ITAB

Rethink Retail. Together.

ITAB Shop Concept AB

Annual Report 2021

CONTENTS

This Annual Report 2021 is in all respects a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

THIS IS ITAB

ITAB IS WHAT WE CREATE TOGETHER WITH OUR CUSTOMERS

At ITAB, we help customers turn consumer brand experiences 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.

We are currently helping customers within a number of sectors, with the principal sectors being: Grocery, Home Improvements, Consumer Electronics, Fashion, Café & Service Stations, and Pharmacy, Health & Beauty.

ITAB'S OPERATIONS

24 countries

PRODUCTION FACILITIES

15 locations in 12 countries

EMPLOYEES

2,930 people

VALUE PROPOSITION

▶ THE DESIRED CONSUMER BRAND EXPERIENCE

Translating aspirations of the retailer's brand into a physical store experience, driving consumer footfall and retention.

▶ INCREASED CONVERSIONS AND SALES

Delivering a store format, department or range experience that influences consumer buying behaviour.

▶ IMPROVED OPERATIONAL EFFICIENCIES & SERVICE

Creating a seamless customer journey that increases throughput and improves the stores' efficiency and service levels.

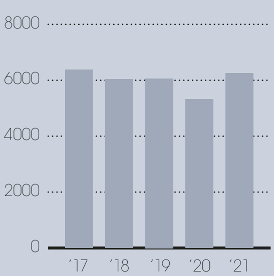
▶ REDUCED OPERATIONAL COST

Improving the customer journey efficiency to influence store operating models and reduce cost.

ITAB IN FIGURES 2021

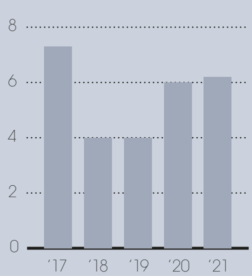
NET SALES

SEK 6,245 million



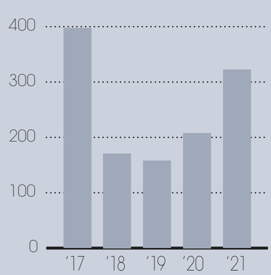
OPERATING MARGIN EXCL. NON-RECURRING ITEMS*

6.2%



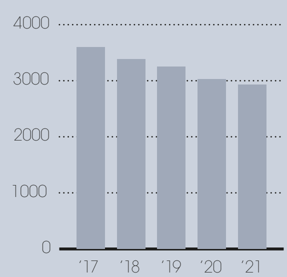
PROFIT AFTER FINANCIAL ITEMS EXCL. NON-RECURRING ITEMS*

SEK 322 million



NO. OF EMPLOYEES (average)

2,930 people



**In 2021, non-recurring items affected EBITDA by SEK -157 million (-202), operating profit by SEK -166 million (-205) and profit after financial items by SEK -166 million (-208). Non-recurring items primarily comprise restructuring costs within operating activities. See page 49.*

2021 IN BRIEF

As societies opened up following the COVID-19 pandemic, there were increasing indications in 2021 that consumers were returning to physical stores. Our customers have also become increasingly optimistic and are once again planning to make investments for the future, which was reflected in a favourable order intake for ITAB – despite the uncertainties the pandemic continued to create. Higher sales and effects from the transformation in line with our One ITAB strategy are reflected in the positive earnings trend for the year, while relatively high raw material prices and global supply disruptions had an adverse impact on earnings.

THE ITAB GROUP IN FIGURES

	2021	2020
Net sales, SEK million	6,245	5,323
Growth, %	17	-12
EBITDA, SEK million	499	376
EBITDA excl. non-recurring items*, SEK million	656	578
Operating profit, SEK million	224	112
Operating margin, %	3.6	2.1
Operating profit excl. non-recurring items*, SEK million	390	317
Operating margin excl. non-recurring items*, %	6.2	6.0
Profit after net financial items, SEK million	156	0
Profit margin, %	2.5	0.0
Profit after net financial items excl. non-recurring items*, SEK million	322	208
Profit margin excl. non-recurring items*, %	5.2	3.9
Profit after tax, SEK million	103	-22
Earnings per share**, SEK	0.50	-0.21
Cash flow from operating activities, SEK million	-165	811
Interest-bearing net debt, SEK million	1,239	1,748
Interest-bearing net debt excl. leases, SEK million	609	1,092
Dividend per share***, SEK	–	–
Equity per share**, SEK	12.17	15.69
Return on equity per annum, %	4.0	neg.
Equity/assets ratio, %	46.2	31.3
Share of risk-bearing capital, %	46.9	32.0
Average number of employees	2,930	3,030

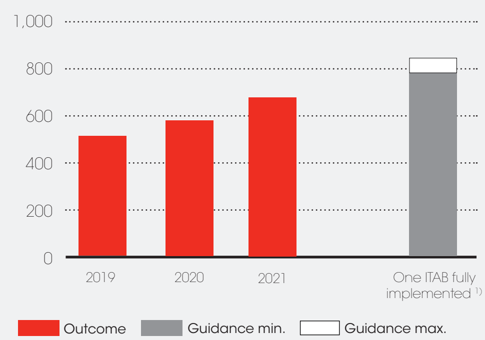
** In 2021, non-recurring items affected EBITDA by SEK -157 million (-202), operating profit by SEK -166 million (-205) and profit after financial items by SEK -166 million (-208). Non-recurring items primarily comprise restructuring costs within operating activities. See page 49.*
*** In connection with ITAB's recapitalisation in early 2021, the number of shares increased by 115,716,762 to a total of 218,100,192 shares.*
**** For information about ITAB's dividend policy, see page 37.*

GUIDANCE – 'ONE ITAB'

On 10 July 2020, ITAB issued guidance regarding an earnings improvement and its total restructuring costs upon the implementation of the Group's One ITAB strategy and transformation. Based on the conditions prevailing at that time, the guidance indicated an underlying annualised EBITDA improvement of SEK 270–330 million (compared with EBITDA of SEK 516 million for 2019) once the One ITAB transformation is fully implemented, which is expected to take place in the middle of 2022. The total restructuring costs for One ITAB in the 2020–2022 financial years were estimated at SEK 275–325 million. This guidance continues to apply. The restructuring costs for One ITAB to date total SEK 320 million, of which approximately SEK 60 million pertains to impairment losses related to restructurings.

EBITDA excl. non-recurring items (SEK million)

Guidance EBITDA after 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 2021

Q1

- **NET SALES**
  SEK 1,523 million (1,416)
- **OPERATING PROFIT EXCL. NON-RECURRING ITEMS**
  SEK 116 million (53)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  SEK 102 million (126)

The Group's currency-adjusted sales increased by 13 percent compared with 2020, with the acquisition of Cefla Retail Solutions contributing 9 percent and organic growth 4 percent. The recovery that began in the second half of 2020 in Northern Europe and Central Europe also gained momentum in Southern Europe during the first quarter of 2021. Sales to the Grocery customer group increased most. Operating profit increased as a result of the higher sales and solid gross margins during the quarter, despite rising raw material prices.

Q2

- **NET SALES**
  SEK 1,488 million (1,142)
- **OPERATING PROFIT EXCL. NON-RECURRING ITEMS**
  SEK 81 million (61)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  SEK -158 million (257)

The Group's currency-adjusted sales increased by 34 percent during the quarter, with organic growth contributing 21 percent and the acquisition of Cefla Retail Solutions 13 percent. Most of the sales increase compared with 2020 occurred in Southern Europe. Operating profit was positively impacted by the increased sales, while sharply increased raw material prices and growing shortages of both raw materials and components adversely impacted the gross margin during the quarter.

Q3

- **NET SALES**
  1,464 million (1,258)
- **OPERATING PROFIT EXCL. NON-RECURRING ITEMS**
  SEK 75 million (95)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  SEK -17 million (128)

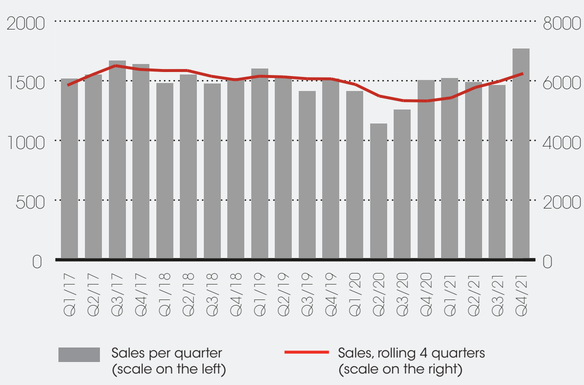
The Group's currency-adjusted sales increased by 16 percent compared with 2020, with the acquisition of Cefla Retail Solutions contributing 10 percent and organic growth 6 percent. The positive sales trend when societies opened up after lockdowns during the pandemic, continued in all of the Group's geographic markets. The increase in sales continued to have a positive impact on operating profit during the quarter, but was offset by supply disruptions and component shortages as well as relatively high raw material prices.

Q4

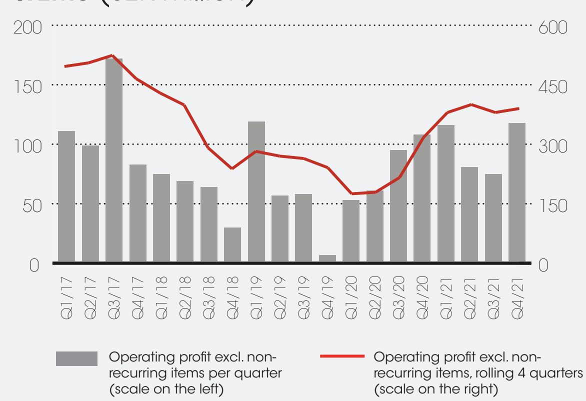
- **NET SALES**
  SEK 1,770 million (1,507)
- **OPERATING PROFIT EXCL. NON-RECURRING ITEMS**
  SEK 118 million (108)
- **CASH FLOW FROM OPERATING ACTIVITIES**
  SEK -92 million (300)

The Group's currency-adjusted sales increased by 16 percent compared with the preceding year, with organic growth accounting for 5 percent. The markets in Eastern and Southern Europe had the strongest performance, both through organic growth and through the acquisition of Cefla Retail Solutions. Operating profit excluding non-recurring items was positively impacted by the increased sales, despite continued challenges in the business environment. As raw material prices and availability of components and raw materials stabilised, in combination with price increases and coordinated sourcing gradually strengthen the gross margin.

NET SALES (SEK million)



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



AN EVENTFUL YEAR WITH A STRONG CONCLUSION

Following an eventful year that was characterised by operational challenges, it is pleasing to present a close to record-breaking conclusion to 2021, with favourable sales and earnings trends. ITAB's transformation work and investments for the future proceeded according to plan during the year, and several important steps were taken to establish ITAB as the retail sector's leading solution provider with a focus on sustainable growth and increased profitability. I am particularly proud of how our employees succeeded in meeting increased demand while managing supply disruptions, component and material shortages, and increased shipping, energy and material costs as a result of the pandemic.

HEALTHY DEMAND AND A STRENGTHENED POSITION

The sales trend was strong for the full year 2021, with currency-adjusted growth of 19 percent, of which organic growth accounted for 8 percent and the acquisition of Cefla Retail Solutions at the beginning of the year for 11 percent. Our focus throughout the year has been on supporting customers by providing them with the most complete solutions possible despite global supply disruptions, which was reflected in the strong organic growth for the full year.

In terms of our customer categories, Grocery and Home Improvements reported the highest growth, and geographically, Southern Europe made the most significant contribution to the Group's sales increase during the year. Of ITAB's three solution areas, sales in Retail Interior and Retail Technology performed the best, while Retail Lighting reported a somewhat weaker sales trend during the year, mainly due to the global shortage of electrical components. At the end of 2021, we could confirm that we had a favourable order book.

STRONGER POSITION IN THE GROCERY MARKET

The acquisition of Cefla Retail Solutions was completed in January 2021. Cefla has a strong position in the grocery sector in Italy and through the acquisition of their business unit for retail solutions ITAB strengthened its market position, primarily in interiors and checkout solutions for the European grocery market. The acquisition was strategically important and the integration of the operations has been successful. Consequently, we have created opportunities to offer ITAB's solutions to a wider group of customers and it has entailed clear synergies for both ITAB and our customers.

POSITIVE EARNINGS TREND DESPITE EXTERNAL CHALLENGES

The positive earnings trend is mainly the result of the increased sales and our ongoing transformation of our operations, including completed production relocations and cost adaptations, more shared ways of working and more efficient and flexible market cultivation. At the same time, the rapid and sharp increase in the prices of raw materials, shipping and other input goods in the first two quarters of the year negatively impacted earnings. During the year, we also experienced negative earnings effects from global supply disruptions and their impact on ITAB and the efficiency of our production, logistics and installations, with component and material shortages in many areas. We took continuous measures to continue to offer our customers the market's best service and we saw a stabilising effect toward the end of 2021. We continuously adjusted our prices during the year and took other cost-saving measures to offset the negative earnings effects in the operations. At the same time, our cash flow for the year was negatively impacted by the increased inventory values due to our strong sales trend, increased raw material prices, longer lead times and higher inventory levels than normal in the autumn with the aim of ensuring our own delivery capacity to customers. We expect inventory levels to gradually return to normal in the coming quarters, and our efforts to reduce the need for working capital in the Group are continuing. For the full year 2021,

GOOD PROGRESS IN OUR TRANSITION

In terms of earnings performance, ITAB's shift since we began the implementation of "One ITAB" in spring 2020 has generally been satisfactory, especially in light of the global challenges we have faced that were not a part of our plan. Compared with 2019, EBIT excluding non-recurring items has increased by over 60 percent to SEK 390 million for 2021.

STRENGTHENED FINANCIAL POSITION AND NEW PRINCIPAL OWNER

In early 2021, ITAB concluded a recapitalisation of the Group through a rights issue of SEK 768 million and an offset issue of SEK 100 million in order to strengthen the balance sheet, contribute to greater financial flexibility and finance the One ITAB transformation plan. In connection with the recapitalisation, we also gained a new, strategic principal owner – the investment company Aeternum Capital AS, which currently owns close to 25 percent of the shares in ITAB. Aeternum Capital endeavours to generate long-term value through Board representation and support for its portfolio companies.

Through the recapitalisation in combination with our focus on reducing working capital, we have lowered the Group's indebtedness excluding leases by more than SEK 1,300 million at the end of 2021 compared with its peak in September 2019, which has significantly strengthened our financial position. This provides us with favourable conditions to grow organically and through acquisitions and to continue to strengthen our profitability over time.

ITAB'S FOCUS IN 2022

We are now halfway through our transition and One ITAB strategy, with the heaviest measures behind us, which focused on adapting our cost structure with the aim of stabilising ITAB's financial position. We have already begun the phase of investing in and developing new capabilities in 2021, which will remain the focus of our transformation work in 2022 and is expected to be concluded in 2023. In 2022, we will see continued expansion organically and through acquisitions, with a clear focus on Europe, and by following our strategic customers' global expansion. We expect ITAB to make decisive progress toward a position as "The retail sector's leading solution provider", with the aim of increasing our share of services and solutions in Retail Technology. In conjunction with the preparation of the annual accounts in February 2022, the Board of Directors of ITAB adopted new financial targets focused on sustainable growth, increased profitability and continued capital efficiency over time. Read more about our long-term financial targets on the following pages and our website.

The uncertainty in our operating environment and markets regarding, for instance, the pandemic's further development and the effects due to Russia's invasion of Ukraine is exceptional, and we are closely following the development. Our proximity to our customers and our ability to rapidly adapt to external changes are the key to ITAB's success, and our goal is to continue to strengthen our customers' competitiveness in the best possible way. As such, our priorities for 2022 include safeguarding our own service level and ability to deliver to customers by remaining proactive in our sales and purchasing efforts, combined with additional efforts to increase efficiency in our production and delivery capacity. As the relatively high raw material prices and shipping costs stabilise and expanded capacity globally are deemed to reduce the component shortages in the coming years, we are convinced it will become even clearer that we are continuing to improve our underlying profitability.

At the same time, everything we do at ITAB is guided by our focus on contributing to a sustainable future – for companies, people and the environment. Together with our customers and partners, we discuss sustainability issues and the development of more circular solutions with less impact on the world around us on a daily basis. In 2022, we will continue to follow our plan to achieve our established sustainability targets and ambitions over the coming years. Our sustainability efforts are presented in a separate Sustainability Report on our website.

MY SINCERE THANKS

With our complete solutions, broad product and service offering, strong partners and all of our passionate employees, we at ITAB have strengthened our customers' competitiveness in an optimal manner, despite external challenges. I would therefore like to extend my sincere thanks to all our employees for their tremendous work in an eventful and challenging 2021, and to our customers and partners for their continued confidence in us. I look forward to an exciting new year in 2022 together with you.

Jönköping, March 2022

Andréas Elgaard,
President & CEO

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 its customers and thereby 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 increasingly better informed and online, and as a result 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 added value.

In order to understand these changes, ITAB has carried out several studies in consumer behaviours through interviews with consumers in Asia and Europe. From these, consumer patterns have been discerned, which have enabled the creation of a unique working tool. This enables ITAB to better understand the market challenges and opportunities, and to help customers clarify the evolving needs, wants and behaviours of their target consumer. Together with operational necessities, this drives ITAB's concept and solution design process.

The needs range from the more basic needs, 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's specialists and their customers can co-create different operational solutions to support the investment in differentiating their brand experience in the store, and ensure a quick ROI.

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 REQUIRE 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 find the best price. However, to complicate matters further, their wants and needs and resultant shopping missions can vary not only by the day of the week, but also by the time of day. 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 ITAB's customers now require, it is essential that client-facing teams have a good understanding of consumer needs and how to satisfy them. To do this, behavioural trends are identified in the "consumer hierarchy of needs" to help customers translate these needs into physical reality.

According to 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 ARE ADAPTING 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 to online integration, experiential initiatives and promotions. They are testing new shop fitting 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 ROI.

As a result, many of ITAB's customers are seeking greater support from suppliers with solution design expertise and experience to resolve their "service vs cost" dilemma, so ITAB's 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.

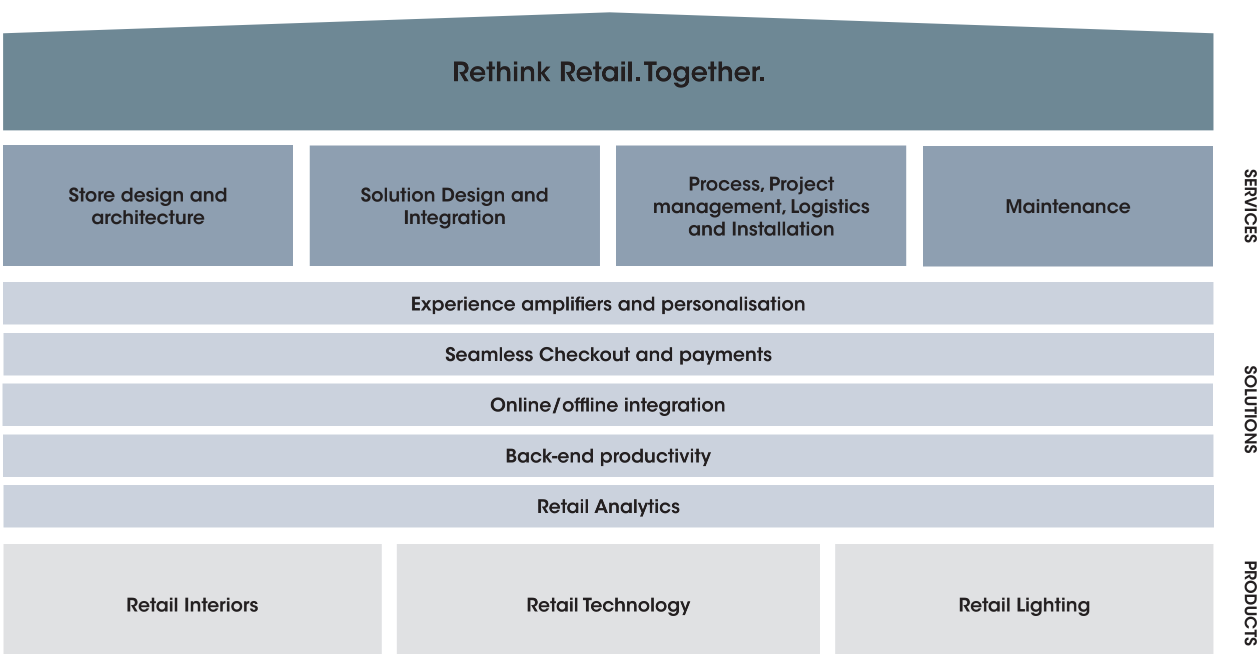
By learning from consumers and analysing how their expectations and spending patterns continue to evolve, and understanding the impact online and social media is having on society and consumer behaviour, the physical store can be helped to satisfy the expectations and relationship needs of shoppers.

ITAB's value proposition is customer-centric and focuses on four well-defined ROI objectives:

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

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.

ITAB'S VALUE PROPOSITION STRENGTHENS EUROPEAN RETAILERS



A STRATEGY TAILORED TO MEET A CHANGING MARKET

Consumer and market dynamics are driving the need for continious changes in the retail market. ITAB is evolving its business under the One ITAB strategy to further support its 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 was co-created with input from our colleagues, customers and consumers from all over the world in late 2019. As a result, our One ITAB strategy is based on an in-depth understanding of current and future consumer expectations and market demand. It is built on current strengths and future opportunities, and provides everyone in the ITAB Group with a clear direction and understanding of our strategic goals and desired business model.

We are now 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 services to more customers. On the one hand, we are continuing to improve our traditional product and service offers; 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.

RETHINK RETAIL. TOGETHER.

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. Our approach will not only enable us to expand the share of our existing markets, but also allows us to cultivate 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 a 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 Group. One of our strategic priorities is to further build on this success and expand our solution design approach to a wider range of customers. The customers will benefit from working within our proven solution design process which is both customer and consumer centric.

2. More Agile Manufacturer
We are further re-engineering our operational structure and processes to reflect changing demand and to improve our production agility and flexibility. In general, our market is no longer characterised 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 following more traditional demand patterns. As a result we have now identified a number of opportunities to increase operational efficiency and consistency throughout the Group.

3. Become One ITAB
In 2019, the establishment of One ITAB highlighted issues caused by the Group's structure, which at the time consisted of a large number of individual business units based on product offer and country of origin. There were inefficiencies in communication, shared knowledge and shared ways of working as well as disparate cultures, which we are now addressing. The strategy work also revealed that a number of the desired strategic components were already in place with consultative selling activity, an existing solutions portfolio, senior customer relationships and training programmes.


Solglasögon i din
styrka på köpet

ITAB'S STRATEGIC PRIORITIES

The core of the One ITAB strategy is to evolve ITAB's business to a solution-based and more agile business model. This is built on the Group's intrinsic knowledge base and its success in delivering innovative solutions, and at the same time the Group's management, operational and cost structures are re-aligned in accordance with the strategy. To do this, we need to expand on and strengthen our existing capabilities in relationship management, solution and service sales, knowledge sharing, shared core processes and IT systems. We have phased our priorities to support the needs of our operations - firstly, to stabilise our financial position then to establish new fundamental and distinguishing capabilities, after which we will enter our expansion phase.

THE VALUE OF STRATEGY LIES IN ITS DELIVERY

We have identified seven Strategic Priorities to streamline and help drive growth and change in the Group. Specific goals and detailed action plans have been prepared for the Strategic Initiatives under the control and leadership of Group Management. The changes are implemented in close co-operation with the leaders in each of the market regions and strategic business units to realise our plans and achieve the goals quickly and efficiently.

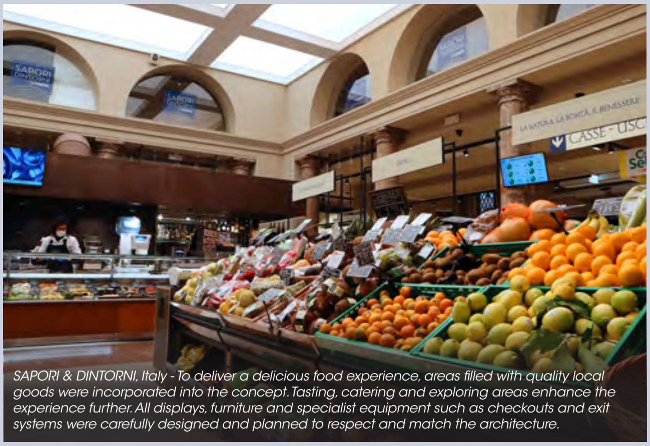
To support of our strategic priorities and build up the competence required to live up to our ambitions and goals, we have implemented a large number of initiatives over the past 18 months. We have successfully implemented several actions to support our initial phases of the strategy, and we are now continuing to work on further initiatives to build and expand our operations – as well as to create shared work methods and strengthen the participation of our employees.

BEING A SOLUTION PROVIDER

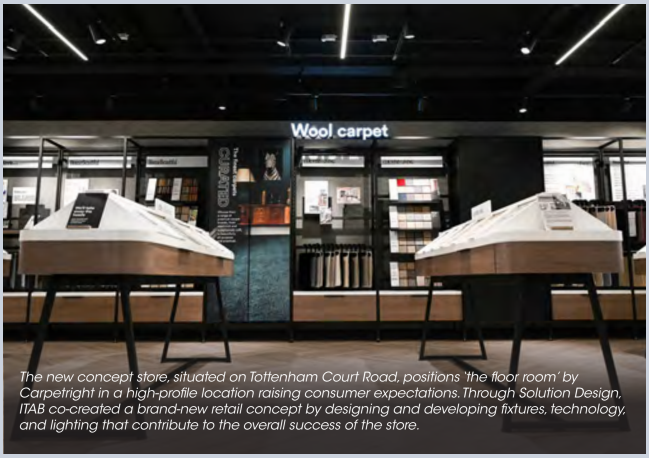
This is all about how we approach problem solving for our customers, and create measurable ROI for ITAB's solutions. We start by understanding our customers' strategic goals and challenges, and through a holistic dialogue we co-create solutions.

Progress to date includes:

- Launch of our outcome-based value proposition.
- Introduction of our solution design capabilities to support all Group customers.
- Launch of our new website to share know-how and experiences from results-based solutions.
- Establishment of a commercial matrix to share best practices and develop shared working methods.



SAPORI & DINTORNI, Italy - To deliver a delicious food experience, areas filled with quality local goods were incorporated into the concept. Tasting, catering and exploring areas enhance the experience further. All displays, furniture and specialist equipment such as checkouts and exit systems were carefully designed and planned to respect and match the architecture.



The new concept store, situated on Tottenham Court Road, positions 'the floor room' by Carpetright in a high-profile location raising consumer expectations. Through Solution Design, ITAB co-created a brand-new retail concept by designing and developing fixtures, technology, and lighting that contribute to the overall success of the store.

Holland & Barrett is one of the world's leading health and wellness retailers and the largest in Europe, providing their customers with a wide range of vitamins, minerals and health supplements. During 2021 and the successful execution of a pilot store, ITAB was awarded to deliver and install various shops within the Benelux region and Spain with modular store interiors and lighting solutions.

RE-ENGINEERED COST STRUCTURE

In accordance with the One ITAB strategy, we are re-aligning the Group's management, operational and cost structures, ways of working and differentiating capabilities. Our focus is to continue ensuring profitable and sustainable growth going forward.

Progress to date includes:

- Reduced sales and administrative expenses and a considerably stronger financial position.
- Consolidation of manufacturing and new structures to drive synergies and economies of scale.
- New operating model and organisational structure to facilitate a leaner and more dynamic organisation.
- Focus on core capabilities and market development in Europe.

EMPOWERING PEOPLE AND SHARED WAYS OF WORKING

Through clear KPIs, shared 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:

- Development of IT roadmap and action plan to support fundamental capabilities.
- Implementation of shared ways of working and support systems across our sales organisation.
- Revised operating model and new organisational structure implemented.
- Transparency of potential and key customers.

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 at the Group and business unit levels.
- Direct material expenditure categorised.
- Ongoing consolidation towards preferred suppliers.
- Developing additional partners to support our opportunities to offer solution design.

Other related goals include:

- Establish a network of partners to create and deliver new innovative solutions faster.
- Eliminate 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 market. We will build on these strengths and make them a reality in all our regions, thereby expanding our market position.

Progress to date includes:

- Focus on European retailers and providing them with global support when relevant (within Grocery, Home Improvements and other customer groups, such as pharmacies and fuel stations).
- Increased conversion and cross sales to existing customers.
- Increased penetration of existing markets (prior to the opening of new markets).
- Utilising our strengths and cross-sectoral know-how, through increased sales and deliveries of solutions.

Other related initiatives include:

- Strengthen our capacity to sell more of our existing services in several geographic regions.
- Expand the scope of our services to support additional sections of the retail industry's value chain that have an impact on physical stores.
- Invest in Retail Technology to optimise seamless store experiences and efficiency.

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 shared ways of working. We will continue to focus on reducing lead times, improving quality and eliminating waste in our operations.

Progress to date includes:

- Matrix structure established to share best practices and build shared ways of working.
- ITAB's Ways of Working (WoW), based on Lean principles, piloted in two companies
- Launch of steering committee to supervise all operational development in accordance with One ITAB.

Our goals include:

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

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:

- Assessment of our sustainability programme by an independent partner, EcoVadis, contributing to our roadmap for the future.
- Development and deployment of a new Sustainable Procurement Policy and Supplier Code of Conduct.
- Training initiatives to strengthen operations in production and logistics, comprising nearly 6,000 hours of training.
- Development of carbon assessment services for our customers.

Our sustainability strategy is based on four main areas:

- Sustainable Business Development
- Efficiency in the Value Chain
- Good Working Conditions
- Business Ethics

FINANCIAL TARGETS FOCUSED ON SUSTAINABLE GROWTH & PROFITABILITY

Based on the Group's strategy, ITAB is today well positioned for the next step in the implementation of One ITAB. We intend to establish ITAB as the retail market's leading solution provider in the coming years.

ITAB builds capabilities for more efficient and sustainable sales, purchasing and production with the ambition of increasing the proportion of services in its customer solutions. Over the past two years, ITAB has carried out a number of important activities in the transformation of the business, where the share of sales to the grocery sector has increased to approximately 60 percent and with an increased share of sales of Retail Technology and services, as well as improved profitability and strengthened financial position.

In order to take the next step in the development, the Board of Directors of ITAB Shop Concept established new financial targets, in conjunction with the preparation of the annual accounts in February 2022, that focus on sustainable growth and increased profitability.

GROWTH

Average growth in net sales (CAGR) of 4-8 percent per annum over a business cycle. Growth is to be achieved by sustainable organic growth and strategic acquisitions.

