ITAB

2015
ANNUAL REPORT


»Improving the
Shop Experience…«

ITAB's BUSINESS CONCEPT

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

BUSINESS GOALS

- ITAB will achieve an annual growth rate of at least 15 per cent over an extended period. ITAB will maintain and enhance its market-leading position in Northern Europe and develop market shares in new markets. ITAB will develop its all-inclusive offer of complete shop concepts through custom-made fitting concepts, innovative solutions for checkout aisles and professional lighting systems.

CONTENTS

ABOUT ITAB

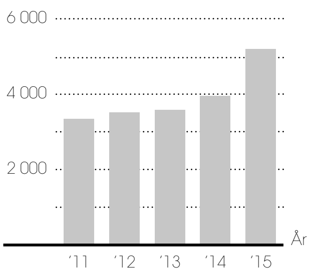
ITAB Shop Concept sells, develops, manufactures and installs complete shop fitting concepts for retail chain stores. The all-inclusive offer includes custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems. Customers include the major players throughout most of Europe.

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

GEOGRAPHIC PRESENCE

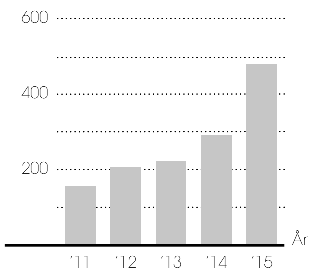
- Market presence
- Offices/Sales companies
- Production facility

SALES (SEK M)



SEK 5,193 MILLION

PROFIT AFTER FINANCIAL ITEMS (SEK M)



SEK 476 MILLION

PRODUCTION FACILITIES

17 (in 11 countries)

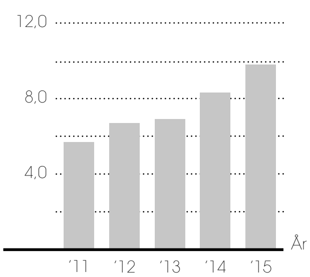
OWN ACTIVITIES

22 countries

WORKING MODEL

In order to develop and nurture long-term business relations, ITAB has long worked according to a model that is aimed at working closely with its customers and their markets. The project management function, which is a central element in the model, makes it possible to offer all-inclusive solutions with responsibility for the entire process, from concept to ready-made shop.

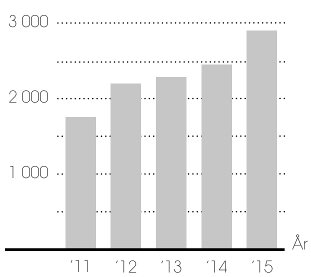
OPERATING MARGIN (%)



9.8%

3,568 SHAREHOLDERS

NUMBER OF EMPLOYEES (average)



2,829 PEOPLE

65% 35%

ITAB 2015 IN BRIEF

ITAB has had is strongest year to date, both in terms of sales and earnings. The acquired operations have been integrated into the Group and have continued to generate growth in volume and profitability. The acquisitions, alongside other growth, have provided good opportunities for synergy within in the Group. During the year, for example, ITAB has entered into a partnership agreement with Toshiba and confirmed the delivery of self-checkout solutions to Auchan's flagship store in Paris.

PARTNERSHIP AGREEMENT WITH TOSHIBA

- ITAB has entered into a global partnership agreement with Toshiba. Under the agreement, Toshiba will sell and integrate ITAB's self-checkout concept primarily in the U.S. market, but also in markets where ITAB currently does not have a presence.

AUCHAN IN PARIS

- During the year, ITAB entered into an agreement for the delivery of self-checkout solutions to Auchan's flagship store in Paris. Auchan is one of Europe's largest retail chains, without around 3,000 stores.

SUMMARY 2015

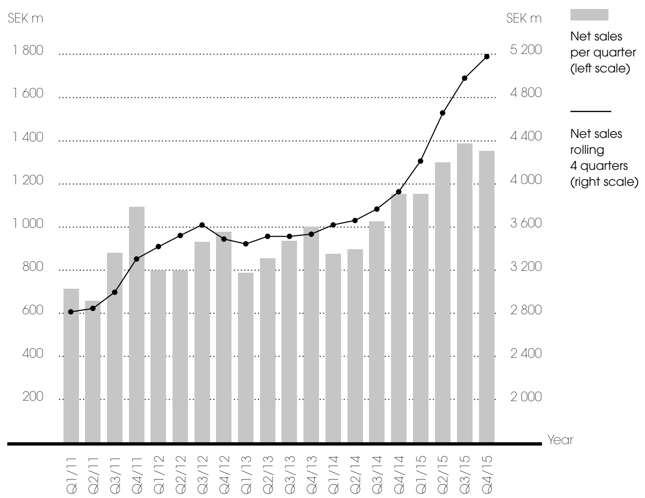
- Net sales rose by 32% to SEK 5,193 million (3,938)
- Operating profit rose by 56% to SEK 508 million (325)
- Profit after financial items rose by 65% to SEK 476 million (288)
- Earnings per share rose by 71% to SEK 10.32 (6.03)

ITAB GROUP IN FIGURES

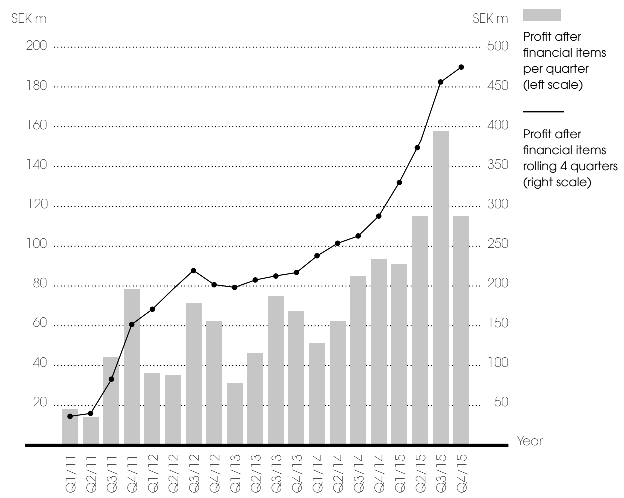
		2015	**2014**
Net sales	SEK million	5,193	3,938
Growth	%	32	10
Operating profit	SEK million	508	325
Operating margin	%	9.8	8.3
Profit after net financial items	SEK million	476	288
Profit after tax	SEK million	374	218
Earnings per share	SEK	10.32	6.03
Dividends per share	SEK	5.00 [1)]	2.50
Equity per share	SEK	43.15	36.14
Return on equity	%	26.2	18.8
Portion of risk-bearing capital	%	50.3	46.2
Share price at the end of the period	SEK	302.00	131.00
Average number of employees during the year	no.	2,829	2,441
Equity/assets ratio	%	46.7	42.3
Net liability	SEK million	721	880

1) The Board's proposal for dividends for the 2015 financial year

▼ **NET SALES (SEK M)**



▼ **PROFIT AFTER FINANCIAL ITEMS (SEK M)**



Q1

▶ **SALES**
SEK 1,151 million (863)

▶ **OPERATING PROFIT**
SEK 95 million (58)

▶ **PROFIT BEFORE TAX**
SEK 90 million (50)

Q2

▶ **SALES**
SEK 1,299 million (899)

▶ **OPERATING PROFIT**
SEK 123 million (68)

▶ **PROFIT BEFORE TAX**
SEK 115 million (61)

Q3

▶ **SALES**
SEK 1,389 million (1,025)

▶ **OPERATING PROFIT**
SEK 168 million (95)

▶ **PROFIT BEFORE TAX**
SEK 157 million (84)

Q4

▶ **SALES**
SEK 1,354 million (1,151)

▶ **OPERATING PROFIT**
SEK 122 million (104)

▶ **PROFIT BEFORE TAX**
SEK 114 million (93)

IMPORTANT AGREEMENTS AND DEALS IN 2015

▶ **ACQUISITION OF JPD IN LATVIA.** At the start of the year, ITAB acquired JPD in Latvia. JPD reported sales of SEK 105 million in 2014 and focuses principally on concept sales to the non-food segment in the European market. This acquisition is in line with the Group's continued investments in concept and lighting sales, and will further strengthen ITAB's customer offer in the European market.

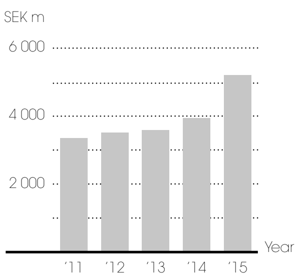
▶ **SELF-CHECKOUT SOLUTIONS FOR THE FRENCH MARKET.** ITAB has delivered self-checkout solutions to Auchan's flagship store in Paris. This order is important for ITAB, as it is the first installation of self-checkout solutions in the French market, which is one of Europe's largest markets for self-service checkouts. Auchan is one of Europe's largest retail chains, without around 3,000 stores.

▶ **GLOBAL PARTNERSHIP AGREEMENT WITH TOSHIBA.** Under the agreement, Toshiba will sell and integrate ITAB's self-checkout concept primarily in the U.S. market, which is the world leader in self-checkout solutions for stores, but also globally in markets where ITAB currently does not have a presence. Toshiba has operations and business partners around the world and is the single largest player in the U.S. market with a recognised high level of quality and a wide customer base across the retail sector. The first step in this partnership is that Toshiba will integrate ITAB's self-checkout concept into its global product portfolio. The agreement also presents opportunities for future collaboration in the development of the retail checkout area.

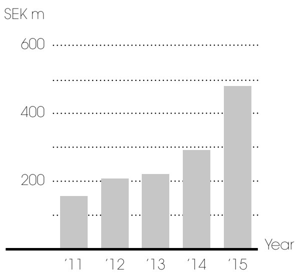
CEO ULF ROSTEDT ON 2015

ITAB has had is strongest year to date, both in terms of sales and earnings. The acquired operations have been integrated in the Group and have continued to generate growth in volume and profitability. The acquisitions, alongside other growth, have provided good opportunities for synergy effects in the Group. Our offer is competitive and we will continue to develop our concept in order to create more effective and more attractive shop environments for our customers.

▼ NET SALES (SEK M)



▼ PROFIT AFTER FINANCIAL ITEMS (SEK M)



MARKET TRENDS

During the year, currency-adjusted sales increased by 25% compared to last year, and profit after financial items increased by 65%. Sales have developed positively in all markets except for Central Europe, which was on par with last year. The businesses that were acquired at the end of last year and the start of this year have been integrated into the Group and have contributed to the trend. We have advanced our market position from a strategic perspective. Several of our customers are choosing to use a larger proportion of our all-inclusive offer in order to achieve a more efficient store refurbishment process, which is in line with our business concept of offering complete shop concepts.

The earnings trend is primarily due to increased sales volumes, increased capacity in the Group's production facilities and synergy effects in conjunction with acquisitions. The improvement in earnings can also be ascribed to the long-term rationalisation work being implemented in the Group, as well as the Group's development in line with our strategy.

MARKETING ACTIVITIES

There continues to be considerable interest in our self-checkout concept, as it provides the conditions for increased service, streamlining and cost savings in stores. Several MoveFlow and TwinFlow installations were completed during the period in major chains around Europe.

The global partnership agreement with Toshiba confirms the potential we see in our self-checkout solutions. We have jointly initiated intensive marketing work in the European and American markets. Through the partnership agreement with Toshiba, ITAB will be supplying a back-office test of EasyFlow to the Carrefour supermarket chain in Spain. The back-office test means that Carrefour is choosing to conduct a test installation outside of the store environment in order to evaluate the system.

At the start of 2016, working alongside Toshiba, we participated with our self-checkout concept at NRF in New York, a major trade fair for technical solutions in the retail sector. Here we had the opportunity to present our products to the American market, the world's largest market for self-checkout solutions.

Auchan has opened its flagship store in Paris, with ITAB supplying self-checkout solutions. This is the largest self-checkout arena in Europe. The French market is one of the largest markets in Europe for self-checkout solutions, and Auchan is one of Europe's largest retail chains with around 3,000 stores. According to Auchan, half of the customers in the store opt for the self-checkouts, and savings to date amount to around

30 per cent. At the end of the year, we started establishing a company in France, with the aim of strengthening our position on the French market.

During last year, a new lighting concept for linear LED products was launched. Several of our customers are interested in these products, and the proportion of LEDs is continuing to grow. We are continuing to invest in product development in this area. Through acquisitions and the establishment of our own lighting companies, we have a good basis for the continued development of lighting sales. We can offer our customers a combination of local lighting expertise with global sourcing of lighting products.

ITAB´S FOUNDER TORD JOHANSSON

ITAB's founder and Chairman of the Board, Tord Johansson, passed away suddenly in October at the age of 60. Tord was heavily involved in the operations over the years, and with his strategic and industrial expertise, he was very important for the development of the Group. For those of us who had the benefit of working alongside him, the sense of personal loss is very great. We will continue to run the Group in his spirit.

FUTURE PROSPECTS

Our markets have continued to develop positively and we are expecting continued good growth in the future. We will continue our long-term work aimed at streamlining all parts of our operation, in order to improve our offer and retain our profit level. In the long term, we believe that our customers will be on the lookout for more effective solutions, both for shops but also for the process of establishing shops.

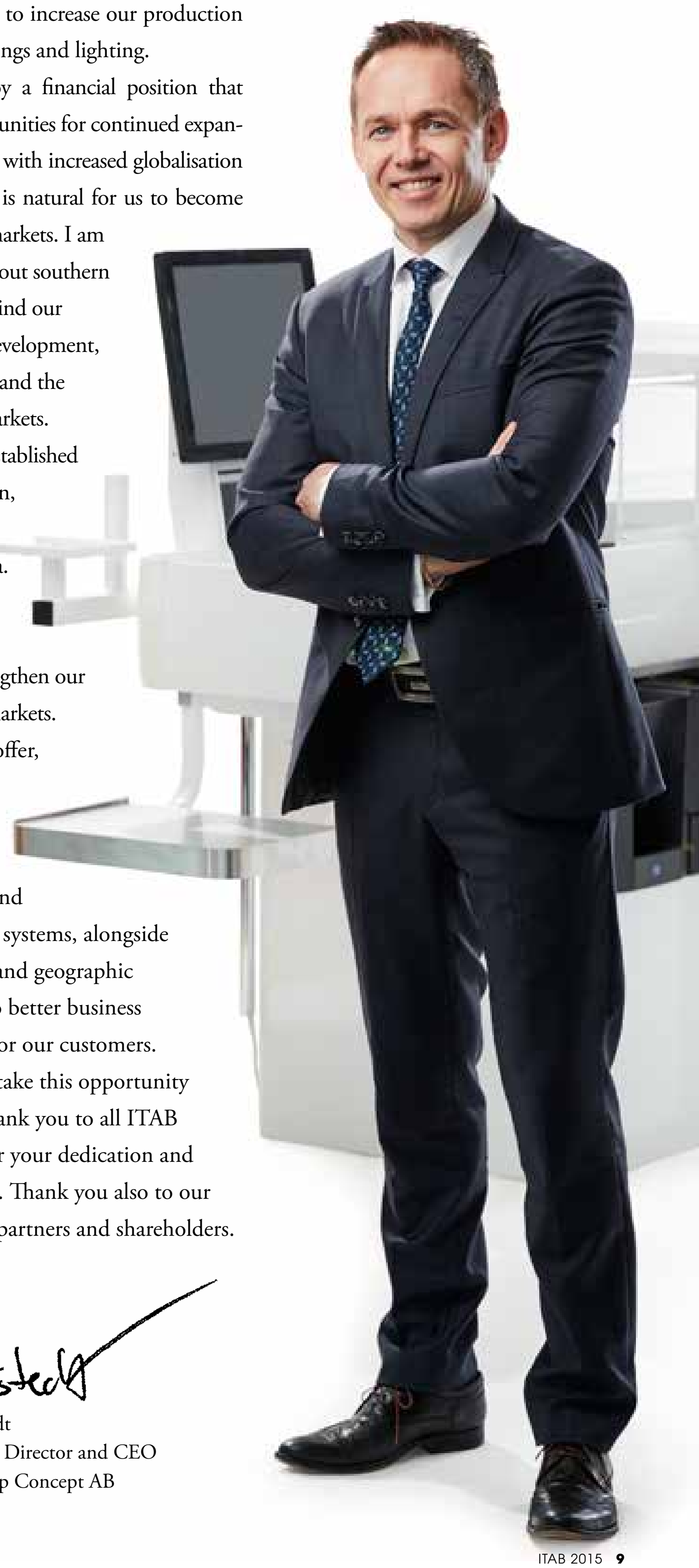
Thanks to our experiences, we have considerable confidence in our self-checkout concept for the years ahead. We also consider that the Group is well prepared, both in terms of expertise and capacity, to meet the high rate of development being witnessed as regards LED products and systems in the lighting segment.

