid changes taking place within the retail sector are continuing, with the result that shops are becoming more of an experience and meeting place for the consumer.**

Digital developments in the physical shop are driving forward ITAB's progress and sales. ITAB is well ahead in several aspects of digital development, and this is entailing more, larger business opportunities. ITAB's digital shop concept contains a product portfolio called ITAB@storesolutions. The product portfolio is based

on ITAB being able to offer an all-inclusive concept that includes solutions from the moment the customer enters the shop until the time when the customer checks out and leaves the shop. ITAB@storesolutions includes systems for personal communication, interaction via mobile and other information and order points in the shop for seamless transactions and payment. A future shop experience where many of the solutions have already been developed.



## PIRI – LIGHT, SOUND AND MEDIA IN ONE AND THE SAME SYSTEM

Lighting is an important aspect of the interior design concept when it comes to increasing sales and creating attractive store environments. The right lighting also means substantial energy savings and lower maintenance costs for retail chains. In the event of refurbishment or new construction, energy efficiency is becoming increasingly important and is a high priority area of investment in many retail chains. ITAB has continued to develop lighting systems and can now offer systems that deliver entirely new control, with lighting, sound and images integrated in a wireless network. This means that the shop can control all functions in one and the same system from one place. Through PIRI, the shop can create various experiences for the consumer in different locations around the shop.



## CLICK & COLLECT

Click & Collect means that the consumer orders goods in-store or online, before collecting their order from an unmanned collection point. Click & Collect is available for both Convenience goods and the Fashion customer segment. For Convenience goods, there is a temperature-controlled Click & Collect cabinet which is suitable for both dry as well as refrigerated and frozen goods. For Fashion, there is a Click & Collect cabinet that allows the customer to collect or return goods in the shop without having to queue up at the checkout.



## ENDLESS AISLE

Endless Aisle is a digital shelf that is mainly targeted at retail outlets that do not stock the entire range in-store. Using the service, it will be possible to order products that are not in stock, either to the shop's collection system or directly to the customer's home. The combination of shopping in store at the same time as being able to order online is becoming increasingly important, especially as many retail chains are choosing to establish smaller shops close to the city centre. Endless Aisle can also be used to show detailed product information and to present the product interactively, where the customer can compare different alternative products side by side.

## QUEUE MANAGEMENT

Queue Management System is a digital platform that can improve the customer experience in many ways. The system allows the customer to check in at a shop in order to get the best possible service during their visit. The system also makes it possible for the shop to get rapid feedback by hearing the opinions of customers. In addition, Queue Management System streamlines the queue situations that can arise in a shop. For example, the system can be used to minimise waiting times for the customer by integrating a virtual queue via mobile phone while the customer continues shopping.



## FASHIONFLOW

FashionFLOW is a self-checkout solution intended for shops in the fashion sector. ITAB merged its teams working within fashion design and self-checkout solutions, and they succeeded in developing one of the world's first concepts for self-checkouts within fashion. By creating a secure process, where the customer personally scans their goods, deactivates alarms and pays, this offers the potential for self-checkouts in these shops. The system allows more personnel to be released to serve customers out on the shop floor, at the same time as always being open in order to optimise flows and minimise queues.

## EXAMPLES OF FUTURE EXCITING SOLUTIONS

### PICK & GO WITH AIRFLOW

ITAB's next strategic advance in the transition to a shop with the focus on service and experience is called Pick & Go with AirFLOW. Here, the EasyFLOW technology is being moved from the Checkout Arena out into the shop. With AirFLOW, the consumer no longer needs to scan the goods, as they are instead registered automatically when the consumer picks them up from the shelf. AirFLOW as a great deal in common with Amazon's concept AmazonGo. The system is under development and is planned to be launched as a pilot installation in shops over the next few years.





ITAB Shop Concept AB (publ)  
Box 9054  
SE-550 09 Jönköping  
Instrumentvägen 2 (Visiting address)  
Corp. reg. no. 556292-1089  
Tel. +46 (0)36-31 73 00  
ir@itab.com / info@itab.com  
www.itabgroup.com www.itab.com

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## FINANCIAL INFORMATION

Interim report, Jan-Sep 2019  
Year-end report 2019

25 October 2019  
6 February 2020