4-8%

Sales growth

EARNINGS

Average EBIT margin (operating profit in relation to net revenue) of 7-9 percent over a business cycle.

7-9%

EBIT margin

CAPITAL EFFICIENCY

Average cash conversion ratio (operational cash flow in relation to operating profit before depreciation and amortisation) of at least 80 percent over a business cycle.

>80%

Cash conversion

DIVIDEND POLICY

As before, dividends over a longer period should follow the result and correspond to at least 30 percent of the company's profit after tax. However, dividends will be adjusted to the company's investment requirements and any share repurchase program.

>30%

Proportion of profit after tax

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. In 2021, consumers returned to physical stores in most markets, as societies opened up following the lockdowns due to the COVID-19 pandemic. ITAB's customers have also become increasingly optimistic and are once again planning to make investments for the future, which was reflected in a favourable order intake for ITAB throughout the year.

During 2021, the Group's sales increased by 17 percent compared with the preceding year. Currency-adjusted sales increased by 19 percent, with organic growth accounting for 8 percent and the acquisition of Cefla Retail Solutions contributing 11 percent.

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

ITAB has competitors in most geographic markets and in several product areas. These competitors include Eden, Expedit, Fagerhult, Hermes-Metal Yudigar (HMY), Kesseböhmer Storebest, Lival, Mago, Modern Expo, NCR, Nitton93, ROL, Ruppel, Tegometall, Umdasch, Van Keulen Interieurbouw, Visplay, Wanzl, Diebold Nixdorf and Fujitsu.

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

- Breakdown by customer group
- Breakdown by geographic area

More information about this can be found in Note 6.

MARKET BY CUSTOMER GROUP

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

GROCERY

The Group's largest customer group mainly comprises food stores. Sales to Grocery increased by 19 percent during 2021, with our operations in Southern and Eastern Europe accounting for most of the increase.

Proportion of the Group's sales by customer category **59%**

HOME IMPROVEMENTS

The customer group refers primarily to construction, furniture and home furnishings stores. The customer group increased by 18 percent compared with 2020. The increase occurred in Southern and Eastern Europe, while sales in the UK & Ireland and Central Europe declined.

14%

FASHION

This customer group includes stores selling ready-to-wear clothing and shoaes, etc. Total sales to Fashion were unchanged in 2021, with increases in Eastern and Southern Europe. Sales declined in the UK & Ireland and Northern Europe.

7%

OTHER CUSTOMER GROUPS

Other customer groups include consumer electronics, sport & leisure, pharmacies, fuel stations, offices, brands, industry, cafés and restaurants. Total sales to Other Customer Groups rose 19 percent in 2021, primarily in Southern Europe.

20%

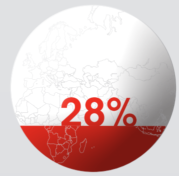
MARKET BY GEOGRAPHIC AREA

Below, the Group's customers are divided up according to the geographical market in which they operate. These are Northern Europe, Southern Europe, Central Europe, United Kingdom & Ireland, 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 sales. In 2021, sales essentially remained unchanged, with increases in the Grocery customer group, while the sales trend was adversely impacted in other customer groups.

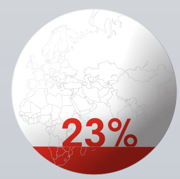


SOUTHERN EUROPE

Following the acquisition of Cefla Retail Solutions in early 2021, Southern Europe is now ITAB's second-largest geographic area, with 24 percent of the Group's sales. Southern Europe mainly comprises Italy, France and Spain. Including Cefla Retail Solutions, sales increased by more than 100 percent in 2021.

CENTRAL EUROPE

Central Europe was responsible for 23 percent of the Group's sales in 2021. This area is made up of Germany, the Netherlands, Belgium, the Czech Republic, Hungary, Switzerland and Austria. Sales increased by 16 percent during the year, with the Fashion and Grocery customer groups accounting for most of the increase.

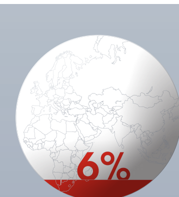


UNITED KINGDOM & IRELAND

United Kingdom & Ireland accounted for 14 percent of the Group's sales in 2021. Sales declined by 9 percent during the year, with Grocery showing increased sales, while other customer groups reported decreased sales.

EASTERN EUROPE

Eastern Europe was responsible for 6 percent of the Group's sales in 2021, with the Baltic States, Poland and Russia reporting the highest sales. Other countries in this region include Romania, Slovakia, Croatia and Serbia. Sales increased by 27 percent during the year, with the Fashion and Home Improvements customer groups accounting for most of the increase.



REST OF THE WORLD

The Rest of the World geographic area comprises all countries outside of Europe. The countries where ITAB reports the highest sales are USA, China, Argentina and Saudi Arabia. Rest of the World was responsible for 5 percent of the Group's sales in 2021. Total sales declined by 4 percent during the year, with sales in the Fashion and Home Improvements customer groups showing the greatest declines.

CONTINUOUS DEVELOPMENT FOR A SUSTAINABLE FUTURE

Sustainability refers to development that meets today's needs without jeopardising the ability for future generations to meet their own needs. Hence – as a proponent of sustainable development, ITAB takes responsibility for the way in which our business reaches its profitability goals. This responsibility spans the entire value chain – from manufacturer and supplier to consumer.

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 in the area of sustainability. The aim is that this should contribute to sustainable value creation.

ITAB's most important stakeholders are:

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

In 2021, ITAB's sustainability programme was strengthened with the appointment of a Sustainability Manager for the Group. Working in close co-operation with the Group's Sustainability Council, the programme was also reviewed and redefined with a set of new and revised Sustainable Goals, approved by Group Management. In addition, for the first time the business' sustainability was rated by EcoVadis, an independent partner measuring the quality of a company's sustainability management system through its policies, actions and results, earning ITAB a bronze medal on the scoring criteria. The Group's sustainability goals and the rating by EcoVadis are presented in more detail in ITAB's Sustainability Report 2021 on itabgroup.com. The focus for ITAB is now to further develop the roadmap going forward and take decisive actions that will allow ITAB to achieve its Sustainability Goals and lead to a higher score in the EcoVadis' future ratings.

In the development of our new goals an analysis of some of our largest customers own sustainability goals was done ensuring that ITAB's sustainability efforts to be complimentary to their CSR programmes. Other external and internal stakeholders have been involved at every stage of the development and deployment of the goals. The continued roadmap will consider the impact that the operations have on the economy, society, people and the environment, as well as those aspects that affect the stakeholders' decision-making and their expectations. The long-term focus areas that have been identified can be found on the next page.

REPORTING AND FOLLOWING UP

Reporting on 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 Group functions are represented. The KPIs and reporting according to GRI can be found in ITAB's Sustainability Report 2021.

SUSTAINABILITY RISKS

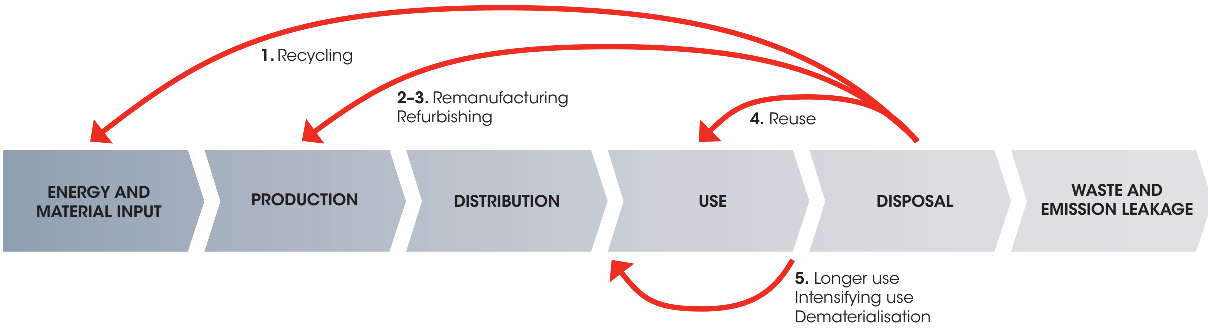
ITAB is continuing to work on reducing the risks as regards environmental and social issues in the value chain. The assessment of sustainability risks is an important part of the work on the materiality analysis and forms the basis for the sustainability programme and the priorities as regards our sustainable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

ITAB has operations in some 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 and with the implementation of ITAB's Code of Conduct and the new Supplier Code of Conduct and Sustainable Procurement Policy. The actions from the EcoVadis assessment are also increasing the robustness of ITAB's policies and procedures in these areas. Several of ITAB's facilities located in countries associated with a higher risk are also covered by audits performed by several of ITAB's major international customers.

INCREASED VALUE THROUGH CIRCULAR THINKING

ITAB has a 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, for example replacing the CoB (Chip-on-Board) diodes on light fixtures for more efficient ones, rather than the whole fixture. Through our service offering we are also developing a CO_2e assessment tool which will allow us to identify embodied carbon in customer stores at draft stage and design it out, making each generation of interiors, lighting and retail technology less impactful on the environment than the last.

CIRCULAR ECONOMY



1. **Recycle customer equipment**
   - Uplift all equipment, extensive sort and recycle programme, zero waste to landfill offer

2. **Hire and leasing**
   - Lease equipment to customers over lifespan of equipment
   - Design for reuse, replace the part(s) that need(s) to be updated and lease again

3. **Incentivised return**
   - Offer a "buy back" of equipment
   - Design for reuse, replace the part(s) that need(s) to be updated and sell again

4. **Asset management service**
   - Maximising product lifetime and minimising new purchase by tracking an organisation's assets, planning what can be reused, repaired or redeployed at a different site

5. **Long life**
   - Products designed for long life, supported by guarantees and trusted repair services

FOCUS AREAS

In 2015, the UN's member states adopted a universal agenda that incorporates the Global Sustainable Development Goals (SDGs). The 17 SDGs act as a guide for ITAB. Particular focus has been devoted to four of the SDGs, with the most significant aspects set out below and described more in detail in ITAB's Sustainability Report 2021. The new goals also highlight how the Group's activities contribute to the other SDGs.

GOOD WORKING CONDITIONS

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

BUSINESS ETHICS

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

EFFICIENCY IN THE VALUE CHAIN

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

SUSTAINABLE BUSINESS DEVELOPMENT

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

Read more about Group's sustainability efforts in ITAB's Sustainability Report 2021.
Available at itabgroup.com.

NEW SOLUTIONS THAT GENERATE 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 developed that deliver value both for the customer and for ITAB as a company. New opportunities are being explored, at the same time as tried and proven methods and solutions are coming into their own.


-40%

ADAPTATION TO PERPETUALLY CHANGING CONSUMER BEHAVIOURS

Consumer behaviour and shopping cycles have never been influenced by as many different factors as today. Two years after the pandemic began, retailers have learned to adapt to new consumer behaviours and business practices that could permanently reshape the retail landscape and create a "new normal."

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 a message that resonate with consumers when shopping with them. From an experience standpoint, successful retailers are those that have a great customer service and a model for services, and a unique and seamless in-store and online experience that feels both trustworthy 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 experiences are at risk of having a brand and an offering that are no longer seen as being of value to the consumer. Consequently, recognising this shift and valuing the consumer's needs as well as the importance of providing a seamless overall experience are key to succeed in the new normal in the retail market.

IT ALL STARTS WITH THE CONSUMER

To support this challenge, ITAB's offerings always begin with the consumer in all contacts and activities with customers – with new insights and future scenarios for what their consumers want and need, by experiencing their pains and gains through the eyes of a consumer. This helps us to understand market dynamics and analyse key data points to support any upcoming challenges.

We then work with our customers to co-create attractive and exciting performance-based solutions and drive quantifiable results and ROI in the short, medium and long term. Through global production with local customisation, ITAB's unique solution offering allows for both choice and flexibility. This ensures that customers can be first to market, while also guaranteeing quality, cost control and "first time right."

CO-CREATING SOLUTIONS

With a focus on designing for people, ITAB's approach enables the customer to co-create the solution alongside ITAB through an iterative process. Through strong know-how and retail industry experience, ITAB's solution designers are able to share and leverage ideas to help maximise the customer's ROI.

This dynamic and flexible model makes it possible to develop a differentiated store experience at a low cost, while also generating multiple value points across the consumer experience. This distinguishes ITAB from other suppliers and creates memorable experiences that add great value for our customers and their consumers' changing needs.

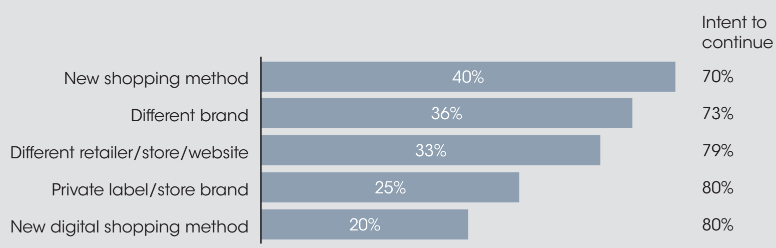
WORKING WITH ITAB

ITAB is able to achieve this service level through an integrated service model that addresses the entire value chain. It is designed to improve the consumer experience, increase efficiency, reduce costs and result in increased sales and conversions.

In this way, ITAB is well positioned to grow and increase its market share in a changing retail market. ITAB is essentially able to support the customer every step of the way through its comprehensive services, 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 costs over time – from standard shelving to specialist fittings, and covering all types of interactive and merchandising aids in between, in order to strengthen the consumer experience.

75%

75 percent of consumers have tried a new shopping behaviour during the pandemic, and most intend to continue with it beyond the crisis.



Reference material: McKinsey & Company

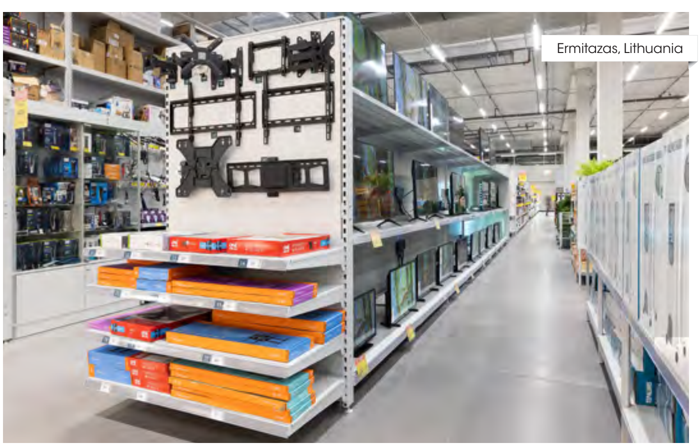
Stockmann Delikatess, Latvia

Carpetright , United Kingdom


KungSängen, Sweden


Farmacia San Giorgio, Italy

Lagardère, Italy


Ermitazas, Lithuania

INVEST IN EFFICIENT CONSUMER FLOWS WITH A RAPID ROI

ITAB develops entry and exit systems, checkouts and self-checkout solutions for both current and future retail chains, that 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 that 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 consumer behaviours.

ITAB works in a creative process alongside its customers, with the aim of finding the optimum solution that focuses on reducing shoplifting and theft, guiding customers properly and creating flows that drive sales. By analysing 100 percent of all transactions that take place through ITAB's solutions, service levels and layout can be optimised.

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 since spring 2020. While the number of customers permitted in stores continues to be regulated at times, it is important to maintain a good service level. Consequently, ITAB has worked in a more focused manner in recent years 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 for most retailers. A good example of this is Click & Collect, 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 behaviours, ITAB can understand the challenges that exist and help its customers to understand the needs of consumers. In this way, solutions are being identified to ensure that the consumer will continue to choose to shop in their particular store. For example, this could be achieved by collaborating with other e-commerce companies and providing them with the opportunity to deliver their products through the store's solution.

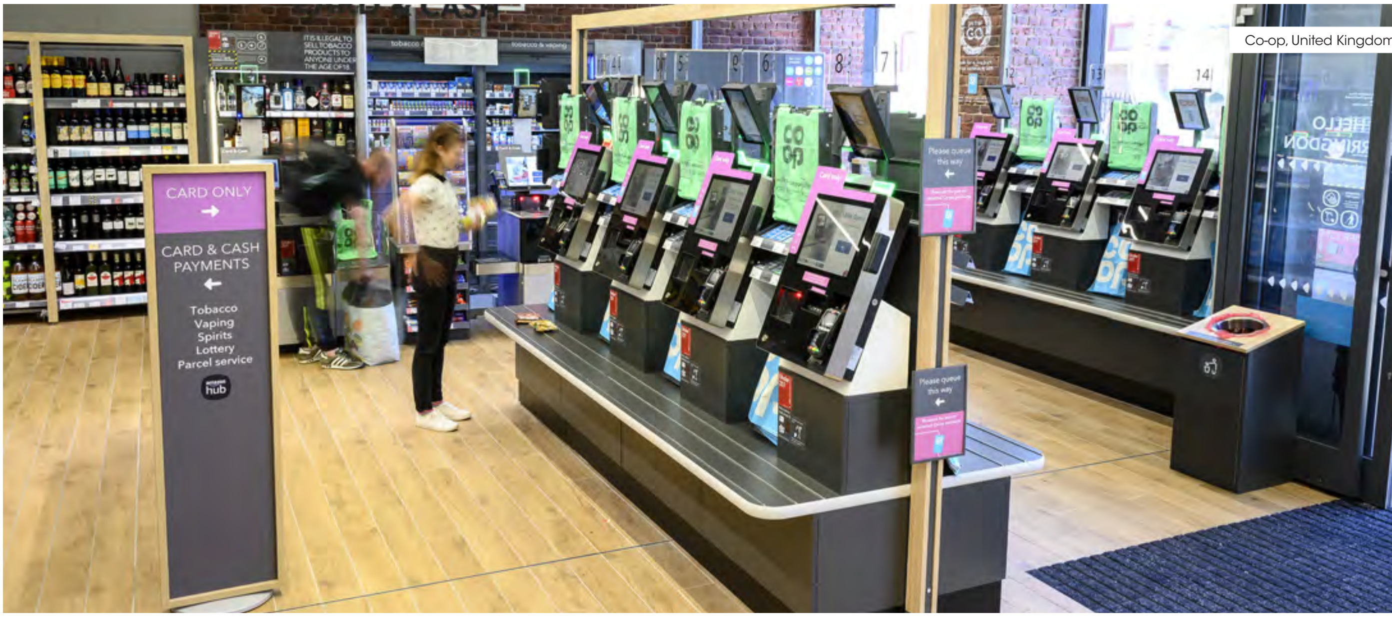
RAPID ROI WITH EFFICIENT CHECKOUT

Efficient checkouts have always been important for retailers. ITAB's development of new solutions has consistently been characterised by relieving personnel of basic work duties so that they can focus instead on consumer care. Significant cost savings and an increased service level can be seen both at large retail chains and in smaller, local stores by offering various self-service options. The use of self-checkouts also saves space in stores, creating room for more goods and greater choices for consumers, depending on what they want to achieve and experience on their shopping trip.

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 large weekly shopping. In 2021, we continued to see smaller and more frequent purchases as consumer loyalty declined and demand for higher value increased, at the same time as consumers want more choices and stores, all of which has had a positive effect on the range offered by ITAB 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 completely new solutions for its customers, with the trend of setting up "hybrid checkouts" that allow for both personal service and self-service continuing to grow. This enables our customers to reduce their operating costs, while maintaining the desired service levels.

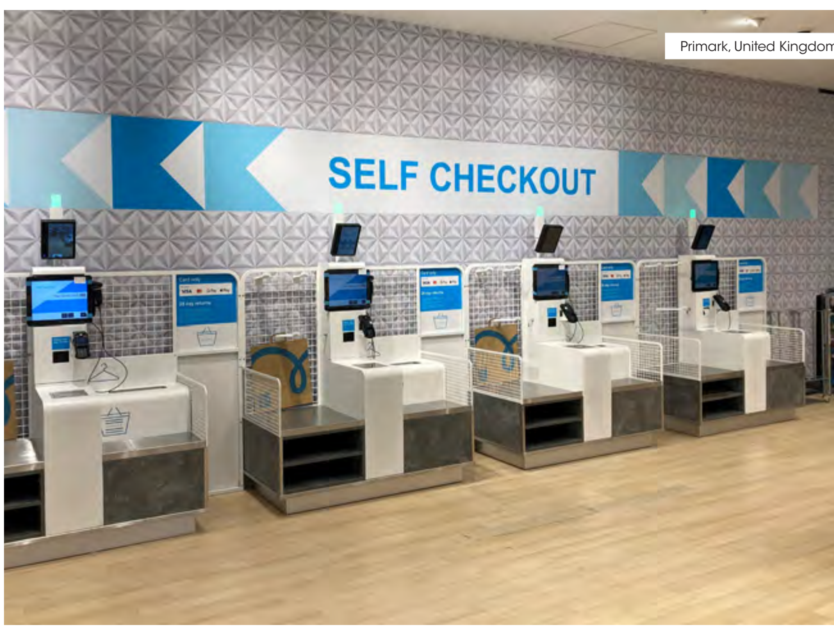


Co-op, United Kingdom


Leclerc, Spain


Conad, Italy


Ermitazas, Lithuania



Primark, United Kingdom

SUSTAINABLE LIGHTING REINFORCING THE CONSUMER EXPERIENCE

Energy consumption represents a large proportion of a store's total costs. With rising energy prices and requirements for sharply reducing CO_2 emissions and on using recyclable materials, ITAB sees great opportunities to collaborate closely with its customers in order to add substantial value in the transition to more economic and sustainable solutions.

Energy consumption accounts for nearly 70–80 percent of the total cost over five years for a lighting system within the retail market. The design and efficiency of the lighting systems have a direct impact on this. Energy efficiency is thus central to the development of ITAB's lighting products and systems. The importance of light for our well-being is gaining increasing focus in the design of physical environments and has a major impact on purchasing decisions and the work environment of store staff. Consumer behaviour and the well-being of employees are thus our key focus when developing lighting solutions.

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. Lighting is becoming part of an complete 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.

LEADING LED TECHNOLOGY FOR THE GLOBAL MARKET

The development of components for LED (Light-Emitting Diodes) products is proceeding rapidly. New and improved LED chips are continually being released in 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 offering with the potential to tailor customer orders and unique solutions. ITAB is one of the leading suppliers of professional lighting systems for the retail market in Europe, with modern energy-saving light sources based on LED. 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 offices, shop fitting concepts are co-developed with customers as well as both in-house and external architects and lighting designers. The lighting is adapted to the project's requirements for an efficient and stimulating customer journey that reflects the customer's brands. The product portfolio provides a 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 where, in addition to assembling light fittings, the production of electronics for driving mechanisms 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. In this regard, ITAB's has, through its many years of experience, built up a unique expertise for managing global customers.

CONTROLLING AN EXPERIENCE THAT INVOLVES ALL THE SENSES

A successful shopping 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. By connecting sensors to the zones, more energy can be saved by adapting to daylight / presence. Part of the experience could thus be financed through energy savings.

Farmacia Della Stazione, Italy

Stockmann, Latvia

Görtz, Germany

Stahlburschen The Store,, Germany

Peter Pane, Germany

Lagardère, Italy

IN-STORE PLATFORMS SUPPORTED BY DIGITAL INNOVATION

Over the past two years, 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, changes in behaviour and trends. In order to meet market requirements, ITAB has worked to develop effective and innovative solutions to improve the shop experience, for example through consumer guidance and self-service options based on consumer benefits. Hence, when this need increased in conjunction with the pandemic, there was already an established platform in place that could be used and further developed to meet the new requirements that 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 to follow the consumer on one and the same platform throughout the entire consumer journey.

To guarantee quality, scalability and function, ITAB has been working for some time internally and with strategic partners to further develop this shared platform, which is based on Microsoft Azure. Together, we have created the foundation for 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

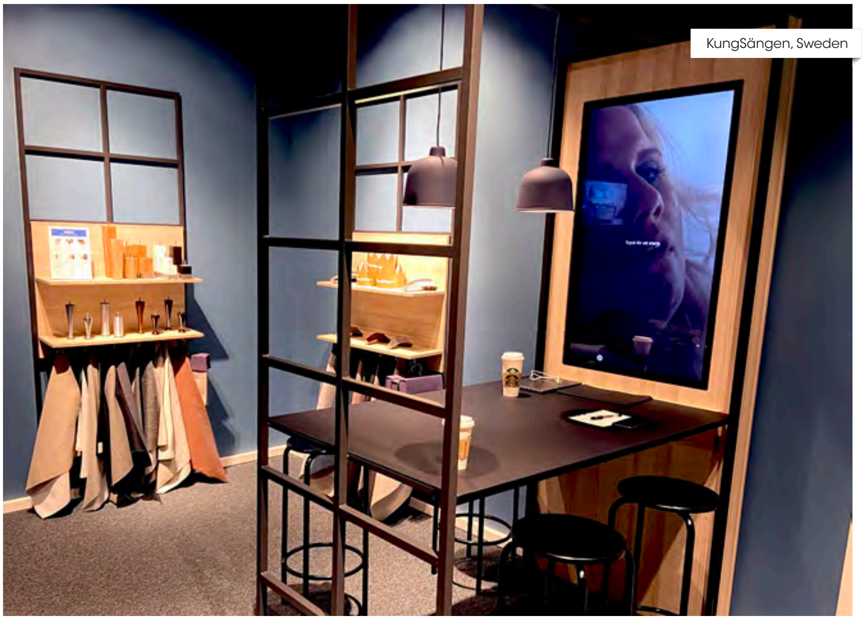
From the moment the consumer arrives in the store until the time they leave, the digital solutions make the consumer journey smoother, faster and more enjoyable. They also make it possible to free up store staff time, allowing them to focus on providing consumers with an even better service.

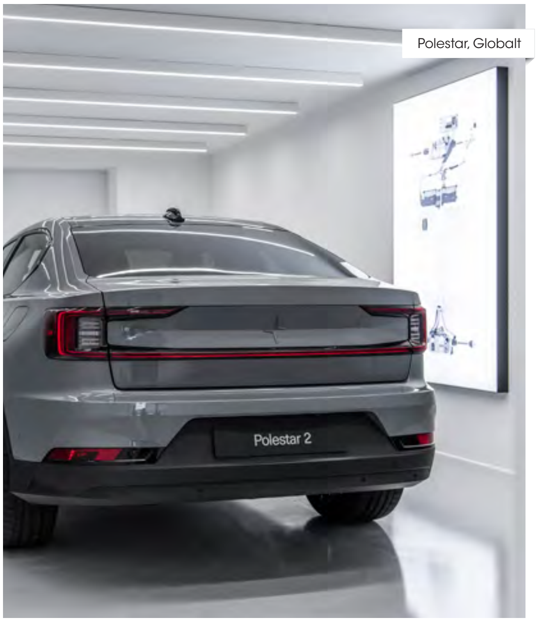
The consumer journey begins outside the store. With the aid of various identification technologies and interactive digital signs in the shop window, the retailer can promote products or offers as well as allowing the consumer to place online orders for home delivery using their phone. The same type of 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.

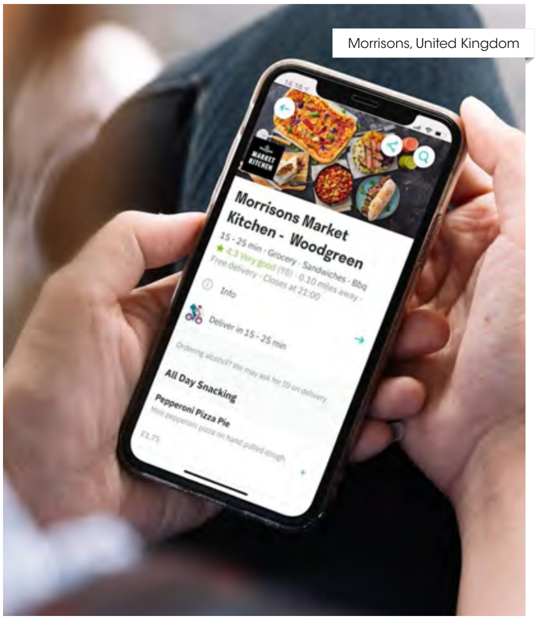
When it is time to pay, the consumer decides whether they want to use a staffed checkout or a self-checkout. In the case of the latter alternative, ITAB has developed a number of solutions that make it possible to ensure the consumer has paid before they leave the store. This is ideally achieved using 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.


KungSängen, Sweden



Polestar, Globalt



Morrisons, United Kingdom

Hemköp, Sweden

Carpetright, United Kingdom

CEF, Italy

THE ITAB SHARE

ITAB's Class B shares were registered on First North in May 2004, and ITAB's shares have been listed in the Mid Cap segment on Nasdaq Stockholm since 2008. In 2021, shares were traded for approximately SEK 603 million and the share price (recalculated for completed share issues) increased by 14 percent. On 31 December 2021, ITAB's market capitalisation totalled SEK 2,927 million.

MARKET LISTING

ITAB's Class B shares were registered on First North on 28 May 2004 and have been listed in the Nasdaq Stockholm Mid Cap segment since 2008. In conjunction with the recapitalisation of ITAB in spring 2021 (see page 35-36), all Class A shares were reclassified as Class B shares, after which ITAB only has one class of share. The shares are traded under the ticker ITAB.

THE ITAB SHARE'S PERFORMANCE IN 2021

In 2021, the ITAB share price rose by 14 percent to a final price paid of SEK 14.72 on 31 December 2021. During the same period, the OMX Stockholm PI rose by 35 percent. The highest and lowest prices paid for the year were SEK 19.90 (closing price on 15 February 2021) and SEK 10.50 (closing price on 28 January 2021), respectively.

ITAB's total market capitalisation at 31 December 2021 amounted to SEK 2,927 million. During the year, approximately 38.6 million ITAB shares were traded at a total value of SEK 603 million. Calculated against the average number of shares outstanding during the year, this corresponds to a turnover rate of 20 percent. Calculated per trading day, an average of approximately 152,000 ITAB shares were traded per day at an average value of approximately SEK 2.4 million.

SHARE CAPITAL

On 31 December 2021, the share capital amounted to SEK 91 million. The total number shares was 218,100,192. The quotient value is SEK 0.417 per share. All shares carry one vote each at general meetings of shareholders, and equal entitlement to the company's assets, earnings and dividends.

DIVIDENDS

ITAB's dividend policy states that dividends over a longer period are to follow the company's results and correspond to at least 30 percent of the company's profit after tax. However, dividends are to be adjusted to the company's investment requirements and any share repurchase program.

The Board of Directors proposes that no dividends be paid for the 2021 financial year.