Our combination of local and flexible production coupled with centralised volume production enables the Group to meet specific requirements and preferences from different customers in different markets. We have the strength and the capacity to expand in line with our major customers. ITAB's global presence is becoming even more important, as several of our customers are expanding across large parts of the world. We have decided to build a new production facility in China in order to increase our production capacity for both fittings and lighting.

We currently enjoy a financial position that provides good opportunities for continued expansion in future. In line with increased globalisation for our customers, it is natural for us to become established in more markets. I am primarily thinking about southern Europe, bearing in mind our existing customers' development, similarities in culture and the proximity to these markets. We also have a well established network of production, logistics, installation and service in the area. In parallel with this, we can see continued opportunities to strengthen our position in existing markets.

Our all-inclusive offer, which includes shop concepts, checkouts, self-checkout solutions and professional lighting systems, alongside our working model and geographic presence, will lead to better business both for ITAB and for our customers.

Finally, I want to take this opportunity to extend a warm thank you to all ITAB Group employees for your dedication and your loyalty in 2015. Thank you also to our customers, business partners and shareholders.



Ulf Rostedt
Managing Director and CEO
ITAB Shop Concept AB

THE ITAB SHARE

ITAB's Class B shares were registered on the stock exchange on 28 May 2004 after being spun-off from ITAB Industri AB (now Xano Industri AB). The share is listed on NASDAQ Stockholm in the Mid Cap segment. The share capital in ITAB amounts to SEK 42.38 million distributed between 7,800,000 Class A shares and 26,106,410 Class B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote. All shares have equal rights to dividends. The nominal value is SEK 1.25 per share.

SHARE PRICE DEVELOPMENT

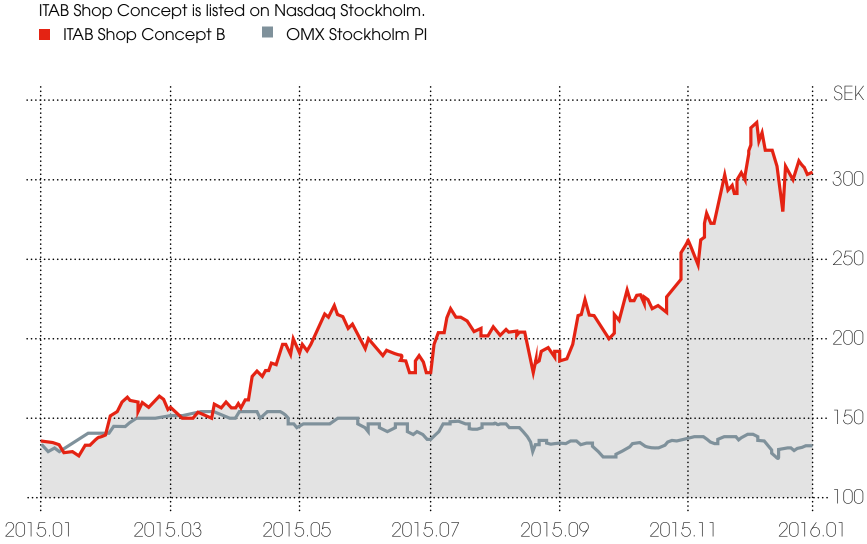
During 2015, ITAB's share price increased by 131 per cent from SEK 131 to SEK 302. Based on the closing price on 31 December 2015, the total value stood at SEK 10,240 million. The highest price paid during the year was quoted on 3 December at SEK 337.00 and the lowest price was quoted on 21 January at SEK 122.50.

SHAREHOLDERS

At the end of 2015, ITAB had 3,568 shareholders (2,608), which is 960 more than at the same time in the previous year. The ten largest shareholders jointly held 91.67 per cent (91.22) of the votes and 75.26 per cent (73.89) of the capital. Institutional ownership made up 3.08 per cent (4.34) of the votes and 9.44 per cent (13.32) of the capital.

SHARE PERFORMANCE, 2015

ITAB Shop Concept is listed on Nasdaq Stockholm.



SHARE DATA 31/12/2015

- **ALL TIME HIGH (UP TO AND INCLUDING 2015)**
  SEK 337 (03/12/2015)
- **TRADING LOT**
  1 share
- **LISTING**
  Nasdaq Stockholm's Mid Cap list
- **TICKER SYMBOL**
  ITAB B
- **SECTOR CLASSIFICATION**
  Industrial Goods & Services
- **ISIN CODE**
  SE0005992567

INVESTMENT CASE – INVEST IN ITAB

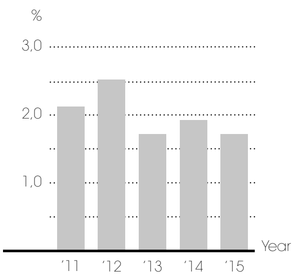
▶ **SHARE PERFORMANCE AND DIVIDEND.** The average price on the first trading day, 28 May 2004, was SEK 15, compared to SEK 302 which was the most recent price paid in 2015. Share dividends have been paid out in every year the company has been listed. Including the proposed dividend relating to the 2015 financial year, the combined dividend since 2004 amounts to SEK 14.56 per share.

▶ **ITAB'S ABILITY TO EXPAND PROFITABLY THROUGH BOTH ORGANIC GROWTH AND VIA ACQUISITIONS.** Over the past ten years, average growth has been about 15% per year. The operating margin has developed positively to 9.8% in 2015.
Read more on pages 14-17.

▶ **STRONG MARKET POSITION ON EXISTING MARKETS.** ITAB is the market leader in the Nordic countries, the UK and the Baltic countries. The company also ranks among the top players in Benelux, Germany and Poland.
Read more on pages 20-25.

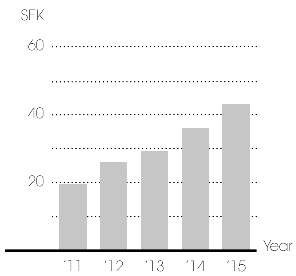
▶ **UNIQUE MARKET POSITION AND STRATEGIC APPROACH WITH SELF-CHECKOUT CONCEPTS AND LIGHTING SYSTEMS.** ITAB's offer of shop fitting concepts, self-checkout solutions and lighting systems will be prioritised investment areas for the retail sector in future. *Read more on pages 26-37.*

▼ **DIRECT YIELD (%)**

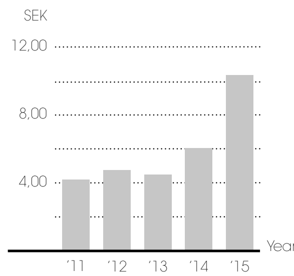


For definitions, see page 44.

▼ **EQUITY PER SHARE (SEK)**



▼ **EARNINGS PER SHARE (SEK)**



KEY RATIOS

	2015	2014	2013	2012	2011
Regular dividend	5.00[1]	2.50	1.50	1.25	0.75
Dividend as a percentage of net earnings	48[1]	41	33	26	18
Average number of outstanding shares	33,906,410	33,906,410	33,906,410	32,279,958	28,571,904
Actual number of shares at year-end	33,906,410	33,906,410	33,906,410	33,906,410	28,571,904
Share price on closing day (SEK)	302.00	131.00	86.00	50.75	36.50
Market capitalisation at the end of the year (SEK m)	10,240	4,442	2,916	1,721	1,043
Highest/Lowest price	337.00/128.25	154.00/75.75	91.00/50.25	60.00/36.38	51.88/27.50
Direct yield (%)	1.7	1.9	1.7	2.5	2.1
Earnings per share	10.32	6.03	4.49	4.74	4.20
Equity per share	43.15	36.14	29.39	26.09	19.56

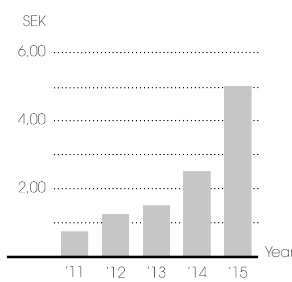
[1] *The Board's proposal for dividends for the 2015 financial year*

DIVIDEND POLICY

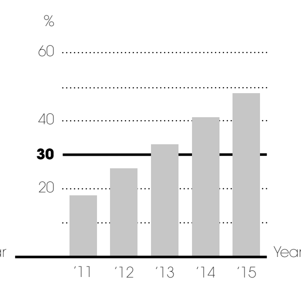
▶ The Board of Directors proposes to the Annual General Meeting a dividend of SEK 5.00 per share (2.50) for the 2015 financial year. The total dividend amounts to SEK 169,532 thousand (84,766) based on the number of shares on 31/12/2015.

▶ The Board has decided to amend the dividend policy. The previous wording stated that the dividends will, over an extended period, mirror the company's earnings and correspond to between 20% and 40% of the company's profit after tax. The amended policy states that share dividends will, over an extended period, mirror the company's earnings and correspond to at least 30% of the company's profit after tax. The dividend will, however, be adjusted to the company's investment needs and share repurchase schemes when relevant.

▼ **DIVIDEND (SEK)**



▼ **DIVIDEND AS A PERCENTAGE OF NET EARNINGS (%)**



SHAREHOLDERS, 31/12/2015

Name	Number of shares	Class A shares	Class B shares	No. of votes	Percentage of votes (%)	Percentage (%) of share capital
Tord Johansson's estate	8,215,520	5,228,800	2,986,720	55,274,720	53.09%	24.23%
Pomona-gruppen AB	10,047,016	2,160,000	7,887,016	29,487,016	28.32%	29.63%
Kennert Persson	1,267,400	312,400	955,000	4,079,000	3.92%	3.74%
Handelsbanken Fonder AB RE JPMEL	2,087,660		2,087,660	2,087,660	2.01%	6.16%
Stig-Olof Simonsson with company	1,074,766		1,074,766	1,074,766	1.03%	3.17%
Christer Persson with family	361,800	66,800	295,000	963,000	0.93%	1.07%
Petter Fägersten with family	651,458		651,458	651,458	0.63%	1.92%
Anna Benjamin with family	631,820		631,820	631,820	0.61%	1.86%
Carnegie Fonder	611,406		611,406	611,406	0.59%	1.80%
DnB – Carlson Fonder	570,088		570,088	570,088	0.55%	1.68%
Fondita Nordic Micro Cap SR	356,000		356,000	356,000	0.34%	1.05%
Försäkringsaktiebolaget Avanza pension	329,278		329,278	329,278	0.32%	0.97%
Svenska Handelsbanken AB FOR PB 1)	304,000		304,000	304,000	0.29%	0.90%
Sijoitusrahasto Evli Ruotsi Pi	261,656		261,656	261,656	0.25%	0.77%
Skandia Fonder	257,875		257,875	257,875	0.25%	0.76%
Länsförsäkringar fondförvaltning AB	244,974		244,974	244,974	0.24%	0.72%
Fanny Persson	66,800	16,000	50,800	210,800	0.20%	0.20%
Sune Lantz	209,960		209,960	209,960	0.20%	0.62%
Alf Svensson	180,000		180,000	180,000	0.17%	0.53%
Christoffer Persson	18,352	16,000	2,352	162,352	0.15%	0.05%
Other	6,158,581		6,158,581	6,158,581	5.91%	18.17%
	33,906,410	**7,800,000**	**26,106,410**	**104,106,410**	**100.00**	**100.00**

Class A shares grant entitlement to 10 votes and Class B shares grant entitlement to 1 vote. The proportion of institutional ownership as per 31/12/2015 was 3.08% (4.34%) of the voting rights and 9.44% (13.32%) of the share capital.
Information about the number of shares refers to shareholdings as per 31/12/2015 and includes, where relevant, holdings via companies, spouses and minors.

1) Board member Anders Moberg owns 300,000 Class B shares via an endowment policy with Svenska Handelsbanken.

DISTRIBUTION OF SHARES 31/12/2015

Share holding	No. of share-holders	No. of share-holders (%)	Number of shares	Number of shares (%)
1-1,000	2,850	79.87%	655,540	1.93%
1,001-5,000	512	14.35%	1,213,521	3.58%
5,001-10,000	91	2.55%	659,182	1.94%
10,001-50,000	72	2.02%	1,457,294	4.30%
50,001-100,000	16	0.45%	1,138,009	3.36%
100,001-	27	0.76%	28,782,864	84.89%
TOTAL	**3,568**	**100.00%**	**33,906,410**	**100.00%**

SHARE CAPITAL TREND

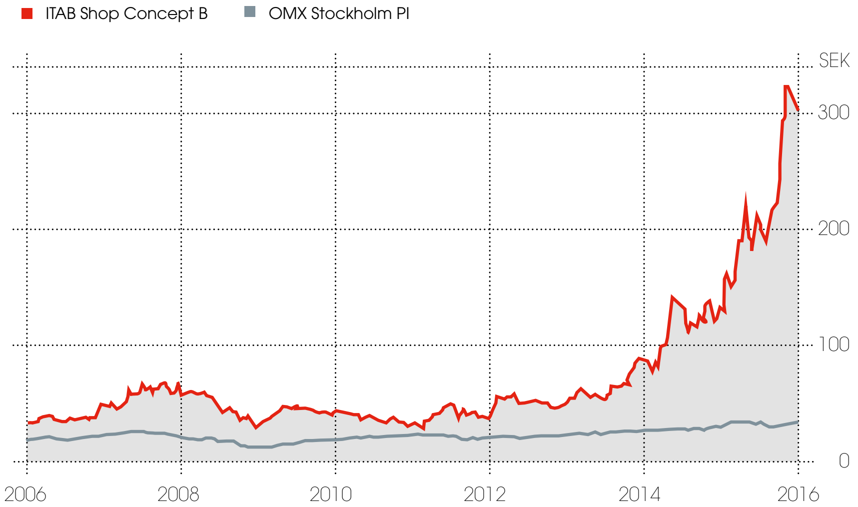
Yr	Transaction	Change in share capital (SEK thousands)	Total sharecapital, SEK thousands	Total no. of shares	Nominal value per share (SEK)
1987	Forming of company	50	50	500	100
1997	New share issue	50	100	1,000	100
1998	New share issue	8,500	8,600	86,000	100
2004	Bonus issue	8,600	17,200	172,000	100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

MORE THAN 10 YEARS ON THE STOCK EXCHANGE AS ITAB SHOP CONCEPT AB

- On 28 May 2004, ITAB Shop Concept AB was listed on First North after having been spun-off from ITAB Industri AB, and the average price on the first day was SEK 15.

SHARE PERFORMANCE OVER 10 YEARS

ITAB Shop Concept is listed on Nasdaq Stockholm.



CONVERTIBLE DEBENTURE LOAN

In order to provide employees at ITAB with the potential to participate in the Group's development, all employees in 2012 and 2014 were offered the chance to participate in convertible debenture schemes, both with a duration of four years. Both convertible debenture schemes were heavily oversubscribed.

- During the period 22 May to 2 June 2014, a subscription for convertible shares was carried out in which all ITAB employees had the right to subscribe, for a maximum total value of SEK 30 million. The allocation totalled 100,334 convertibles, and during the period 1 June 2018 to 11 June 2018 each convertible can be converted to two Class B shares at a conversion rate of SEK 149.50 (the recalculation has taken place as a result of the implemented share split 2:1).

- During the period 4 June to 14 June 2012, a subscription for convertible shares was carried out in which all ITAB employees had the right to subscribe, for a maximum total value of SEK 40 million. The allotment was 325,203 convertibles that can be converted to two Class B shares at a conversion price of SEK 61.50 during the period 1 June 2016 to 10 June 2016 (the recalculation has taken place as a result of the implemented share split 2:1).

NUMBER OF SHARES AND RESULTS WITH CONVERTIBLE DEBENTURE LOAN

	2015	2014
Average number of outstanding shares		
before dilution (shares)	33,906,410	33,906,410
after dilution (shares)	34,757,484	34,757,484
Actual number of shares at year-end		
before dilution (shares)	33,906,410	33,906,410
after dilution (shares)	34,757,484	34,757,484
Earnings per share		
before dilution (SEK)	10.32	6.03
after dilution (SEK)	10.11	5.92

EXPANSION THROUGH ORGANIC GROWTH AND CORPORATE ACQUISITIONS

"Resolute and gradual growth has produced a group with market presence in large parts of Europe."

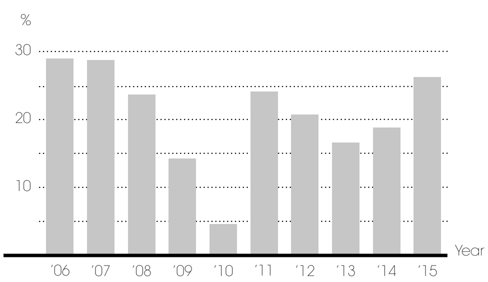
Through organic growth and strategically planned business acquisitions, ITAB is today one of Europe's leading players in custom-made shop fitting concepts, checkouts, self-checkout systems and professional lighting systems.

Resolute and gradual growth has produced a group with market presence in large parts of Europe. Through our concept and product portfolio, working model and geographic presence, ITAB now has the capacity to offer all-inclusive solutions to major retail chains in Europe. ITAB is one of Europe's strongest players and is the market-leader in the Nordic, Baltic and UK markets and one of the largest players in Central Europe and the Benelux countries.

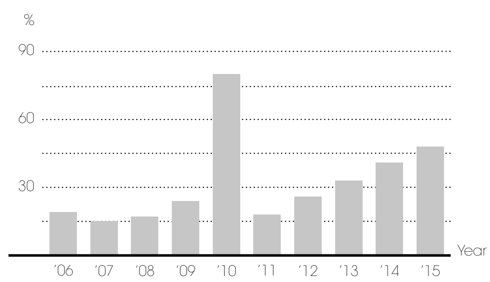
EXPANSION WITH PROFITABILITY AND YIELD

Throughout the start of the 21st century, ITAB has expanded substantially through organic growth and strategic business acquisitions. Over the past ten years, average growth has been about 15% per year. Despite the high rate of expansion, the Group has grown profitably. The average return on equity over the past ten years has amounted to approximately 20% per year, and the Group has had a dividend share to shareholders of between 15% and 80% of profit. The average dividend growth over the past ten-year period has been 30%. Read more on the next page about developments over the past ten years.

RETURN ON EQUITY, 10 YEARS (%)



DIVIDEND SHARE AS A PERCENTAGE OF PROFIT, 10 YEARS (%)



ITAB'S MARKET PRESENCE AND BUSINESS ACTIVITIES

▶ **2009–2011**
- Establishment of ITAB Shop Concept Polska
- Acquisition of Nordic Light Group AB with operations in Sweden, China and the USA

▶ **2012-2014**
- Acquisition of ITAB Europa in the UK
- Acquisition of remaining part of Prolight Försäljning in Sweden
- Establishment of company in Chile
- Establishment of company in India
- Establishment of company in Hungary
- Acquisition of New Store Europe's bankrupt estate in Sweden, Norway and the Netherlands, as well as NSE's companies in Denmark.
- Acquisition of Profile Lighting in the UK
- Acquisition of Eurolys in Norway
- Acquisition of 51% of Reklamepartner in Norway
- Commenced establishment of operation in Brazil

▶ **2015**
- Acquisition of JPD in Latvia
- Establishment of company in France

● Market presence
● ITAB Offices/Production

1998

2004

2006

2008

▶ **1990–1998**
- Acquisition of ITAB Shop Concept Jönköping
- Acquisition of ITAB in Norway
- Acquisition of ITAB Denmark
- Acquisition of ITAB Finland
- Acquisition of ITAB Shop Products

▶ **1999–2002**
- Acquisition of ITAB Shop Concept Netherlands
- Acquisition of ITAB Baltic in Latvia

▶ **2003–2004**
- Acquisition of ITAB Shop Concept CZ in the Czech Republic
- Acquisition of Stenestams Industri (now included in ITAB Shop Concept Jönköping)
- Acquisition of Skandinavisk Inredning (now included in ITAB Shop Concept Nässjö)
- Acquisition of Lindco AS in Norway
- The ITAB Shop Concept AB Group Is hived off from ITAB Industrier and listed on First North

▶ **2005–2006**
- Acquisition of ITAB in the UK
- Acquisition of ITAB Pharmacy Concept in Norway
- Acquisition of PremOers (now included in the Dutch operation)
- Acquisition of ITAB Novena in Lithuania

▶ **2007**
- The newly built production facility in Boskovice in the Czech Republic is taken into operation.
- Acquisition of Sintek in Sweden (included in current ITAB Pharmacy Concept)
- Acquisition of Hansa Kontor Shopfitting Group in Germany and the UK
- Acquisition of ITAB Pan-Oston in Finland

▶ **2008**
- Acquisition of ITAB Scanflow
- Acquisition of L-form in Sweden (now included in ITAB Shop Products)
- Stock exchange list transfer to Nasdaq Stockholm

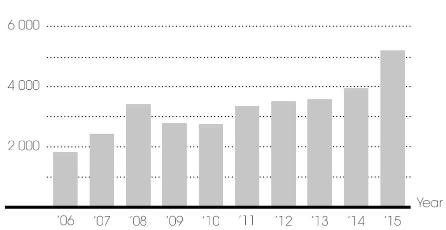
PROFITABLE GROWTH, 10 YEARS IN SUMMARY

SALES

Over the past 10 years, ITAB has reported an average annual increase in sales of 15%. In addition to organic growth, a number of strategic acquisitions have been conducted within the framework of a clear growth strategy. During the period, major acquisitions in Germany and the UK, as well as the acquisitions of Nordic Light and New Store Europe, have contributed positively to the change in sales.

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

SALES, 10 YEARS (SEK MILLION)



PROFITABILITY

Operating profit has varied between SEK 62 million and SEK 508 million over the ten-year period. The operating margin has swung between 2.2% and 9.8%. The profit margin has swung between 1.1% and 9.2%.

During the early years of the period, the Group reported extremely good profitability growth. During the period 2008-2010, the Group was affected by increased raw material costs and a decline in volumes.

There was an improvement in profitability during 2011, primarily due to the volume growth reported in all market areas combined with the streamlining and cost-saving measures implemented in 2010, which had an impact in the early part of 2011. The acquisition of Nordic Light Group also contributed to improving profitability. The current strategic focus was developed a year or so earlier, which has been a significant part of the improvement in profitability.

Profitability improved further during 2012 and 2013, which can primarily be explained by a modified sales mix, streamlining measures and lower cost base in several units.

In 2014, the operating margin improved to 8.3%. The reason for this is a continued positive development of the gross margin, primarily as a result of increased capacity in the Group's production facilities as well as increased sales volumes.

In 2015, the operating margin increased to 9.8%. This year as well, the improvement was due to increased sales volumes and increased capacity in the Group's production facilities. In addition, synergy effects in conjunction with acquisitions have contributed to the improvement in the margin as well as the further development of the strategy.

▶ INVESTMENTS

Net investments, excluding corporate acquisitions, have amounted to between one and six per cent of sales. They have principally consisted of machinery with the focus on unmanned operations, high utilisation of resources and leading technical advances. As a result, ITAB is well equipped to face the future.

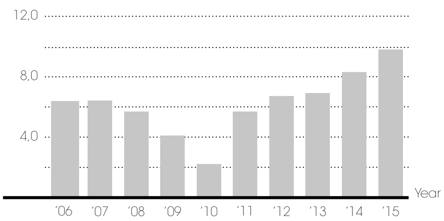
Investments related to business acquisitions have centered on reinforcing the company's position as an all-inclusive shop fittings supplier to the Group's selected markets, as well as reinforcing and adding to the contents of the product portfolio in certain areas.

▶ FINANCIAL DEVELOPMENT

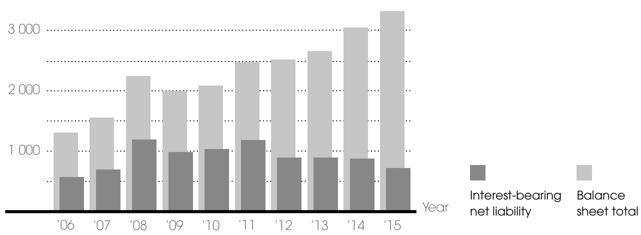
The balance sheet total has increased from SEK 1,309 million to SEK 3,313 million. This increase is in part due to the investments in both production facilities and equipment, and in part to the period's corporate acquisitions.

Expansion has been realised with the aid of a positive cash flow from current activities as well as a new issue of convertible debentures, which have been converted to equity during 2012. At the same time, this has meant that the interest-bearing net liability has been reduced from a high point during the period of SEK 1,183 million to now standing at SEK 721 million.

▼ OPERATING MARGIN (%)



▼ INTEREST-BEARING NET LIABILITY IN RELATION TO BALANCE SHEET TOTAL (SEK M)



KEY RATIOS 2006-2015

Key ratios	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Operating margin, %	9.8	8.3	6.9	6.7	5.7	2.2	4.1	5.7	6.4	6.4
Profit margin, %	9.2	7.3	6.1	5.8	4.6	1.1	3.3	4.1	5.4	5.3
Equity related to the Parent Company's shareholders, SEK m	1,463	1,225	997	885	559	459	534	507	391	302
Risk-bearing capital, SEK m	1,667	1,406	1,128	1,020	886	730	805	798	430	341
Interest-bearing net debt, SEK m	721	880	890	896	1,183	1,036	993	1,176	684	557
Balance sheet total, SEK m	3,313	3,043	2,655	2,510	2,471	2,087	1,997	2,243	1,551	1,309
Equity/assets ratio, %	46.7	42.3	39.1	36.5	24.2	22.0	26.8	22.7	25.2	23.1
Share of risk-bearing capital, %	50.3	46.2	42.5	40.6	35.9	34.9	40.3	35.6	27.7	26.1
Return on equity, %	26.2	18.8	16.6	20.7	24.1	4.6	14.3	23.6	27.7	28.9
Net investments excluding business acquisitions	110	80	88	64	48	76	72	120	156	63
Net investments attributable to business acquisitions	56	92	3	27	354	0	0	298	52	140

A more detailed description of the past five years can be found on pages 48-49.

BUSINESS CONCEPT, STRATEGIES AND GOALS

ITAB'S BUSINESS CONCEPT

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

ITAB'S STRATEGIC APPROACH

▶ LONG-TERM BUSINESS RELATIONS

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

▶ EXPERTISE, COMMITMENT AND A BUSINESSLIKE ATTITUDE

The competence, commitment and businesslike attitude that characterise the Group will instil trust and confidence in each and every customer.

▶ ALL-INCLUSIVE SOLUTIONS

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

▶ MARKET EXPERTISE AND INNOVATIVENESS

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

▶ HIGHLY EFFICIENT AND FLEXIBLE PRODUCTION RESOURCES

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

▶ EXPANSION ON SELECTED MARKETS

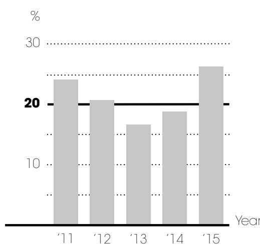
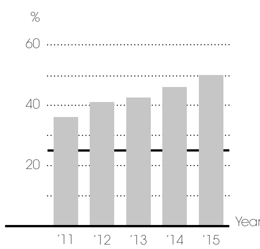
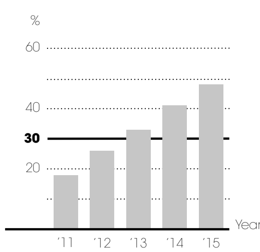
ITAB will use its leading position in Northern Europe to cultivate conditions for further growth and expansion in other selected markets.

▲ **ITAB's GEOGRAPHIC LOCATION AND WORKING MODEL**
ITAB will develop and nurture long-term business relations with chain stores within the food and non-food segments by working closely with its customers and their markets.

ITAB'S BUSINESS TARGETS

GROWTH GOALS	DESCRIPTION	REALISATION
▶ ITAB will achieve an annual growth rate of at least 15% over an extended period.	The target includes both organic and acquired growth. Organic growth will be accomplished through greater market shares and product development. Acquisitions will be made of both complementary businesses and in new markets.	Sales increased by about 32% in 2015. Over the past five years, average growth was about 12% per year.
▶ ITAB will maintain and enhance its market-leading position in Northern Europe* and develop market share in new markets. **Northern Europe includes the Nordic countries, the Baltic countries, the UK, Ireland, Benelux, Poland, Germany, the Czech Republic, Slovakia, Hungary, Russia and Ukraine.*	This goal is linked to ITAB's business concept, which states "With its expertise, long-term business relationships and innovative products, ITAB will secure a market-leading position in selected markets". ITAB will use its strong position in the Northern European market to create and retain long-term business relations and follow major customers into new markets.	ITAB retained its leading position in Northern Europe during 2015. As part of its work of following major customers into new markets, ITAB now has operations in the Asia, Brazil, Chile, India and the USA. At the end of the year, we also started establishing a company in France.
▶ ITAB will develop its all-inclusive offer of complete shop concepts through custom-made fitting concepts, innovative solutions for checkout aisles and professional lighting systems.	This goal is linked to ITAB's business concept, which states "ITAB will offer complete shop concepts for retail chain stores". ITAB will develop all-inclusive solutions for more effective and more attractive shops by utilising its extensive market expertise and innovativeness, while also working closely with its customers.	ITAB has been offering shop fitting concepts to retail chains for many years. In recent years, ITAB has extended its offer with both professional lighting systems and self-check-out systems. ITAB is now a one-stop supplier of complete shop concepts.