OWNERSHIP STRUCTURE

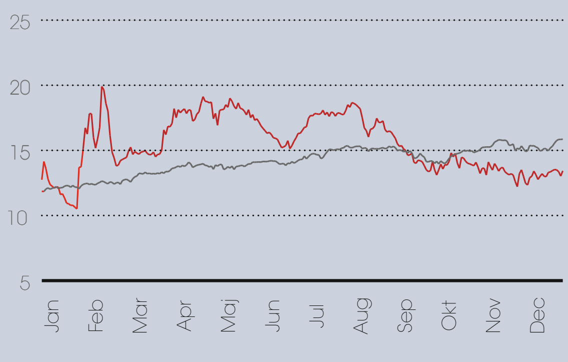
On 31 December 2021, ITAB had 5,308 shareholders. Legal entities, including equity funds, insurance companies and pension funds, etc. in Sweden and abroad owned approximately 79 percent of the total number of shares. Foreign ownership accounted for approximately 28 percent of the total number of shares. The largest shareholders at 31 December 2021 are presented in the table on page 31.

FURTHER INFORMATION

ITAB's website, itabgroup.com, is continuously updated with information about price trends, changes in ownership, etc.

SHARE PERFORMANCE OVER 10 YEARS

SHARE PERFORMANCE 2021



ITAB Shop Concept   OMX Stockholm PI

THE ITAB SHARE

	2021	2020	2019	2018	2017
Share price at year-end*, SEK	13.42	11.75	10.84	9.66	33.34
Market capitalisation at year-end*, SEK million	2,927	1,203	1,110	989	3,413
Dividend, SEK	0.00**	0.00	0.00	0.00	1.75
Payout ratio of net earnings	-**	–	–	–	56%
Average number of shares outstanding, thousand	191,396	102,383	102,383	102,383	102,383
Number of shares outstanding at year-end, thousand	218,100	102,383	102,383	102,383	102,383
Number of shareholders at year-end	5,308	4,341	4,369	4,351	4,293
Highest share price during the year*, SEK	19.90	14.69	20.52	36.66	54.12
Lowest share price during the year*, SEK	10.50	4.77	6.84	8.40	31.76
Direct yield***	-*	–	–	–	5.25%
Earnings per share, SEK	0.50	-0.21	1.17	0.88	3.11
Equity per share, SEK	12.17	15.69	17.07	15.61	16.26

** Recalculated for the new and offset issues completed in 2021, whereby the number of shares increased by 115,716,762 to a total of 218,100,192 shares.*
*** Pursuant to the Board of Directors' proposed dividend for the 2021 financial year.*
**** Dividend divided by the share price at year-end.*

SHAREHOLDERS AT 31 DECEMBER 2021

Name	Number of shares	Shares (%)	Votes (%)
Aeternum Capital AS	54,304,496	24.90%	24.90%
Pomona-gruppen AB	37,945,397	17.40%	17.40%
Petter Fägersten with companies and family	24,718,162	11.33%	11.33%
Anna Benjamin with companies and family	14,206,593	6.51%	6.51%
Svolder AB	12,172,550	5.58%	5.58%
Stig-Olof Simonsson with companies	10,392,410	4.76%	4.76%
Öhman Funds	6,002,777	2.75%	2.75%
Försäkringsaktiebolaget Avanza Pension	4,643,944	2.13%	2.13%
Kennert Persson	3,482,200	1.60%	1.60%
Third AP Fund	3,000,000	1.38%	1.38%
Total other shareholders	47,231,663	21.66%	21.66%
	218,100,192	**100.00%**	**100.00%**

Following the reclassification of Class A shares to Class B shares in spring 2021, ITAB has only one class of share.

DISTRIBUTION OF SHARES AT 31 DECEMBER 2021

Share holding	No. of shareholders	No. of shareholders (%)	No. of shares	No. of shares (%)
1–1,000	3,339	62.90%	846,098	0.39%
1,001–5,000	1,132	21.33%	2,797,791	1.28%
5,001–10,000	339	6.39%	2,512,488	1.15%
10,001–50,000	355	6.69%	7,939,236	3.64%
50,001–100,000	61	1.15%	4,346,774	1.99%
100,001–	82	1.54%	199,657,805	91.55%
TOTAL	**5,308**	**100.00%**	**218,100,192**	**100.00%**

FINANCIAL INFORMATION 2021

ITAB Shop Concept AB's staturory Annual Report for 2021 consists of pages 34-84. These pages have been reviewed by the company's auditors in accordance with the Auditor's Report on pages 85-87.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FINANCIAL INFORMATION

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ITAB Shop Concept AB (publ)
Parent Company: ITAB Shop Concept AB
Registered Limited Liability Company
Corp. reg. no.: 556292-1089
Domicile: Jönköping
Address: Box 9054, SE-550 09 Jönköping, Sweden

ITAB Shop Concept AB develops, manufactures, sells and installs complete shop fitting concepts for retail chain stores.

ADMINISTRATION REPORT WITH CORPORATE GOVERNANCE REPORT

The Board of Directors and the Chief Executive Officer (CEO) of ITAB Shop Concept AB (publ), corp. reg. no. 556292-1089, based in Jönköping, hereby submit the annual accounts and consolidated accounts for the 1 January to 31 December 2021 financial year. The subsequent Corporate Governance Report, Income Statements, Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Cashflow Statements and Notes are integral components of the Annual Report and were reviewed by the company's auditors. Pursuant to the Swedish Annual Accounts Act, the statutory sustainability report is included in ITAB's Sustainability Report 2021, which is available on itabgroup.com.

OPERATIONS

ITAB Shop Concept develops, manufactures, sells and installs complete shop fitting concepts for retail chain stores. The all-inclusive offering includes design advice, custom-made concept fittings, checkouts, customer-flow solutions, professional lighting systems and digitally interactive solutions for physical stores. Customers include leading players in Europe operating in the global market. ITAB has operating subsidiaries in Argentina, Chile, China, the Czech Republic, Denmark, Dubai, Estonia, Finland, France, Germany, Hong Kong, India, Italy, Latvia, Lithuania, Malaysia, the Netherlands, Norway, Poland, Russia, Spain, Sweden, United Kingdom and USA.

Working in close collaboration with the customer, ITAB contributes its experience and expertise to the customer's specific needs and requests. Business operations are founded on long-term business relationships and delivery reliability, in combination with streamlined production resources. ITAB is today the market leader in checkouts for retailers in Europe, and one of Europe's largest suppliers of shop fitting concepts and lighting systems.

COMMENTS ON THE GROUP'S PERFORMANCE IN 2021

The sales trend was solid in 2021. As societies and the retail sector opened up following the widespread lockdowns due to the COVID-19 pandemic sales increased, both through organic growth and the acquisition of Cefla Retail Solutions. Customers' faith in the future and willingness to invest has gradually recovered, which was reflected in a strong order intake for ITAB during the whole year. The shortages of raw materials and certain components as well as global logistics disruptions impacted ITAB's delivery capacity and had a certain negative impact on net sales in autumn 2021. As the delivery disruptions and raw material shortages eased somewhat during the year's last quarter, sales developed positively.

In 2021, sales to the Grocery and Home Improvements customer sectors increased by 19 and 18 percent, respectively, while sales to the Fashion customer sector remained essentially unchanged. Sales to Other customer groups rose by 19 percent during the year.

SALES AND PROFIT

The Group's net sales rose by 17 percent to SEK 6,245 million (5,323). Currency-adjusted sales increased by 19 percent, with organic growth accounting for 8 percent and the acquisition of Cefla Retail Solutions contributing 11 percent. In terms of geographic markets, Southern Europe doubled its sales compared with the preceding year through both strong organic growth and the acquisition of Cefla Retail Solutions. Sales in Eastern and Central Europe also increased during the year by 27 and 16 percent, respectively, while sales in UK & Ireland decreased by approximately 9 percent and sales in Northern Europe essentially remained unchanged.

The Group's operating profit amounted to SEK 224 million (112) and profit after financial items to SEK 156 million (0). Profit after financial items was impacted by non-recurring items of SEK -166 million (-208) pertaining to restructuring costs, mainly attributable to the transformation efforts under the One ITAB strategy. Excluding non-recurring items, profit after financial items amounted to SEK 322 million (208). Excluding non-recurring items of SEK -166 million (-205), operating profit amounted to SEK 390 million (317). EBITDA, excluding non-recurring items of SEK -157 million (-202), totalled SEK 656 million (578), corresponding to an EBITDA margin of 10.5 percent (10.9). Profit after tax amounted to SEK 103 million (-22)

Profit for the year was positively impacted by increased sales and our ongoing efforts to transform the operations, including completed production relocations and cost adaptations, more shared ways of working and more efficient and flexible market cultivation. The integration of the acquired Cefla Retail Solutions has been successful and its contribution to the Group's earnings during the year was in line with our expectations. At the same time, the sharp increase in raw material prices during the first two quarters of the year and shortages of certain components have had a negative impact on all of the Group's markets. Targeted initiatives to coordinate purchasing and price increases have been continuously implemented. Earnings for the financial year were also negatively impacted by weaker net financial items during the first quarter of 2021, when financial expenses were affected by changed loan terms and the settlement of interest rate swaps, which had a negative impact of approximately SEK 6 million on net financial items. The lower level of indebtedness in the Group, which was partly due to the recapitalisation of ITAB in spring 2021, improved net financial items, and financial expenses were significantly lower from the second quarter of 2021 than in the preceding year.

Follow-up on guidance concerning One ITAB

On 10 July 2020, ITAB issued guidance regarding an earnings improvement and its total restructuring costs upon the implementation of the Group's One ITAB strategy and transformation. Based on the conditions prevailing at that time, the guidance indicated an underlying annualised EBITDA improvement of SEK 270–330 million (compared with EBITDA of SEK 516 million for 2019) once the One ITAB transformation is fully implemented, which is expected to take place in the middle of 2022. The total restructuring costs for One ITAB in the 2020–2022 financial years were estimated at SEK 275–325 million. This guidance continues to apply. The restructuring costs for One ITAB to date total SEK 320 million, of which approximately SEK 60 million refer to impairment losses in connection with restructurings.

CASH FLOW, FINANCING AND LIQUIDITY

Cash flow from operating activities amounted to SEK -165 million (811). Cash flow was negatively impacted by higher working capital, with the value of inventories of raw materials in particular growing during the year. The increase is mainly due to the strong increase in sales and the focus to satisfy customer needs despite disruptions in the supply of raw materials and component shortages combined with longer lead times. Rising raw material prices during the year also affected the inventory value together with a more short-term need for slightly higher inventory levels during the process of relocating production operations as part of the restructuring work under One ITAB. The build-up of the acquired company Cefla Retail Solutions' operations in a newly established subsidiary and increased sales in Southern Europe, where customer credit terms are longer than in the rest of Europe, also had a negative impact on working capital and cash flow. Net debt excluding lease liabilities declined to SEK 609 million (1,092). Net debt including lease liabilities amounted to SEK 1,239 million (1,748). The reduction in net debt is mainly due to the new share issue completed during the first quarter of 2021.

The Group's cash and cash equivalents, including granted unutilised credits, amounted to SEK 746 million (1,199) on the balance sheet date on 31 December 2021. The equity/assets ratio was 46 percent (31) and the share of risk-bearing capital was 47 percent (32).

▶

▶ **Recapitalisation and rights issue in 2021**

In December 2020, ITAB announced its intention to carry out a recapitalisation of the Group in order to strengthen the balance sheet, contribute to greater financial flexibility and finance the One ITAB transformation plan. For further information about the reasons for the recapitalisation and about how the net proceeds from the rights issue were to be used, see the section "Background and reasons" in the prospectus published by ITAB on 15 February 2021.

The recapitalisation consisted of three main parts: (i) the rights issue of a maximum of SEK 768 million, (ii) the offset issue of a maximum of SEK 100 million, and (iii) the reclassification of all Class A shares to Class B shares, which meant that ITAB would only have Class B shares outstanding after the recapitalisation.

At an Extraordinary General Meeting on 15 January 2021, the shareholders in ITAB Shop Concept AB adopted an issue authorisation to facilitate the implementation of the rights issue. This was utilised by the Board on 9 February 2021 to adopt the rights issue and the offset issue. The rights issue was carried out by subscription rights 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 ITAB raised approximately SEK 768 million before issue costs and that the number of shares increased by 102,383,430 Class B shares to a total of 204,766,860 Class B shares after the reclassification of Class A shares to Class B shares (as described below). In December 2020, it was also announced that the current principal owners, in conjunction with the recapitalisation, would sell the majority of their subscription 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 was entered into whereby all of WQZ Investments Group Ltd's rights and obligations related to ITAB's recapitalisation were taken over by the investment company Aeternum Capital AS, which is a company related to WQZ Investments Group Ltd. As reported in the prospectus, Aeternum Capital AS undertook to thereby invest approximately SEK 407 million in the rights issue by acquiring and utilising the majority of the subscription rights issued in conjunction with the rights issue to the company's then-principal owners.

The offset issue, which was carried out in conjunction with the rights issue, was targeted at 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) 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 proceeds from the rights issue. The subscription price of the offset issue corresponded to the subscription price of the rights issue, at SEK 7.50 per share. The offset issue meant that ITAB's share capital increased by approximately SEK 5.6 million through the issue of 13,333,332 new Class B shares. Consequently, after the rights issue and offset issue, the number of shares in ITAB was 218,100,192 Class B shares and the share capital was approximately SEK 90.9 million.

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 what is regulated in ITAB's Articles of Association. Following the reclassification and recapitalisation, the company only had Class B shares outstanding, whereupon each Class B share entitles the holder to one vote at general meetings.

On 12 March 2021, ITAB announced that the recapitalisation had been fully completed and that the rights issue of SEK 768 million had been fully subscribed. ITAB's offset issue of SEK 100 million was also fully subscribed and all Class A shares were reclassified to the corresponding number of Class B shares. The company's Annual General Meeting (AGM) in May 2021 adopted a change to the Articles of Association, whereby the company would only have one class of share after the change.Following the recapitalisation, ITAB has 218,100,192 shares outstanding. Aeternum Capital AS is ITAB's largest shareholder with nearly 25 percent of the shares.

INVESTMENTS

The Group's net investments amounted to SEK 103 million (45), of which SEK 40 million (0) is attributable to corporate acquisitions and divestments during the year. For more information about corporate acquisitions and divestments, see Note 5.

DATA PER SHARE

Earnings per share totalled SEK 0.50 (-0.21). Equity per share amounted to SEK 12.17 (15.69).

EMPLOYEES

The average number of employees for the year was 2,930 (3,030). For more information, see Note 8.

PARENT COMPANY

The Group's Parent Company, ITAB Shop Concept AB, does not conduct any operational activities. Its operations mainly comprise Group management and support functions for the Group. The Parent Company's net sales pertain to revenue from subsidiaries and amounted to SEK 171 million (169). Profit after financial items amounted to SEK -13 million (15), including dividends from subsidiaries of SEK 46 million (50) and impairment of shares and receivables from subsidiaries of SEK -51 million (-106) in connection with the restructurings in the Group. Net divestments/investments totalled SEK 0 million (-3), of which SEK 0 million (-3) is attributable to corporate acquisitions and divestments.

ACQUISITIONS AND DIVESTMENTS

Cefla Retail Solutions

ITAB's Italian subsidiary La Fortezza s.p.a. entered into an agreement with Cefla soc. coop. on 8 October 2020 to acquire 81 percent of Cefla's business unit for retail solutions ("Cefla Retail Solutions"). Cefla Retail Solutions primarily offers interior design and checkout solutions to its customers, which predominantly operate in the grocery sector in southern Europe. Through the acquisition and the collaboration with Cefla, ITAB has strengthened its leading position in southern Europe and created opportunities to offer ITAB's solutions to a wider customer base.

The acquisition was completed in January 2021, and the acquired business unit was carved out from Cefla's existing structure and transferred to a newly established Italian limited liability company, Imola Retail Solution Srl, of which ITAB owns 81 percent and Cefla the remaining 19 percent. The acquisition of Cefla Retail Solutions is consolidated in ITAB as of 1 January 2021. The positive EBITDA effect on ITAB is expected to amount to at least SEK 30 million, and the transaction will create opportunities for further synergy effects in the coming years. ITAB has the right to acquire Cefla's minority stake in Imola Retail Solution three years after the completion of the transaction.

Other acquisitions

In April 2021, a subsidiary acquired the remaining 15 percent of the partly owned company La Fortezza Sudamericana S.A. (Argentina). The purchase consideration amounted to EUR 2 million. Cash flow was impacted in an amount of SEK -19 million in 2021.

Divestments

In connection with the restructurings in the Group, ITAB sold 100 percent of the shares in the company Pulverlacken i Hillerstorp AB through a subsidiary in November 2021. The purchase consideration amounted to SEK 8 million. The divestment impacted operating profit by SEK 0 million and cash flow during the fourth quarter by SEK 8 million.

See Note 5 for information about acquisitions and divestments in the 2021 financial year.

ENVIRONMENTAL IMPACT

Proactive environmental work is conducted within the Group with the aim of reducing the Group's environmental impact. The Group does not pursue any reporting activities according to the Swedish Environmental Code in the Parent Company or any of the Swedish subsidiaries.

Sustainability report and EU Taxonomy

ITAB has prepared a separate sustainability report for 2021 in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act. ITAB's 2021 Sustainability Report is available on ITAB's website, itabgroup.com/sustainability.

As of 1 January 2022, ITAB is eligible to disclose certain information about their operations in accordance with the EU's Taxonomy for sustainable investments. The ITAB Group presents this information for 2021 in the Sustainability Report on ITAB's website (as above).

RESEARCH AND DEVELOPMENT

The Group companies carry out continuous product development – partly in collaboration with customers and partly in-house – to develop new products 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 2021, SEK 2 million (1) was capitalised as development expenditure and recognised as intangible assets. Amortisation of development costs totalling SEK 19 million (21) was charged to earnings.

SHARE AND OWNERSHIP STRUCTURE

ITAB's shares were admitted to trading on the First North exchange in 2004. Since July 2008, the company's shares have been listed on Nasdaq Stockholm. Following the conversion of all previous Class A shares to Class B shares as part of the recapitalisation and the new share issue in spring 2021, ITAB only has one class of share outstanding and the total number of shares on 31 December 2021 was 218,100,192. All shares are equally entitled to a share of ITAB's assets and earnings, and entitle their holders to one vote per share at general meetings of shareholders. The Articles of Association stipulate no limitations on the number of votes each shareholder may cast at a general meeting.

The 2021 Annual General Meeting (AGM) resolved to authorise the Board of Directors, on one or more occasions, and with or without deviation from the shareholders' preferential rights, to decide on a new issue of shares up to a maximum of 10 percent of the company's outstanding shares. The purpose of the authorisation to decide on a new share issue is to increase the company's financial flexibility and to give the company opportunities for corporate acquisitions.

Pursuant to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to disclose information concerning certain circumstances that may affect opportunities to take over the company through a public takeover bid pertaining to shares in the company. ITAB's creditors are entitled to terminate granted credit facilities if the company's shares are delisted from Nasdaq Stockholm, or in the event of a public takeover bid if the bidder secures a holding of more than 30 percent of the number of shares in the company or controls at least 30 percent of the votes in the company. In other respects, the company has not entered into any significant agreements with suppliers or employees that would take effect or change or cease to apply or stipulate payment of financial compensation should the control of the company change due to a public offer for the shares in the company.

At 31 December 2021, Aeternum Capital AS held 24.9 percent of the shares and votes, Pomona-gruppen AB 17.4 percent of the shares and votes, and Petter Fägersten with companies and family 11.3 percent of the shares and votes in ITAB. No other shareholder had any direct or indirect holdings in the company that represented more than one tenth of the total number of votes. At 31 December 2021, ITAB had 5,308 shareholders (4,341).

For information about the recapitalisation in 2021 including the rights issue, offset issue and reclassification of all Class A shares to Class B shares, see above. Further information about ITAB's shares, share price development and ownership structure as of 31 December 2021 are presented in the section "The ITAB share" on pages 30-31.

Repurchases of own shares

The 2021 AGM resolved to authorise the Board to make decisions on the acquisition and conveyance 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, to enable share-based incentive programmes for the Group's employees or the acquisition of businesses through payments with the company's shares. The Board of Directors shall, on one or more occasions, be able to make such decisions ahead of the 2022 AGM. For repurchased treasury shares, all rights associated with the shares cease to apply until the shares are reissued.

At 31 December 2021, ITAB had no repurchased treasury shares.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board shall prepare proposals for guidelines for remuneration to senior executives at least every four years, or before that if there is a need for significant adjustments, and present the proposal for resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by an AGM. The guidelines shall promote the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability. 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 level of remuneration for individual executives must be based on factors such as position, competence, experience and performance. Additionally, a general meeting of shareholders may – irrespective of these guidelines – resolve on, among other things, share-based or share price-based remuneration.

The guidelines for remuneration and other employment conditions for senior executives were adopted by the 2021 AGM in accordance with the Board's proposal. The guidelines are presented in full in Note 8 on pages 66-67.

The Board of Directors has no intention to propose any amendments to the guidelines for remuneration of senior executives ahead of the AGM in 2022.

Remuneration Report for 2020

ITAB's Remuneration Report 2020 provides an overview of how the guidelines for remuneration to senior executives, as adopted by the 2020 AGM, have been applied during the year. The Remuneration Report was adopted by the 2021 AGM and is available on ITAB's website itabgroup.com.

DIVIDEND POLICY AND DIVIDENDS 2021

Over a longer period, dividends should follow the company's result and correspond to at least 30 percent of the company's profit after tax. However, dividends will be adjusted to the company's investment requirements and any share repurchase program.

The Board of Directors proposes to the 2022 AGM that no dividend be paid for the 2021 financial year.

RISKS AND UNCERTAINTIES

Risk is defined as an uncertainty that an event will occur, which could impact ITAB's capacity to achieve the objectives it has set. Risks are inherent to all operations and must be managed efficiently. ITAB's risk management is aimed at avoiding, preventing and limiting risks that adversely impact its operations.

ITAB performs an overall risk assessment annually, through which the company identifies and assesses risks that are detrimental to the attainment of ITAB's goals. The identified risks are assessed based on the following two criteria:

- The probability that the risk will occur
- The consequences for ITAB if the risk scenario should occur

ITAB's Group management identifies conceivable events that could impact the company's operations. These events are evaluated and a number of control activities established (risk-limiting measures) with the aim of managing and counteracting the identified risks. For each identified risk, a corresponding activity to counteract, limit, control and manage the risk concerned is then developed. An assessment of the efficiency of control activities is to be performed annually. The Group CFO is responsible for presenting the results of the assessment to the Audit Committee and the Board.

The risks, uncertainties 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, geopolitical circumstances 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 USA, 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 behaviours. There has been a transition in large parts of the retail market from large, solely physical stores to smaller stores with digital elements and interconnection with online stores. Changing consumer preferences and behaviours entail that ITAB's current and future customers require that ITAB can offer new types of solutions and concepts, which in turn places ▶

- demands on, among other things, ITAB's project management and production. As an example, in recent years, ITAB's production facilities have had to be transformed from mainly working with large volumes and fewer 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 behaviours 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 physical stores, which could affect ITAB's customers and in turn adversely affect ITAB's operations, financial position and operating profit. For additional information on the impact of the COVID-19 pandemic on ITAB, see the section "ITAB is exposed to risks related to the COVID-19-pandemic".

Changes in the political situation, wars or armed conflicts 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 political instability between major countries, such as between USA, Russia and China, which has resulted in an increase of trade barriers in the form of increased tariffs in recent years, and Russia's invasion of Ukraine and the sanctions and other measures by the outside world against Russia due to this. Other recent political events includes the United Kingdom's exit from the EU ("Brexit"), which has created uncertainty regarding the future trade policy with the UK, as well as stringent border controls, for example, due to COVID-19. There is a risk that wars and armed conflicts, sanctions and political decisions may prevent or limit ITAB's opportunities to conduct its operations and market its solutions, products and services. Wars, political upheaval, changes in laws due to political agendas, such as regarding environment, taxation, local labour hiring requirements, and other factors, such as trade barriers, sanctions and customs duty, could adversely affect ITAB's profit.

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, geopoliticial circumstances 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 behaviours. It is crucial for ITAB to be able to predict and adapt to the changing preferences and behaviour 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 organisational structure. Until the end of 2021, ITAB's non-recurring costs related to the One ITAB strategy amounted to approximately SEK 320 million to date and the strategy and transformation plan is expected to be associated with additional costs in 2022. The 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 organisations and processes where necessary. If ITAB is unable to successfully implement the One ITAB strategy or future strategies for continued profitable growth, this may entail that the strategy work instead burdens the Group's operating profit and that ITAB fails to adequately adapt to the changing market, which in turn could have an adverse effect on ITAB's operations, brand, reputation and profit as well as ITAB's ability to maintain its market share and competitiveness.

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 as well as with companies that provide such products and services that ITAB provides and develops, for example, entrance and exit systems, checkouts 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 existing 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 a range of different 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 lead times 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 unfavourable economic conditions, to compete more effectively with price and production, and/or to react to changes in consumer preferences and behaviours, and thus customer demand, faster than ITAB. If any of these risks were to materialise, they could entail that ITAB's market position weakens, which, depending on the extent, could have a major impact on ITAB's future ability to generate revenue and have a material adverse effect on ITAB's operating profit.

ITAB is exposed to risks related to certain major customers

Most of ITAB's customers in terms of sales are major chain stores that operate in the retail trade. Many of these operate internationally and have stores in several countries. During 2021, the sales to ITAB's largest customer accounted for approximately 12 percent of the Group's total sales. Apart from the largest customer, sales to any other individual customer did not account for more than 6 percent of the total sales during the year.

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

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

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

ITAB has 15 production facilities in 12 different countries at present. The production facilities mainly work with wood 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 are located in China and one in Argentina. In addition, ITAB has four facilities for assembly and distribution in Europe. These facilities employ a considerable portion 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 that entail 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, wars and armed conflicts, natural disasters (including earthquakes, flooding, lighting strikes, snowstorms or other natural disasters or other force majeure events), cyberattacks or IT system disruptions, terrorist attacks, strikes, transportation disruptions and pandemics. If the aforementioned or other reasons lead to disruptions in production or production stoppages in the production facilities, this could entail that the Group is unable to fulfil its obligations to the customer in a timely manner or at all.

ITAB's production is dependent on raw materials, which exposes ITAB 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. 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 as well as wars, regulatory, political and country-specific factors. In 2021, the COVID-19 pandemic led, for example, to disruptions in the supply chain, longer lead times and shortages of certain raw materials and electronic components, which in some cases resulted in difficulties for ITAB to live up to customers' wishes for speedy deliveries. 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 ITAB's line of business that works with lighting, ITAB develops and produces its own power supply units and LEDs (Light-Emitting Diodes), together with optical solutions for these. ITAB conducts quality tests 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. If any of the mentioned risks were to be realised, with the result that the Group does not fulfil 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 profit and profitability.

ITAB is exposed to risks related to distribution and logistics

ITAB operates in global markets and its customers are mainly located in most of Europe. As ITAB's customer offering includes offering all-inclusive solutions, including the idea for a shop fitting 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 logistics systems. ITAB's processes and logistics systems, which the company continuously reviews within the framework of the One ITAB strategy in order to improve them and to address any shortcomings in them, including, among other things, contact and coordination with relevant suppliers, such as suppliers of raw materials and transport services, and relevant production facilities, product 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 assignment, which requires the Group to be able to coordinate internally on production, distribution, installation and such.

ITAB's processes and logistics systems are dependent on the employees' knowledge and computerised systems. If the employees currently managing the systems were to leave ITAB or if errors or disruptions were to occur in any of the relevant systems, for example as a result of software malfunction, natural disaster, vandalism, sabotage, ransomware or human error, this 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), labour market relations as well as political changes and natural disasters, including fire, flooding or other events beyond the Group's control, could cause disruptions or interruptions to 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, this may have an adverse impact on ITAB's reputation, financial position and profit.

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

ITAB has historically carried out several corporate acquisitions such as Nordic Light, New Store Europe and La Fortezza Group. In 2021, ITAB completed its acquisition of 81 percent of Cefla soc., Coop's business unit for retail solutions (Cefla Retail Solutions) through a newly founded 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 prove to be incorrect, entailing that ITAB cannot achieve all the expected advantages of the acquisition. The risks in connection with a corporate 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 materialise, 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 an inability to retain key personnel from acquired companies, disruptions to ITAB's current operations, merger costs, organisational 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

As a result of the COVID-19 pandemic, states, public authorities and other organisations have, for extensive periods since spring 2020, 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 in the Group had a clear decline in order intake in 2020. The impact of COVID-19 on ITAB's operations included reduced demand and closure of certain customers' operations and parts of ITAB's own operating activities. 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 the restrictions in effect at that time. In 2020, ITAB implemented a number of measures to address the situation and reduce its costs. ITAB adapted its operations, among other things, through a reduction of the workforce and lay-offs. Despite the measures, the economic downturn and concerns about the pandemic had a clear adverse impact on ITAB's operating profit and financial position in 2020. Through robust organic growth and the acquisition of Cefla Retail Solutions, the sales trend for ITAB was relatively strong in 2021 as societies and the retail sector opened up following the widespread lockdowns as a result of the pandemic. Customers' faith in the future and willingness to invest has gradually recovered, which was reflected in a strong order intake for ITAB for the full year.

The extent to which the COVID-19 pandemic will continue to affect ITAB's operations, profit and financial position will depend on several factors which ITAB currently cannot identify or assess with precision or certainty. However, as stated in the sections "ITAB is exposed to risks related to changes in the retail market, geopolitical circumstances and macroeconomic factors" and "ITAB is exposed to risks related to 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 pandemic's scope and duration, and any worsening of negative effects on financial, political and market conditions. A ▶

- continued adverse effect on the global economy is likely to have a continued adverse effect on ITAB's operations, profit and financial position

ITAB is dependent on attracting and retaining dedicated and competent personnel

ITAB's operations and future success are 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 its senior 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 wood 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 should increase or if ITAB should fail to attract and retain qualified key individuals and other competent personnel within, among other things, production on acceptable terms, this could have an adverse effect on ITAB's future prospects and profit, and lead to postponements 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, function and continued development of ITAB's IT systems regarding data communication and enterprise systems 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 the Group'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 share are lost or that ITAB's reputation is damaged, which could adversely affect ITAB's operations and profit.

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, or impact ITAB's brand and reputation, the Group's ability to conduct its operations in an efficient manner, or to manage its inventory and finances, and to buy, sell, produce or deliver, or to 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 jeopardise 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 unauthorised physical or electronic access. If ITAB's cybersecurity procedures are inadequate, this could lead to unauthorised 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 those of its competitors. The Group's reputation also contributes to ITAB's work to retain and attract customers, employees and suppliers in the markets where 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, cyberattacks or litigation, even if it is based on a rumour or a misunderstanding, may have an adverse impact on ITAB's operations. Damage to ITAB's reputation may be difficult and time-consuming to restore, and it may divert the attention of executive management from the 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 favourable terms or at all. If any above-mentioned risks were to materialise, this 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 be subject to claims in excess of or not covered by the Group's current insurance coverage. ITAB's operations are production-intensive and the Group's employees deal with raw materials, other materials and completed products that correspond to large values in the daily operations. 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. Furthermore, damage caused to ITAB could, even if covered by ITAB's insurance coverage, result in increased insurance premiums. Thus, if an event occurs that causes 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, profit and financial position.

Legal risks

ITAB is exposed to risks related to sanctions and anti-corruption regulations

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 procedures 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 its 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 of 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 the Group and its employees and Directors of the Board, under Swedish or other applicable anti-corruption law.

In recent years, financial sanctions have become an essential risk factor for companies that engage in international trade. It cannot be ruled out 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. The political situation in parts of the world, particularly regarding the military conflict between Russia and Ukraine, is at present uncertain. The application of reinforced measures for control of exports and sanctions, and any other measures against Russia from at number of other jurisdictions, including the EU and USA, due to the military conflict in Ukraine may have effect on ITAB's ability to maintain its operations in Russia.

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 regulatory compliance, and import and export

ITAB has operating subsidiaries in 24 countries in Europe, South America, Asia and USA, production facilities in 12 different countries in Europe, China and Argentina, and customers primarily in European countries, but also in the USA, 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 exposed to liability-related risks associated with 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 and 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, work 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 the risk of 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 profit.

Amendments of laws and regulations, or 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 are affected and may be further affected by new tariffs and other changes in US trade policy and possible countermeasures by affected countries, such as China and Russia and restrictions on trade due to the military conflict between Russia and Ukraine, and 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 UK. 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, labour market disputes and blockages of work, political instability, difficult weather conditions or safety requirements within the EU, USA, China and other countries.

These problems may delay the import or export of products or require ITAB to find alternative ports, warehouses or transport providers 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 labour law risks

The average number of employees in the Group in 2021 amounted to 2,930 persons in 24 countries and the employees are covered to some extent by collective agreements or other agreements with labour organisations. In Sweden, the employees of all but two companies are covered by collective 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 labour disputes and/or affected by strikes and work stoppages before or during a negotiation process.

ITAB may, in the future, be involved in further discussions and conflicts, resulting in strikes or other industrial actions that could lead to operational disruptions and delays. In addition, conflicts with trade unions or labour organisations may arise as a direct result of redundancy, for example, due to efficiency measures or rationalisation within the organisation, or discontinued production where a process is not well managed and within the mutual understanding of unions or organisations, which could lead to ITAB's reputation as an employer being damaged, resulting in industrial actions being taken and a worsening of ITAB's reputation and relations with labour organisations. 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 profit 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 tax regulations, and the positions of the authorities concerned, 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, reorganisations and intra-group transactions.

In the event that ITAB's interpretation of tax legislation, tax treaties and other tax regulations, or their applicability, is incorrect, or if one or more 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 are changed, including changes 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 expenses, including tax surcharges and interest, and have a material adverse effect on the Group's operating profit.

The jurisdictions in which ITAB operates have transfer pricing regulations which require that transactions with related companies be made on market terms. The management of matters regarding transfer pricing within the Group is based on the OECD's guidelines and national regulations for transfer pricing as well as documented principles for determining prices in related 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 will form 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 net profit.

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 (1977:1160).

ITAB works actively to reduce the number of accidents and reviews the safety procedures of 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 are 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 such ▶

- intellectual property rights, protected information or company secrets. The Group's intellectual property rights could be declared invalid, circumvented or 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 utilises its employees and consultants and ITAB regulates the ownership of the intellectual property created within the framework of employment and/or engagement through 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 the intellectual property 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-party intellectual property. The costs that could result from ITAB taking or defending itself from 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 also 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, this may have a material adverse effect on ITAB's operations, financial position and operating profit and lead to impairment losses of the recognised intellectual property rights.

ITAB is exposed to risks related to disputes and legal proceedings

ITAB conducts business internationally in both mature markets, such as USA and several countries in Europe, 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 regulatory proceedings arising 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, labour, intellectual property, contractual or regulatory compliance matters or other legal claims which may result in potential obligations to pay damages and defence costs.

If a claim were to be made against ITAB, regardless of whether 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. Furthermore, the handling of disputes and claims is typically both costly and time-consuming and could therefore entail that the senior executives and Group company involved in such a dispute cannot focus on the day-to-day operations to the extent expected.

FUTURE OUTLOOK

The focus for ITAB over the next few years will be to continue our work on the transformation and to implement the restructuring in line with the One ITAB strategy. Following the recapitalisation in 2021, the company has a considerably stronger financial position, which will facilitate work on 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, characterised by shorter foresight and reduced order values. The new strategy, One ITAB, governs the direction of the transformation to a modern and cost-efficient ITAB with an even stronger position. The COVID-19 pandemic has had a substantial effect on society and ITAB over the past two years. As socities and markets return to a new normal situation,the operations are continiously adopted to new prerequisites in the spread of infection and recommendations. The military conflict between Russia and Ukraine, and the pandemic's further development and current market situation make the market development in the near future difficult to assess. The transformation work and One ITAB strategy are laying the foundation for strengthening the position as the leading solutions provider for the European retail market with a focus on sustainable growth and increased profitability.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

New financial targets for ITAB

In conjunction with the preparation of the annual accounts in February 2022, the Board of Directors adoptd new financial targets that support the Group's ambition to establish ITAB as the retail market's leading solution provider.

The financial targets adopted by the Board are:

Growth: Average growth in net sales (CAGR) of 4-8 percent per annum over a business cycle. Growth is to be achieved by sustainable organic growth and strategic acquisitions.

Earnings: Average EBIT margin (operating profit in relation to net revenue) of 7-9 percent over a business cycle.

Capital efficiency: Average cash conversion ratio (operational cash flow in relation to operating profit before depreciation and amortisation) of at least 80 percent over a business cycle.

Dividend policy: As before, dividends over a longer period should follow the result and correspond to at least 30 percent of the company's profit after tax. However, dividends will be adjusted to the company's investment requirements and any share repurchase program.

Acquisition of Checkmark in Finland

On 28 February 2022, the ITAB Group acquired, through its Finnish subsidiary ITAB Finland Holding Oy, all shares in Oy Checkmark Ltd. Checkmark is one of the leading suppliers of retail technology solutions for checkouts and store guidance for retailers in the Nordic region. Checkmark has annual sales of approximately EUR 12 million and has 44 employees. Closing took effect immediately and the acquisition is expected to have a marginal positive effect on ITAB's earnings per share during the 2022 financial year. See also Note 35.

ITAB discontinues its operations in Russia

In the beginning of March 2022, ITAB decided to discontinue its operations in Russia due to the invasion of Ukraine. ITAB has a production facility and sales offices in Russia with a total of approximately 125 employees. The decommissioning process began immediately with due considerations towards employees, customers, and business partners.

ITAB's sales in Russia amounted to approximately SEK 170 million in 2021, corresponding to approximately 2.5 percent of ITAB's total annual sales. Consequently, the decision to discontinue the Russian operations will not have any significant impact on the company's revenue and profit. The decommissioning may involve some write-downs. The decommissioning may involve some write-downs.

No other significant events for the Group have taken place after the end of the financial year.

PROPOSED ALLOCATION OF PROFITS

PARENT COMPANY	2021
The following funds are at the disposal of the AGM (SEK):	
Share premium reserve	1 083 388 816
Profit brought forward	695 267 740
Net profit for the year	-54 043 699
TOTAL	**1 724 612 857**

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

Amount to be carried forward	1 724 612 857
TOTAL	**1 724 612 857**

DIVIDEND 2021

- The Board of Directors proposes to the 2022 AGM that no dividend be paid for the 2021 financial year.
- ITAB's dividend policy states that dividends over a longer period should follow the company's result and correspond to at least 30 percent of the company's profit after tax. However, dividends will be adjusted to the company's investment requirements and any share repurchase program.

CORPORATE GOVERNANCE REPORT 2021

SWEDISH CORPORATE GOVERNANCE CODE AND ITAB CORPORATE GOVERNANCE REPORT

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 Stockholm in the Mid Cap segment.

ITAB applies the Swedish Corporate Governance Code (hereinafter referred to as the "Code"). The Code is a component of self-regulation within the Swedish business sector and is based on a "comply or explain" principle. This means that a company that applies the Code may deviate from individual rules if it is deemed to result in better corporate governance, but must then explain the reasons for each deviation reported.

This Corporate Governance Report for the 2021 financial year describes ITAB's corporate governance, management and administration as well as internal controls of financial reporting, and is prepared in accordance with the Code's recommendations. The Corporate Governance Report constitutes part of the formal annual report documentation and was reviewed by the company's auditors pursuant to Swedish Annual Accounts Act.

CORPORATE GOVERNANCE, DIVISION OF RESPONSIBILITIES AND ARTICLES OF ASSOCIATION

Good corporate governance involves ensuring that companies are managed sustainably, responsibly and as efficiently as possible for the shareholders. Trust among legislators and in society that companies are acting responsibly is crucial to the freedom of companies 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 aim of corporate governance in Swedish listed companies is to create a clear division of roles and responsibilities between shareholders, the Board of Directors, Board committees and executive management, and it is regulated by a combination of written rules and practices. At first instance, ITAB is to apply the Swedish Companies Act and the rules that apply in the regulated market in which the company's shares are listed for trading (Nasdaq Stockholm) as well as best practices in the stock market. The disclosure requirements to which ITAB is subject are found in the Rule Book for Issuers published by Nasdaq Stockholm, and the Code is a component of this regulatory framework. At the same time, ITAB shall, in the course of its operations, abide by the provisions stipulated in the company's Articles of Association, which can be found in their entirety on ITAB's website, itabgroup.com.

Deviations from the Code

There are no deviations from the Code to report for 2021.

ITAB'S CORPORATE GOVERNANCE STRUCTURE

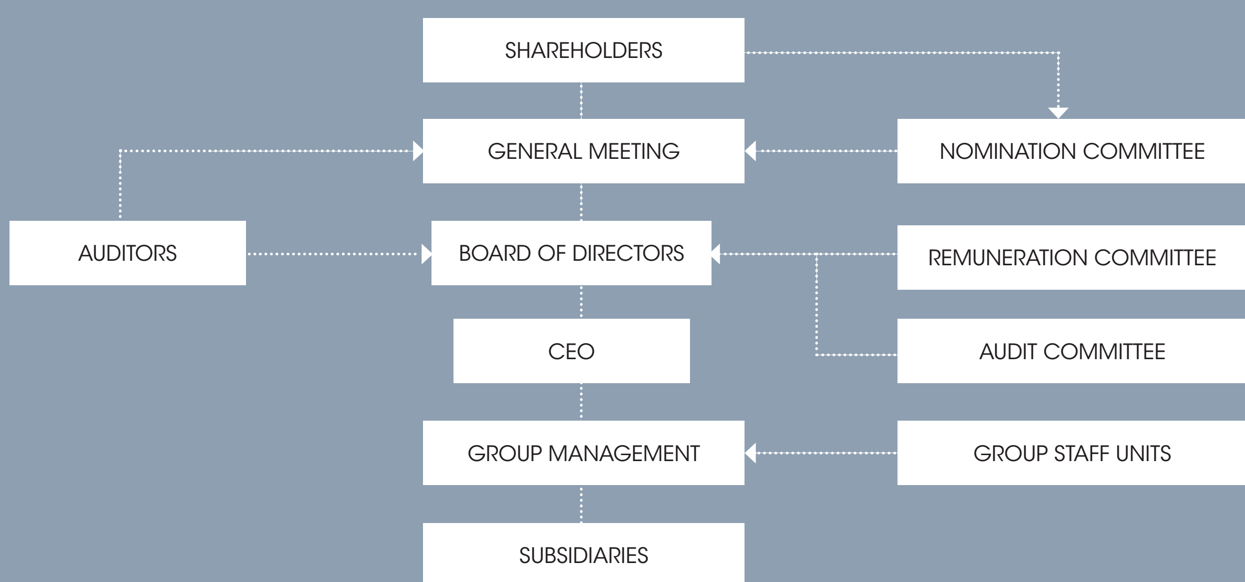
The Swedish Companies Act states that there should be three decision-making bodies in the company: the general meeting of shareholders, the Board of Directors and the CEO. There must also be an inspection body – an auditor that is appointed by the AGM. The Act specifies the duties of each body and the responsibility of the individuals included in the company's bodies.

Refer to pages 30-31 for information about the ITAB share and ownership structure.

ANNUAL GENERAL MEETNG (AGM)

The AGM is the highest decision-making body through which shareholders exercise their influence over the company. The body is superior in relation to the company's Board of Directors and CEO. According to the Articles of Association, no- ▶

CORPORATE GOVERNANCE



▶ tices to attend a general meeting shall be published by means of an announcement in Post- och Inrikes Tidningar (Official Swedish Gazette) and on the company's website. Information that a notice has been issued must be announced in Dagens Industri. The statutory AGM passes resolutions on the adoption of annual accounts and consolidated accounts, discharge the Board of Directors and CEO from liability, appropriation of profits for the past year, election of the Board and, when required, auditors, and other matters in accordance with the Swedish Companies Act and the Articles of Association.

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. The company does not apply any special arrangements regarding the function of the general meeting due to provisions in the Articles of Association or, insofar as is known to the company, due to shareholder agreements.

Extraordinary General Meeting 2021

ITAB held an Extraordinary General Meeting on Friday, 15 January 2021. Due to precautionary measures related to the COVID-19 pandemic, the meeting was held without the physical attendance of shareholders, proxies and external representatives, and shareholders could only exercise their voting rights by post prior to the meeting, in accordance with Sections 20 and 22 of the Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020: 198). Slightly more than 270 million votes were cast ahead of the meeting, corresponding to approximately 90 percent of the total number votes in company at that time.

The general meeting resolved, among other things, to authorise the Board to implement the proposed offset issue and rights issue as part of ITAB's recapitalisation (see pages 35-36 for further information). It also resolved that the Articles of Association's limit on the number of Board members and deputies be amended to a allow for a maximum of nine members, with no more than nine deputies. Vegard Søraunet was elected as a new Board member.

Annual General Meeting 2021

ITAB's AGM was held on Tuesday, 11 May 2021. Due to precautionary measures related to the COVID-19 pandemic, the meeting was held without the physical attendance of shareholders, proxies and external representatives, and shareholders could only exercise their voting rights by post prior to the meeting, in accordance with Sections 20 and 22 of the Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020: 198). Slightly more than 150 million votes were cast ahead of the meeting, corresponding to approximately 69 percent of the total number shares and votes in the company.

The following main resolutions were passed:

- Discharge from liability for the Board of Directors, CEO and Vice President for their administration in the 2020 financial year.
- Re-election of Board members Anna Benjamin, Jan Frykhammar, Petter Fägersten, Eva Karlsson, Anders Moberg, Roberto Monti, Fredrik Rapp, Vegard Søraunet and Ruthger de Vries.
- Anders Moberg was re-elected as Chairman.
- Ulf Hedlundh (Chairman), Fredrik Rapp and Per Rodert were elected to the Nomination Committee.
- The registered auditing company Ernst & Young AB was elected as auditors, with authorised public accountant Joakim Falck as auditor in charge.
- Fees to the Board of Directors and auditors, and the Remuneration Report 2020, as well as updated guidelines for remuneration to senior executives were adopted.
- Authorisation to the Board to decide on the purchase and conveyance of own shares.
- Authorisation of the Board to decide on new issues of shares up to a maximum of 10 percent of the company's outstanding shares.

ANNUAL GENERAL MEETING 2022

ITAB's AGM will be held on Tuesday, 10 May 2022 in Jönköping, Sweden. Further information can be found on page 91.

NOMINATION COMMITTEE

In accordance with Code, ITAB shall have a Nomination Committee. The Nomination Committee is the general meeting's body for proposals to the meeting's decisions regarding appointment issues in order to provide good conditions for the meeting's decisions on these issues.

The 2021 AGM appointed Ulf Hedlundh, Fredrik Rapp and Per Rodert as members of the Nomination Committee in preparation for the 2022 AGM, with Ulf Hedlundh as Chairman. The members of the Nomination Committee were appointed for the period up to and including the 2022 AGM. In the event that a member steps down from the Nomination Committee before its work is completed, the remaining members are tasked with appointing a new member.

Ahead of the AGM 2022, the Nomination Committee is assigned with preparing and presenting proposals for the Chairman of the Meeting, Board members and the Chairman of the Board, fees to members of the Board and committees, and where applicable, the election of and fees to auditors. The Nomination Committee shall in other respects fulfil its tasks in accordance with the Code. In its assessment of the Board's evaluation and in its proposals, the Nomination Committee shall pay particular attention to the requirement for diversity and breadth in the Board and strive for an even gender distribution in accordance with the diversity policy according to rule 4.1 in the Code. The Nomination Committee's proposals shall be included in the notice to attend the 2022 AGM. In conjunction with the Board issuing the notice to attend the AGM, the Nomination Committee shall ensure that the company publishes the Nomination Committee's proposals and reasoned statement as well as information about how the Nomination Committee has conducted its work on ITAB's website, itabgroup.com.

For the Nomination Committee's work, a fee of SEK 30,000 shall be paid to the Chairman and SEK 15,000 to each of the other members.

Ahead of the 2022 AGM, the Nomination Committee has evaluated relevant aspects of Board's work and, to date, has held five minuted meetings with all members present, and had several other contacts.

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 nine Board members with no more than nine deputies.

Board members

At the end of 2021, the Board of Directors of ITAB Shop Concept AB consisted of nine regular members appointed by the AGM of 11 May 2021: Anders Moberg (Chairman), Anna Benjamin, Jan Frykhammar, Petter Fägersten, Eva Karlsson, Roberto Monti, Fredrik Rapp, Vegard Søraunet and Ruthger de Vries. A presentation of these Board members, including information about their other assignments, is presented on page 88 as well as on ITAB's website, itabgroup.com. The CEO and other officers of the Group participate in Board meetings, acting as rapporteur or in administrative functions.

All of the Board members are independent in relation to the company and its senior executives. Six of the Board members are independent in relation to the major shareholders. The Board thereby fulfils the requirements for independence pursuant to regulatory frameworks. The Articles of Association does not contain any special conditions for appointment and dismissal of Board members or change of the Articles of Association.

In accordance with the AGM's resolution in May 2021, Directors' fees totalled SEK 2,500,000, of which SEK 500,000 was paid to the Chairman of the Board and SEK 250,000 to each of the other Board members.

Refer also to page 45 for a summary of the Board members and their committee membership(s), attendance at Board meetings, independence and Directors' fees.

Chairman of the Board

The Chairman of the Board is tasked with ensuring that the Board's work is well organised and efficiently conducted, and that the Board fulfils its assignments. The Chairman shall, in particular, organise and lead the Board's work to create the best possible conditions for the Board's work. The Chairman is tasked with ensuring that new Board members participate in requisite introductions and other training that the Board's Chairman and Board member deem to be appropriate, that the Board continuously updates and deepens its knowledge of the company, that Board meetings are held when required and that satisfactory information and supporting material for decisions is obtained for its work, that the proposed agendas for Board meetings are adopted in consultation with the CEO, that the

Board's resolutions are implemented, and that the Board's work is evaluated annually. The Chairman is responsible for contacts with shareholders regarding shareholder issues and for conveying the views of shareholders to the Board.

Board duties

The Board of Directors has ultimate responsibility for the company's organisation and the administration of the company's affairs in the interests of the company and all shareholders, pursuant to the laws, ordinances and agreements that the company is subject to. The Board shall also, based on an analysis of the business environment, pass resolutions on strategic issues.

The Board annually adopts written rules of procedures that regulate the Board's work and its division of responsibilities, including its committees, decision-making bodies within the Board, the Board's meeting plan and the Chairman's tasks as well as instructions for the financial reporting. The Board has also issued instructions to the CEO, which includes decision authority for investments, corporate acquisitions and divestments as well as financing matters. The Board has also adopted a number of policies for the Group's operations, such as a Code of Conduct.

The Board monitors the CEO's work by continuously following up operations during the year and is responsible for ensuring that the organisation, management and guidelines for the administration of the company's affairs are appropriately structured and that company has good internal controls and efficient systems for the follow-up and control of the company's operations and compliance with laws and regulations that are applicable to the company's operations. 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, procedures and internal control are reported and reviewed.

The Board is also responsible for the determination, development and follow-up of the company's goals and strategy, decisions about acquisitions and divestments of businesses, major investments, repurchases of own shares as well as the appointment and remuneration of executive management. The Board of Directors and CEO submit the annual accounts to the AGM.

Furthermore, the Board is responsible for preparing an annual Corporate Governance Report that shall include the Board of Directors' actions to follow up on internal controls related to the financial reporting and on how reporting to the Board has worked. The Corporate Governance Report shall be reviewed by the company's auditor. In connection with this, the Board shall annually assess and decide whether the company should have a special review function (internal audit). This decision shall be justified in the Corporate Governance Report.

The Board conducts an annual evaluation of its work, whereby a questionnaire is sent out to all its Directors. The results are compiled by the Chairman of the Nomination Committee, who then provides feedback to each Board member. The Board continuously evaluates the CEO's work.

Each Board member shall independently assess the matters that are to be addressed by the Board and request the information that the Board member deems necessary for the Board to make a well-informed decision. Each Board member shall continuously acquire knowledge of the company's operations, organisation, markets and similar information required for their assignment.

The Board's work

The Board's work follows an annual plan. In addition to the statutory meeting held in connection with the AGM, the Board normally meets seven times a year (regular meetings). Extraordinary meetings are convened as needed. Every meeting follows an agenda that is provided together with other underlying documentation to Board members prior to each Board meeting. Board resolutions are passed following a discussion led by the Chairman. Committees appointed by the Board are tasked with preparing matters for resolutions by the Board (see below).

The agenda of the statutory Board meeting includes adoption the Board's rules of procedures, decisions about company signatories and the approval of minutes. The regular meeting held in February addresses the annual accounts, proposals on the appropriation of profits and the Year-End Report. In conjunction with this, the company's auditors submit a report to the Audit Committee with their findings and assessments of the conducted audit. Every regular meeting generally includes several other fixed items for presentation, such as a report on the current financial outcome of the operations.

The Board held seven regular meetings, of which one was a statutory meeting, and five extraordinary Board meetings in 2021, . The attendance at Board meetings and committee meetings is presented in the summary below. Essential subjects that have been discussed during the year include:

- Long-term goals for the operations
- Strategic direction for the operations
- Business plans, financial plans and forecasts
- Investments
- Long-term financing
- Policies and guidelines
- Risk management and internal control
- Interim reports and Annual Report
- Reports from the Board's committees
- Sustainability work
- External audit follow-up

Audit Committee

The Board of Directors has appointed an Audit Committee that, without impacting the Board's responsibilities and assignments in general, is to prepare the Board's work of quality-assuring the company's financial reporting, continually meet with the company's auditors to obtain information about the focus and scope of the audit as well as discuss coordination between the external audit and the internal control and views of the company's risks. The Audit Committee is also responsible for establishing guidelines regarding which services other than audits the company may procure from the company's auditors, evaluate the audit work and notify the company's Nomination Committee about the results of the evaluation as well as assist the Nomination Committee in preparing proposals for the election of auditors and the payment of fees for the audit work.

ITAB's Audit Committee comprises Jan Frykhammar (Chairman of the Committee), Anna Benjamin, Roberto Monti and Ruthger de Vries. All members of the committee are in- ▶

THE BOARD OF DIRECTORS' AND COMMITTEES' COMPOSITION, INDEPENDENCE, ATTENDANCE AND FEES 2021

		Committee		Independent in relation to[1]		Participation in			
Name	Assignment	Remuneration	Audit	Company and executive management	Major shareholders	Board meetings (total number)	Remuneration Committee (total number)	Audit Committee (total number)	Directors' fees incl. committee fees (SEK)
Anders Moberg	Chairman	Chairman	–	Yes	Yes	12 (12)	3 (3)	-	540,000
Anna Benjamin	Board member	–	Member	Yes	Yes	12 (12)	-	6 (6)	280,000
Jan Frykhammar	Board member	–	Chairman	Yes	Yes	12 (12)	-	6 (6)	310,000
Petter Fägersten	Board member	–	–	Yes	No	12 (12)	-	-	250,000
Eva Karlsson	Board member	Member	–	Yes	Yes	12 (12)	3 (3)	-	280,000
Roberto Monti	Board member	–	Member	Yes	Yes	12 (12)	-	6 (6)	280,000
Fredrik Rapp	Board member	Member	–	Yes	No	12 (12)	3 (3)	-	280,000
Vegard Søraunet[2]	Board member	Member	–	Yes	No	12 (12)	3 (3)	-	280,000
Ruthger de Vries	Board member	–	Member	Yes	Yes	11 (12)	-	5 (6)	280,000

[1] *In accordance with the definitions of the Swedish Corporate Governance Code.*

[2] *Elected to the Board on 15 January 2021.*

dependent of the company and its executive management as well as the company's major shareholders. Jan Frykhammar has financial reporting qualifications. The company thus fulfils the requirements of the Swedish Companies Act.

In 2021, the Audit Committee held six minuted meetings, and maintained ongoing contact with the company's auditors. The Audit Committee also had a number of contacts with Group management. In 2021, fees for the Audit Committee's work comprised SEK 60,000 to the Chairman of the Committee and SEK 30,000 to each of the other members.

Remuneration Committee

The Remuneration Committee's primary tasks are preparing the Board's decisions on issues regarding remuneration principles, remuneration and other terms of employment for executive management, monitoring and evaluating ongoing schemes and schemes concluded during the year regarding variable remuneration to executive management as well as monitoring and evaluating the application of the guidelines for remuneration to senior executives decided by the AGM 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 the presidents of other companies in the Group.

The tasks of the Remuneration Committee include preparing the Board's decisions on proposals for guidelines for remuneration of senior executives, and drafting the Board of Directors' annual remuneration report on the application of the company's remuneration guidelines for approval at the AGM. 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 AGM. The guidelines shall apply until new guidelines have been adopted by an AGM. The current guidelines were adopted by the 2021 AGM (see Note 8). The Board does not intend to propose any adjustments to these guidelines prior to the 2022 AGM. The 2020 Remuneration Report adopted by the 2021 AGM is available on ITAB's website, itabgroup.com.

ITAB's Remuneration Committee comprises Eva Karlsson, Anders Moberg (Chairman of the Committee), Fredrik Rapp and Vegard Søraunet The CEO is co-opted at committee meetings.

In 2021, the Remuneration Committee held three minuted meetings. During the year, fees for the Remuneration Committee's work comprised SEK 40,000 to the Chairman of the Committee and SEK 30,000 to each of the other members.

CEO AND GROUP MANAGEMENT

The CEO is appointed by the Board to be responsible for the company's day-to-day management in line with the Swedish Companies Act and within the framework established by the Board. The CEO's decision authority with respect to investments, corporate acquisitions and divestments as well as financing issues is subject to rules adopted by the Board. In consultation with Chairman of the Board, the CEO prepares the requisite information and supporting material for decisions in advance of Board meetings, presents agenda items and motivate proposed resolutions. The current CEO, Andréas Elgaard, took up his position in September 2019.

The CEO leads the work of Group management and makes decisions in consultation with other members of senior management. ITAB's Group management comprises President & CEO Andréas Elgaard, Chief Financial Officer Ulrika Bergmo Sköld, Chief Operating Officer & Senior Vice President – SBU Lighting Jesper Blomquist, Senior Vice President – MBU South Europe Glauco Frascaroli, Senior Vice President – MBU North Europe Roy French, Senior Vice President – Group Strategy & Transformation & SBU Retail Technology Nick Hughes, General Counsel Frida Karlsson, Senior Vice President - People & Culture Pernilla Lorentzon and Senior Vice President – MBU Central Europe Klaus Schmid.

A more detailed presentation of the CEO and Group management can be found on page 89. Remuneration of the CEO and Group management in the 2021 financial year is presented in Note 8 on pages 65-68.

Group staff units

Group staff units that report directly to Group management have responsibility for business development, finance, insurance, HR, purchasing, IT, information, investor relations, legal affairs, communications, consolidated accounts and Group-wide administration. Projects that cover all or the majority of the Group's companies are controlled and coordinated from here. Within each area, handbooks and policies are drawn up that regulate the work in the subsidiaries.

AUDITORS

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 authorised public accountants shall be appointed by the AGM according to the Articles of Association. The auditors report to the shareholders at the AGM via their Auditor's Report.

The election of auditors in ITAB took place at the 2021 AGM and pertained to the term up to and including the 2022 AGM. The company's auditor is the registered auditing company Ernst & Young AB, with authorised public accountant Joakim Falck as auditor in charge. Joakim Falck has been the auditor for ITAB since 2018. His other audit assignments include Nolato AB, XANO Industri AB, Garo AB, Hexpol AB, Nefab AB, One Partner Group AB and Gyllensvaans Möbler AB.

The company's auditor works in accordance with an audit plan that incorporates the views of the Board and its Audit Committee. The auditor then reports his/her observations to executive management teams, Group management and ITAB's Board and its Audit Committee both during the course of the audit and in conjunction with the adoption of the annual accounts. The company's auditor also participates at the AGM and describes and expresses his opinion about the audit work. The independence of the external auditor is regulated by special instructions adopted by the Board, which stipulate the areas in which the external auditor may be engaged on matters beyond regular audit work. Ernst & Young continuously tests its independence in relation to the company and submits a written affirmation to the Board every year, stating that the auditing firm is independent from ITAB.

In 2021, a total of SEK 2 million (3) was paid in fees for Ernst & Young's services in addition to the audit assignment.

ETHICAL GUIDELINES

ITAB works to ensure that its business operations adhere to stringent demands on integrity and ethics. The Board has adopted a so called Code of Conduct for Group operations, which also includes ethical guidelines. The Code of Conduct emphasises the importance of each and every employee, that the Group is to offer a safe and healthy work environment, and that ITAB works continuously 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. In accordance with the Code of Conduct, ITAB has a zero-tolerance policy regarding all forms of bribery and corruption.

ITAB regularly reviews and evaluates internal controls in all subsidiaries, which provides reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances. The internal audit also includes a follow-up of the sustainability programme and the Code of Conduct. The president 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 have signed to confirm that they are complying with the Code.

No known cases of corruption were discovered in the Group in 2021. ITAB has also conducted separate reviews and training regarding anti-corruption, primarily in countries where the Group is deemed to face the greatest risks of violations of the ethical guidelines. Since the end of 2017, there is also a separate 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 for employees who process personal data as part of their work.