ITAB'S FINANCIAL TARGETS

GOALS	DESCRIPTION	REALISATION	
▶ **RETURN ON EQUITY** Over an extended period, ITAB will have a minimum 20% return on equity.	Generating good return on equity is a critical goal for ITAB. The level has been determined with consideration to ITAB's capital structure and expected earning capacity.	In 2015, return on equity reached 26.2%. Over the past five years, return on equity has averaged about 21%.	
▶ **RISK-BEARING CAPITAL** ITAB will have at least 25% risk-bearing capital.	The risk-bearing capital goal should be viewed as an expression of the lowest acceptable level in terms of a stable financial position.	The proportion risk-bearing capital was 50.3% at 31 December 2015. Over the past five years, the proportion risk-bearing capital has varied between 36.0% and 50.3%.	
▶ **DIVIDENDS** ITAB's share dividends will, over an extended period, mirror the company's earnings and correspond to at least 30% of the company's profit after tax. The dividend will, however, be adjusted to the company's investment needs and share re-purchase schemes when relevant. *The Board has decided to amend the dividend policy. The previous wording stated that the dividends will, over an extended period, mirror the company's earnings and correspond to between 20% and 40% of the company's profit after tax.*	The goal has been set to ensure a stable financial situation for continued expansion while concurrently giving shareholders a reasonable portion of the profits.	The proposed dividend for the 2015 financial year is SEK 5.00, which corresponds to approximately 48% of the earnings per share. Over the past five years, the dividend proportion has varied between 18% and 48%.	

PROFESSIONAL LIGHTING SYSTEMS
During the year, ITAB has continued to integrate and establish lighting as part of its all-inclusive offer to the customer.

LONG-TERM BUSINESS RELATIONSHIPS SECURE STRONG MARKET POSITION

Market demand for shop fitting concepts is driven by start-ups and refurbishment of shops and chains in the food and non-food segments. Delivering to these customers means satisfying extreme requirements in terms of market presence, production capacity and efficiency. ITAB has the strength and capacity to create long-term customer relationships and to expand at a rate that matches the development plans of Europe's leading chain stores.

ITAB's market position and growth are built on close, long-term collaboration with its customers. The Group's organisational structure, working model and ability to be an all-inclusive supplier make it possible to follow customers into new markets while retaining the same level of service.

GEOGRAPHIC PROXIMITY TO OUR CUSTOMERS

ITAB's geographic market extends to the Baltic countries, Benelux, the Nordic region, Poland, Russia, the UK, Germany, Ukraine and Hungary. ITAB is the market leader in the Nordic countries, the UK and the Baltic countries. The company also ranks among the top market players in Benelux, Germany and Poland. In line with our strategy of following major customers into new markets, ITAB now operates in Asia, Brazil, Chile, France, India and the USA.

LONG-TERM CUSTOMER RELATIONS WITH EUROPE'S LARGEST PLAYERS

To create long-term customer relationships and utilise synergies, the companies in the Group collaborate closely with each other and can then work together to deliver to an individual customer across several countries. The project manager serves as the hub and co-ordinates all aspects of the deal.

ITAB's customers include Europe's major retail chains, encompassing both international and domestic chains. Customers include Albert Heijn, Asda, Auchan, Axfood, Celesio, Coop, Dixon, Elgiganten, Edeka, Etos, ForeEver 21, Leroy Melin, Lloyds, Ica, Ikea, Hema, H&M, Homebase, John Lewis, KappAhl, Kesko, Metro Group, Maxima, Morrisons, Netto, Norges-Gruppen, Okay, Pandora, Prisma, Real, Rewe, Rimi, Sainsbury, Selecta, Statoil, Swatch, Tesco, Tiger, Waitrose and Wilkinsons.

"ITAB has the strength and capacity to create long-term customer relationships and to expand at a rate that matches the development plans of Europe's leading chain stores."

MARKET DEVELOPMENT AND TRENDS

INCREASE IN CONVENIENCE STORES IN EUROPE

The establishment of convenience stores is increasing around Europe. The market is increasingly demanding stores in built-up areas, and this trend is expected to continue. Over the year, the establishment of convenience stores has continued to develop, above all in the Scandinavian countries and in the UK. In recent years, ITAB been able to offer concepts for smaller convenience stores including shop equipment, self-checkout solutions, flexible queue management and entrance systems.

STREAMLINING OPTIONS IN STORES

Demand for streamlining options in stores is continuing to grow at an ever greater rate. More and more operations, both large chain stores and smaller convenience stores, are showing an interest in ITAB's self-checkout solutions. Several MoveFlow and TwinFlow installations were completed in major chains around Europe during the year. The improvements in efficiency brought about by the systems generate significant cost savings and increase the level of service for both large chain stores and smaller convenience stores.

"The improvements in efficiency brought about by systems make it possible to make significant cost savings and increase the level of service for both large chain stores and smaller convenience stores."

In recent years, self-checkouts and self-scanning of various kinds have become increasingly common in the retail sector. ITAB believes this will be a high priority area of investment within retail over the next few years. The self-checkout systems' attractive investment returns, combined with the improved security and access that the systems provide in shops, means there is a good chance that this will become a new industry standard.

INCREASING DEMAND FOR ENERGY-SAVING LIGHTING SYSTEMS

Lighting is an important aspect of the interior design concept to create increased sales and attractive store environments. The right lighting also means substantial energy savings and lower maintenance costs for retail chains, In the event of refurbishment/new construction, energy efficiency is becoming increasingly important and is a high priority area of investment in many retail chains.

ITAB is one of the leading suppliers of shop lighting in Europe, focusing on modern, energy-saving light sources. ITAB considers that the Group is well prepared, both in terms of expertise and capacity, for the high rate of development being witnessed as regards LED products and systems relating to these. ITAB has also developed a new concept for linear LED products, aimed largely at the food segment, where ITAB has had a small market share to date.

FULL-SERVICE COMMITMENT AND DELIVERY RELIABILITY BECOMING INCREASINGLY IMPORTANT

It has become increasingly common for customers to be on the look-out for comprehensive and conceptual commitments from a business partner. ITAB has advanced its market position from a strategic perspective during the year, with several of its customers choosing to use a larger proportion of its all-inclusive offer in order to achieve a more efficient store refurbishment process, which is in line with the business proposition of offering complete shop concepts.

The rate of development for new shop concepts is increasing, and the set-up periods are becoming shorter and shorter. The geographic location of the production facilities has become an increasingly important aspect of the contract negotiations for ITAB, both as regards emissions levels and in order to minimise transport distances.

SHOP EXPERIENCE INCREASINGLY IMPORTANT

The shop experience has become increasingly important for attracting and retaining customers to the shop, and the level of the shop fitting concept has consequently been raised, both during refurbishment and re-profiling. Fitting solutions and shop concepts are changed frequently, particularly in the fashion and ready-to-wear segment. ITAB's operation is based on long-term customer relations, where refurbishments and re-profiling of shop concepts are an important part of the business. ITAB's establishment in each market area also gives the customer a sense of security and facilitates extended partnerships in many different locations.

▲ **HEMKÖP**
ITAB has supplied products and systems for the store´s checkout arena in Mall of Scandinavia.

MARKET 2015

Several of ITAB's markets have developed positively compared to last year, and currency-adjusted sales increased by 25% during the year. Sales have developed positively in all markets except for Central Europe, which was on par with last year.

> "Several of ITAB's markets have developed positively compared to last year, and currency-adjusted sales increased by 25% during the year."

The businesses that were acquired at the end of last year and the start of this year have been integrated into the Group and have contributed to the trend.

SWEDEN, NORWAY AND DENMARK

ITAB is the market leader in the region within both the food and non-food segments. The companies acquired last year have developed positively during the year, and have contributed to ITAB advancing its positions in the region. Installations of self-checkout systems have been carried out in the majority of the major food chain stores in Sweden and Norway, which have continued to show an interest in the concept. Lighting sales have continued to develop positively on the Swedish and Norwegian market, although sales have been less strong in Denmark.

▲ **KAPPAHL**. ITAB supplies both fittings and lighting for the store.

THE UK AND IRELAND

ITAB is the market leader in the food sector in this region, and one of the largest in the non-food sector. During the year, ITAB has retained its leading position in the UK, providing a stable platform for the future. Thanks to the lighting acquisition last year, ITAB has advanced its position within shop lighting.

The British market is leading the way in developing solutions to improve efficiencies in the store refurbishment process. Several retail chains in the UK are demanding this, and ITAB has developed its range to satisfy the need in the British market. Installation and project management have therefore become an increasingly important part of the offer.

▲ **WAITROSE**. Custom-made fittings have been developed for the food segment that reflect the customer's profile.

During the year, the trend has moved towards chain stores choosing to perform rapid refurbishments of a small part of the shop. This is in line with ITAB's organisational structure, with local, flexible production facilities and short transport distances.

BELGIUM AND THE NETHERLANDS

ITAB is one of the largest players in the Benelux region when it comes to shop fittings for the food and non-food sectors. The acquisition last year has contributed to advancing the market position, and several of the customers here are major global chains.

The market position remains difficult and sluggish, but ITAB considers that developments have improved slightly during the year. ITAB has merged its operations in the Netherlands during the year in order to rationalise, streamline and meet market demands. The operation now has a good foundation for continued development.

POLAND, CZECH REPUBLIC, GERMANY AND HUNGARY

ITAB is the market leader in checkouts and products in the region, and is one of the most prominent players in shop fittings. The company's leading position in checkouts means that major supermarket chains are also displaying an interest in ITAB's products and self-checkout concepts. Through its German operation, ITAB has increased its market share among major supermarket chains in Europe during the year. Several of the major customers are choosing to buy more from ITAB's range.

The Polish market has been extremely difficult during the year and has been significantly affected by the Russian sanctions. The food segment in the country has reduced its investments, which in turn has affected ITAB.

THE BALTIC COUNTRIES, FINLAND, RUSSIA AND UKRAINE

ITAB has a strong position within the food sector in Finland, Latvia and Lithuania. In Estonia, Russia and Ukraine, however, ITAB is still a small player. Through the acquisition of JPD at the start of the year, ITAB's market share in the non-food segment in the Baltic countries has developed positively. The customers in the region are principally international chains.

The market situation in the region is still judged to be uncertain. Customers are cautious in their investment programmes, and planning with regard to new projects is only short-term in nature. ITAB only has a small operation in Russia and Ukraine, and currently focuses mostly on product and lighting sales.

COMPETITORS

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

▲ ÅHLÉNS
ITAB has supplied fittings for the chain's shop concept in Mall of Scandinavia.

CONSIDERABLE MARKET POTENTIAL WITH THE SHOP OF THE FUTURE

"With extensive knowledge of the market and long experience of offering entire shop concepts, ITAB can see the opportunity to become a major player in future shop concept development."

Nobody knows for certain what the shop of the future will look like. In recent years, self-checkouts and self-scanning have become increasingly common in the retail sector, and there is increasing demand for more efficient solutions in shops. With extensive knowledge of the market and long experience of offering entire shop concepts, ITAB can see the opportunity to become a major player in future shop concept development.

Efficient solutions and systems, customised communication and marketing will become increasingly important aspects in the shop of the future.

COMMUNICATION STARTS AT THE ENTRANCE

In the store of the future, the entrance systems could be given a different function than at present. Through technical solutions integrated into the entrance system, consumers could choose to active personal service by their arrival in the shop, for example via their mobile phone. The shop could then adapt communications and promotions to suit that customer's particular shopping profile.

LIGHTING SYSTEMS' ROLE IN POSITIONING

Mapping customers journeys in the shop will probably be a standard in the future. The starting point could be to use the lighting systems to locate the customer. The shop can then communicate with consumers based on where they are in the store. The shop experience will become more personal. It would also be possible to communicate based on the consumer's shopping lists they have registered on their phone.

CHECKOUT ARENA FOR OPTIMUM FLOWS

The checkout aisle will probably be structured even more effectively in future to optimise flows in the shops. Self-checkout solutions, staffed checkouts and unmanned payment stations will be integrated to generate efficiency and an improved customer experience.

AN ALL-INCLUSIVE SOLUTION

Methods of shopping will probably change and be made more efficient in future. In-store communication between entrance, lighting and the checkout arena, along with other technical applications, will be able to produce total system solutions. ITAB could take up a central position here in future. For the shop, this information allows altered management of staff density and energy consumption for lighting and ventilation. For the consumer, it entails a more effective, personalised shopping experience.

▲ **CHECKOUT ARENA**
Efficient solutions and systems, customised communication and marketing will probably become important aspects in the store of the future.

SHOP CONCEPT
ITAB has extensive experience of working as an all-inclusive contractor in charge of building new or refurbishing individual shops or entire chains of stores.

IMPROVING THE SHOP EXPERIENCE…

ITAB sells, develops, manufactures and installs shop concepts for chain stores in the food and non-food segments across large parts of Europe. ITAB has extensive experience of working as an all-inclusive contractor in charge of building new or refurbishing individual shops or entire chains of stores. The Group is currently the second-largest supplier of shop concepts in Europe, and with its own estimate has a combined market share of around 10 per cent in its existing markets.

▲ **SHOP CONCEPT**. Fittings for the non-food segment are usually custom-made according to the individual chain's preferences.

In order to develop and nurture long-term business relations, ITAB has long worked according to a model that is aimed at working closely with its customers and their markets. The project management function, which is a central element in the model, makes it possible to offer all-inclusive solutions with responsibility for the entire process – from concept to ready-made shop.

ITAB is developing new concepts, products and solutions by utilising its extensive market expertise and innovativeness while also working closely with its customers. The working model, with the central project management function, is helping to create security and confidence in every customer.

PROJECT MANAGEMENT

ITAB's working model is based on a project management function, making it possible to offer all-inclusive solutions with responsibility for the entire process. For those customers that have operations in several countries, one project manager is responsible for all installation and may therefore utilise all companies in the Group in order to achieve geographic proximity to the customer and local knowledge about the market.

UNIQUE CONCEPT AND PRODUCT PORTFOLIO

ITAB manufactures custom-made shop concepts and innovative products in order to improve and streamline the shop environment for major retail chains. ITAB has been strategically developing and expanding its concept and product portfolio for a number of years, and is now an all-inclusive supplier of complete shop concepts. The Group has local in-house design teams as well as a design company in Oslo, Norway. ITAB also works with external architects and its customers' own design agencies. ITAB is constantly striving to realise its customers' ideas and works on the basis of its profile and sales strategy.

"ITAB has been strategically developing and expanding its concept and product portfolio for a number of years, and is now an all-inclusive supplier of complete shop concepts."

CUSTOM-MADE FITTINGS AND STANDARD SYSTEM

Shop concepts are a vital element in chain stores' profile and brand strategies, and include all types of fittings and equipment designed to display and store goods. The shop concept can consist of both customised fittings and basic fittings. The basic range comprises standard fittings. In addition, ITAB offers custom-made fitting details that reflect the customer's profile. ITAB also provides completely custom-made fittings.

"ITAB's ambition is to work with the customer to improve the store experience for the consumer, by creating effective and attractive shop fitting concepts."

The food segment uses both standard fittings and custom-made fittings for various product categories. Standard fittings have exact measurements and are assembled and mounted according to a given system. The solutions that are used vary from market to market, and between different retail chains. ITAB has therefore developed a range comprising many different variations and sizes, and now has all the systems to meet market needs.

▲ **WAITROSE**. Standard fittings have been supplied for the chain's stores during the year.

Fittings for the non-food segment are usually custom-made according to the individual chain's preferences. The shape, colour and choice of material for shelves and product stands emphasise the store's profile in harmony with colour schemes and lighting. Products are made mainly of metal, wood, plastic and glass.