INTERNAL CONTROLS FOR THE FINANCIAL REPORTING

According to the Swedish Companies Act, the Board is responsible for internal controls aimed at protecting the company's assets and thereby the investments of its owners. This responsibility includes annually assessing the financial reporting that the Board receives and setting requirements for its content and presentation to ensure the quality of the reporting. This requirement entails that financial reporting must be appropriate, applying the relevant accounting rules and other requirements for listed companies. The following description is limited to ITAB's internal controls of the financial reporting.

The internal controls should provide reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances. The basis for the internal control of financial reporting is the control environment, including the organisation, decision-making paths, authorisations and responsibilities that are documented and communicated in the governing documents below. ITAB's tool for internal control is based on the COSO framework – a framework for evaluating a company's internal controls of financial reporting. The framework streamlines the work with 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 financial outcomes, in accordance with the Group's internal finance manual. The reporting is consolidated and constitutes the basis for quarterly reports and operational follow-ups.

This operational follow-up is carried out in accordance with an established structure where invoicing, liquidity, profit, tied-up capital and other key figures of importance for the Group are collated and form the basis for analysis and measures by management and controllers at various levels. Other important, Group-wide aspects 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 disclosure requirements 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 authorisations are defined in instructions to the CEO, instructions concerning attestation rights, manuals and other policies and procedures.

The Board determines the Group's policies regarding information, credit and finance. 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 accounting 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 revisions of the Group's mapping of risks. Financial, operational and strategic risks are charted. The Audit Committee reviews the current risk map when necessary and at least once a year, as well as ongoing and planned activities linked to the respective risk, and revisions are undertaken if 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. ITAB regularly updates its policies and guidelines, in writing and at meetings. Control activities include approval procedures, reconciliation of accounts, analytical follow-up and control of IT systems.

Follow-up

Group management and controllers regularly follow up economic and financial reporting as well as key business events. At each Board meeting, financial performance is monitored against forecasts, and reviews are conducted of how well investments are proceeding according to plan. The follow-up of results is an important complement to the controls and reconciliations implemented in the financial processes themselves. The Audit Committee regularly evaluates the internal control, the Code and significant accounting issues.

Opinion on internal audit function

The Board has opted not to have a special function for internal audits. The assessment is based on the Group's size and operations as well as existing internal control processes where the work with internal controls is conducted in an internal audit programme that covers all subsidiaries according to an established plan. If necessary, external advisers are used for internal control projects on behalf of the Audit Committee. Parts of the internal control are regularly examined by the auditors.

VIOLATIONS

The company has not committed any violations of the regulatory framework of the stock market where the company's shares are traded nor breached any stock market best practices.

FINANCIAL REVIEW – FIVE YEARS IN SUMMARY

Income statements (SEK million)	2021	2020	2019	EXCLUDING EFFECT OF IFRS 16 2019	2018	2017
Revenue from contracts with customers	6,245	5,323	6,064	6,064	6,031	6,381
Cost of goods sold	-4,565	-3,906	-4,441	-4,445	-4,423	-4,552
GROSS PROFIT [1]	**1,680**	**1,417**	**1,623**	**1,619**	**1,608**	**1,829**
Selling expenses	-1,101	-1,015	-1,183	-1,187	-1,140	-1,071
Administrative expenses	-338	-285	-286	-287	-294	-305
Other operating income and expenses	-17	-5	103	103	56	47
OPERATING PROFIT [1]	**224**	**112**	**257**	**248**	**230**	**500**
Financial items	-68	-112	-83	-68	-73	-68
PROFIT AFTER FINANCIAL ITEMS [1]	**156**	**0**	**174**	**180**	**157**	**432**
Tax on net profit for the year	-53	-22	-54	-55	-60	-103
NET PROFIT FOR THE YEAR	**103**	**-22**	**120**	**125**	**97**	**329**
Attributable to:						
Parent Company shareholders	95	-21	120	125	90	319
Non-controlling interests	8	-1	0	0	7	10

[1] For more information about non-recurring items, see the tables on page 49.

Balance sheets (SEK million)	2021	2020	2019	EXCLUDING EFFECT OF IFRS 16 2019	2018	2017
Assets						
Intangible assets	1,756	1,743	1,837	1,837	1,807	1,752
Property, plant and equipment	1,366	1,367	1,606	860	939	945
Other non-current receivables	146	119	130	128	109	113
NON-CURRENT ASSETS	**3,268**	**3,229**	**3,573**	**2,825**	**2,855**	**2,810**
Inventories	1,176	698	926	926	1,019	1,174
Current receivables	1,372	900	1,095	1,095	1,219	1,388
Cash and cash equivalents	208	692	302	302	271	285
CURRENT ASSETS	**2,756**	**2,290**	**2,323**	**2,323**	**2,509**	**2,847**
TOTAL ASSETS	**6,024**	**5,519**	**5,896**	**5,148**	**5,364**	**5,657**
Equity and liabilities						
Equity attributable to Parent Company shareholders	2,654	1,607	1,748	1,754	1,598	1,664
Non-controlling interests	128	118	128	128	128	120
Deferred tax liabilities	45	41	48	48	54	72
Convertible debenture loan	-	-	165	165	162	188
Other non-current liabilities	1,143	1,283	1,989	1,356	1,550	1,399
Other current liabilities	2,054	2,470	1,818	1,697	1,872	2,214
TOTAL EQUITY AND LIABILITIES	**6,024**	**5,519**	**5,896**	**5,148**	**5,364**	**5,657**

Cash flow (SEK million)	2021	2020	2019	EXCLUDING EFFECT OF IFRS 16 2019	2018	2017
Cash flow before change in working capital	424	417	285	160	163	343
Change in working capital	-589	394	193	193	337	-153
CASH FLOW FROM OPERATING ACTIVITIES	**-165**	**811**	**478**	**353**	**500**	**190**
Cash flow from investing activities	-103	-45	34	34	-242	-295
CASH FLOW AFTER INVESTING ACTIVITIES	**-268**	**766**	**512**	**387**	**258**	**-105**
Cash flow from financing activities	-253	-343	-489	-364	-280	3
CASH FLOW FOR THE YEAR	**-521**	**423**	**23**	**23**	**-22**	**-102**

Key ratios	2021	2020	2019	EXCLUDING EFFECT OF IFRS 16 2019	2018	2017
Operating margin, %	3.6	2.1	4.2	4.1	3.8	7.8
Profit margin, %	2.5	0.0	2.9	3.0	2.6	6.8
Interest-coverage ratio, multiple	2.9	1.0	2.9	3.4	3.0	7.8
Balance sheet total, SEK million	6,024	5,519	5,896	5,148	5,364	5,657
Equity, SEK million	2,782	1,725	1,876	1,882	1,726	1,784
Risk-bearing capital, SEK million	2,827	1,766	2,089	2,095	1,942	2,044
Interest-bearing net debt, SEK million	1,239	1,748	2,509	1,755	2,104	2,130
Equity/assets ratio, %	46.2	31.3	31.8	36.6	32.2	31.5
Share of risk-bearing capital, %	46.9	32.0	35.4	40.7	36.2	36.1
Return on equity, %	4.0	Neg	6.9	7.2	5.4	20.5
Return on capital employed, %	5.6	2.5	5.4	6.2	5.5	12.4
Return on total capital, %	4.0	2.0	4.3	4.7	4.1	9.0
EBITDA, SEK million	499	376	532	391	372	639
EBITDA margin, %	8.0	7.1	8.8	6.4	6.2	10.0
Depreciation and amortisation, SEK million	275	264	275	143	142	139
Net investments, SEK million	103	45	-34	-34	242	295
- of which, attributable to corp. acquisitions & divestments, SEK million	40	0	-27	-27	142	101
Average number of employees	2,930	3,030	3,247	3,247	3,384	3,599

Data for 2019 has been prepared in accordance with the new standard for leases, IFRS 16. Comparative years have not been restated. For comparison, 2019 is also reported excluding the implementation of IFRS 16. As of 2018, the Group follows new principles for revenue and financial instruments. Comparative years have not been restated, but do not have any significant impact. For definitions, see page 83.

COMMENTS ON FIVE YEARS IN SUMMARY

SALES

Over the past five years, ITAB's net sales have increased by an average of approximately 3 percent per year. The acquisitions of La Fortezza Group in 2016 and Cefla Retail Solutions in 2021 contributed positively to this increase in sales, while the COVID-19 pandemic had a negative impact on sales in 2020 and 2021.

During the five-year period, ITAB signed numerous long-term agreements with leading retail chains in Europe. These have laid the foundation for ITAB's position as the market-leading supplier of checkouts to retailers and one of the largest suppliers of shop fittings and lighting systems in Europe.

In 2017, sales grew by SEK 964 million, corresponding to +18 percent. Currency-adjusted sales rose by 17 percent. The majority of this growth is attributable to the acquisitions of La Fortezza in October 2016 as well as D&L Lichtplanung and D. Lindner Lichttechhnische in Germany 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, sales decreased by SEK 350 million, corresponding to -5 percent. Currency-adjusted sales fell by 8 percent. The majority of the reduction in sales is attributable 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. In terms of customer groups, the majority of the reduction in sales took place in Fashion. Grocery sales also fell slightly, while sales in Home Improvements increased.

In 2019, sales grew by SEK 33 million, corresponding to +1 percent. Currency-adjusted sales fell by 1 percent. Sales increased slightly in Southern Europe, Eastern Europe and the UK, while Northern Europe declined. Sales to the largest customer group, Grocery, increased, while Fashion and Home Improvements decreased.

In 2020, sales decreased by SEK 741 million, corresponding to -12 percent. Currency-adjusted sales fell by 10 percent. A substantial part of the reduction was caused by the strict measures taken to reduce the spread of COVID-19, especially during the first six months of the year. Sales recovered somewhat during the second half of the year due to, among other things, increased sales of various protective products for stores. Sales decreased in all geographic markets except Central Europe. Grocery sales increased, while sales to other customer groups decreased.

In 2021, sales grew by SEK 922 million, corresponding to +17 percent. Currency-adjusted sales increased by 19 percent, with organic growth accounting for 8 percent and the acquisition of Cefla Retail Solutions in January 2021 contributing 11 percent. The sales trend was favourable throughout the entire year as societies and retailers opened up after lockdowns due to the pandemic. Sales to the Grocery and Home Improvements customer groups increased, while sales in Fashion were unchanged compared with the preceding year. The most significant growth took place in Southern Europe and Eastern Europe.

PROFITABILITY

During the five-year period, operating profit varied between a minimum of SEK 112 million (2020) and a maximum of SEK 500 million (2017). The operating margin during the period also varied between 2.1 and 7.8 percent. Profit after net financial items amounted to between SEK 0 million (2020) and SEK 432 million (2017), and the profit margin was between 0 and 6.8 percent. Profit over the years was impacted by non-recurring items.

In 2017, ITAB's operating margin improved to 7.8 percent, largely due to a continued strong gross margin and a positive net effect in respect of the revaluation of additional purchase considerations as well as structural costs. Profit were affected by increased resources for product development and efforts aimed at responding to the rapid developments in 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.

The operating margin for 2018 declined to 3.8 percent. Profit was adversely affected by lower sales, mainly in United Kingdom and Southern Europe. In addition, profit was affected by restructuring costs in connection with the launch of a large-scale, Group-wide efficiency programme. Final negotiations of an additional purchase consideration as well as property sales had a positive impact on profit.

Profit in 2019 was in line with the preceding year. Profit was negatively impacted by restructuring costs related to the growth and efficiency programme launched in 2018. Impairment of assets as well as organisational changes and staff reductions also had an adverse impact on profit. Capital gains on property sales and repayments of purchase considerations for acquisitions had a positive impact on earnings.

Operating profit for 2020 declined to SEK 112 million, corresponding to an operating margin of 2.1 percent. The decrease in sales and currency effects had a negative impact on profit, while an improved gross margin and effects of cost-saving measures had a positive effect. Profit was negatively affected by SEK -205 million in non-recurring items, most of which were attributable to restructuring costs and inventory impairment.

Profit for 2021 was positively impacted by increased sales and the ongoing efforts to transform the operations under One ITAB, including completed production relocations and cost adaptations, more shared ways of working, and more efficient and flexible market cultivation. At the same time, the sharp increase in raw material prices during the first two quarters of the year and shortages of certain components had a negative impact on all of the Group's markets. Profit was negatively impacted by non-recurring items of SEK -166 million pertaining to restructuring costs.

The Group's return on equity during the period averaged about 7 percent.

INVESTMENTS

Between 2017 and 2021, net investments, excluding corporate acquisitions, amounted to a maximum of 3 percent of sales. The Group's investments have mainly consisted of machinery with a focus on unmanned operations, high utilisation of resources, sustainability and, foremost, technical development. In 2017 and 2018, the Group invested in a larger production facility in China with the aim of securing sustainable and efficient production and assembly. In 2021, corresponding investments were made in shared production facilities in the Czech Republic within the framework of One ITAB.

Investments attributable to corporate acquisitions focused on strengthening the Group's position as a market-leading supplier of shop fittings to the Group's selected customer groups and geographic markets, and on strengthening and supplementing the services and product portfolio in certain areas.

FINANCIAL DEVELOPMENT

The balance sheet total was SEK 5,315 million at year-end 2017 and SEK 6,024 million at year-end 2021. The changes in the balance sheet total are attributable to completed corporate acquisitions, investments in production facilities and property sales. The transition to IFRS 16 Leases on 1 January 2019 increased the balance sheet total by SEK 725 million. The expansion was achieved through positive cash flow from operating activities, bank financing (mainly in connection with the acquisitions in 2016) and the recapitalisation and completed share issues in 2021. Interest-bearing net debt amounted to SEK 2,130 million at year-end 2017 and was reduced to SEK 1,239 million (including lease liabilities) in 2021. The reduction in net debt was mainly due to the new share issue and offset issue completed during the first quarter of 2021.

The Group's equity/assets ratio for 2017–2020 amounted to between 31 and 32 percent, but improved to 46 percent after the recapitalisation in 2021. The share of risk-bearing capital varied between 32 and 36 percent in 2017–2020, but increased to 47 percent in 2021.

Items that do not belong to regular operations, known as non-recurring items	2021	2020	2019	2018	2017
Acquisition, integration and restructuring costs	-166	-156	-70	-63	-10
Inventory impairment of non-recurring character	-	-52	-	-	-
Revaluation/settlement, additional purchase considerations for acquisitions	-	-	42	34	45
Sale of property and restructuring work in Belgium	-	-	44	15	-
	-166	**-208**	**16**	**-14**	**35**

Impact of non-recurring items on the income statement	2021	2020	2019	2018	2017
Gross profit	-59	-121	-31	-37	-5
EBITDA	-157	-202	16	-5	35
Operating profit	-166	-205	16	-8	35
Profit after net financial items	-166	-208	16	-14	35

INCOME STATEMENT – GROUP

(SEK million)	Note	2021	2020
Revenue from contracts with customers	6	6,245	5,323
Cost of goods sold	8, 9, 10, 11	-4,565	-3,906
GROSS PROFIT		**1,680**	**1,417**
Selling expenses	8, 9, 10, 11	-1,101	-1,015
Administrative expenses	8, 9, 10, 11	-338	-285
Other operating income	12	40	24
Other operating expenses	12	-57	-29
OPERATING PROFIT		**224**	**112**
Financial income	14	14	5
Financial expenses	14	-82	-117
PROFIT AFTER FINANCIAL ITEMS		**156**	**0**
Tax expenses for the year	16	-53	-22
NET PROFIT FOR THE YEAR		**103**	**-22**
Net profit for the year attributable to:			
Parent Company shareholders		95	-21
Non-controlling interests		8	-1
EARNINGS PER SHARE, SEK	17	**0.50**	**-0.21**

STATEMENT OF OTHER COMPREHENSIVE INCOME – GROUP

(SEK million)	Note	2021	2020
NET PROFIT FOR THE YEAR		**103**	**-22**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the income statement:			
Revaluation of defined-benefit pension commitments	29	**-2**	**2**
Tax relating to items not to be reclassified	16	0	0
		-2	2
Items that may be reclassified to the income statement:			
Translation difference when translating foreign operations		118	-131
Change in fair value of hedges of net investments		-1	5
Change in fair value of cash flow hedges		13	-12
Change in fair value of cash flow hedges transferred to net profit for the year		8	7
Tax on items that may be reclassified	16	-5	0
	25	133	-131
TOTAL OTHER COMPREHENSIVE INCOME		**131**	**-129**
COMPREHENSIVE INCOME FOR THE YEAR		**234**	**-151**
Comprehensive income for the year attributable to:			
Parent Company shareholders		213	-141
Non-controlling interests		21	-10

STATEMENT OF FINANCIAL POSITION – GROUP

(SEK million)	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill		1,644	1,599
Other intangible assets		112	144
	6,10,18	**1,756**	**1,743**
Property, plant and equipment			
Buildings and land		1,034	1,051
Plant and machinery		212	215
Equipment, tools and installations		103	95
Construction in progress and advance payments for property, plant and equipment		17	6
	6,10,19,22	**1,366**	**1,367**
Participations in associated companies	20	11	12
Deferred tax assets	16	117	101
Financial non-current receivables	21	18	6
		146	**119**
TOTAL NON-CURRENT ASSETS		**3,268**	**3,229**
CURRENT ASSETS			
Inventory	23	1,176	698
Accounts receivable	21	1,118	755
Current tax assets		37	21
Derivatives	21	4	1
Other receivables	21	122	48
Prepaid expenses and accrued income	6,21,24	91	75
Cash and cash equivalents	21	208	692
TOTAL CURRENT ASSETS		**2,756**	**2,290**
TOTAL ASSETS		**6,024**	**5,519**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		91	43
Other contributed capital		1,089	304
Other reserves		42	-78
Profit brought forward including net profit for the year		1,432	1,338
Equity attributable to Parent Company shareholders		**2,654**	**1,607**
Non-controlling interests		128	118
TOTAL EQUITY	25,26,27	**2,782**	**1,725**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	21	570	670
Non-current lease liabilities	21,22	491	542
Derivative liabilities	21	10	27
Other non-current liabilities	21	19	6
Provisions for pensions and similar obligations	29	41	29
Provision for deferred tax liabilities	16	45	41
Other non-current provisions	30	12	9
		1,188	**1,324**
CURRENT LIABILITIES			
Liabilities to credit institutions	21	182	896
Current lease liabilities	21,22	139	114
Shareholder loans	21,34	-	140
Overdraft facilities	21,28	59	52
Advance payments from customers	6,21	75	49
Accounts payable	21	971	621
Current tax liabilities		97	43
Other liabilities	21	121	142
Accrued expenses and prepaid income	6,21,31	384	381
Current provisions	30	26	32
		2,054	**2,470**
TOTAL EQUITY AND LIABILITIES		**6,024**	**5,519**

STATEMENT OF CHANGES IN EQUITY – GROUP

(SEK million)	Note	Share capital	Other contributed capital	Other reserves	Profit brought forward	Attributable to Parent Company shareholders	Attributable to non-controlling interests	Total equity
EQUITY 1 JANUARY 2020		**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
COMPREHENSIVE INCOME FOR THE YEAR				**-122**	**-19**	**-141**	**-10**	**-151**
Effect from repayment of convertible debenture loan KV5B			-11		11	0	0	0
EQUITY 31 DECEMBER 2020		**43**	**304**	**-78**	**1,338**	**1,607**	**118**	**1,725**
Net profit for the year					95	95	8	103
Revaluation of defined-benefit pension commitments					-2	-2		-2
Translation difference, foreign operations				105		105	13	118
Hedging of net investment				-1		-1		-1
Hedging of cash flow				16		16		16
COMPREHENSIVE INCOME FOR THE YEAR				**120**	**93**	**213**	**21**	**234**
Acquisition of non-controlling interests	5				1	1	-22	-21
Acquisition of partly owned companies	5						11	11
New and offset issue	27	48	785			833		833
EQUITY 31 DECEMBER 2021	25,26	**91**	**1,089**	**42**	**1,432**	**2,654**	**128**	**2,782**

STATEMENT OF CASH FLOWS – GROUP

Indirect method (SEK million)	Note	2021	2020
Operating activities			
OPERATING PROFIT		**224**	**112**
Adjustment for items not included in the cash flow			
depreciation charged to operating profit	10,22	275	264
impairment losses of current assets		20	98
adjustment for pensions and other provisions		-11	22
participations in associated companies		1	3
other items		19	5
TOTAL		**528**	**504**
Interest received		5	5
Interest paid		-78	-130
Tax paid		-31	38
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**424**	**417**
Change in working capital			
Change in inventories (increase -/decrease +)		-422	85
Change in operating receivables (increase -/decrease +)		-394	90
Change in operating liabilities (increase +/decrease -)		227	219
Total change in working capital		**-589**	**394**
CASH FLOW FROM OPERATING ACTIVITIES		**-165**	**811**
Investing activities			
Acquisition of businesses/Group companies during the year, effect on cash and cash equivalents	5	-48	-
Divestment of Group companies	5,12	8	0
Investments in intangible assets	18	-6	-6
Divestment of intangible assets	12,18	1	1
Investments in property, plant and equipment	19	-85	-40
Divestment of property, plant and equipment	12,19	27	0
Cash flow from investing activities		**-103**	**-45**
CASH FLOW AFTER INVESTING ACTIVITIES		**-268**	**766**
Financing activities			
New share issue	27	733	-
Repayment of convertible debenture loan	21	-	-168
Repayment of loans	21	-1,156	-295
Repayment of lease liabilities	21	-134	-122
New loans raised	21	304	242
Cash flow from financing activities		**-253**	**-343**
CASH FLOW FOR THE YEAR		**-521**	**423**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		692	302
Translation differences on cash and cash equivalents		37	-33
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**208**	**692**

INCOME STATEMENT – PARENT COMPANY

(SEK million)	Note	2021	2020
Net sales	7	171	169
Cost of goods sold	7,8,9,11	-21	-20
GROSS PROFIT		**150**	**149**
Selling expenses	7,8,9,11	-47	-48
Administrative expenses	7,8,9,10,11	-56	-53
Other operating income	12	11	11
Other operating expenses	12	-7	-10
OPERATING PROFIT		**51**	**49**
Income from participations in Group companies	13	46	50
Expenses from participations in Group companies	13	-51	-106
Financial income	14	33	112
Financial expenses	14	-92	-90
PROFIT AFTER FINANCIAL ITEMS		**-13**	**15**
Year-end appropriations	15	-56	-29
PROFIT BEFORE TAX		**-69**	**-14**
Tax expenses for the year	16	15	-14
NET PROFIT FOR THE YEAR		**-54**	**-28**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(SEK million)	Note	2021	2020
Net profit for the year		-54	-28
Other comprehensive income		-	-
COMPREHENSIVE INCOME FOR THE YEAR		**-54**	**-28**

BALANCE SHEET – PARENT COMPANY

(SEK million)	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Equipment, tools and installations	10,19	6	7
Financial assets			
Participations in Group companies	20	2,051	2,071
Participations in associated companies	20	15	15
Non-current receivables, Group companies	21	0	16
Deferred tax assets	16	32	17
TOTAL NON-CURRENT ASSETS		**2,104**	**2,126**
CURRENT ASSETS			
Receivables, Group companies	21	494	242
Current tax assets		3	3
Prepaid expenses and accrued income	24	5	6
Cash and bank balance	21	54	449
TOTAL CURRENT ASSETS		**556**	**700**
TOTAL ASSETS		**2,660**	**2,826**
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		91	43
Statutory reserve		7	7
		98	50
Non-restricted equity			
Share premium reserve		1,084	299
Profit brought forward		695	723
Net profit for the year		-54	-28
		1,725	994
TOTAL EQUITY	25,26,27	**1,823**	**1,044**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions		541	626
	21	541	626
CURRENT LIABILITIES			
Liabilities to credit institutions		112	832
Shareholder loans	34	0	140
Overdraft facilities	28	32	25
Accounts payable		3	20
Liabilities to Group companies		105	102
Other liabilities		4	8
Accrued expenses and prepaid income	31	40	29
	21	296	1,156
TOTAL EQUITY AND LIABILITIES		**2,660**	**2,826**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

		RESTRICTED EQUITY		NON-RESTRICTED EQUITY			
(SEK million)	Note	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Net profit for the year	Total equity
EQUITY 1 JANUARY 2020		43	7	310	586	126	**1,072**
Previous year's profit transferred					126	-126	**0**
Net profit for the year						-28	**-28**
Effect from repayment of convertible debenture loan KV5B				-11	11		**0**
EQUITY 31 DECEMBER 2020		43	7	299	723	-28	**1,044**
Previous year's profit transferred					-28	28	**0**
Net profit for the year						-54	**-54**
New and offset issue	27	48		785			**833**
EQUITY 31 DECEMBER 2021	25,26	91	7	1,084	695	-54	**1,823**

STATEMENT OF CASH FLOWS – PARENT COMPANY

(SEK million)	Note	2021	2020
Operating activities			
OPERATING PROFIT		**51**	**49**
Adjustment for items not included in the cash flow			
depreciation charged to operating profit		1	1
other items		0	-3
TOTAL		**52**	**47**
Dividends received from subsidiaries		46	50
Interest received		33	50
Interest paid		-57	-100
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**75**	**47**
Change in working capital			
Change in operating receivables (increase -/decrease +)		1	3
Change in operating liabilities (increase +/decrease -)		-5	16
Total change in working capital		**-4**	**19**
CASH FLOW FROM OPERATING ACTIVITIES		**71**	**66**
Investing activities			
Divestment of subsidiaries		0	3
Investments in property, plant and equipment	19	0	0
Cash flow from investing activities		**0**	**3**
CASH FLOW AFTER INVESTING ACTIVITIES		**71**	**69**
Financing activities			
New share issue		733	-
Repayment of convertible debenture loan		-	-168
Repayment of loans		-1,156	-282
New loans raised		308	171
Lending to Group companies		-295	688
Group contributions	15	-56	-29
Dividends paid to shareholders		0	0
Cash flow from financing activities		**-466**	**380**
CASH FLOW FOR THE YEAR		**-395**	**449**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		449	0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**54**	**449**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NOTES / all amounts are in SEK million unless otherwise stated /

NOTE 1. GENERAL INFORMATION

ITAB Shop Concept AB, corporate registration 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 28 March 2022.

NOTE 2. ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LAWS

The consolidated accounts have been prepared in accordance with the 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 policies as the Group except for the instances described in the section "Parent Company's accounting policies".

BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

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

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS INTRODUCED 2021

The company's management's assessments of relevant amendments and interpretations of existing standards that entered into force as of 1 January 2021 have not had any significant impact on the Group's or the Parent Company's financial statements.

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

A number of new standards and interpretations will enter into force for financial years commencing on 1 January 2022 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 the companies in which ITAB Shop Concept AB, directly or indirectly, has a controlling influence as of the balance sheet date. 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 subsidiaries are merged. The accounting policies for subsidiaries have been amended, where applicable, in order to guarantee consistent application of the Group's policies. Intra-Group receivables, liabilities and 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 recognised in accordance with the acquisition method. The cost comprises the fair value of assets that have been provided as payment, issued equity instruments and liabilities that have arisen or been taken over as of the conveyance date. Acquisition-related costs are expensed in the 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 measured at fair value at the time of acquisition. Certain changes to the fair values may arise due to additional information that the purchaser has received after the time of the acquisition. Such changes are adjusted during the measurement period against identified surplus values. Changes that arise from events occurring after the measurement period are recognised in profit or loss. The conditional additional purchase consideration is classified as a liability that is a financial instrument and is measured at fair value, while any consequential gain or loss is recognised in profit or loss as other operating income or expenses.

If the consolidated cost for the acquisition of shares, including any amounts for non-controlling interests, exceeds the value recognised for the company's net assets in the acquisition balance, the difference is recognised as consolidated goodwill. If the consolidated cost for the shares instead is lower than the value of the company's net assets, the difference is recognised directly in profit or loss. For acquisitions, the entity approach has been applied, which means that all assets and liabilities as well as income and expenses are included in their entirety, including for partly owned subsidiaries, which impacts recognised goodwill linked to the acquisition. Goodwill that has arisen in a corporate acquisition is assessed at least annually if there is an impairment requirement. See also the section on intangible assets below.

RECOGNITION OF ASSOCIATED COMPANIES

Associated companies are companies in which the Group has a significant influence, but not a controlling influence. A significant influence means the opportunity to influence the operational 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 equity method in the consolidated accounts. The equity method means that participations in an associated company are recognised at cost at the time of the 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 reporting 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 reporting currency.

Transactions and balance sheet items in foreign currencies

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

Exchange rate gains and losses incurred when paying for such transactions and when converting monetary assets and liabilities in foreign currency at the closing day rate are recognised in profit or loss. Exceptions include when monetary assets and liabilities comprise hedging of net investments in foreign operations, in which case exchange rate differences are recognised in other comprehensive income. A prerequisite is that the hedging transactions satisfy the necessary requirements as regards hedge accounting.

Foreign Group companies

The profit and financial position of all Group companies with a functional currency other than the reporting currency are translated to the Group's reporting currency as follows: (i) assets and liabilities for each balance sheet are translated at the closing day rate, (ii) income and expenses for each income statement are translated at the average exchange rate (unless this average rate is not a reasonable approximation of the accumulated effect of the rates prevailing on the translation date, in which case income and expenses are translated as of the transaction date), (iii) all translation differences that arise are recognised in other comprehensive income.

Countries with a high inflation currency are recognised in accordance with IAS 29. In 2021, Argentina was defined as a country with a high inflation currency. The effect has not been significant for the Group.

In consolidation, exchange rate differences that arise as a consequence of the translation of net investments in foreign operations and from borrowings and other currency instruments identified as hedges of such investments are recognised in other comprehensive income. Translation differences that arise when divesting foreign operations are recognised in profit or loss as part of the capital gain/loss.

Goodwill and other assets and liabilities that arise when acquiring foreign operations are treated as assets and liabilities for these operations 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 intra-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 fitting 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 control has passed to the customers, which normally takes place when all material risks and rewards associated with ownership have been transferred to the buyer. As a result, the Group no longer has any involvement that is associated with ownership and 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 balance sheet date, when the Group will probably receive economic benefits 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 considerations and profit from the sale and retirement of property, plant and equipment.

RECOGNITION OF GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants are recognised in the statement of financial position as accrued income when there is reasonable assurance that the grant will be received and that the Group will meet the conditions associated with the grant. Grants are systematically accrued in net profit for the year in the same way and over the same periods as the costs the grants are intended to compensate. The grants are recognised as a cost reduction of the items to which the grants relate. Government grants related to assets are recognised in the statement of financial position as a reduction of the carrying amount of the asset. For more information, see Note 11.

FINANCIAL INCOME AND EXPENSES

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

Borrowing costs are recognised in profit for the period to which the relevant loans are attributable. Exchange rate gains and losses on interest-bearing assets and liabilities are recognised net. Dividends received are recognised as revenue when the right to receive dividends 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 the taxable value and carrying amount of assets and liabilities as well as on tax loss carryforwards that are likely to be used in the future. Temporary differences are not taken into consideration 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 as of the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when 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 in which the employees perform the services to which the contribution refers. The Swedish subsidiaries have a defined-benefit ITP plan via Alecta. At present, Alecta cannot provide the required information for the Group to be able to recognise this plan in the balance sheet in accordance with IAS 19. Pension commitments that have not been taken over by insurance companies or secured in some other way with an external party are recognised as provisions in the balance sheet.

INTANGIBLE ASSETS

Capitalised 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 and commercially viable. The expenses are recognised as an asset in the balance sheet from the time when the technical and commercial feasibility of the product has been established, the company has the resources to complete the development process to thereafter use or sell the intangible asset, and it is feasible that the product will generate future economic benefits. The carrying amount includes expenses for material, direct expenses and indirect expenses that can reasonably and consistently be attributed to the asset.

Capitalised development expenditure is recognised at cost less accumulated amortisation and any impairment. Amortisation is recognised in profit or loss over the estimated useful life of the capitalised development expenditure. Amortisation commences from the time the asset is available for use. The estimated useful life varies between three and ten years. Estimated useful lives are reassessed every year.

Trademarks, patents and similar rights

Trademarks, patents and similar rights are recognised at cost less accumulated amortisation. Amortisation is carried out on a straight-line basis over the estimated useful life of five to ten years. Estimated useful lives are reassessed every year.

Goodwill

Goodwill represents the difference between the cost and fair value of 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 recognised 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 losses; 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 since all Group companies' activities and cash inflows are highly dependent on each other.

The recoverable value has been determined ▶

▶ based on the unit's value in use, which consists of the present value of 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 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.

LEASES

ITAB is only a lessee, not a lessor. IFRS 16 establishes principles for the recognition, valuation, presentation and disclosure of leases. According to IFRS 16, assets and liabilities attributable to leases – with the exception of short-term leases or low-value leases – are to be recognised in the statement of financial position. This recognition 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) right-of-use assets and lease liabilities for all leases with a term longer than 12 months, unless the underlying asset is of a low value;

b) depreciation of right-of-use assets, separately 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 it is reasonably certain that this option will be exercised. The lease liability is measured at the present value of the lease payments that were not paid at the commencement date. Lease payments are discounted with the rate implicit in the lease if it can be easily determined; otherwise the lessee's incremental borrowing rate is used. The right-of-use asset is measured on the commencement date as the sum of the lease liability plus (i) prepaid lease payments (less any benefits received), (ii) initial direct expenses, and (iii) an estimate of restoration costs.

After the commencement date, the right-of-use asset is measured using the cost method, meaning that the asset is measured at cost less accumulated depreciation and any impairment losses, taking into account the revaluation of the lease liability. The lease liability increases with interest expenses, decreases with paid lease payments and is remeasured to reflect any re-examination or amendment of the lease.

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

ITAB's lease portfolio consists mainly of real estate, machinery and vehicles. The Group recognises right-of-use assets and lease liabilities attributable to leases in the statement of financial position. Depreciation of right-of-use assets and interest on lease liabilities are recognised in profit or loss. The lease payment is divided between repayment of the lease liability and payment of interest.

All lease payments are discounted to present value using the rate implicit in the lease, or ITAB's incremental borrowing rate.

ITAB applies the practical exemptions in IFRS 16 regarding short-term leases, which are defined as leases where the initial lease term is a maximum of 12 months after consideration of extension options, and leases where the underlying asset is of a low value, which in the Group includes office equipment. ITAB does not apply IFRS 16 for intangible assets. Non-lease components are expensed and are not recognised 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 arise for the company and the cost can be reliably estimated. Assets are measured at cost less deductions for accumulated depreciation according to plan and any impairment losses. Cost includes the purchase 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 initial 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 as they are 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 property, plant and equipment with a cost 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

The useful life and residual values of assets are reviewed regularly and adjusted regularly as needed.

FINANCIAL INSTRUMENTS

Financial instruments are every form of contract that gives rise to a financial asset, financial liability or equity instrument in another company. This includes cash and cash equivalents, loan receivables, accounts receivable, accounts payable, current and non-current borrowings 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 derecognised from the balance sheet when the right to receive the cash flows 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 derecognised 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 balance sheet date, 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 balance sheet date, 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 on initial recognition 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: amortised cost or fair value through profit or loss.

Financial assets measured at amortised cost are non-derivative financial assets with payments that are established or can be established and that are not traded 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. Loan receivables, cash and cash equivalents, and accounts receivable are recognised at the amount that is expected to be received after deductions for expected credit losses. All loan receivables and accounts receivable are assessed individually. The anticipated maturity of accounts receivable is short, which is why the value is recognised at the nominal amount.

Financial assets measured at fair value through profit or loss include financial assets available for sale and financial assets that have been identified as being measured at fair value through profit or loss. Financial instruments in this category are initially recognised at fair value. Changes in fair value are recognised in profit or loss.

Derivatives are classified at fair value through profit or loss if the instrument has not been identified as a hedging instrument in hedge accounting or is ineffective.

Financial liabilities are classified at amortised cost or at fair value through profit or loss.

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

Financial liabilities measured at fair value through profit or loss 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 the fair value of financial instruments are recognised in profit or loss for the period in which they arise. Additional purchase considerations in connection with business combinations are classified as financial liabilities measured at fair value through profit or loss.

Equity instruments.

The Group classifies equity instruments at fair value through profit or loss.

Derivatives as hedging instruments in
hedge accounting

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 of 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 net financial items in the income statement. Profit that has been recognised 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 futures to hedge net assets in foreign currencies. The fair 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 net financial items in the income statement.

Hedging of 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 instrument's accumulated change in value is transferred to net profit for the year to meet the earnings effects of translated foreign cash flows.

Impairment of financial assets.

The Group's financial assets, apart from those that are classified at fair value through profit or loss, are covered by impairment for expected credit losses. In addition to this, the impairment covers lease receivables and contract assets that are not measured at fair value through profit or loss. Impairment for credit losses according to IFRS 9 is forward-looking, and a loss allowance is made when there is exposure to credit risk, normally on initial recognition. Expected 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 amortised cost, meaning net of gross value and loss allowance. Changes in the loss allowance are recognised in profit or loss.

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 three months, and which are exposed to an insignificant risk of fluctuations in value. In the statement of financial position, overdraft facilities are recognised as borrowing among current liabilities. Cash and cash equivalents are covered by the demands for a loss allowance for expected credit losses.

INVENTORIES

Inventories are measured at the lower of cost or net realisable value and in accordance with first-in, first-out (FIFO) method. This means that inventories are recognised at the lower of cost according to the FIFO method or net realisable 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 sheet when the company has a legal or informal commitment that is a consequence of an event and it is probable that an outflow of resources will be required to settle 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.

TRANSACTIONS WITH RELATED PARTIES

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 SEGMENTS

According to the definition in IFRS 8, an operating segment is a component of a company:
(i) that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same company), (ii) whose operating profit is 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 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 thereafter 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 88.

Profit 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, meaning, for example, that 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 revenue and profit are consequently highly dependent on the Group's other companies, which is one reason why profit is not used as a basis for decisions on the allocation of resources.

Another reason is that the supporting data for decisions on the allocation of production resources is not determined by the various units' profit, 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.

This business model entails 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 since the majority of sales take the form of concept sales, with a combination of several products and services.

These conditions mean that profit is 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.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Swedish 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 Swedish Annual Accounts Act and the Swedish Act on Safeguarding of Pension Commitments, and with respect to the relationship 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.

Presentation of 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 presentation formats specified in the Swedish Annual Accounts Act, which means for example that a different presentation of equity is applied and that provisions are recognised under a separate heading in the balance sheet. For the Parent Company, equity is presented divided into non-restricted and restricted equity.

Leases

In the Parent Company, IFRS 16 is not applied. Instead, lease payments are recognised as an expense on a straight-line basis over the lease term.

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 recognised directly against equity for the recipient and capitalised in shares and participations for the provider to the extent impairment is not required.

Dividends received are recognised as revenue when the right to receive dividends has been determined.

Taxes

In the Parent Company, untaxed reserves including deferred tax liabilities are recognised. In the consolidated financial statements, 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 carrying amount of the investment is higher than the replacement cost.

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 relationship 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. Instead, the Parent Company applies the cost method in accordance with the Swedish Annual Accounts Act. In the Parent Company, financial non-current assets are thus measured at cost value and financial current assets according at the lower of cost or net realisable value, with impairment of expected 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 at the lower of cost or net realisable value.

NOTE 3. IMPORTANT ESTIMATES AND ASSESSMENTS

The preparation of financial reports requires that the company management makes assessments and uses estimates and assumptions that affect recognised amounts in the consolidated accounts. These estimates, assessments and related 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 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

The measurement 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 relationships, being measured at their fair value. There are normally no publicly listed prices for the assets and liabilities that are to be measured, whereupon various measurement techniques must be applied. These measurement techniques are based on a number of different assumptions. For a production-intensive company like ITAB, non-current assets, inventories and accounts receivable are significant items in the balance sheet that can be difficult to measure and assess.

The measurement 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 policies, the frequency with which final accounts are prepared as well as access to data that may be required to measure identifiable assets and liabilities. All balance sheet items are thereby subject to estimates and assessments. This also means that a preliminary measurement is performed and subsequently adjusted. All acquisition calculations are subject to final adjustment at the latest one year after the time of the acquisition. With due consideration to 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 initial reporting of the business combination is preliminary, nor the assets and liabilities for which the initial reporting is preliminary.

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 amortised or depreciated over the period in which company management estimates that the asset will be used. 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 amount. The value is estimated based on company management's calculations of future cash flows, which are based on internal business plans and forecasts.

Estimates and judgements

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 carrying amount can be confirmed by the discounted present value of future cash flows, which are estimated based on the continued use of the asset in the operations,

– 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 company management when determining any level for impairment can affect the financial position and operating profit.

IMPAIRMENT TESTING FOR 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 allowance is made when there is exposure to credit risk, normally on initial recognition. Expected 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 is almost exclusively attributable to accounts receivable. The basis for expected credit losses comprises an assessment of the unpaid receivables. The loss allowance for expected 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, such as important customers' financial position and ability to pay that are known on the balance sheet date.

LEASES

Important sources of uncertainty in estimates

ITAB applies IFRS 16 Leases as of 1 January 2019. Lease liabilities attributable to long-term leases, which previously would have been classified as operating leases in accordance with IAS 17, are valued at the present value of the remaining lease payments, discounted using the incremental borrowing rate. ITAB initially recognises a right-of-use asset as a non-current asset at an amount corresponding to the lease liability. The establishment of the lease term and incremental borrowing rate entails judgements that affect the value of the lease liability and right-of-use asset.

Estimates and judgements

When determining the lease liability and right-of-use asset, the most significant judgements are attributable to the establishment of the lease terms. 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 waive 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 operations and/or costs attributable to not extending or terminating leases.

DEFERRED TAX

Important sources of uncertainty in estimates

Deferred tax assets/liabilities are recognised for temporary differences between the reported amounts for assets and liabilities and the relevant taxable values as well as unutilised capitalised loss carryforwards. Deferred tax assets are recognised on the basis of 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, ownership and tax legislation.

Estimates and judgements

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

Estimate/Assessment	Note
Business combinations	5
Impairment testing for goodwill, other intangible assets and other non-current assets	18, 19
Impairment testing for financial assets	21
Leases	22
Deferred tax	16

NOTE 4. FINANCIAL RISK MANAGEMENT

ITAB's risk management aims to identify, control, prevent and minimise the Group's risk mapping. ITAB's financial risks are described below. For other business-related risks, see the Administration Report on pages 35-42.

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 risk, risk when translating foreign subsidiaries' income statements and risk when translating foreign subsidiaries' 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, efforts 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, each individual Group company decides whether to hedge transaction exposure, which in that case 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 due consideration for the Group's currency exposure within the next 12 months. According to ITAB's finance policy, 50–75 percent of the currency risk within the next upcoming 12 months is 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 2021, 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 4 million (1). The year's change in fair value, SEK 3 million (-1) after tax, has been recognised in comprehensive income. The realised results of the forward agreements amounted to SEK 3 million (0) before tax for 2021, 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 profit of 2021, a 5 percent change in the SEK exchange rate to all currencies would affect invoicing by approximately SEK 277 million (221) and net profit by approximately SEK 10 million (5).

Risks when translating the balance sheets of foreign subsidiaries

The foreign subsidiaries' balance sheets are translated at the balance sheet date rate. 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 1,766 million (1,084) as of the balance sheet date. Investments in net foreign assets are partly financed by raising 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 this is commercially possible. However, some financing is arranged via the Parent Company ITAB Shop Concept AB. In addition to loans in foreign currencies, the Group uses currency futures 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 currency futures are ineffective. Realised results from currency futures amounted to SEK 0 million (0) before tax in 2021, which was recognised against comprehensive income in the Group. Exchange rate fluctuations in 2021 had an impact of SEK 117 million (-127) after tax on the Group's comprehensive income. At the end of 2021, the fair value of the currency futures is estimated at SEK -1 million (0).

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

Currency, SEK million	31 Dec 2021	31 Dec 2020
CZK	428	285
NOK	-54	7
GBP	-104	57
EUR[1]	787	99
USD, HKD, CNY	573	518
Other	136	118
	1,766	1,084

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

Currency hedges

At the close of the year, the Group had hedged the following net amount via currency futures for the purpose of hedging cash flows and net assets. The gross volumes below are stated per currency in the local currency (million) measured at nominal value. All contracts have a term of less than 12 months.

Currency, SEK million	31 Dec 2021	31 Dec 2020
SEK	374	100
NOK	-85	-70
CNH	130	152
CZK	261	187
GBP	-8	-9
EUR	-44	-18
DKK	-21	-6

Average exchange rate, currency futures	31 Dec 2021
EUR/SEK	10.2526
EUR/CZK	26.0860
EUR/CNH	7.4506
GBP/SEK	11.8801
GBP/CNH	8.8467
NOK/SEK	1.0034
NOK/CNH	0.7508
NOK/CZK	2.5321
DKK/SEK	1.3740
DKK/CNH	0.9990
SEK/CZK	2.5456
SEK/CNH	0.7701

INTEREST RISK

The interest risk consists of interest rate changes having a negative impact on the Group's profit through increased borrowing costs. In order to reduce the interest risk, interest rates can be fixed 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 less cash and cash equivalents, amounted to SEK 1,239 million (1,748) on the balance sheet date, of which SEK 834 million (1,232) is financed with variable interest. The remaining SEK 405 million (516) is restricted through interest rate swap agreements and has an average fixed rate period of 41 months (49). The average interest rate for outstanding interest-bearing liabilities was 2.51 percent (5.53) at year-end. A 1 percentage point change in interest would affect net profit by approximately SEK 6 million (9) annually. The change in the fair value of interest rate swap agreements is recognised in comprehensive income until the hedged flow is transferred to net profit for the year. The change in comprehensive income amounts to SEK 17 million (-3), of which SEK 11 million (8) has been transferred to net profit for the year. Of the SEK 11 million recognised as financial expenses in 2021, SEK 6 million pertains to hedges assessed as ineffective after the recapitalisation in 2021.

Derivative instruments

Interest rate swap agreements	31 Dec 2021 Nominal amount (SEK million)	31 Dec 2020 Nominal amount (SEK million)
Duration less than 1 year	-	49
Duration 1-3 years	155	150
Duration 3-5 years	250	192
Duration 5-10 years	-	125
	405	516

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. Subsidiaries 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 is almost exclusively attributable to accounts receivable. The Group has historically had low losses on accounts receivable.

The company's customers are primarily large, well-established companies with sound payment capacity distributed across several geographical markets. The risk of losses on accounts receivable is managed through fixed procedures 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 balance sheet date of SEK 1,118 million (755).

Credit risk from balances in banks and financial institutes is managed by the Parent Company in accordance with the Group's policy. The Group's total financial assets amount to SEK 1,482 million (1,519). See also Note 21 Financial assets and liabilities.

NOTE 5. CORPORATE ACQUISITIONS AND DIVESTMENTS

Information on purchase consideration and acquired/divested net assets:

Purchase consideration	2021	2020
Total purchase consideration excluding acquisition costs:	67	0
of which, purchase consideration not paid during the year	19	-

Expenses in conjunction with acquisitions are recognised continually as expenses.

Acquisitions and divestments had a total impact of SEK -40 million on net investments for 2021, of which the acquisition of Imola Retail Solution accounted for SEK -29 million, acquisitions of non-controlling interests SEK -19 million and divestments SEK +8 million.

ACQUISITIONS IN 2021

Acquisition of Cefla Retail Solutions in 2021

ITAB Shop Concept AB's Italian subsidiary La Fortezza s.p.a. entered into an agreement with Cefla soc. coop. on 8 October 2020 to acquire 81 percent of Cefla's business unit for retail solutions ("Cefla Retail Solutions"). Cefla Retail Solutions primarily offers interior design and checkout solutions to its customers, which predominantly operate in the grocery sector in southern Europe. Through the acquisition and collaboration with Cefla, ITAB has strengthened its leading position in Southern Europe and created opportunities to offer ITAB's solutions to a wider customer base.

The acquisition was completed in January 2021, 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 Cefla the remaining 19 percent. ITAB has the right to acquire Cefla's minority stake in the aforementioned company three years after the transaction date. The acquisition is consolidated from 1 January 2021. The positive EBITDA effect for ITAB in 2021 is estimated to amount to at least SEK 30 million and the transaction will create opportunities for further synergy effects in the coming years.

The acquisition had an impact of SEK -1 million on operating profit and SEK -29 million on cash flow in 2021.

The exchange rate for the translation of the acquisition to SEK was EUR/SEK 10.0343.

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

Preliminary fair values from the acquisition of Imola were presented in the 2020 Annual Report. Final fair values of assets and liabilities acquired in 2021, purchase considerations and the impact on the Group's cash and cash equivalents are presented in the table below.

The entity approach is applied for the acquisition, 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, and no further goodwill can therefore be linked to later acquisitions of non-controlling interests.

Acquisitions of non-controlling interest in 2021

In April 2021, a subsidiary acquired the remaining 15 percent of the partly owned company La Fortezza Sudamericana S.A. (Argentina). The purchase consideration amounted to EUR 2 million. The entity approach is applied for acquisitions, 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, even for partly owned subsidiaries, and no further goodwill is therefore linked to this acquisition. The difference between valued non-controlling interests prior to acquisition and the purchase consideration is recognised directly in equity attributable to Parent Company shareholders (SEK 1 million). Cash flow in the second quarter of 2021 was impacted in an amount of SEK -19 million.

The exchange rate for the translation of the acquisition to SEK was EUR/SEK 10.121.

DIVESTMENTS IN 2021

In connection with the restructurings in the Group, ITAB sold 100 percent of the shares in the company Pulverlacken i Hillerstorp AB through a subsidiary in November 2021. The purchase consideration amounted to SEK 8 million. The divestment impacted operating profit by SEK 0 million and cash flow during the fourth quarter by SEK 8 million.

Pulverlacken i Hillerstorp on the divestment date	Fair value
Property, plant and equipment	4
Inventories	8
Accounts receivable	7
Deferred tax	-1
Current liabilities	-10
Net identifiable assets and liabilities	**8**

In addition, a dormant company in Portugal was wound up in 2021.

DIVESTMENTS IN 2020

During 2020, two dormant companies in Sweden were divested. A dormant company in China and a dormant company in Hungary were wound up.

ACQUISITIONS AFTER THE END OF THE FINANCIAL YEAR

On 28 February 2022, the ITAB Group acquired, through its Finnish subsidiary ITAB Finland Holding Oy. all shares in Oy Checkmark Ltd. Checkmark has annual sales of approximately EUR 12 million and 44 employees. The acquisition is consolidated in the Group as of 1 March 2022. Refter to Note 35 Events after the balance sheet date for more information about the acquisition.

CONDITIONAL PURCHASE CONSIDERATION

The agreed conditional additional purchase consideration from the acquisition of non-controlling interests in Pulverlacken i Hillerstorp AB in 2018 was attributable to the company's profit in 2018-2019. The additional purchase consideration was within a range of SEK 0 to 3.2 million and was paid on an annual basis. The remaining additional purchase consideration in 2019 was valued at SEK 1 million. The final payment of SEK 0.5 million was made in 2020.

The agreed conditional additional purchase consideration from the acquisition of non-controlling interests in Reklamepartner Graphics AS in 2017 was attributable to the company's profit in 2017-2020 and capped at NOK 2 million. The amount that could be paid was in a range of NOK 0 to 2 million and was paid on an annual basis, with the final payment of SEK 0 million made in 2021.

Imola Retail Solutions on the acquisition date	Final fair values	Preliminary fair values
Intangible assets	1	1
Property, plant and equipment	119	124
Deferred tax assets	1	1
Inventories	27	27
Accounts receivable	10	7
Non-current liabilities	-71	-75
Current liabilities	-31	-28
Net identifiable assets and liabilities	**56**	**57**
Non-controlling interests	-11	-11
Consolidated goodwill	1	0
Purchase consideration including unpaid purchase consideration	**46**	**46**
Purchase consideration paid in January 2021	-29	
Unpaid purchase consideration, paid in 2022	-11	
Unpaid purchase consideration, paid in 2023	-6	
	-46	

NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The ITAB Group comprises some 40 operating companies that sell, develop, produce and distribute shop fittings and equipment to chain-based customers. The largest customer accounts for approximately 12 percent of external sales, and none of the ITAB Group's other customers account for more than 6 percent 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 fitting concept segments are carried out by different Group companies depending on where the best conditions exist. This business model entails that a large portion of the decisions that affect the Group's various companies are taken centrally.

As ITAB sells customised shop fitting 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 segments or business segments. See more about the business operations on pages 20-29.

EXTERNAL REVENUE[1)]

Group	2021	2020
United Kingdom	967	1,020
Italy	923	434
Norway	606	584
Germany	604	582
Sweden	452	550
Finland	309	244
France	270	266
The Netherlands	242	180
Czech Republic	186	128
Russia	166	118
Spain	142	74
Denmark	127	118
Poland	122	118
Lithuania	93	71
Romania	71	23
USA	60	64
Other	905	749
	6,245	**5,323**

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

Group	2021	2020
Sweden	298	474
China and Hong Kong	219	211
Italy	179	102
Czech Republic	171	102
Norway	107	114
United Kingdom	103	118
Finland	75	83
Germany	74	78
Lithuania	65	63
Russia	48	43
France	47	54
Other	92	69
Goodwill	1,644	1,599
	3,122	**3,110**

REVENUE FROM CONTRACTS 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 since they are adapted according to different conditions in different geographic markets.

Sales per customer group [1)]	2021	2020
Grocery	3,680	3,094
Home Improvements	866	733
Fashion	416	420
Other customer groups	1,283	1,076
	6,245	**5,323**

1) The customer groups are divided according to the industries in which the customers operate. Other customer groups largely consist of distributors, consumer electronics, pharmacies and health/beauty.

Sales per market [2)]	2021	2020
Northern Europe	1,498	1,500
Southern Europe	1,430	819
Central Europe	1,179	1,031
UK & Ireland	1,002	1,054
Eastern Europe	655	509
Rest of the World	481	410
	6,245	**5,323**

2) Northern Europe consists of the Nordic countries. Southern Europe consists mainly of Italy, France and Spain.Central Europe's largest markets are Germany, the Netherlands and the Czech Republic. Eastern Europe's largest markets are the Baltic countries, Poland and Russia. USA, China, Argentina and Saudi Arabia account for almost half of the market in the 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	2021	2020
Accrued income	12	16
Contract liabilities		
Advance payments from customers	75	49
Accrued expenses	30	25
Prepaid income	2	1
	107	**75**

Revenue recognised during the period, of which:	2021	2020
Revenue included in the opening balance in the item contract liabilities	10	10
Revenue attributable to commitments wholly or partially executed during previous periods	1	3

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 subsidiaries relate primarily to IT, design, marktering and administration services. No goods were purchased from subsidiaries.

Profit from participations in subsidiaries as well as financial income and expenses from Group companies are presented in Notes 13 and 14, respectively.

Parent Company	2021	2020
Sales of services to subsidiaries	168	169
Purchases of services from subsidiaries	-7	-8

NOTE 8. PERSONNEL AND SENIOR EXECUTIVES

Average number of employees		2021	of which men	of which women	2020	of which men	of which women
Parent Company	Sweden	18	50%	50%	16	63%	37%
Subsidiaries	Argentina	76	92%	8%	93	91%	9%
	Belgium	-	-	-	5	80%	20%
	Chile	1	100%	-	2	100%	-
	Denmark	23	61%	39%	16	75%	25%
	Estonia	10	80%	20%	10	80%	20%
	Finland	104	83%	17%	106	83%	17%
	France	62	69%	31%	103	74%	26%
	United Arab Emirates	7	86%	14%	6	83%	17%
	India	1	100%	-	1	100%	-
	Italy	351	77%	23%	194	76%	24%
	China and Hong Kong	436	48%	52%	537	43%	57%
	Latvia	123	85%	15%	114	83%	17%
	Lithuania	141	85%	15%	129	85%	15%
	Malaysia	11	82%	18%	11	82%	18%
	The Netherlands	65	86%	14%	82	87%	13%
	Norway	163	78%	22%	167	77%	23%
	Poland	9	67%	33%	9	67%	33%
	Russia	124	73%	27%	124	74%	26%
	Spain	10	60%	40%	11	73%	27%
	United Kingdom	197	73%	27%	241	75%	25%
	Sweden	339	74%	26%	432	73%	27%
	Czech Republic	396	67%	33%	352	72%	28%
	Germany	256	81%	19%	259	81%	19%
	USA	7	29%	71%	10	40%	60%
TOTAL IN SUBSIDIARIES		**2,912**	**72%**	**28%**	**3,014**	**71%**	**29%**
GROUP TOTAL		**2,930**	**72%**	**28%**	**3,030**	**71%**	**29%**

Salaries, other remuneration and social security expenses (SEK million)	2021 Salaries and remuneration	2021 Social security expenses [3]	2020 Salaries and remuneration	2020 Social security expenses
Parent Company	39.4	20.9	27.6	15.4
(of which pension costs) [1]		6.3		6.0
Subsidiaries	1,058.1	248.2	990.3	230.2
(of which pension costs)		89.9		58.6
GROUP TOTAL	**1,097.5**	**269.1**	**1,017.9**	**245.6**
(of which pension costs) [2]		96.2		64.6

1) Of the Parent Company's pension costs, SEK 1.4 million (1.4) 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 5.9 million (7.2) pertains to the Board and CEO. The Group's outstanding pension commitments to these persons amount to SEK 0 million (0).

3) The Parent Company's social security expenses include social security contributions for benefits issued in foreign companies where ITAB Shop Concept AB has assumed the obligation to report and pay social security contributions.

▶

▶ Salaries and other remuneration divided per country and between Board members/CEO and other employees	2021 Board and CEO	2021 Other employees	2020 Board and CEO	2020 Other employees
PARENT COMPANY IN SWEDEN	11.3	28.1	8.8	18.8
(of which bonuses)	3.6		1.7	
SUBSIDIARIES IN SWEDEN	**7.0**	**145.9**	**8.3**	**179.4**
SUBSIDIARIES OUTSIDE SWEDEN				
Argentina	0.6	11.4	1.4	7.4
Belgium	-	-	-	4.8
Brazil	-	-	-	0.7
Chile	-	-	-	0.8
Denmark	1.8	14.5	1.9	16.4
Estonia	-	2.5	-	2.3
Finland	2.1	49.3	2.5	42.9
France	2.3	27.0	2.6	28.4
United Arab Emirates	0.6	2.1	0.6	1.9
India	0.1	-	0.5	0.1
Italy	5.7	154.0	6.2	73.8
China and Hong Kong	3.7	57.6	3.9	52.4
Latvia	-	22.9	0.9	20.7
Lithuania	1.3	38.2	1.1	30.2
Malaysia	0.2	1.3	0.4	1.5
The Netherlands	1.4	34.7	1.4	42.1
Norway	7.2	114.8	5.7	109.9
Poland	0.6	4.2	0.6	3.9
Russia	1.5	17.9	1.1	14.5
Spain	1.3	4.0	0.8	1.7
United Kingdom	8.1	111.4	5.2	121.1
Czech Republic	2.6	67.9	2.2	52.5
Germany	4.4	119.5	6.5	120.3
USA	0.5	4.0	1.5	5.3
SUBSIDIARIES TOTAL	**53.0**	**1,005.1**	**55.3**	**935.0**
(of which bonuses)	11.8		7.1	
GROUP TOTAL	**64.3**	**1,033.2**	**61.6**	**953.8**
(of which bonuses)	15.4		8.8	

REMUNERATION TO SENIOR EXECUTIVES

Directors' fees

In accordance with the resolution at the 2021 AGM, the fee for elected Board members amounts to a total of SEK 2,500 thousand, of which SEK 500 thousand to the Chairman of the Board and SEK 250 thousand to each of the other eight Board members.

In addition, selected Board members receive a fee for their work on the Remuneration Committee and the Audit Committee. These fees, which are distributed between the committee members, total SEK 130 thousand for the Remuneration Committee and SEK 150 thousand for the Audit Committee. Aside these fees, ITAB paid no other remuneration to Board members in 2021.

Guidelines for renumeration to senior executive

These guidelines include the individuals who are part of executive management of ITAB Shop Concept AB (publ), currently the CEO and other members of 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 (such as consultant's fees) for such work. The guidelines are forward-looking, meaning that they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2021 AGM. These guidelines do not apply to any remuneration decided or approved by a general meeting of shareholders.

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 fitting 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 the 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 level of remuneration for individual executives shall be based on factors such as position, competence, experience and performance. Additionaly, a general meeting of shareholders may – and irrespective of these guidelines – decide on, for example, share and 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 Group management may amount to not more than 50 percent of the fixed annual cash salary. For the CEO, pension benefits, including health insurance, 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 for the individual concerned. 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 care insurance 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 employment governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted to ensure 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 12 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 members of 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 individualised, 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.

The extent to which the criteria for awarding variable cash remuneration have 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 cash remuneration to 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.

If a Board member performs services for ITAB in addition to 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 its sustainability. This also applies to such services that ITAB receives through a company wholly owned by a Board member. The annual consultant's fee for each Board member may never exceed the annual Directors' 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 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 AGM.

The guidelines shall apply until new guidelines have been adopted by the AGM. The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration for executive management, the application of the guidelines for executive remuneration as well as remuneration 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 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.