For pharmacies, custom-made concepts are manufactured both for large pharmacy chains and small independent pharmacies all over Europe – always uniquely adapted to the pharmacy's profile and individual specifications.

▲ **JOHN BELL & CROYDEN**. Custom-made fittings have been supplied to the chain's pharmacies.

The concept is supplemented with checkouts, entrance systems, self-checkout systems and professional lighting systems made by the Group's own product companies.

EFFICIENT INSTALLATION PROCESS

Installation of the concepts and servicing of the products are carried out by ITAB's own technicians and certified installation teams. Installations can be carried out in the shop while business is in progress. ITAB's service team can provide service and maintenance through regular visits.

SHOP EXPERIENCE

Through its working model, ITAB manages the projects all the way from concept to finished shop. Once the last screw is in place, the customer has a finished product, a new concept or an all-inclusive shop ready for business. For customers with short set-up periods, ITAB manufactures and stocks a number of all-inclusive shops for immediate delivery.

New ideas and needs often crop up while working on a shop concept, product or solution. The co-ordinated project management function means that these ideas and needs are smoothly and naturally implemented in future projects. ITAB's ambition is to work with the customer to improve the store experience for the consumer, by creating effective and attractive shop fitting concepts.

WAITROSE
Both specially adapted fittings and standard fittings are manufactured for the food segment.

PROFESSIONAL LIGHTING SYSTEMS
The right lighting can raise a shop concept to an entirely new level.

ENERGY-SAVING LIGHTING SYSTEMS

The lighting systems have become an increasingly important part of the shop concept. During refurbishments and new construction, energy efficiency is becoming increasingly important. ITAB develops, manufactures and sells complete professional lighting systems, light planning and light service for the food and non-food sectors.

The Group conducts its own in-house product development in order to adapt its lighting systems to customer needs in the various markets, and is now one of the largest suppliers in Europe. The Group can offer customers a combination of local lighting expertise with global sourcing of lighting products.

ENERGY-SAVING LIGHT SOURCES

Energy consumption represents a large proportion of a shop's costs. The right lighting means major energy savings and lower maintenance costs. The lighting systems' energy requirements and efficiency have a direct impact on this. The amount of heat generated by the systems also affects the cost for ventilation in the shop. These are two areas where ITAB's products and systems are outstanding.

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 SYSTEMS

ITAB is one of the leading suppliers of professional lighting systems in Europe. The company focuses on modern, energy-saving light sources such as ceramic high-intensity discharge lamps (HID) and LEDs (light-emitting diodes or solid state lighting (SSL)).

The Group is one of only a few international manufacturers that develop and produce their own driving mechanisms and LEDs alongside optical solutions for the aforementioned light sources. Product development takes place in Sweden, where small batches are also produced.

▲ **LIGHTING SYSTEMS.** ITAB can offer customers a combination of local lighting expertise with global sourcing of lighting products.

Volume production takes place in the company's own two modern production facilities in China, where in addition to installing light fittings, the production of electronics for driving mechanisms and LED-PCBs also takes place.

The lighting systems are third-party certified internationally, which makes it easier for chain stores which are expanding into other countries. The development of LEDs means that new types of tests are performed to ensure that the light has no negative effects.

The Group sells and distributes lighting products to around 60 countries, both through its own companies and through national distributors, in order to provide customers with local support in respect of imports and service.

PRODUCT DEVELOPMENT

The development of components for LED products is proceeding rapidly. New and improved LED chips are continually being released on the market, above all with improvements in relation to CRI (colour rendering index) and efficiency. In addition to the existing product range of single chip products, there is also a range of COB products (chip on board). Last year, a new concept was launched for linear LED products, which has been supplied in large volumes during the year.

▲ **PROFESSIONAL LIGHTING SYSTEMS.** The Group sells, develops and manufactures modern energy-saving light sources such as HID, T5 and LED.

IMPROVING FLOW IN THE CHECKOUT ARENA

As part of improving the shop experience for the consumer, and optimising flow for the store, ITAB provides solutions for the entire checkout arena. Effective products and systems create optimum flows in the shop and improve the shop experience for the consumer.

ITAB develops, manufactures and supplies checkouts, self-checkout solutions and entrance systems to large retail chain stores, primarily in the food sector. The Group is currently Europe's largest supplier of checkouts, and in its own estimate has a combined market share of around 25 per cent in its existing markets.

As Europe's leading supplier, ITAB has the experience and expertise to help retail chains choose the right solutions for the checkout arena based on the shop's size, flow of goods and number of visitors. Other important factors include design and communication around the checkout arena. The design of products and systems can vary between different countries and is also influenced by the shop's size.

Shops in urban areas require efficient solutions for rapid flows and maximum utilisation of the shop space, while supermarkets on the outskirts of town can prioritise larger, efficient facilities.

ERGONOMIC CHECKOUTS

ITAB's checkouts are optimised based on the shop's flow of customers and goods. For shops that stock a large number of products and where speed is a decisive factor, ITAB manufactures highly effective, ergonomic checkout systems equipped with conveyor belt scales and third-customer features. Conveyor belt scales simplify the work and mean that the weighing and movement of goods are performed without unnecessary lifting for the checkout personnel. The third-customer feature means that a third customer can start his or her purchase while the two previous customers are still packing. This provides more efficient checking out and improved ergonomics for checkout personnel. More customers can also pass through the checkout in a shorter space of time, which increases the level of service. The checkouts are ergonomically designed and an optimum size, which makes it possible to either stand or sit when working at the checkout.

ITAB primarily supplies compact checkout systems for smaller shops, which are more space-efficient and adaptable to existing shop fittings. The checkouts are also adapted for different cash register and payment systems.

CHECK MATE 500
The Check Mate checkout has been specially designed to generate good ergonomics and a high level of efficiency.

AUCHAN IN PARIS
ITAB has supplied and installed Auchan's checkout arena in their flagship store in Paris.

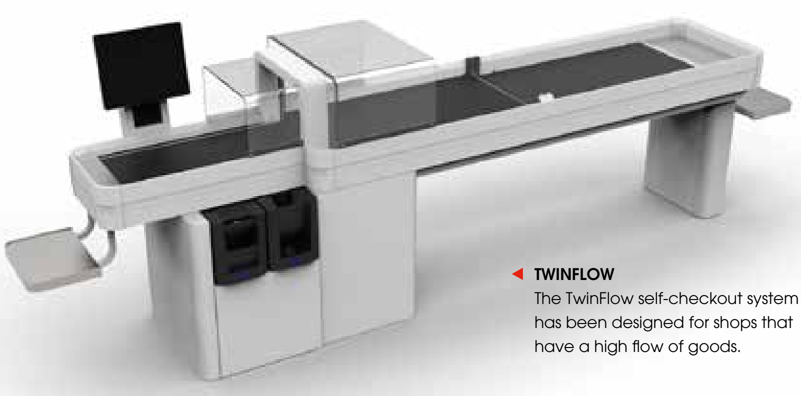
SELF-CHECKOUT CONCEPT

Interest in new methods for reliable checkout and payment in shops has increased in recent years. As part of the checkout arena, ITAB has been developing and manufacturing self-checkout solutions for several years as an alternative to staffed checkouts. The systems enables the consumer to quickly, conveniently and reliably check and scan their items themselves at the checkout. ITAB offers is a complete range of self-checkout products adapted for all types of retail checkout arenas.

The self-checkout solutions are available in several alternatives. One range is designed for a high flow of items to suit larger retail chains, and one for convenience stores that typically use shopping baskets for only a few items.

ITAB's software is compatible with most known POS systems today. The self-checkout concept also includes products for cash payment, customer support, surveillance and exiting. The system produces costs savings and frees up resources.

MOVEFLOW
The MoveFlow self-checkout system has been specially designed for shops with a smaller flow of goods or where many payment points are required.



TWINFLOW
The TwinFlow self-checkout system has been designed for shops that have a high flow of goods.

▼ **CHECKOUT ARENA**
The combination of several different check-out solutions provides the store with a flexible solution to streamline the flows.

STREAMLINING OPTIONS

The improvements in efficiency brought about by ITAB self-checkout systems result in significant cost savings and an increased level of service for both large chain stores and smaller convenience stores. The self-checkout systems also save space in shops, which can be converted to selling or used to expand the number of checkouts.

Accessibility is increased as the self-checkouts can be open at all times, helping to optimise the customer flow in the shop.

ITAB believes that this will be a high priority area of investment for the retail segment over the next few years. Attractive investment returns combined with the improved shop security and access that self-checkout systems provide means there is a good chance that this will become a new industry standard.

The combination of traditional staffed checkouts and self-checkout solutions provides the shop with a flexible solution for the checkout arena which is suitable for several different customer groups. ITAB's self-checkout systems and market position in the checkout sector constitute an exceptionally competitive combination.

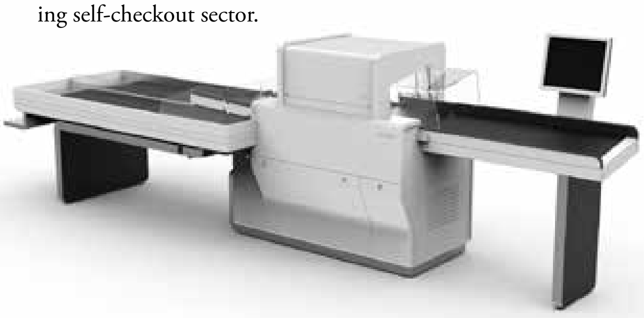
EASYFLOW

As part of the concept, ITAB's fully automatic EasyFlow self-checkout system has been launched. The technology and method is groundbreaking since the checkout does not need to use an item's barcode to identify it – even items sold by weight such as fruit and vegetables. The technology is unique in the market, and is based on a combination of different identification methods. ITAB has great confidence in the product's potential to make a breakthrough in the retail trade's rapidly growing self-checkout sector.

ENTRANCE AND QUEUE MANAGEMENT SYSTEMS

As part of the shop concept, ITAB develops, manufactures and markets flexible entrance and exit systems intended to optimise the flow of customers and improve security. There is a wide selection of options in terms of function, security and design. The Group is Europe's second largest supplier of entrance and queue management systems in the market today.

▲ **ALPHAGATE MKII**
ITAB's fully automatic Alphagate MKII functions both as an entrance gate and as an exit gate to improve self-checkout security.



◀ **EASYFLOW**
The EasyFlow self-checkout system is fully automatic and based on barcode-free identification of items.

SUSTAINABLE WORK FOR INCREASED EFFICIENCY

ITAB's all-inclusive offer, which includes shop concepts, checkouts, self-checkout solutions and professional lighting systems, alongside the working model and geographic presence, will lead to better business both for ITAB and for its customers.

"The Group will be sensitive to the wishes of stakeholders and comply with the market's environmental requirements."

For many years, ITAB's work has been conducted in a responsible way in order to be a sustainable business. The Group will be sensitive to the wishes of stakeholders and comply with the market's environmental requirements. The Group's companies continuously strive to reduce their environmental impact by making environmentally conscious choices in terms of raw materials, production processes and transportation alternatives.

GRI REPORTING

During 2015, work has commenced on charting the sustainability work according to GRI's framework G4. By assessing what is important for its stakeholders, ITAB has developed four areas. The initial information will not be complete, but will constitute a foundation for continued work. The information will start being produced on ITAB's website during 2016.

STAKEHOLDERS

ITAB's stakeholders are the groups that are affected by the company's operations to the greatest extent. The groups include customers, owners, employees, suppliers and society. The aspects that are perceived as being most important to these groups are prioritised in ITAB's sustainability work. The general areas on which the work will principally focus are set out below.

ENERGY AND COST-SAVING PRODUCTS

ITAB is already working in the design and product development phase with the aim of optimising the use of raw materials with consideration to their environmental impact, for instance. Other factors include the product's design and energy consumption. This development work is taking place in the company's own product companies and in close co-operation with the customer. The focus during product development is on well-thought-out solutions, good features, user friendliness, ergonomics and efficiency.

ITAB develops and sells both professional lighting systems and self-checkout systems. These are two areas that are considered to affect a shop's costs to a significant extent. The choice of lighting system affects energy and maintenance costs in a shop. Shops are placing ever greater emphasis on energy efficiency during new construction and refurbishments.

The self-checkout solutions lead to more efficient shop flows and reduced staff costs in the checkout arena, as one person can manage between four and eight self-checkouts.

Through its product portfolio, ITAB can contribute to a more sustainable shop through energy and cost-saving products and systems. ITAB judges that these areas will be prioritised investment areas for shops in future.

▲ ÅHLÉNS
ITAB has supplied fittings for the chain's shop concept in Mall of Scandinavia.

WORKING CONDITIONS

ITAB has 2,829 employees in 22 countries. ITAB works to achieve good working conditions in the Group, at customers and at suppliers. During the year, ITAB has worked to develop a new purchasing policy with associated follow up in order to further ensure that the suppliers' working conditions comply with laws, regulations and practice. The purchasing policy will start being implemented in the Group during the coming year. During product development, the focus is on good function, user friendliness and ergonomics right from the design phase, ensuring that checkout personal enjoy improved working conditions.

ANTI-CORRUPTION

ITAB has zero tolerance for all forms of bribery and corruption. No known cases of corruption have been discovered in the Group during the year. ITAB regularly conducts internal checks in all subsidiaries, which provides reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances.

ITAB's tool for internal control is based on the COSO framework. This is a framework for evaluating a company's internal controls over financial reporting. The framework streamlines the work with the internal controls. During the year, the internal audit programme has been revised, primarily on the basis of business risks. ▶

"The strategic location of the Group's production facilities has grown increasingly important during major contract negotiations."

EFFICIENCY IN THE PRODUCTION AND LOGISTICS PROCESS

ITAB has 17 modern production facilities strategically located in 11 countries. This represents a strength from a sustainability perspective. Through its organisational structure comprising several large production facilities, centrally located in Europe, ITAB has helped to reduce transportation distances for many of the Group's customers. The strategic location of the Group's production facilities has grown increasingly important during major contract negotiations.

A combination of local, flexible production coupled with centralised volume production enables the Group to meet specific requirements and preferences from inividual customers in different markets. By having its own production units, ITAB can control production and quality and thereby ensure that the agreed delivery times are met.

ITAB's large production facilities are equipped with modern systems in order to reduce energy and gas consumption. Projects are performed locally in each production facility at various levels in order to reduce material consumption, recycle materials and recover surplus energy in the facilities.

The Group's central production facilities

The largest production facilities are in Belgium, the UK, China, Norway, Sweden, the Czech Republic and Germany. The units primarily manufacture a basic range of fittings and equipment for the local market as well as for ITAB's other companies. Volume production of lighting systems takes place in China, and customised lighting products are primarily manufactured in Skellefteå.

The co-ordination of the Group's volume production generates cost-effective production with high availability, while local, flexible production facilities are adapted to the different market areas' specific needs. When transports are arranged from China, ITAB works to maximise shipments in order to optimise deliveries from an environmental and cost perspective.

Sweden

In Sweden, ITAB produces and supplies entire shop concepts through the units in Jönköping and Nässjö. In Nässjö, ITAB conducts successful timber production for all kinds of wooden fittings. The facility boasts a high degree of automation and a well developed assembly department, offering good potential for large-scale dispatches.

In Jönköping there is a flexible, efficient production unit for metal, which manufactures fittings for Swedish and Nordic customers as well as the checkout range. The factory is central for the production of the Group's self-checkout concept. The units have approximately 200 employees and a turnover of around SEK 600 million.