Guidelines adopted by ITAB's AGM on 11 May 2021.

REMUNERATION COMMITTEE 2021

In 2021, the Remuneration Committee comprised Eva Karlsson, Anders Moberg (Chairman), Fredrik Rapp and Vegard Søraunet, with the CEO co-opted to attend committee meetings.

Remuneration and benefits to senior executives

Costs are recognised as remuneration for the period during which each person held their role.

	Directors' fee 1)/ Fixed salary	Variable salary	Other remuneration and benefits 2)	Total salary and fees	Pension costs	Total incl. pension 3)
2021						
Board of Directors						
Anders Moberg	0.5			**0.5**		**0.5**
Anna Benjamin	0.3			**0.3**		**0.3**
Jan Frykhammar	0.3			**0.3**		**0.3**
Petter Fägersten	0.3			**0.3**		**0.3**
Eva Karlsson	0.3			**0.3**		**0.3**
Roberto Monti	0.3			**0.3**		**0.3**
Fredrik Rapp	0.3			**0.3**		**0.3**
Vegard Søraunet	0.3			**0.3**		**0.3**
Ruthger de Vries	0.3			**0.3**		**0.3**
TOTAL – BOARD OF DIRECTORS	**2.8**			**2.8**		**2.8**
Group management						
CEO	4.9	3.6	0.2	**8.7**	1.4	**10.1**
Other senior executives in Group management (10 executives) 4)	21.7	8.8	1.3	**31.8**	3.3	**35.1**
TOTAL – GROUP MANAGEMENT	**26.6**	**12.4**	**1.5**	**40.5**	**4.7**	**45.2**
2020						
Board of Directors						
Anders Moberg	0.5			**0.5**		**0.5**
Anna Benjamin	0.3			**0.3**		**0.3**
Jan Frykhammar 5)	0.3		0.7	**1.0**		**1.0**
Petter Fägersten	0.3			**0.3**		**0.3**
Eva Karlsson	0.3			**0.3**		**0.3**
Roberto Monti	0.3			**0.3**		**0.3**
Fredrik Rapp	0.3			**0.3**		**0.3**
Ruthger de Vries	0.3			**0.3**		**0.3**
TOTAL – BOARD OF DIRECTORS	**2.5**		**0.7**	**3.2**		**3.2**
Group management						
CEO	4.6	1.7	0.2	**6.5**	1.4	**7.9**
Other senior executives in Group management (8 executives) 4)	16.9	5.8	1.1	**23.8**	3.5	**27.3**
TOTAL – GROUP MANAGEMENT	**21.5**	**7.5**	**1.3**	**30.3**	**4.9**	**35.2**

1) Directors' fee including remuneration for committee work to Board members concerned.

2) Benefits refer to taxable benefits for cars, medical care insurances, etc.

3) Salaries and fees are recognised excluding employer's contributions. Pension costs are recognised excluding special payroll tax.

4) As of 1 February 2020, ITAB expanded its Group management to reflect the operations by appointing roles to support ITAB's transformation and the shared ways of working in the organisation. At the end of 2020, Group management consisted of ten different positions held by eight people. At 31 December 2021, Group management consisted of 11 different positions held by ten people.

5) Board member Jan Frykhammar carried out consultancy assignments for the company in 2020 concerning the recapitalisation. A total of SEK 680 thousand was paid in consultancy fees for this work and is recognised as other remuneration in this table.

▶ **Gender distribution of Board members/senior executives at year-end**

Group	2021 Share of women	2021 Share of men	2020 Share of women	2020 Share of men
Board members	13%	87%	10%	90%
Senior executives	20%	80%	19%	81%

Parent Company				
Board members	22%	78%	25%	75%
Senior executives	33%	67%	25%	75%

Personnel costs divided by function

Group	2021	2020
Cost of goods sold	-793	-697
Selling expenses	-565	-517
Administrative expenses	-170	-145
	-1,528	**-1,359**

Parent Company		
Cost of goods sold	-10	-7
Selling expenses	-21	-13
Administrative expenses	-27	-20
	-58	**-40**

NOTE 9. REMUNERATION TO AUDITORS

Shown below are the fees for audit assignments and other assignments that are expensed during the year. 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 the audit assignment refer to other quality assurance services that are performed in accordance with applicable regulatory requirements. Tax consultancy 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).

	GROUP		GROUP		PARENT COMPANY	
	2021 Fees to EY	2021 Fees to other auditors	2020 Fees to EY	2020 Fees to other auditors	2021 Fees to EY	2020 Fees to EY
Audit assignment	5	3	4	2	1	1
Audit activities other than audit assignment	1	0	1	1	1	0
Tax consultancy	1	2	2	1	0	0
Other services	0	1	0	1	0	0
	7	**6**	**7**	**5**	**2**	**1**

NOTE 10. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Depreciation and amortisation divided per function

Group	2021	2020
Cost of goods sold	-184	-173
Selling expenses	-70	-72
Administrative expenses	-21	-19
	-275	**-264**

Parent Company		
Administrative expenses	-1	-1

Depreciation and amortisation divided per asset type

Group	2021	2020
Capitalised development expenditure	-19	-21
Patents and other intellectual property rights	-9	-11
Buildings	-149	-130
Plant and machinery	-52	-56
Equipment, tools and installations	-46	-46
	-275	**-264**
Of which leases	-147	-128

Parent Company		
Equipment	-1	-1

NOTE 11. COSTS DIVIDED BY TYPE OF COST

Government grants are recognised 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 the COVID-19 pandemic reduced personnel and other costs during the year by SEK 1 million (62) and SEK 7 million (1), respectively. In addition, extraordinary costs of approximately SEK 3 million (3) due to the COVID-19 pandemic arose.

Costs of goods sold, selling expenses and administrative expenses divided by cost type:

Group	2021	2020
Costs for direct materials	-2,831	-2,336
Personnel costs	-1,528	-1,359
Depreciation and amortisation	-275	-264
Other expenses	-1,370	-1,247
	-6,004	**-5,206**

Parent Company		
Personnel costs	-58	-40
Depreciation and amortisation	-1	-1
Other expenses	-65	-80
	-124	**-121**

NOTE 12. OTHER OPERATING INCOME AND EXPENSES

Other operating income

Group	2021	2020
Operation's exchange rate differences	23	15
Profit due to repayment of purchase consideration and revaluation of additional purchase consideration from acquisitions of Group companies in previous years	0	1
Repayment of pension funds	5	-
Capital gain on divestment of non-current assets	4	1
Other [1]	8	7
	40	**24**

Parent Company		
Operation's exchange rate differences	11	8
Capital gain on divestment of Group companies	-	3
	11	**11**

Other operating expenses

Group	2021	2020
Operation's exchange rate differences	-23	-19
Expenses from acquisitions/divestments of companies	-2	-
Capital loss on divestment of non-current assets	-10	0
Capital loss on divestment of property, plant & equipment	-14	-6
Participations in associated companies	-1	-3
Other	-7	-1
	-57	**-29**

Parent Company		
Operation's exchange rate differences	-7	-10
	-7	**-10**

[1] The item other operating income includes rental income of SEK 2 million (2).

NOTE 13. PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2021	2020
Income from participations in Group companies		
Dividends received	46	50
	46	**50**
Expenses from participations in Group companies		
Impairment of current receivables in Group companies [1]	-9	-38
Impairment of shares in subsidiaries [2]	-42	-68
	-51	**-106**

1) Impairment of receivables for loss coverage in Group companies in 2021 refers to La Fortezza SpA (SEK -8 million) and Radlok S.à r.l (SEK -1 million). Impairment of receivables 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).
2) Impairment of shares in subsidiaries in 2021 refers to impairment in connection with shareholder contributions of SEK 22 million and a further SEK 20 million after impairment testing. Impairment of shares in subsidiaries in 2020 refers to impairment in connection with shareholder contributions of SEK 58 million and SEK 10 million in impairment as a result of restructurings. For more information, see Note 20.

NOTE 14. FINANCIAL INCOME AND EXPENSES

Financial income

Group	2021	2020
Interest income	5	5
Exchange rate differences	9	0
	14	**5**

Parent Company		
Interest income, Group companies	33	50
Exchange rate differences	-	62
	33	**112**

Financial expenses

Group	2021	2020
Interest expenses from interest rate derivatives	-11	-8
Default interest, equity instruments, convertible liability	-	-1
Other interest expenses	-51	-79
Exchange rate differences	0	-5
Other financial expenses	-20	-24
	-82	**-117**

Parent Company		
Interest expenses, Group companies	0	0
Interest expenses from interest rate derivatives	-11	-8
Default interest, equity instruments, convertible liability	-	-1
Other interest expenses	-33	-60
Exchange rate differences	-31	0
Other financial expenses	-17	-21
	-92	**-90**

NOTE 15. YEAR-END APPROPRIATIONS

Parent Company	2021	2020
Group contributions received	2	17
Group contributions paid	-58	-46
	-56	**-29**

NOTE 16. TAX

Group	2021	2020
Current tax expenses		
Tax expenses for the period	-61	-30
Adjustment of tax attributable to previous years	-3	4
	-64	**-26**
Deferred tax expenses (-)/tax income (+)		
Deferred tax attributable to temporary differences	8	5
Deferred tax attributable to previous years	-3	0
Deferred tax attributable to loss carryforwards	6	-1
Deferred tax as a result of changes in tax rates	0	0
	11	**4**
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**-53**	**-22**

Parent Company		
Current tax for the period	0	0
Deferred tax attributable to loss carryforwards	15	-14
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**15**	**-14**

Difference between Swedish income tax rate and the effective tax rate

Group	2021	2021	2020	2020
Reported profit before tax	**156**		**0**	
Tax at Swedish income tax rate	-32	-20.6%	0	-21.4%
Tax effect of				
Adjustment of previous years' tax	-6	-3.8%	4	
Other tax rates for foreign Group companies	-8	-5.1%	1	
Deductible temporary differences	0	0.1%	-5	
Loss carryforwards	-16	-10.3%	-13	
Altered tax rates	0	-0.3%	0	
Non-taxable income and non-deductible expenses	9	5.9%	-9	
RECOGNISED TAX EXPENSE	**-53**	**-34.1%**	**-22**	**N/A**

Tax items recognised in other comprehensive income	2021	2020
Deferred tax on cash flow hedges	-5	1
Deferred tax on hedging of net investments	0	-1
Deferred tax on pension commitments	0	0
	-5	**0**

Changes in deferred tax Group	2021	2020
Start of the year	60	59
Acquisitions/divestments	-1	0
Items recognised in other comprehensive income	0	0
Translation differences	2	-3
Recognised in net profit for the year	11	4
End of the year	**72**	**60**

The deferred tax assets and liabilities recognised in the balance sheet are attributable to the following: Group	Receivables 2021	Receivables 2020	Liabilities 2021	Liabilities 2020
Non-current assets	12	9	38	33
Inventories	11	10	0	0
Current receivables	0	1	-	-
Provisions for pensions and similar obligations	3	2	0	0
Loss carryforwards[1)]	81	73	-	-
Untaxed reserves	-	-	2	3
Other	10	6	5	5
	117	**101**	**45**	**41**

1) Of the deferred tax assets for loss carryforwards recognised in the balance sheet, there are loss carryforwards of SEK 92 million for which utilisation is subject to time restrictions. Of these loss carryforwards, SEK 3 million matures in 2022, SEK 37 million matures in 2024, SEK 25 million matures in 2025-2026 and the remaining SEK 27 million matures in 2028-2031.

The Group has loss carryforwards equivalent to a nominal amount of SEK 426 million (316), which are not recognised as a deferred tax asset. This is partially an effect of present value calculation and partially attributable to the fact that certain loss carryforwards could not be utilised within a reasonable time. For a small proportion of these loss carryforwards, there are restrictions as regards utilisation per year as well as time limits.

Parent Company	Receivables 2021	Receivables 2020
Loss carryforwards	32	17
	32	**17**

NOTE 17. EARNINGS PER SHARE

Group	2021	2020
Net profit for the period attributable to Parent Company shareholders, SEK million	95.2	-21.2
Average number of shares outstanding	191,396,324	102,383,430
EARNINGS PER SHARE, SEK PER SHARE	**0.50**	**-0.21**
ACTUAL NUMBER OF SHARES AT YEAR-END	218,100,192	102,383,430

On 9 February 2021, the Board decided to implement an offset issue and a rights issue, respectively, based on the issue authorisation decided at the Extraordinary General Meeting of ITAB Shop Concept AB (publ) on 15 January 2021. On 12 March 2021, ITAB announced that the recapitalisation had been fully completed and that the rights issue of SEK 768 million had been fully subscribed. Through these issues, the number of shares increased by a total of 115,716,762 and amounts to 218,100,192 shares after the issues.

SHARE CAPITAL DEVELOPMENT

Year	Transaction	Change in share capital (SEK thousand)	Total share capital (SEK thousand)	Total no. of shares	Quotient value per share (SEK)
1987	Formation of the 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	Split 20:1	-	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	Split 2:1	-	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	Split 2:1	-	42,383	33,906,410	1.25
2016	Split 3:1	-	42,383	101,719,230	0.417
2016	Conversion	277	42,660	102,383,430	0.417
2021	New share issue	42,660	85,320	204,766,860	0.417
2021	Offset issue	5,556	90,876	218,100,192	0.417

NOTE 18. INTANGIBLE ASSETS

2021 Group	Capitalised development expenditure	Patents and other intellectual property rights	Goodwill	TOTAL
Accumulated cost				
Start of the year	207	92	1,599	1,898
Acquisitions of subsidiaries, see Note 5	-	1	1	2
Additions	2	4	-	6
Sales and disposals	-11	-3	-	-14
Translation differences for the year	-	1	44	45
	198	**95**	**1,644**	**1,937**
Accumulated amortisation according to plan				
Start of the year	-102	-53	-	-155
Sales and disposals	2	2	-	4
Amortisation according to plan for the year	-19	-9	-	-28
Translation differences for the year	-	-2	-	-2
	-119	**-62**	**-**	**-181**
CARRYING AMOUNT AT THE END OF THE YEAR	**79**	**33**	**1,644**	**1,756**

2020 Group	Capitalised development expenditure	Patents and other intellectual property rights	Goodwill	TOTAL
Accumulated cost				
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 amortisation according to plan				
Start of the year	-81	-45	-	-126
Amortisation according to plan for the year	-21	-11	-	-32
Translation differences for the year	-	3	-	3
	-102	**-53**	**-**	**-155**
CARRYING AMOUNT AT THE END OF THE YEAR	**105**	**39**	**1,599**	**1,743**

Capitalised expenses for development work primarily comprise internally generated, capitalised costs for the development of checkouts. Other intellectual property rights primarily consist of valued customer relationships as well as patents.

Amortisation of intangible assets excluding goodwill is recognised in the income statement over the estimated useful lives of the assets. Amortisation commences from the date the asset is available for use. Estimated useful lives are reassessed every year. No impairment losses or reversal of impairment losses have taken place.

The Group's goodwill comprises primarily synergy effects in terms of production, logistics, personnel, know-how and an 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 policies described in Note 2. No distribution of the Group's goodwill has been performed since all Group companies' activities and cash inflows are highly dependent on each other.

The recoverable amount for the 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 management for the coming four years. The forecasts are based on experience from previous years, but with due consideration for future expected developments. According to the forecast, average growth in the organisation, after a period affected by the COVID-19 pandemic, is anticipated to reach 2 percent (2) per year during 2023-2025. The cash flows beyond this four-year period have been extrapolated with the aid of an estimated rate of growth of 2 percent (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 management's assessment of market shares. The margins in the operations are an estimate that also has an impact on the testing. The EBITDA margin is an important assumption on which company management bases its assessment. When assessing impairment in 2021, a figure of 8.5 percent was used for 2023 and 9.0 percent for 2024 and onwards. Average interest rates have been assumed at the same levels as the outcome for 2021. The forecast cash flows have been converted to present value using a discount rate of 9.7 percent (11.0) before tax, which corresponds to 8.0 percent (8.5) 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 in an 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 was lowered during 2021, which gives a lower outcome on the discount rate before tax compared with 2020.

The recoverable amount exceeds the carrying amount, which means 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 percent or if EBITDA is lowered by 2.5 percentage points, there is still no indication of an impairment need.

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

2021 Group	Buildings	Machinery	Equipment	Construction in progress	Total
Accumulated cost excl. leases					
Start of the year	645	707	314	6	1,672
Acquisitions/divestments of subsidiaries	0	27	1	0	28
Additions	2	28	37	18	85
Sales and disposals	-3	-124	-41	0	-168
Reclassifications	0	7	0	-7	0
Translation differences for the year	46	38	15	0	99
	690	**683**	**326**	**17**	**1,716**
Accumulated depreciation according to plan excl. leases					
Start of the year	-215	-499	-240	-	-954
Divestments, subsidiaries	0	4	0	-	4
Sales and disposals	0	100	35	-	135
Reclassifications	0	-1	2	-	1
Depreciation according to plan for the year	-18	-51	-31	-	-100
Translation differences for the year	-9	-25	-10	-	-44
	-242	**-472**	**-244**	**-**	**-958**
TOTAL	**448**	**211**	**82**	**17**	**758**
Right-of-use assets [1]	586	1	21	-	608
CARRYING AMOUNT AT THE END OF THE YEAR	**1,034**	**212**	**103**	**17**	**1,366**

2020 Group	Buildings	Machinery	Equipment	Construction in progress	Total
Accumulated cost excl. leases					
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. leases					
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
CARRYING AMOUNT AT THE END OF THE YEAR	**1,051**	**215**	**95**	**6**	**1,367**

1) For more information about right-of-use assets, see Note 22.

Parent Company	2021 Equipment	2020 Equipment
Accumulated cost		
Start of the year	16	16
Additions	0	0
	16	**16**
Accumulated depreciation according to plan		
Start of the year	-9	-8
Depreciation according to plan for the year	-1	-1
	-10	**-9**
CARRYING AMOUNT AT THE END OF THE YEAR	**6**	**7**

NOTE 20. PARTICIPATIONS IN GROUP COMPANIES & ASSOCIATED COMPANIES

Parent Company	2021	2020
Opening carrying amount	2,071	2,095
Divestments[1]	-	-263
Shareholder contributions to subsidiaries [2]	21	307
Impairment and revaluations for the year [3]	-41	-68
CLOSING CARRYING AMOUNT	**2,051**	**2,071**

1) During 2020, ITAB Scanflow AB and ITAB Guidance AB were sold and merged into the subsidiary ITAB Shop Products AB. The purchase consideration 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 were sold internally to Nordic Light Group AB. The purchase consideration amounted to SEK 134 million and SEK 9 million, respectively.

2) In 2021, shareholder contributions were paid to La Fortezza SpA (SEK 20 million) and ITAB Konsult (SEK 1 million). In 2020, shareholder contributions were paid to ITAB Shop Concept Nässjö AB (SEK 106 million) and Nordic Light Group AB (SEK 143 million) in connection with the internal sale of participations as part of a reorganisation. In addition, shareholder contribution were paid to Nordic Light Group AB (SEK 40 million) and ITAB shop Concept A/S (SEK 18 million).

3) In 2021, shares in SIA ITAB Latvia were impaired by SEK 20 million. In addition, shares in the subsidiaries La Fortezza Spa and ITAB Konsult AB were impaired by SEK -21 million in connection with the payment of shareholder contributions. Impairment of shares in subsidiaries in 2020 refers 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, shares in the subsidiaries ITAB Shop Concept A/S and Nordic Light Group AB were impaired by SEK -18 million and SEK -40 million, respectively, in connection with the payment of shareholder contributions.

PARTICIPATIONS ARE HELD IN THE FOLLOWING GROUP COMPANIES:	CORP. REG. NO.	DOMICILE	COUNTRY	NUMBER OF SHARES	HOLDING	2021 CARRYING AMOUNT	2020 CARRYING AMOUNT
ITAB Shop Concept Lithuania AB	233393310	Kaunas	Lithuania	635,350	100%	20	20
ITAB Eesti OÜ	10994786	Tallinn	Estonia	400	100%	0	0
ITAB Germany Gmbh	HRB 61998	Cologne	Germany	2	100%	17	17
ITAB Harr Gmbh	HRB 29025	Malschwitz	Germany	-	100%	-	-
ITAB Lighting Germany GmbH	HRB 11839	Menden	Germany	5	100%	-	-
ITAB Holding B.V	32082085	Woudenberg	The Netherlands	180	100%	36	36
ITAB Benelux 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	Lahti	Finland	1,165	100%	11	11
ITAB Pharmacy Concept AB	556603-8245	Jönköping	Sweden	40,000	100%	5	5
Sintek Industrial Property AB	556031-3362	Jönköping	Sweden	9,070	100%	1	1
Radlok S.à r.l	B 150987	Luxembourg	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 Norge 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	Antwerp	Belgium	279,295	100%	7	7
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	Warsaw	Poland	1,250	100%	2	2
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%	-	-
Nordic Light Group AB	556306-5373	Skellefteå	Sweden	1,000	100%	523	523
ITAB Shop Products AB [1]	556132-4046	Jönköping	Sweden	1,000	100%	-	-
ITAB Shop Concept Nässjö AB [1]	556474-2244	Nässjö	Sweden	2,000	100%	-	-
Nordic Light AB	556203-5161	Skellefteå	Sweden	130,000	100%	-	-
Nordic Light Group Development AB	556511-7800	Skellefteå	Sweden	2,000	100%	-	-
Nordic Light Group (HK) Co Ltd	759628	Hong Kong	Hong Kong	20,000	100%	-	-
Nordic Light (Suzhou) Investment (HK) Co Ltd.	875186	Hong Kong	Hong Kong	10,000	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 India Private Ltd	U74900KA2014FTC073090	Bangalore	India	10,000	100%	-	-
ITAB Finland Holding Oy	2447365-4	Jyväskylä	Finland	40,594	100%	43	43
ITAB Finland Oy	1882702-2	Jyväskylä	Finland	28,000	100%	-	-
La Fortezza S.p.A. a Socio Unico	FI - 462981	Scarperia	Italy	20,900,000	100%	786	786
Imola Retail Solution S.r.L [1]	BO-555133	Imola	Italy	81,000	81%	-	-
La Fortezza Alser S.a.S	438699225	Jouy-le-Moutier	France	3,811,580	100%	-	-
La Fortezza Asia Sdn Bhd	396959-A	Kuala Lumpur	Malaysia	600,000	100%	-	-
ITAB Iberica S.L.Unipersonal	B85907236	Barcelona	Spain	19,000	100%	-	-
ITAB Rus JSC	1057747369723	Stupino	Russia	2,780,000	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	100%	-	-
SIA ITAB Latvia	40103175540	Riga	Latvia	2,845	100%	80	100
						2,051	**2,071**

In addition to the above companies, the Group owns shares in inactive companies. In total, the Group comprised 64 legal companies at the end of 2021.

1) In 2021, 81 percent of the shares in Imola Retail Solution was acquired and a dormant company in Portugal was wound up. In 2020, the shares in ITAB Shop Concept Nässjö AB and ITAB Shop Products AB were sold internally to Nordic Light Group AB, while ITAB Scanflow AB and ITAB Guidance AB were sold and merged into the subsidiary ITAB Shop Products AB and the shares in the subsidiary MB Shop Design AB were sold and merged with ITAB Shop Concept Nässjö AB. In addition, a dormant company in Sweden and a dormant company in Hungary were liquidated in 2020.

PARTICIPATIONS ARE HELD IN THE FOLLOWING ASSOCIATED COMPANIES:

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

Parent Company	Corp. Reg. No.	Domicile	Country	Number of shares	Share of capital, %	Share of votes, %	2021 Carrying amount
OmboriGrid AB (Priv)	556841-1333	Stockholm	Sweden	22,059,400	20.93%	33.40%	15

Group	2021	2020
Carrying amount at the start of the year	12	15
Share issue	3	-
Depreciation surplus value	-1	-1
Share of net profit for the period	-3	-2
CARRYING AMOUNT AT THE END OF THE YEAR	**11**	**12**

OmboriGrid AB's transactions with other ITAB companies	2021	2020
Sales to companies within the ITAB Group	1	1
Receivable to companies within the ITAB Group	0	0

ITAB's share of OmboriGrid AB's assets, equity, net sales and profit before tax.

	2021	2020
Assets	50	24
Equity	43	9
Net sales	5	-2
Profit before tax	-17	-2

NOTE 21. FINANCIAL ASSETS AND LIABILITIES

	2021			2020		
Time analysis of financial assets	**Past due**	**Not past due**	**Total**	**Past due**	**Not past due**	**Total**
Accounts receivable, not impaired						
less than 30 days old	41	991	1,032	44	659	703
31-60 days old	46		46	30		30
more than 60 days old	40		40	22		22
Accounts receivable, impaired						
more than 60 days old	12		12	13		13
Deduction for reserves	-12		-12	-13		-13
TOTAL ACCOUNTS RECEIVABLE	**127**	**991**	**1,118**	**96**	**659**	**755**
Other financial assets	-	156	156	-	72	72
CARRYING AMOUNT, FINANCIAL ASSETS EXCL. CASH AND CASH EQUIVALENTS	**127**	**1,147**	**1,274**	**96**	**731**	**827**

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

Change in provision for expected credit losses	**Group 2021**	**Group 2020**
Opening balance	13	23
Increase in provision through the income statement	4	3
Utilised reserve due to confirmed losses on accounts receivable	-3	-11
Reversed provisions	-2	-1
Translation differences for the year	0	-1
CLOSING BALANCE	**12**	**13**

TIME ANALYSIS OF FINANCIAL LIABILITIES RECOGNISED AS UNDISCOUNTED CASH FLOWS INCL. ACCRUED INTEREST

Group	**2021**	**2020**
Maturity date		
within 1 year	1,617	2,117
between 1 and 3 years	793	925
between 3 and 5 years	166	229
after 5 years	156	163
	2,732	**3,434**

Parent Company	**2021**	**2020**
Maturity date		
within 1 year	276	1,185
between 1 and 3 years	549	679
between 3 and 5 years	-	-
after 5 years	-	-
	825	**1,864**

	2020	Items that do not affect the cash flow						**2021**
CHANGE IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES IN THE GROUP'S CASH FLOW		**Cash flow**	**Short-term portion of long-term loans**	**Lease liabilities according to IFRS 16**	**Translation difference**	**Offset issue**	**Fair value**	
Derivative receivables	-1						-3	-4
Non-current liabilities to credit institutions	670	7	-112		5			570
Current liabilities to credit institutions and overdraft facilities	948	-856	112		37			241
Convertible debenture loan and shareholder loans	140	-40				-100		0
Lease liabilities	656	-134		92	16			630
Derivative liabilities	27						-17	10
NET DEBT FROM FINANCING ACTIVITIES	**2,440**	**-1,023**	**0**	**92**	**58**	**-100**	**-20**	**1,447**
Cash and cash equivalents								-208
INTEREST-BEARING NET DEBT [1)]								**1,239**

[1)] Some of the company's bank loans are restricted with covenants, stipulated in the loan contract. One of the restrictions entails that ITAB has committed to keeping the company's interest-bearing net debt in relation to EBITDA within certain stipulated levels. None of the company's covenants were broken during the year.

INFORMATION ABOUT CARRYING AMOUNT PER CATEGORY AND FAIR VALUE PER CLASS

VALUATION HIERARCHY

The Group recognises financial instruments that are measured 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 measured 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 (meaning as price quotations) or indirect (meaning derived from price quotations). Financial instruments measured 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 (meaning non-observable input data).

DERIVATIVE INSTRUMENTS

Derivative instruments comprise interest rate swaps and currency futures, and are measured 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 maturity dates, where all variables, such as discount rates and exchange rates, are obtained from market listings for calculations.

CONDITIONAL PURCHASE CONSIDERATIONS

The calculation of conditional purchase considerations (level 3) is dependent on parameters in the agreement in question. These parameters are mainly linked to anticipated results. All conditional purchase considerations were paid in 2021.

▶

▶ INFORMATION ABOUT CARRYING AMOUNT PER CATEGORY AND FAIR VALUE PER CLASS

Group 2021	Derivatives that are applied in hedge accounting	Financial liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Other financial liabilities	Total carrying amount	Fair value [1]
Financial assets						
Financial non-current receivables			18		18	18
Accounts receivable			1,118		1,118	1,118
Derivative receivables (level 2)	4				4	4
Other receivables			122		122	122
Accrued income, financial assets			12		12	12
Cash and cash equivalents [2]			208		208	208
TOTAL FINANCIAL ASSETS	**4**		**1,478**		**1,482**	**1,482**
Financial liabilities						
Liabilities to credit institutions				752	752	752
Lease liabilities				630	630	630
Overdraft facilities				59	59	59
Derivative liability (level 2)	10				10	10
Conditional purchase consideration (level 3)					0	0
Advance payments from customers				75	75	75
Accounts payable				971	971	971
Other liabilities				139	139	139
Accrued expenses, financial liability				33	33	33
TOTAL FINANCIAL LIABILITIES	**10**			**2,659**	**2,669**	**2,669**
2020						
Financial assets						
Financial non-current receivables			6		6	6
Accounts receivable			755		755	755
Derivative receivables (level 2)	1				1	1
Other receivables			48		48	48
Accrued income, financial assets			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				1,566	1,566	1,566
Lease liabilities				656	656	656
Shareholder loans				140	140	140
Overdraft facilities				52	52	52
Derivative liability (level 2)	27				27	27
Conditional purchase consideration (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**
Parent Company						
2021						
Financial assets						
Receivables with Group companies			494		494	494
Cash and cash equivalents [2]			54		54	54
TOTAL FINANCIAL ASSETS			**548**		**548**	**548**
Financial liabilities						
Liabilities to credit institutions				653	653	653
Overdraft facilities				32	32	32
Accounts payable				3	3	3
Liabilities to Group companies				105	105	105
Other liabilities				4	4	4
Accrued expenses, financial liability				2	2	2
TOTAL FINANCIAL LIABILITIES				**799**	**799**	**799**
2020						
Financial assets						
Receivables with Group companies			258		258	258
Cash and cash equivalents [2]			449		449	449
TOTAL FINANCIAL ASSETS			**707**		**707**	**707**
Financial liabilities						
Liabilities to credit institutions				1,458	1,458	1,458
Shareholder loans				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**

[1] *For current receivables and liabilities with a lifetime of less than six months, the carrying amount is considered to reflect the fair value.*

[2] *Cash and cash equivalents are made up in their entirety of cash and bank balances.*

NOTE 22. LEASES

ITAB's leases 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 established, ITAB takes into consideration all facts and circumstances that provide a financial incentive to utilise an option to extend or waive 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 operations and/or costs attributable to not extending or terminating leases.