Norway

In Norway, ITAB has an ultra-modern facility near Trondheim that produces shop fittings primarily for the Norwegian market. The facility is unique as it manufactures both wooden and metal components in the same building, and it has recently been expanded by a couple of thousand square metres to optimise warehousing and packing areas. The unit has 90 employees and a turnover of around SEK 200 million.

UK

Near London, ITAB has the two most flexible facilities in the Group. These supplement the large production facilities in Europe and Asia. They manufacture small and medium-sized series of custom-made solutions. The British market stipulates the very highest demands for accessibility and short lead times. ITAB's units satisfy these demands optimally. One of the facilities produces metal fittings and the other, smaller unit complements this with timber production. The facilities have approximately 170 employees and a turnover of almost SEK 700 million.

Germany

The facility in Germany only produces checkouts. This unit serves many of Germany's major chains with custom-made checkout solutions of a very high quality. The facility is currently

undergoing a period of investment that will be completed in 2016, after which it will boast extremely modern machinery and increased capacity. The unit has 150 employees and a turnover of around SEK 250 million.

Belgium

In Belgium, ITAB manufactures metal fittings principally for the Benelux region and Central Europe. The facility enjoys high machine capacity and manufactures both standard fittings and custom-made solutions.

The favourable logistical location means that the facility is also used as a logistics centre for e.g. products from Asia. The facility supports ITAB's operations in Benelux, Germany and the UK. The facility has 80 employees and a turnover of around SEK 150 million.

Czech Republic

The facility in the Czech Republic was built in 2007 and serves ITAB's major markets with standard fittings and checkouts. The unit has considerable machine capacity with a high level of automation, and is extremely competitive both as regards standardised high volume and as one of Europe's most flexible checkout suppliers. During customer audits, this facility is awarded top grades. The unit has 300 employees and a turnover of around SEK 250 million.

China

ITAB has two production units in China, one in Suzhou and one in Shenzhen. Light fittings, interior fittings and to some extent checkouts are produced in Suzhou. Production is focused on metal processing and assembly.

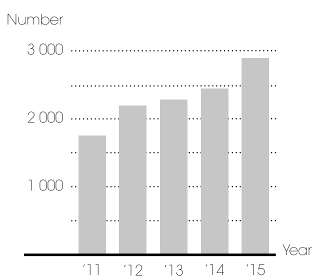
In Shenzhen, ITAB conducts ultra-modern manufacture of control boards (circuit boards) for lighting using SMT lines, powder coating and assembly. In the facility, all products are burned in prior to delivery to the customer. The deliveries go to companies within the Group as well as to global customers.

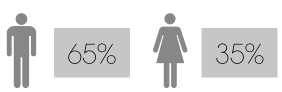
The units have approximately 900 employees and a turnover of SEK 1,000 million. Production capacity in China will be increased in the coming years.

▲ **PRODUCTION FACILITIES**
ITAB has 17 production facilities in Europe and China.

KNOWLEDGE PROGRAMME AND PARTICIPATION IMPORTANT FOR ITAB

▼ **AVERAGE NO. OF EMPLOYEES**



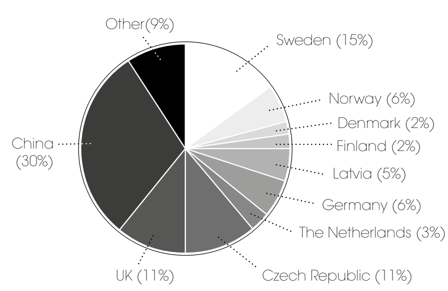


In recent years, ITAB has expanded dramatically and the number of employees has increased in line with the expansion. ITAB's internal knowledge programme is becoming increasingly important for enhancing awareness about the Group's strategy, culture, organisational structure and work process.

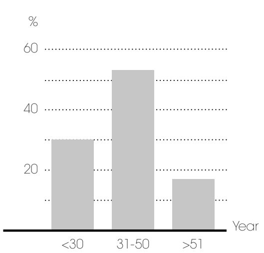
ITAB has expanded dramatically in recent years through organic growth and corporate acquisitions. This expansion has resulted in the average number of employees having increased from 549 when the company was first listed on the stock exchange in 2004, to 2,829 employees in 2015. ITAB has most employees in Sweden, the UK, the Czech Republic and China, with 66% of the Group's employees working in these countries. Around 30% of the employees in the Group are below the age of 30, and just over 50% are between the ages of 31 and 50.

Staff turnover during the year has been just under 9%. Around 35% of the employees in the Group are women. The distribution is the same for both employees with collective bargaining agreements and for salaried employees.

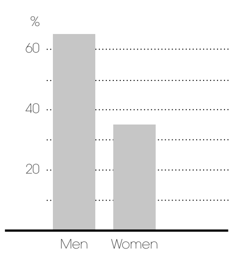
▼ **NUMBER OF EMPLOYEES PER COUNTRY (%)**



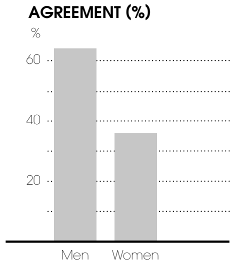
▼ **AGE DISTRIBUTION, EMPLOYEES (%)**



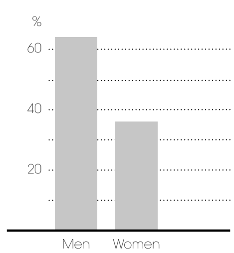
▼ **NUMBER OF EMPLOYEES, MEN & WOMEN (%)**



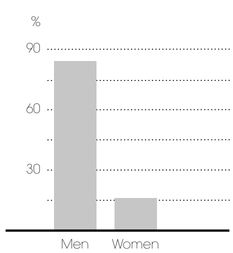
▼ **NUMBER OF EMPLOYEES WITH COLLECTIVE BARGAINING AGREEMENT (%)**



▼ **NUMBER OF SALARIED EMPLOYEES (%)**



▼ **NUMBER OF MANAGEMENT EMPLOYEES (%)**



At management level, around 16% are women. ITAB's aim is to gradually increase this figure in order to reach a level that corresponds with the distribution in the rest of the Group.

RECRUITMENT AND CAREERS

The will to participate and a strong drive are among the most important parameters when ITAB recruits employees. ITAB strives to uphold good contact with colleges and universities in order to find the employees of the future.

Senior executives have principally been recruited locally, which has proven to be successful as local knowledge about the market is very important in customer relations. ITAB is striving to ensure that all employees feel they are part of the Group and receive clear information about the business, working model and market position. As the Group has grown, the work to strengthen the identity and the brand within the organisation has intensified.

ITAB ACADEMY

Staff development is one of the most important aspects in order for the Group to continue to grow. The potential to build a career and receive further training is decisive for attracting and retaining employees. ITAB has tailored a programme for staff development within the Group.

To enhance knowledge among employees and increase co-operation between the companies and countries, ITAB has an internal training programme called ITAB Academy. Key individuals from most of the companies in the Group are given the opportunity to increase their knowledge about ITAB and about leadership and business development.

The programme is tailored on each occasion by professional organisational developers alongside ITAB's Group management. ITAB Academy lasts for a year, and the group meets in different locations in the Group on several different occasions. The programme results in increased understanding and knowledge about the operations of the various companies in the Group, which has proven to promote collaboration between them.

ITAB Academy creates a network between employees from different companies in different countries. The programme aims to increase understanding of ITAB and its market. The participants also gain increased knowledge about the working model, the geographic location and the long-term customer relations. A new programme was launched during the year in which 25 individuals are participating, 7 of whom are women. The participants come from 12 different countries.

TRAINEE PROGRAMME

For several years, ITAB has run a regular trainee programme that gives young graduates the opportunity to work for one year in different areas of the Group.

An additional programme was launched in 2014, which was concluded in 2015 and which was attended by five people. Following this trainee period, the participants are offered continued employment within the Group's companies.

CONVERTIBLE DEBENTURE SCHEME FOR GROUP EMPLOYEES

In order to provide employees at ITAB with the potential to participate in the Group's development, employees in 2012 and 2014 were offered the chance to participate in convertible debenture schemes, both with a duration of four years. Both convertible debenture schemes where heavily oversubscribed. Read more on page 13.

FINANCIAL INFORMATION

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

DEFINITIONS

Operating margin.
Operating profit in relation to net sales.

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

Interest coverage ratio.
Profit after financial items plus financial expenses in relation to financial expenses.

Equity/assets ratio.
Equity in relation to total capital.

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

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

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

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

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

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

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

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

Average no. of employees.
Number of working hours divided by normal annual working time.

DIRECTORS' REPORT

The Board of Directors and the CEO of ITAB Shop Concept AB (publ), 556292-1089, with its registered office in Jönköping, Sweden, hereby submit the annual report and consolidated accounts for the 2015 financial year.

BUSINESS ACTIVITIES

ITAB Shop Concept sells, develops, manufactures and installs complete shop fitting concepts for retail chain stores. The all-inclusive offer includes custom-made fitting concepts, checkouts, self-checkout solutions, entrance systems and professional lighting systems. Customers include the major players throughout most of Europe. ITAB also has a network of partners across large parts of Europe. ITAB has subsidiary companies in Belgium, Brazil, Chile, China, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, India, Latvia, Lithuania, the Netherlands, Norway, Poland, Russia, Sweden, Ukraine, the UK and the 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 now a leader in the market for retail checkouts in Europe, as well as being one of Europe's largest suppliers of shop fittings and lighting systems.

NET SALES AND PROFIT

The year's net sales amounted to SEK 5,193 million (3,938), an increase of SEK 1,255 million compared to last year. ITAB's operating profit amounted to SEK 508 million (325). Profit after financial items amounted to SEK 476 million (288), while net profit after tax stood at SEK 374 million (218).

SEASONAL VARIATIONS

ITAB's operations are affected to a certain extent by seasonal variations. The sales volumes are often lower at the start of the year and then gradually increase during the year. As a result, sales and earnings are generally higher above all during the third quarter but also in the fourth quarter. Diagrams showing the quarterly net sales and earnings can be seen on page 7.

CASH FLOW, FINANCING AND LIQUIDITY

Cash flow from operating activities amounted to SEK 411 million (277) during the year. The change compared to last year is primarily due to the earnings trend and improved capital utilisation. The company's net debt shrank to SEK 721 million (880). The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 630 million (442) on closing day.

INVESTMENTS

Consolidated net investments amounted to SEK 166 million (172), of which SEK 56 million (92) can be attributed to corporate transactions conducted during the period.

SHARE DATA

Earnings per share before dilution amounted to SEK 10.32 (6.03), and SEK 10.11 (5.92) after dilution. Equity per share amounted to SEK 43.15 (36.14). The share of risk-bearing capital at the end of the period was 50.3 per cent (46.2). See also pages 10-13.

ACQUISITIONS

At the start of the year, all the shares in JPD in Latvia were acquired. JPD focuses principally on concept sales to the non-food segment in the European market, and comprises three companies whose operations are sales, warehousing and wood-based production. The acquisition has been integrated with ITAB's existing operation in Latvia and is in line with the Group's continued focus on concept and lighting sales, and further strengthens ITAB's customer offer in the European market.

EMPLOYEES

The average number of employees in 2015 amounted to 2,829 (2,441). For more information, see Note 8.

PARENT COMPANY

The Parent Company's net sales amounted to SEK 40 million (41) and profit after financial items to SEK 102 million (2). Net investments amounted to SEK 66 million (9), of which 60 (0) relates the the acquisition of shares in subsidiary companies.

IMPORTANT EVENTS

- ITAB has acquired JPD in Latvia.
- Through a subsidiary, ITAB has delivered self-service checkout solutions to Auchan's flagship store in Paris.
- ITAB has entered into a global partnership agreement with Toshiba Global Commerce Solutions Inc. in the United States for the sale of self-checkout systems.
- The Chairman of the Board, Tord Johansson, passed away on 10 October. Chairmanship of ITAB has been taken over by the Board's Deputy Chairman, Fredrik Rapp.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

No significant events have occurred after the closing day.

SHARES AND OWNERSHIP STRUCTURE

The company was listed for trade on First North in 2004. Since July 2008, the company has been listed on Nasdaq Stockholm. The number of shares on closing day amounted to 33,906,410, of which 7,800,000 are Class A shares and 26,106,410 are Class B shares. Class A shares grant entitlement to ten votes and Class B shares grant entitlement to one vote. All shares have equal rights to dividends.

At present there are two shareholders who each own and control more than 10 per cent of the votes for all the shares in the company. The estate of Tord Johansson controls 24.23 per cent of the capital and 53.09 per cent of the votes. Pomona-gruppen holds 29.63 per cent of the capital and 28.32 per cent of the votes. The number of shareholders at closing day was 3,586 (2,608). See also the section on the distribution of shares and shareholders on pages 10-13.

DIVIDEND POLICY

The Board has decided to amend the dividend policy. The previous wording stated that the dividends will, over an extended period, mirror the company's earnings and correspond to between 20% and 40% of the company's profit after tax. The amended policy states that share dividends will, over an extended period, mirror the company's earnings and correspond to at least 30% of the company's profit after tax. The dividend will, however, be adjusted to the company's investment needs and share repurchase schemes when relevant. The Board of Directors is proposing to the 2016 Annual General Meeting a dividend of SEK 5 per share for the 2015 financial year.

COMMENTS ON THE GROUP'S DEVELOPMENT

During the year, currency-adjusted sales increased by 25% compared to last year, and profit after financial items increased by 65%.

Sales have developed positively in all markets except for Central Europe, which was on par with last year. The businesses that were acquired at the end of last year and the start of this year have been integrated into the Group and have contributed to the trend. ITAB has advanced its market position from a strategic perspective, with several of its customers choosing to use a larger proportion of the all-inclusive offer in order to achieve a more efficient establishment process, which is in line with the business concept of offering complete shop concepts. ▶

The earnings trend is primarily due to increased sales volumes, increased capacity in the Group's production facilities and synergy effects in conjunction with acquisitions. The improvement in earnings can also be ascribed to the long-term rationalisation work being implemented in the Group.

RISKS AND UNCERTAINTIES

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

ITAB's business risks are associated with its own operations, customers and suppliers, as well as other external factors. In order to minimise the effects of the business risks, ITAB has taken out insurance with well established insurance companies regarding e.g. fire, transport, theft, liability, disruptions, etc. Below is a summary of some of the most significant business risks.

Economic situation

ITAB is affected by conditions on the market and the general economic situation in Europe and the rest of the world. Above all, ITAB is affected by the economic situation within the retail trade in Europe. ITAB works to create long-term customer relations with large, well-established chains within both the food and non-food segments in Europe. These chains often have the capacity to expand regardless of the economic situation. Some of ITAB's offers also include refurbishment and reprofiling, which are performed regardless of the economic situation.

Production facilities

ITAB's production operation comprises a chain of processes, where interruptions and disruptions in one stage can have consequences as regards ITAB's ability to fulfil its obligations to the customer. The Group has 17 production facilities in European and in China, with a total area of approximately 300,000 m^2. The largest production facilities are in Belgium, China, Sweden and the Czech Republic. The units are supplemented with local, flexible production facilities that are adapted to the various market areas' specific needs. The extent of a production stoppage is therefore limited to some extent by the market or a particular type of product. The number of in-house facilities and their location, principally in northern and central Europe, means that ITAB can move production temporarily to minimise the effects on the customer. ITAB also has an extensive network of subcontractors it can use. Analyses for identifying any risks associated with the production process have been implemented for preventive purposes. Activity lists of preventive measures have been draw up and are continually followed up. The activity lists include e.g. investments, back-up systems and working methods.
Read about ITAB's larger factories on pages 40-41.

Distribution

ITAB is dependent on external partners for the transport of input goods to the company's production facilities as well as the delivery of products to customers. Any delivery disruptions can affect our undertakings to customers. ITAB always works with more than one transport partner in order to minimise the risk of delivery delays. The strategic location of the production facilities around Europe means that proximity to the market makes delivery reliability easier.

IT systems

ITAB is dependent on a well functioning IT infrastructure. Difficulties in maintaining, upgrading and integrating systems, as well as interruptions, can lead to negative impacts on production and administration. The different parts of the IT environment are of varying levels of importance for ITAB. Data communication and business systems are vital, while other systems can be affected by interruptions without operations being jeopardised as a result. For this reason, ITAB chooses standard solutions as far as possible. This applies both to IT infrastructure and in our choice of systems/applications. In this way, ITAB can specify clear demands regarding limited and defined service deliveries. In order to ensure the availability of and access to the relevant service, SLAs (service level agreements) are linked to appointed service deliveries. The greater the effect that an interruption in a particular service is judged to have on ITAB's operations, the higher the required service level.

Laws and taxes

ITAB conducts operations in a number of countries. New laws, taxes or regulations on various markets may entail restrictions to operations or impose new, more stringent requirements. ITAB continually assesses legal issues in order to make predictions and prepare the business for any changes. Provisions for legal disputes, tax disputes, etc., are based on an estimate of the costs, with the support of legal advice and the information that is available.

ENVIRONMENTAL IMPACT

The Group conducts activities that require disclosure in accordance with the Environmental Code at three Swedish subsidiaries. The Parent Company does not conduct any notifiable activities. During 2014, ITAB decided that it would start work in 2015 on reporting its sustainability work in accordance with GRI's framework. The first publication will not be complete, but is an initial roadmap for ongoing work. A more detailed account of this and the Group's environmental activities can be found on pages 38-41.

RESEARCH AND DEVELOPMENT

The Group's companies conduct ongoing product development projects, in part alongside customers and in part in-house in order to develop new and improve existing products. The majority of the Group's product development relates to self-checkout and lighting products. During 2015, SEK 13 million (21) was capitalised as development charges and is recognised as an intangible asset.

THE WORK OF THE BOARD DURING THE YEAR

The Chairman of the Board, Tord Johansson, passed away on 10 October. Chairmanship of ITAB has been taken over by the Board's Deputy Chairman, Fredrik Rapp. ITAB's Board of Directors consists of six ordinary members. The AGM-elected Board includes members who represent ITAB's major shareholders as well as independents. For more information, see the table on page 81.

The CEO and other Group officials participate at Board meetings, either to present reports or in an administrative capacity.

During the 2015 financial year, the Board held nine meetings, seven of which were ordinary Board meetings. In addition to operational information, predetermined reports and resolution items are addressed at every regular meeting in accordance with the Board's rules of procedure. The Board also takes decisions on issues of a general nature, such as the Group's strategy, structural and organisational issues and major investments.

The Board's control function is handled by the Audit Committee. One of the company's auditors participates in at least one of the Board's meetings every year. At this time, the auditor presents observations made when auditing the company's accounts, procedures and internal audits.

NOMINATION COMMITTEE

The company shall have a Nomination Committee. The Nomination Committee will propose a Chairman of the Board and other Board members, as well as fees and other remuneration for Board assignments for each of the Board members. In the assessment of the Board's evaluation and in its proposals, the Nomination Committee will pay particular attention to the demand for diversity and breadth in the Board, as well as endeavour to achieve an even gender distribution. The Nomination Committee will also submit proposals regarding the choice of auditor and fees for the auditor. At the 2015 AGM, a Nomination Committee was appointed comprising Anders Rudgård as Chairman, Fredrik Rapp and Johan Storm. Prior to the 2016 AGM, the Nomination Committee has held one minuted meeting to date. In addition, the Nomination Committee has a number of contacts.

AGREEMENTS

In 2015, the company has had an agreement with Board member Sune Lantz, who assisted the company with consulting services in his normal professional area of expertise. There are no other agreements between the company and the members of the Board of Directors, apart from agreements relating to Board directorships.

CORPORATE GOVERNANCE

ITAB's corporate governance is based on Swedish legislation and the listing agreement with NASDAQ Stockholm. Directives issued by authorities and stakeholders within Swedish business and on the financial market are also applied to various issues. Governance, management and control are distributed between the shareholders at the AGM, the Board of Directors and the CEO in accordance with the Swedish Companies Act as well as the company's Articles of Association and rules of procedure.

From 1 July 2008, all companies listed on NASDAQ Stockholm shall follow the "Swedish Code of Corporate Governance" (the Code).

ITAB's corporate governance report is drawn up separately from the Directors' report and can be found on pages 78-81.

AUTHORISATION TO THE BOARD OF DIRECTORS

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

The Annual General Meeting also decided to authorise the Board of Directors to decide on the purchase and transfer of company-owned shares. The authorisation is intended to give the Board more room for manoeuvre in dealing with the company's capital structure and, if deemed appropriate, to facilitate a convertible bond scheme for the Group's employees or the acquisition of businesses paid for with company shares. The Board is authorised to take such decisions on one or more occasions for execution before the 2016 Annual General Meeting.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

Guidelines for terms of remuneration and other terms of employment for senior executives were unanimously adopted by the AGM in line with the Board's proposal.

The Board of Directors determines the principles for remuneration to senior executives. The purpose is to offer a market-related remuneration package that enables the company to recruit and retain senior executives. Remuneration to the Group management consists of the following: basic salary, variable result-based salary and pension.

The basic salary for Group management is to be market-rate in relation to position, individual qualifications and performance. The size of the variable salary depends on ITAB's results. Pension is covered by a premium-based pension system. The Board has the right to deviate from the guidelines should mitigating circumstances so require. During the year, the Board decided to deviate from the guidelines and decide that the new remuneration principles for the variable part of the remuneration that were adopted at the 2015 AGM will apply from January 2015.

The basic salary is reviewed annually by the Board's Remuneration Committee. The Remuneration Committee consists of the Board members Lottie Svedenstedt (Chair), Sune Lantz and Fredrik Rapp, with CEO Ulf Rostedt as an additional member. The CEO is not present when issues regarding remuneration to the CEO are handled. Refer also to Note 8.

CONVERTIBLE DEBENTURE LOAN

During the period 4 June to 14 June 2012, a subscription for convertible shares was carried out in which all ITAB employees had the right to subscribe, for a maximum total of SEK 40 million. The offer was heavily oversubscribed. The allotment was 325,203 convertibles that can be converted to two Class B shares at a conversion price of SEK 61.50 during the period 1 June 2016 to 10 June 2016 (the recalculation has taken place as a result of the implemented split).

During the period 22 May to 2 June 2014, a subscription for convertible shares was carried out in which all ITAB employees had the right to subscribe, for a maximum total of SEK 30 million. The offer was heavily oversubscribed. The allocation totalled 100,334 convertibles, and during the period 1 June 2018 to 11 June 2018 each convertible can be converted to two Class B shares at a conversion rate of SEK 149.50 (the recalculation has taken place as a result of the implemented share split 2:1).

FUTURE PROSPECTS

As in previous years, volumes are expected to be lower at the start of the year before gradually increasing. Several of the markets have developed positively compared to last year, and ITAB is expecting continued good growth.

In the long term, ITAB believes that its customers will be on the look-out for more effective solutions, for stores but also for the process of establishing stores. Thanks to our experiences from the year, ITAB has considerable confidence in the self-checkout concept for the years to come Our assessment is that the Group is well prepared, both in terms of expertise and capacity, to meet the high rate of development being witnessed as regards LED products.

ITAB's combination of local and flexible production coupled with centralised volume production enables the Group to meet specific requirements and preferences from different customers in different markets. The Group has the strength and the capacity to expand in line with major customers. ITAB's global presence is becoming even more important, as several of the customers are expanding into large parts of the world. ITAB currently enjoys a financial position that provides good opportunities for continued expansion in future. ITAB intends to continue its expansion on both existing and new markets.

PROPOSED ALLOCATION OF PROFITS

PARENT COMPANY	
The following unrestricted profit is at the disposal of the Annual General Meeting: (SEK)	
Share premium reserve	285,377,413
Profit brought forward	209,360,853
Net profit for the year	121,191,898
TOTAL	**615,930,164**

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

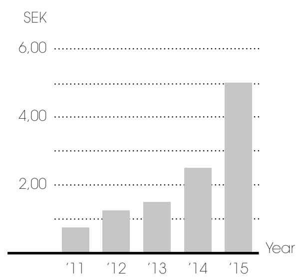
To be paid as dividends to shareholders at SEK 5.00 per share (33,906,410 shares)	169,532,050
To be carried forward to a new account	446,398,114
TOTAL	**615,930,164**

THE BOARD'S STATEMENT REGARDING THE PROPOSED DIVIDENDS

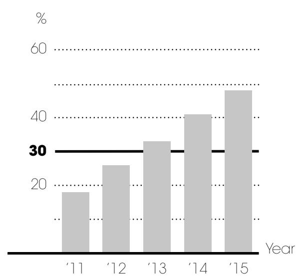
The proposed dividend is made up 25.5% of the Parent Company's equity and 11.6% of the Group's equity attributable to the Parent Company's shareholders. After the proposed dividends, the equity/assets ratio is secure since the company's and Group's business activities continue to be run profitably. The Board feels the company's and Group's liquidity can be maintained at a secure level.

It is the Board's opinion that the proposed dividend is justifiable in relation to the requirements placed on the Group's equity by the nature, scope and risks of the Group operation, as well as the Group's solvency requirement, liquidity and position in general, and that the dividend does not prevent the Parent Company or the other Group companies from fulfilling their obligations in the short and long term, nor from making the necessary investments. The Board of Directors considers the proposed dividend justifiable in terms of the requirements set out in the Swedish Companies Act, Chapter 17 § 3 sections 2-3 (precautionary principle).

▼ **DIVIDEND PER SHARE (SEK)**



▼ **DIVIDEND AS A PERCENTAGE OF NET EARNINGS (%)**



FINANCIAL DEVELOPMENT – FIVE YEARS IN SUMMARY

Income statements (SEK m)	**2015**	**2014**	**2013**	**2012**	**2011**
Net sales	5,193	3,938	3,574	3,511	3,341
Cost of goods sold	-3,729	-2,827	-2,628	-2,614	-2,477
GROSS PROFIT	**1,464**	**1,111**	**946**	**897**	**864**
Selling expenses	-757	-595	-525	-521	-537
Administrating expenses	-221	-207	-166	-152	-142
Other operating income and expenses	22	16	-9	11	6
OPERATING PROFIT	**508**	**325**	**246**	**235**	**191**
Financial items	-32	-37	-29	-32	-39
PROFIT AFTER FINANCIAL ITEMS	**476**	**288**	**217**	**203**	**152**
Tax on the year's income	-102	-70	-55	-41	-29
PROFIT FOR THE YEAR	**374**	**218**	**162**	**162**	**123**
Related to:					
Parent Company shareholders	350	204	152	153	120
Non-controlling interests	24	14	10	9	3

Balance sheets (SEK m)					
Assets					
Intangible assets	755	677	613	583	576
Property, plant and equipment	549	546	501	516	542
Other non-current assets	48	49	25	22	26
NON-CURRENT ASSETS	**1,352**	**1,272**	**1,139**	**1,121**	**1,144**
Inventories	859	821	710	682	682
Current receivables	844	826	664	573	644
Cash and cash equivalents	258	124	142	134	1
CURRENT ASSETS	**1,961**	**1,771**	**1,516**	**1,389**	**1,327**
TOTAL ASSETS	**3,313**	**3,043**	**2,655**	**2,510**	**2,471**
Equity and liabilities					
Equity attributable to Parent Company shareholders	1,463	1,225	997	885	559
Equity related to non-controlling interest	83	63	42	31	39
Deferred tax liabilities	52	49	49	64	62
Convertible debenture loan	69	69	40	40	226
Other non-current liabilities	164	126	130	200	365
Other current liabilities	1,482	1,511	1,397	1,290	1,220
TOTAL EQUITY AND LIABILITIES	**3,313**	**3,043**	**2,655**	**2,510**	**2,471**

Cash flow (SEK millions)					
Cash flow from operating activities before change in working capital	465	258	236	258	216
Change in working capital	-54	19	-99	14	-11
CASH FLOW FROM OPERATING ACTIVITIES	**411**	**277**	**137**	**272**	**205**
Cash flow from investing activities	-166	-172	-91	-92	-403
CASH FLOW AFTER INVESTING ACTIVITIES	**245**	**105**	**46**	**180**	**-198**
Cash flow from financing activities	-109	-148	-39	-41	199
CASH FLOW FOR THE YEAR	**136**	**-43**	**7**	**139**	**1**

Key ratios					
Operating margin, %	9.8	8.3	6.9	6.7	5.7
Profit margin, %	9.2	7.3	6.1	5.8	4.6
Interest-coverage ratio, multiple	16.6	9.9	7.5	6.7	4.5
Equity related to the Parent Company's shareholders, SEK m	1,463	1,225	997	885	559
Equity, SEK m	1,546	1,288	1,039	916	598
Risk-bearing capital, SEK m	1,667	1,406	1,128	1,020	886
Interest-bearing net debt, SEK m	721	880	890	896	1,183
Balance sheet total, SEK m	3,313	3,043	2,655	2,510	2,471
Equity/assets ratio, %	46.7	42.3	39.1	36.5	24.2
Share of risk-bearing capital,%	50.3	46.2	42.5	40.6	35.9
Return on equity, %	26.2	18.8	16.6	20.7	24.1
Return on capital employed, % *)	20.0	14.7	12.3	12.6	11.3
Return on total capital, %	15.0	11.3	9.5	9.4	8.3
Depreciation according to plan, SEK m	88	83	77	83	79
Net investments excl. business acquisitions, SEK m	110	80	88	64	48
Net investments attributable to corporate transactions, SEK m	56	92	3	27	354
Net investments, SEK m	166	172	91	91	402
Average no. employees, no.	2,829	2,441	2,277	2,194	1,751

Definitions, see page 43.

**) The definition of return on capital employed has been amended from previous years. The definition was previously: Income after financial items plus financial expenses in relation to average balance sheet total minus non interest-bearing liabilities and interest-bearing assets. Values according to the older definition: 2015 22.8, 2014 16.0, 2013 13.4, 2012 12.9, 2011 11.4.*

COMMENTS ON FIVE YEARS IN SUMMARY

NET SALES

During the period 2011-2015, ITAB's net sales increased from SEK 3,341 million to SEK 5,193 million. This corresponds to an average annual sales increase of 12%. In addition to organic growth, the acquisitions of Nordic Light and New Store Europe in particular have contributed positively to the change in sales. Altered exchange rates have also had a positive impact on the change in net sales.

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

In 2011, net sales increased by SEK 593 million, an increase of 22%. Exchange rate fluctuations had a negative impact on turnover in the amount of approximately SEK 140 million, compared with 2010. Currency-adjusted sales increased by 27%, with two-thirds of the increase comprising organic growth. Sales in central Europe and the UK were responsible for the largest increase. Growth via acquisitions refers to Nordic Light Group, which was incorporated as of 1 September 2011.