Leases – right-of-use assets and lease liabilities

Items concerning leases have been included in the consolidated accounts as described below:

	AS OF 31 DECEMBER 2021				AS OF 31 DECEMBER 2020			
Right-of-use assets	**Buildings**	**Equipment**	**Machinery**	**Total**	**Buildings**	**Equipment**	**Machinery**	**Total**
Start of the year	621	21	7	**649**	718	30	9	**757**
Additions	149	15	0	**164**	17	9	0	**26**
Disposals during the year	-70	0	-4	**-74**	-	-1	-5	**-6**
Translation difference	16	0	0	**16**	-3	-2	5	**0**
Depreciation during the year	-130	-15	-2	**-147**	-111	-15	-2	**-128**
Carrying amount at the end of the year	**586**	**21**	**1**	**608**	**621**	**21**	**7**	**649**
Lease liabilities	**608**	**21**	**1**	**630**	**630**	**22**	**3**	**655**

Lease liabilities	**Nominal value 2021**	**Present value 2021**	**Nominal value 2020**	**Present value 2020**
Current portion, maturity date within one year	140	140	127	114
Non-current portion, maturity date between one and three years	220	208	216	189
Non-current portion, maturity date between three and five years	152	142	194	153
Non-current portion, maturity date over five years	156	140	156	199
Carrying amount at end of the year	668	630	693	655

The Group's material leases pertain to leases for buildings, mainly related to Sweden, United Kingdom, Italy and France. Machinery pertains to Norway, Russia, Italy and Latvia.

Equipment primarily comprises cars.

The Group's profit for the 2021 financial year was charged with costs attributable to finance leases, including depreciation of SEK 147 million (128) and interest expenses of SEK 13 million (14). Total lease expenses in 2021 amounted to SEK 175 million (169). Lease expenses related to low-value and short-term leases amounted to SEK 15 million (27). There are no significant variable payments or restrictions.

NOTE 23. INVENTORIES

Group	**2021**	**2020**
Raw materials and consumables	492	211
Products in progress	124	79
Finished products and goods for resale	553	405
Advance payments for goods	7	3
	1,176	**698**

The year's impairment of finished products and goods for resale charged to net profit for the year totalled SEK 20 million (98) for the Group. In 2020, SEK 23 million pertained to measures in connection with the restructuring and SEK 52 million to a non-recurring inventory impairment.

NOTE 24. PREPAID EXPENSES AND ACCRUED INCOME

Group	**2021**	**2020**
Prepaid rent and lease payments	13	15
Prepaid insurance premiums	3	4
Other prepaid expenses	59	38
Accrued revenue from contracts with customers	13	16
Other accrued income	3	2
	91	**75**

Parent Company	**2021**	**2020**
Prepaid insurance premiums	1	0
Other prepaid expenses	4	6
	5	**6**

NOTE 25. EQUITY

GROUP

Share capital

For information regarding share capital and the share capital development, see the information for Parent Company below.

Other contributed capital

Pertains to equity contributed by the owners. This includes a portion of share premium reserves transferred to the statutory reserve as of 31 December 2005. Provisions to the share premium reserve from 1 January 2006 are also recognised as other contributed capital.

A convertible debenture loan is a combined financial instrument that is both a liability and equity. Convertible debenture loans 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. The equity instrument is recognised as other contributed capital. If conversions are not carried out, the value of the equity instrument is transferred back to profit brought forward. In 2020, SEK 11 million was transferred between other contributed capital and profit brought forward.

Other reserves

Other reserves in equity consist of the translation reserve and hedging reserve.

Translation reserve

Translation differences concerning foreign subsidiaries are recognised as a separate item in equity. The translation reserve includes all exchange rate differences arising on the translation of the financial statements of 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 SEK. The translation reserve also comprises exchange rate differences arising on the translation of liabilities used as hedging instruments for net investments in a foreign operation.

On the sale or discontinuation of foreign operations, accumulated translation differences are recognised as a portion of the profit from the divestment. In 2021 and 2020, only dormant companies of a minor value were divested and wound up

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

Translation reserve attributable to Parent Company shareholders	2021	2020
Opening balance	-57	61
Translation difference on translation of foreign operations	105	-122
Change in fair value of hedges of net investments	-1	5
Tax	0	-1
Closing balance	**47**	**-57**

Translation reserve attributable to non-controlling interests	2021	2020
Opening balance	5	14
Translation differences for the year	13	-9
Closing balance	**18**	**5**

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.

	2021	2020
Opening balance	-21	-17
Change in fair value of cash flow hedges	13	-12
Change in fair value of cash flow hedges transferred to net profit for the year	8	7
Tax	-5	1
Closing balance	**-5**	-21
Total other reserves attributable to Parent Company shareholders	**42**	-78
Total other reserves attributable to non-controlling interests	**18**	**5**

Profit brought forward

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

PARENT COMPANY

Share capital

On 9 February 2021, the Board decided to implement an offset issue and rights issue based on the issue authorisation decided at the Extraordinary General Meeting of ITAB Shop Concept AB (publ) on 15 January 2021. On 12 March 2021, the recapitalisation was fully completed and the rights issue of SEK 768 million was fully subscribed. In connection with the issue, all Class A shares were reclassified as Class B shares, entailing that ITAB only had Class B shares outstanding after the recapitalisation. Through these issues and this reclassification, the number of shares increased by a total of 115,716,762 and amounts to 218,100,192 shares after the issues. All shares have equal rights to dividends and each share entitles the holder to one vote at general meetings. The quotient value per share is SEK 0.4167. For information on the share capital development, refer to Note 17.

Statutory reserve

The purpose of the statutory reserve has been to save a portion of net profit, which is not used to cover the 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, meaning it is necessary to pay more than the shares' quotient value for the shares, an amount corresponding to the amount received over and above the quotient 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.

For information on the new share issue and offset issue in 2021, refer to Note 27.

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 net profit for the year and the share premium reserve, this constitutes total non-restricted equity, meaning the amount that is available for dividends to the shareholders.

NOTE 26. ALLOCATION OF PROFITS

Parent Company	2021	2020
The following unrestricted profit is at the disposal of the AGM:		
Share premium reserve	1,084	299
Profit brought forward	695	723
Net loss for the year	-54	-28
TOTAL	**1,725**	**994**
The Board of Directors and CEO propose that these funds be distributed as follows:		
Number of shares	218,100,192	102,383,430
To be paid as dividends to shareholders in total	-	-
To be carried forward	**1,725**	**994**
TOTAL	**1,725**	**994**

NOTE 27. NEW SHARE ISSUE AND OFFSET ISSUE

On 9 February 2021, the Board decided to implement an offset issue and rights issue based on the issue authorisation decided at the Extraordinary General Meeting of ITAB Shop Concept AB (publ) on 15 January 2021. On 12 March 2021, ITAB announced that the recapitalisation had been fully completed and that the rights issue of SEK 768 million had been fully subscribed. Through these issues, the number of shares increased by a total of 115,716,762 and amounts to 218,100,192 shares after the issues.

	Number of shares	Share capital, SEK million	Share premium reserve, SEK million	Total, SEK million
New share issue	102,383,430	42	726	768
Offset issue	13,333,332	6	94	100
Issue costs			-35	-35
	115,716,762	**48**	**785**	**833**

NOTE 28. OVERDRAFT FACILITIES

Group	2021	2020
Granted overdraft facility	597	560
Utilised overdraft facility	59	53
Unutilised overdraft facility	**538**	**507**
Parent Company		
Granted overdraft facility	511	505
Utilised overdraft facility	32	25
Unutilised overdraft facility	**479**	**480**

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 338 million (529) via Group accounts. Together with the subsidiaries in the Group, the Parent Company's total receivables from credit institutions via Group accounts amounted to SEK 54 million (449) and liabilities to credit institutions to SEK 32 million (0), meaning that the Parent Company has a receivable from subsidiaries totalling SEK 316 million (80), net.

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	2021	2020
Net costs		
Interest on the year's increase in the present value of pension commitments	1	1
Net of pensions earned and premiums paid during the year	-3	-4
Expected return on plan assets	0	0
RECOGNISED PENSION COSTS, NET	**-2**	**-3**
Recognised provision, 31 December		
Present value of pension commitments	78	62
Fair value of plan assets	-37	-33
RECOGNISED PROVISION, 31 DECEMBER	**41**	**29**
Net amount distributed between the following countries		
Norway	6	4
Sweden	2	2
Italy	29	16
France	2	3
Belgium	2	4
Other	0	0
RECOGNISED COMMITMENTS IN THE BALANCE SHEET	**41**	**29**

	2021	2020
Change in recognised provision		
Opening net debt	29	40
Transfer or reclassification in connection with restructuring	0	-4
Provision assumed in connection with corporate acquisition	11	-
Actuarial gains and losses	2	-2
Value adjustment	1	-2
Pension costs, net	-2	-3
RECOGNISED PROVISION, 31 DECEMBER	**41**	**29**

The most important assumptions used for determining pension commitments (%)		
Discount factor	0.2-1.5%	0.6-1.5%
Future salary increases	0.2-2.0%	1.0-2.0%
Future pension increases	0.7-1.8%	1.5-2.4%
Expected return	1.0%	2.4%

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 ITP 2 pension plan financed through insurance with Alecta, this is a defined-benefit plan that covers several employers. For the 2021 financial year, the company did not have access to information in order to report its proportional share of the plan's obligations, plan assets and costs, which 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 salary, previously earned pension and the anticipated remaining period of service. The fees for the year for ITP 2 insurance policies taken out in Alecta amount to SEK 5 million (7).

The collective funding ratio comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not coincide with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is below 125 percent or above 155 percent, measures must be taken with the aim of creating the conditions to bring the funding ratio back to the normal range. In the event of a low funding ratio, one measure may be to raise the agreed price for new subscriptions and to extend existing benefits. In the event of a high funding ratio, one measure may be to introduce premium reductions. At the end of 2021, Alecta's surplus in the form of the collective funding ratio was 172 percent (148).

NOTE 30. OTHER PROVISIONS

Group	2021	2020
Restructuring reserve [1]	21	27
Guarantee reserve	6	5
Other provisions	11	9
	38	**41**

[1] *The restructuring reserve refers to costs in connection with the closure of the production units in France and Sweden.*
[2] *Other provisions refer primarily to a provision for agents pursuant to Italian law and are based on average commission over the past five years.*
[3] *Acquisition of Imola and refers to a provision for agents pursuant to Italian law.*

Group 2021	Guarantee reserve	Environ-mental reserve	Restruc-turing reserve [1]	Other provi-sions [2]	Total
Opening balance, 1 Jan 2021	**5**	**0**	**27**	**9**	**41**
Provisions during the year	1		4	1	6
Acquisition of subsidiaries [3]				1	1
Utilised provisions	-1	0	-10	0	-11
Translation differences	1		0	0	1
Closing balance, 31 Dec 2021	**6**	**-**	**21**	**11**	**38**
Of which, current provisions	-	-	21	5	26
Of which, non-current provisions	6	-	-	6	12

Group 2020	Guarantee reserve	Environ-mental reserve	Restruc-turing reserve [1]	Other provi-sions [2]	Total
Opening balance, 1 Jan 2020	**4**	**1**	**-**	**11**	**16**
Provisions during the year	1	-	27	-	28
Utilised provisions	-	-1	-	-1	-2
Translation differences	0	0	0	-1	-1
Closing balance, 31 Dec 2020	**5**	**0**	**27**	**9**	**41**
Of which, current provisions	-	0	27	5	32
Of which, non-current provisions	5	-	-	4	9

NOTE 31. ACCRUED EXPENSES AND PREPAID INCOME

Group	2021	2020
Payroll and vacation expenses	159	167
Accrued social security contributions, incl. pension and payroll tax	55	70
Accrued expenses from contracts with customers	30	25
Accrued sales commissions	11	14
Accrued service-related expenses	18	5
Accrued interest expenses	2	8
Other accrued expenses	102	88
Prepaid revenue from contracts with customers	2	1
Other prepaid income	5	3
	384	**381**

Parent Company	2021	2020
Payroll and vacation expenses	14	9
Accrued social security contributions, incl. pension and payroll tax	9	6
Accrued interest expenses	2	8
Other accrued expenses	15	6
	40	**29**

NOTE 32. PLEDGED ASSETS

Group	2021	2020
Pledges for own liabilities		
Corporate mortgages	154	152
Shares in subsidiaries	1,744	1,673
TOTAL PLEDGED ASSETS	**1,898**	**1,825**
Parent Company		
Pledges for own liabilities		
Shares in subsidiaries	1,353	1,353

All collateral refers to collateral for liabilities to credit institutions.

NOTE 33. CONTINGENT LIABILITIES

Group	2021	2020
Guarantee undertakings	12	22
Parent Company		
Sureties for subsidiaries	399	123

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

The ITAB Group's related parties refer to Group management, the Parent Company's Board of Directors 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 salaries and remuneration to senior executives, see Note 8.

Current liabilities as of 31 December 2020 included short-term shareholder loans from 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 amounted to a total of SEK 140 million and were approved at an Extraordinary General Meeting of ITAB Shop Concept AB (publ) on 22 July 2020. In connection with the offset issue in March 2021 (refer to Note 27), SEK 100 million of these loans was converted into equity. The remaining SEK 40 million was repaid in March 2021 and none of these shareholder loans remained on the balance sheet date.

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 on market conditions.

Purchases totalling SEK 1 million (1) were made in 2021 by the ITAB companies ITAB Shop Products AB in Jönköping, ITAB Shop Concept Nässjö 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 BALANCE SHEET DATE

NEW FINANCIAL TARGETS FOR ITAB

In conjunction with the preparation of the annual accounts in February 2022, the Board of Directors adoptd new financial targets that support the Group's ambition to establish ITAB as the retail market's leading solution provider. The financial targets adopted by the Board are:

Growth: Average growth in net sales (CAGR) of 4-8 percent per annum over a business cycle. Growth is to be achieved by sustainable organic growth and strategic acquisitions.

Earnings: Average EBIT margin (operating profit in relation to net revenue) of 7-9 percent over a business cycle.

Capital efficiency: Average cash conversion ratio (operational cash flow in relation to operating profit before depreciation and amortisation) of at least 80 percent over a business cycle.

Dividend policy: As before, dividends over a longer period should follow the result and correspond to at least 30 percent of the company's profit after tax. However, dividends will be adjusted to the company's investment requirements and any share repurchase program.

ACQUISITION OF CHECKMARK IN FINLAND

On 28 February 2022, the ITAB Group acquired, through its Finnish subsidiary ITAB Finland Holding Oy, all shares in Oy Checkmark Ltd. Checkmark is one of the leading suppliers of retail technology solutions for checkouts and store guidance for retailers in the Nordic region. Checkmark has its head office in Pieksämäki in Finland and subsidiaries in Sweden, Norway and Denmark. The Checkmark group has annual sales of approximately EUR 12 million and 44 employees. Closing took effect immediately and the acquisition is consolidated in the Group as of 1 March 2022.

Effect of the acquisition of the shares in Oy Checkmark Ltd 2022

Preliminary fair values of assets and liabilities acquired, purhase considerations and impact on the Group's cash and cash equivalents according to preliminary acquisition analyses are presented below.

Checkmark at the acquisition date	Preliminary fair values
Property, plant & equipment	2
Deferred tax assets	1
Inventories	18
Other current assets	50
Liabilities	-21
Net identifiable assets and liabilities	**50**
Consolidated goodwill	24
Preliminary purchase consideration*	**74**
Less: Net cash and cash equivalents in acquired companies	-27
Less: Unpaid purchase consideration	-27
Effect on the Group's cash and cash equivalents at the acquisition date	**20**

*) Puchase consideration will be finally regulated during the second quarter 2022 after adjustments of net cash and normalised operating capital .

ITAB DISCONTINUES ITS OPERATIONS IN RUSSIA

In the beginning of March 2022, ITAB decided to discontinue its operations in Russia due to the invasion of Ukraine. ITAB has a production facility and sales offices in Russia with a total of approximately 125 employees. The decommissioning process began immediately with due considerations towards employees, customers, and business partners.

ITAB's sales in Russia amounted to approximately SEK 170 million in 2021, corresponding to approximately 2.5 percent of ITAB's total annual sales. Consequently, the decision to discontinue the Russian operations will not have any significant impact on ITAB's revenue and profit. The decommissioning may involve some write-downs. The decommissioning may involve some write-downs.

No other significant events for the Group have taken place after the end of the financial year.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Key ratios included in the Annual Report derive primarily from the disclosure requirements according to IFRS and the Swedish Annual Accounts Act. In addition, reference is made to a number of performance measures that are not defined in 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 performance measures presented in the Annual Report are EBITDA, interest-bearing net debt, share of risk-bearing capital, return on equity, return on capital employed and return on total capital. The definitions of these alternative performance measures and other key ratios can be found on the next page.

▼ EBITDA

EBITDA (earnings before interest, tax, depreciation and amortisation) is considered a relevant profit measure to assess the company's profit trend over time.

(SEK million)	2021	2020
Operating profit	224	112
Depreciation and amortisation	275	264
EBITDA	**499**	**376**
Non-recurring items [1]	-157	-202
EBITDA EXCL. NON-RECURRING ITEMS	**656**	**578**

[1] *For more information about non-recurring items, see page 49.*

▼ Interest-bearing net debt

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

(SEK million)	2021	2020
Interest-bearing non-current liabilities	1,071	1,239
Interest-bearing current liabilities	380	1,202
Interest-bearing assets	-4	-1
Cash and cash equivalents	-208	-692
INTEREST-BEARING NET DEBT	**1,239**	**1,748**
Of which, interest-bearing lease liabilities	630	656
INTEREST-BEARING NET DEBT EXCL. LEASES	**609**	**1,092**

▼ Share of risk-bearing capital

Share of risk-bearing capital is a measure that the Group views as relevant to be able to assess ITAB's long-term payment capacity.

(SEK million)	2021	2020
Equity attributable to Parent Company shareholders	2,654	1,607
Equity attributable to non-controlling interests	128	118
Provision for deferred tax liabilities	45	41
Convertible debenture loan	-	-
Risk-bearing capital	**2,827**	**1,766**
Total capital	6,024	5,519
SHARE OF RISK-BEARING CAPITAL, %	**46.9**	**32.0**

▼ Return on equity

This measure shows the return on the shareholders' capital invested in the ITAB Group.

(SEK million)	2021	2020
Net profit for the year attributable to Parent Company shareholders	95	-21
Equity attributable to Parent Company shareholders	2,654	1,607
Average*) equity attributable to Parent Company shareholders	2,393	1,720
RETURN ON EQUITY, %	**4.0**	**-1.2**

▼ Return on capital employed

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

(SEK million)	2021	2020
Profit for the year after financial items plus financial borrowing costs	238	112
Average*) balance sheet total less non interest-bearing liabilities	4,266	4,441
RETURN ON CAPITAL EMPLOYED, %	**5.6**	**2.5**

▼ 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 million)	2021	2020
Profit for the year after financial items plus financial borrowing costs	238	112
Average*) total capital	5,939	5,727
RETURN ON TOTAL CAPITAL, %	**4.0**	**2.0**

**) Average is calculated as the average of opening balance and the relevant reported quarterly data up until the closing period. In other words, 2021 is calculated as (31 December 2020 + 31 March 2021 + 30 June 2021 + 30 September 2021 + 31 December 2021) divided by five.*

DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURE	DEFINITION	MOTIVE
SHARE OF RISK-BEARING CAPITAL	Equity plus provisions for deferred tax liabilities as well as convertible debenture loans in relation to total capital.	Relevant measure for assessing ITAB's potential to fulfil its financial obligations.
RETURN ON EQUITY	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 measure to show the return on the shareholders' capital invested in the ITAB Group.
RETURN ON CAPITAL EMPLOYED	Profit after financial items plus financial borrowing costs in relation to average balance sheet total less non interest-bearing liabilities.	Relevant measure for assessing ITAB's efficiency and added value from the business.
RETURN ON TOTAL CAPITAL	Profit after financial items plus financial borrowing costs in relation to average total capital.	Relevant measure for assessing ITAB's ability to generate profit on the Group's assets regardless of financing costs.
DIRECT YIELD	Paid or proposed dividend in relation to the share price on the balance sheet date.	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	Earnings before interest, tax, depreciation and amortisation.	A relevant profit measure to assess the company's profit trend over time.
EQUITY PER SHARE	Equity at the end of the period attributable to Parent Company shareholders in relation to the number of shares at the end of the period.	Measure to describe how much equity belongs to the shareholders of the Parent Company.
CASH FLOW FROM OPERATING ACTIVITIES PER SHARE	Cash flow from operating activities in relation to the average number of outstanding shares.	This 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.	This measure shows the size of ITAB's workforce.
EARNINGS PER SHARE	Net profit for the year attributable to Parent Company shareholders in relation to the average number of shares.	A valuation measure that highlights ITAB's ability to pay dividends to its shareholders.
INTEREST-BEARING NET DEBT	Non-current and current interest-bearing liabilities including lease liabilities less interest-bearing assets as well as cash and cash equivalents.	A relevant measure to show ITAB's total loan financing. This measure is included in the covenants in ITAB's loan agreements with the company's banks.
INTEREST-COVERAGE RATIO	Profit after financial items plus financial interest expenses in relation to financial borrowing costs.	Shows ITAB's ability to cover its financial expenses.
OPERATING MARGIN	Operating profit in relation to revenue.	Relevant for assessing ITAB's efficiency and added value.
EQUITY/ASSETS RATIO	Equity in relation to total capital.	This measure highlights financial risk.
CURRENCY-ADJUSTED SALES	Translation of the foreign subsidiaries' income statements are conducted at each period's average currency rate. For comparison of profit excluding currency effects, the companies are recalculated at the previous year's average currency rate for the same period. ITAB applies the European Central Bank's average rates for the whole period.	Relevant to show the sales and profifit trend without any effects from currency rates fluctuations.
PROFIT MARGIN	Profit after financial items in relation to revenue.	Relevant for assessing ITAB's efficiency and added value.

The Board of Directors and the CEO hereby verify that the consolidated accounts and the annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish 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 Administration Report presents a true and fair view of the development of the Group's and the Parent Company's business activities, financial position and 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 were approved for issue by the Board of Directors on 28 March 2022. The consolidated 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 10 May 2022.

Jönköping, 28 March 2022

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	Vegard Søraunet Board member	Ruthger de Vries Board member

Andréas Elgaard
CEO

Our Auditor's Report was submitted on 30 March 2022

Ernst & Young AB

Joakim Falck
Authorised Public Accountant

Translation from the Swedish original.

AUDITOR'S REPORT

To the Annual General Meeting of Shareholders of ITAB Shop Concept AB (publ), corporate identity number 556292-1089

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of ITAB Shop Concept AB (publ), except for the Corporate Governance Report on pages 43-47 for the year 2021 The annual accounts and consolidated accounts of the company are included on pages 34-84 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 2021 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 2021 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. Our opinions do not cover the Corporate Governance Report on pages 43-47. 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 Opinions

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 judgement, 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 of the matter

As of 31 December 2021, the reported value for goodwill amounts to SEK 1,644 million in the Group's balance sheet which corresponds to 27.3 percent of total assets. Shares in Group companies are reported in the Parent Company's balance sheet at SEK 2,051 million, which corresponds to 77.1 percent of total assets. Every year, and when there is an indication of a fall in value, ITAB tests 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 that 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 in 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.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts which is found on pages 1-33. The remuneration report for the financial year 2021 also constitutes other information. The Board of Directors and the Chief Executive Officer (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 the 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 intend to ▶

liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Board's 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 judgement and maintain professional skepticism 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 doubt 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

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

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 2021 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 opinions

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 the 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 judgement and maintain professional skepticism 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 judgement 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.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the CEO have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ITAB Shop Concept AB (publ), for the financial year 2021

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report 59d8e9b0dd147ab5029c16eacb9506069a1b7a04e348133f7aa1cdc4f8f55bac has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report.* Our responsibility under this recommendation is described in more detail in the *Auditor's responsibility* section. We are independent of ITAB Shop Concept AB (publ), 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the ESEF report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the CEO determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors and the CEO, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the CEO.

The procedures mainly include a technical validation of the ESEF report, i.e. if the file containing the ESEF report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the ESEF report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for that the Corporate Governance Report on pages 43-47 has been prepared in accordance with the Annual Accounts Act.

Our examination of the Corporate Governance Report is conducted in accordance with FAR´s standard RevR 16 *The auditor´s examination of the corporate governance statement.* This means that our examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A Corporate Governance Report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB Box 7850, SE-103 99 Stockholm, Sweden was appointed auditors of ITAB Shop Concept AB (publ) by the General Meeting of Shareholders on 11 May 2021. ITAB Shop Concept AB (publ) has been a Public Interest Entity since 28 May 2004

Jönköping, 30 March 2022
Ernst & Young AB

Joakim Falck
Authorised Public Accountant

AUDITORS

The auditors are appointed by the shareholders at the Annual General Meeting. 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 in charge. Aside his duties for ITAB Shop Concept AB, Joakim Falck also has auditing assignments for e.g. Nolato AB, XANO Industrier AB, Garo AB, Hexpol AB, Nefab AB, One Partner Group AB and Gyllensvaans Möbler AB.

JOAKIM FALCK
(born 1972)
Auditor for ITAB since 2018
Authorised Public Accountat
Member of FAR SRS, Ernst & Young AB

BOARD OF DIRECTORS

ANDERS MOBERG (born 1950)
Chairman of the Board since 2018 och Board member since 2011.
Other Board assignments: Chairman of the Board of Byggmax AB. Board member of Bergendahl & Son AB, Boconcept A/S, Stichting INGKA Foundation and ZetaDisplay AB.
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: 1,100,000 shares (endowment policy).

ANNA BENJAMIN (born 1976)
Board member since 2004.
Other Board assignments: Board member of AGES Industri AB, Inev AB, Pegital Investment AB and XANO Industri AB.
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: 14,206,593 shares (with family and via companies).

JAN FRYKHAMMAR (born 1965)
Board member since 2019.
Other Board assignments: Chairman of the Board of Aspia AB, Kvdbil AB and Openet Ltd. Board member of Clavister AB, Nordic Semiconductor AS, Telavox AB and others.
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: –

PETTER FÄGERSTEN (born 1982)
Board member since 2016.
Other Board assignments: Board member of AGES Industri AB, Inev AB, Ravingatan AB, Skanditape AB, XANO Industri AB, Övre kullen AB and others.
Independence: Independent in relation to the company and its senior executives. Dependent in relation to major shareholders.
Shareholding: 24,718,162 shares (with family and via companies).

EVA KARLSSON (born 1966)
Board member since 2020.
Executive Vice President & Head of Group Operations at Dometic Group.
Other Board assignments: –
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: –

ROBERTO MONTI (born 1963)
Board member since 2020.
CEO of Arper SPA.
Other Board assignments: Board member of AIDAF and Arper SPA.
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: –

FREDRIK RAPP (born 1972)
Board member since 2013.
CEO of Pomona-gruppen AB.
Other Board assignments: Chairman of the Board of Binar AB, Borgstena Group AB, Eesti Höövelliist AS, Serica Consulting AB, XANO Industri AB and others. Board member of Ages Industri AB, Nordic Flow Group AB, PrimeKey Solutions AB, Segulah AB and others.
Independence: Independent in relation to the company and its senior executives. Dependent in relation to major shareholders.
Shareholding: 37,945,397 shares (via Pomona-gruppen and with family).

VEGARD SØRAUNET (born 1980)
Board member since 2021.
CEO and Investment Director at Aeternum Management AS.
Other Board assignments: CEO and Chairman of the Board of Søraunet Invest AS.
Independence: Independent in relation to the company and its senior executives. Dependent in relation to major shareholders.
Shareholding: 54,304,496 shares (via Aeternum Capital).

RUTHGER DE VRIES (born 1965)
Board member since 2020.
President, Scania Industrial Operations Asia.
Other Board assignments: –
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: –

OTHER INFORMATION: Refer to ITAB's website, itabgroup.com, for a more detailed presentation of each Board member, including education and work experience. Information about the number of shares refers to shareholdings as of 28 February 2022.

GROUP MANAGEMENT

ANDRÉAS ELGAARD (born 1972)
President & CEO
Employed by the Group: 2019
Education: Master of Science, Lund Institute of Technology.
Work experience: Senior positions within IKEA, Ballingslöv, Sperian, Icopal and Saint-Gobain Isover.
Shareholding: 700,000 shares.

ULRIKA BERGMO SKÖLD (born 1967)
Chief Financial Officer
Employed by the Group: 2020
Shareholding: 25,600 shares.

JESPER BLOMQUIST (born 1968)
Chief Operating Officer & Senior Vice President – SBU Lighting
Employed by the Group: 2020
Shareholding: 82,222 shares.

GLAUCO FRASCAROLI (born 1958)
Senior Vice President – MBU South Europe
Employed by the Group: 2016
Shareholding: –

ROY FRENCH (born 1965)
Senior Vice President – MBU North Europe
Employed by the Group: 2010
Shareholding: –

NICK HUGHES (born 1969)
Senior Vice President – Group Strategy & Transformation and SBU Retail Technology
Employed by the Group: 2010
Shareholding: –

FRIDA KARLSSON (born 1984)
General Counsel
Employed by the Group: 2021
Shareholding: –

PERNILLA LORENTZON (born 1969)
Senior Vice President – People & Culture
Employed by the Group: 2015
Shareholding: –

KLAUS SCHMID (born 1965)
Senior Vice President – MBU Central Europe
Employed by the Group: 2018
Shareholding: –

OTHER INFORMATION: Information about the number of shares refers to shareholdings as of 28 February 2022.

ANNUAL GENERAL MEETING 2022

Annual General Meeting 2022 in ITAB Shop Concept AB (publ) will be held on Tuesday, 10 May 2022 at 3:00 p.m. CEST at ITAB's head office at Instrumentvägen 2, Jönköping, Sweden.

The notice to attend the Annual General Meeting is expected to be published on 6 April 2022 through a press release and on the company's website, and through an advertisement in Post- och Inrikes Tidningar. An announcement of the publication of the notice will be made in Dagens Industri. The notice will contain the proposed agenda and the proposals of the Nomination Committee and the Board of Directors for resolutions at the Meeting.

▶ Refer to itabgroup.com for additional information and to download and order reports.

FINANCIAL INFORMATION IN 2022

Interim Report 3 months 1 Jan-31 Mar	10 May 2022
Annual General Meeting 2022	10 May 2022
Interim Report 6 months 1 Jan-30 Jun	13 July 2022
Interim Report 9 months 1 Jan-30 Sep	28 October 2022
Year-End Report 1 Jan-31 Dec 2022	8 February 2022
Annual Report 2022	March/April 2023
Annual General Meeting 2023	May 2023

ITAB

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