In 2012, net sales increased by SEK 170 million, an increase of 5%. Currency-adjusted sales rose by 6%. Organic growth was negative, principally due to a marked reduction in sales for the companies in Central Europe, while Scandinavia's sales also decreased compared to 2011. Europa Shopfitting in the UK was acquired during 2012, and was incorporated as of June 2012.

In 2013, net sales increased by SEK 63 million, an increase of 2%. The currency-adjusted increase was 5%, primarily due to the growth in sales in the UK. Sales decreased in the Benelux countries, while sales in other countries were on a par with 2012.

In 2014, net sales increased by SEK 364 million, an increase of 10%. Currency-adjusted sales rose by 6%. The majority of the increase relates to Central Europe, although sales in Scandinavia also increased compared to 2013. The increase in sales has also been affected by the acquisitions that were made during the fourth quarter of the year.

In 2015, net sales increased by SEK 1,255 million, an increase of 32%. Currency-adjusted sales rose by 25%. The majority of the growth relates to the acquisitions principally of New Store Europe, which was acquired at the end of 2014, as well as JPD which was acquired in January 2015. Organic growth has been greatest with regard to lighting systems.

PROFITABILITY

Operating profit during the five-year period varied between a minimum of SEK 191 million (2011) and a maximum of SEK 508 million (2015). The five-year period's operating margin has swung between 5.7% and 9.8%. Income after net financial items reached between SEK 152 million (2011) and SEK 476 million (2015). The five-year period's profit margin has been between 4.6% and 9.2%.

There was an improvement in profitability during 2011, primarily due to the volume growth reported in all market areas combined with the streamlining and cost-saving measures implemented in 2010, which had an impact in the early part of 2011. The acquisition of Nordic Light Group also contributed to improving profitability. Profitability improved further during 2012, which can primarily be explained by a modified sales mix, streamlining measures and lower cost base in several units. In 2013, the operating margin improved to 6.9% compared to 6.7% in 2012, despite the negative exchange rate impact as well as intensified marketing activities in lighting and self-checkouts. The improvement was due to the fact that the effects of the long-term work aimed at strengthening the gross margin, primarily through efficiency improvements, had a positive impact on earnings. In 2014, the operating margin improved to 8.3%. The reason for this is a continued positive development of the gross margin, primarily as a result of increased capacity in the Group's production facilities as well as increased sales volumes. In 2015, the operating margin increased to 9.8%. This year as well, the improvement was due to increased sales volumes and increased capacity in the Group's production facilities. In addition, synergy effects in conjunction with acquisitions have contributed to the improvement in the margin.

The Group's return on equity after tax has averaged approximately 21% over the past five years. Over an extended period, the Group's goal is to achieve a minimum 20% return on equity.

INVESTMENTS

Net investments during the period 2011-2015, excluding business acquisitions, amounted to between one and two per cent of net sales.

The Group's investments during the period have principally consisted of machinery with the focus on unmanned operations, high utilisation of resources and leading technical advances. As a result, ITAB is well equipped to face the future. For 2011-2015, a significant share of the net investments also refers to development of various self-checkout solutions for shops.

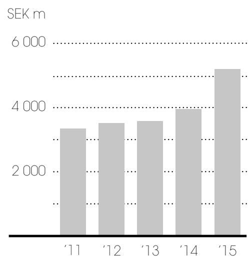
The five-year period's investments related to business acquisitions centered on reinforcing the company's position as an all-inclusive shop fittings supplier to the Group's selected markets, as well as reinforcing and adding to the content of the product portfolio in certain areas.

FINANCIAL PERFORMANCE

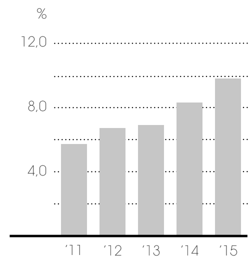
The balance sheet total has climbed from SEK 2,471 million in 2011 to SEK 3,313 million in 2015. This increase is in part due to the investments in both production facilities and equipment, and in part to the period's corporate acquisitions. Expansion has been realised with the aid of a positive cash flow from current activities as well as a new issue of convertible debentures, which have been converted to equity during 2012. At the same time, this has meant that the interest-bearing net liability has been reduced from SEK 1,183 million in 2011 to SEK 721 million in 2015.

The Group's equity/assets ratio has stood at between 24% and 47% over the last five years, and the proportion of risk-bearing capital has varied between 36% and 50%. The Group's goal is to have risk-bearing capital of at least 25%.

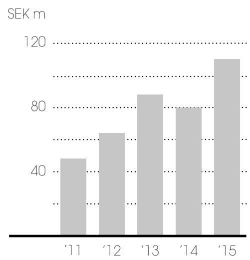
▼ NET SALES (SEK M)



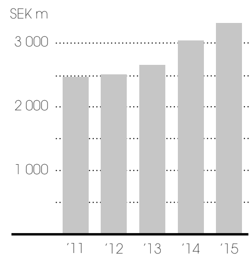
▼ OPERATING MARGIN (%)



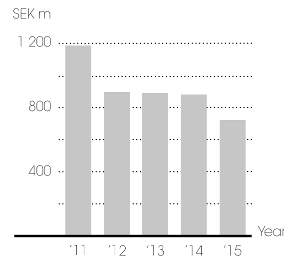
▼ INVESTMENTS EXCL. CORPORATE TRANSACTIONS (SEK M)



▼ BALANCE SHEET TOTAL (SEK M)



▼ INTEREST-BEARING NET DEBT (SEK M)



INCOME STATEMENT - GROUP

(SEK m)	Notes	2015	2014
Net sales	6	5,193	3,938
Cost of goods sold	8, 9, 10, 11	-3,729	-2,827
GROSS PROFIT		**1,464**	**1,111**
Selling expenses	8, 9, 10, 11	-757	-595
Administrating expenses	8, 9, 10, 11	-221	-207
Other operating income	12	43	57
Other operating expenses	12	-21	-41
OPERATING PROFIT		**508**	**325**
Financial income	14	3	3
Financial expenses	14	-35	-40
NET PROFIT AFTER FINANCIAL ITEMS		**476**	**288**
Tax expenses for the year	16	-102	-70
NET PROFIT FOR THE YEAR		**374**	**218**
Net profit for the year related to:			
Parent Company shareholders		350	204
Non-controlling interests		24	14
EARNINGS PER SHARE	17		
basic, SEK		10.32	6.03
diluted, SEK		10.11	5.92

STATEMENT OF OTHER COMPREHENSIVE INCOME – GROUP

(SEK m)	Notes	2015	2014
NET PROFIT FOR THE YEAR		**374**	**218**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the income statement:			
Revaluation of defined-benefit pension commitments	29	1	-3
Tax relating to items not to be reclassified	16	0	1
		1	-2
Items that may be reclassified to the income statement:			
Translation difference when translating foreign operations		-32	85
Translation difference transferred to the year's profit or loss		-	1
Change in fair value of hedges of net investments		5	-7
Change in fair value of cash flow hedges		4	-10
Change in fair value of cash flow hedges transferred to the year's profit or loss		-4	17
Tax on items that may be reclassified	16	-1	0
		-28	86
TOTAL OTHER COMPREHENSIVE INCOME		**-27**	**84**
YEAR'S COMPREHENSIVE INCOME		**347**	**302**
The year's comprehensive income related to:			
Parent Company shareholders		323	279
Non-controlling interests		24	23

STATEMENT OF FINANCIAL POSITION – GROUP

(SEK m)	Notes	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill		623	552
Other intangible assets		132	125
	10, 18	**755**	**677**
Property, plant and equipment			
Buildings and land		274	278
Plant and machinery		182	197
Equipment, tools and installations		78	69
Construction in progress and advance payments for property, plant and equipment		15	2
	6, 10, 19, 22	**549**	**546**
Deferred tax assets	16	47	47
Financial non-current assets	21	1	2
		48	**49**
TOTAL NON-CURRENT ASSETS		**1,352**	**1,272**
CURRENT ASSETS			
Inventories	23	859	821
Accounts receivable	4.21	726	679
Current tax assets		18	20
Derivative receivables	21	4	6
Other receivables	21	46	61
Prepaid expenses and accrued income	24	50	60
Cash and cash equivalents	21	258	124
TOTAL CURRENT ASSETS		**1,961**	**1,771**
TOTAL ASSETS		**3,313**	**3,043**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
Share capital		42	42
Other contributed capital		291	291
Other reserves		-51	-23
Profit brought forward including net profit for the year		1,181	915
Equity attributable to Parent Company shareholders		**1,463**	**1,225**
Non-controlling interests		83	63
TOTAL EQUITY		**1,546**	**1,288**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	21, 22, 27	90	99
Convertible debenture loan	21, 27, 28	29	69
Derivative liabilities	21, 27	30	38
Other non-current liabilities	21	30	10
Provisions for pensions and similar obligations	29	5	8
Provision for deferred tax liabilities	16	52	49
Other non-current provisions	30	9	9
		245	**282**
CURRENT LIABILITIES			
Liabilities to credit institutions	22, 27	15	34
Convertible debenture loan	21, 27, 28	40	-
Overdraft facilities	21, 27	778	770
Derivative liabilities	21, 27	1	-
Advance payments from customers	21	9	9
Accounts payable	21	374	339
Current tax liabilities		44	42
Other liabilities	21	61	54
Accrued expenses and prepaid income	21, 27, 31	200	213
Current provisions	30	0	12
		1,522	**1,473**
TOTAL EQUITY AND LIABILITIES		**3,313**	**3,043**

For information about the Group's pledged assets and contingent liabilities, see notes 32 and 33.

STATEMENT OF CHANGES IN EQUITY – GROUP

(SEK m)	Share capital	Other contributed capital	Other reserves (See Note 25)	Profit brought forward	Attributable to Parent Company shareholders	Related to holdings without controlling influence	Total equity
SHAREHOLDERS' EQUITY 1 JANUARY 2014	**42**	**291**	**-100**	**764**	**997**	**42**	**1,039**
Net profit for the year				204	204	14	218
Revaluation of defined-benefit pension commitments				-2	-2		-2
Translation difference, foreign operations			77		77	9	86
Hedging of net investment			-6		-6		-6
Hedging of cash flow			6		6		6
YEAR'S COMPREHENSIVE INCOME			**77**	**202**	**279**	**23**	**302**
Dividends				-51	-51	-6	-57
Acquisition of non-controlling interests					0	4	4
SHAREHOLDERS' EQUITY 31 DECEMBER 2014	**42**	**291**	**-23**	**915**	**1,225**	**63**	**1,288**
Net profit for the year				350	350	24	374
Revaluation of defined-benefit pension commitments				1	1		1
Translation difference, foreign operations			-32		-32	0	-32
Hedging of net investment			4		4		4
Hedging of cash flow			0		0		0
YEAR'S COMPREHENSIVE INCOME			**-28**	**351**	**323**	**24**	**347**
Dividends				-85	-85	-4	-89
SHAREHOLDERS' EQUITY 31 DECEMBER 2015	**42**	**291**	**-51**	**1,181**	**1,463**	**83**	**1,546**

STATEMENT OF CASH FLOWS – GROUP

Indirect method (SEK m)	**Notes**	**2015**	**2014**
Operating activities			
OPERATING PROFIT		**508**	**325**
Adjustment for items not included in the cash flow			
depreciation and impairment charged to operating profit	10	88	83
adjustment for pensions and other provisions		-19	-2
profit from acquired operations not affecting cash	5	-	-43
other items		1	0
TOTAL		**578**	**363**
interest received		3	1
interest paid		-30	-31
tax paid		-86	-75
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**465**	**258**
Change in working capital			
changes in inventories (increase -/decrease +)		-31	0
changes in operating receivables (increase -/decrease +)		-13	41
changes in operating liabilities (increase +/decrease -)		-10	-22
Total change in operating capital		**-54**	**19**
CASH FLOW FROM OPERATING ACTIVITIES		**411**	**277**
Investing activities			
acquisition of operations/Group companies, effect on cash and cash equivalents	5	-53	-89
additional considerations paid	5	-3	-3
purchase of intangible assets	18	-14	-21
purchase of property, plant and equipment	19	-109	-61
sale of property, plant and equipment	19	13	2
Cash flow from investing activities		**-166**	**-172**
CASH FLOW AFTER INVESTING ACTIVITIES		**245**	**105**
Financing activities			
convertible debenture loan	28	-	30
amortised loans		-29	-161
new loan raised		9	40
paid dividend to holdings without controlling influence		-4	-6
paid dividend to shareholders		-85	-51
Cash flow from financing activities		**-109**	**-148**
CASH FLOW FOR THE YEAR		**136**	**-43**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		124	142
TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		-2	25
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**258**	**124**

INCOME STATEMENT - PARENT COMPANY

(SEK m)	Notes	2015	2014
Net sales	7	40	41
Cost of goods sold	7, 8, 9, 10, 11	-10	-10
GROSS PROFIT		**30**	**31**
Selling expenses	7, 8, 9, 10, 11	-21	-22
Administrating expenses	7, 8, 9, 10, 11	-25	-25
Other operating income	12	36	14
Other operating expenses	12	-22	-23
OPERATING PROFIT		**-2**	**-25**
Income from participations in Group companies	13	154	113
Expenses from participations in Group companies	13	-19	-1
Financial income	14	8	9
Financial expenses	14	-39	-94
PROFIT AFTER FINANCIAL ITEMS		**102**	**2**
Year-end appropriations	15	15	56
PROFIT BEFORE TAX		**117**	**58**
Tax expenses for the year	16	4	12
NET PROFIT FOR THE YEAR		**121**	**70**
STATEMENT OF OTHER COMPREHENSIVE INCOME (SEK m)			
Net profit for the year		121	70
Other comprehensive income		-	-
YEAR'S COMPREHENSIVE INCOME		**121**	**70**

BALANCE SHEET – PARENT COMPANY

(SEK m)	Notes	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Equipment, tools and installations	10, 19	1	1
Construction in progress	10, 19	5	-
Financial non-current assets			
Participations in Group companies	20	1,267	1,164
Non-current receivables, Group companies	21	83	-
Deferred tax assets	16	17	13
TOTAL NON-CURRENT ASSETS		**1,373**	**1,178**
CURRENT ASSETS			
Receivables, Group companies	21	276	395
Current tax assets		4	4
Other receivables	21	0	4
Prepaid expenses and accrued income	24	10	9
Cash and bank balance	21	0	0
TOTAL CURRENT ASSETS		**290**	**412**
TOTAL ASSETS		**1,663**	**1,590**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	25		
Restricted equity			
Share capital		42	42
Statutory reserve		7	7
		49	**49**
Non-restricted equity			
Share premium reserve		285	285
Profit brought forward		210	225
Net profit for the year		121	70
		616	**580**
TOTAL EQUITY		**665**	**629**
UNTAXED RESERVES	26	0	0
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	27	0	9
Liabilities to Group companies		1	1
Convertible debenture loan	27, 28	29	69
Other non-current liabilities		22	-
	21	**52**	**79**
CURRENT LIABILITIES			
Liabilities to credit institutions	27	4	5
Convertible debenture loan	27, 28	40	-
Overdraft facilities	27	792	763
Accounts payable		4	3
Liabilities to Group companies		74	95
Other liabilities		19	2
Accrued expenses and prepaid income	31	13	14
	21	**946**	**882**
TOTAL EQUITY AND LIABILITIES		**1,663**	**1,590**
Pledged assets	32	**398**	**753**
Contingent liabilities	33	**264**	**211**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

		RESTRICTED EQUITY		NON-RESTRICTED EQUITY			
(SEK m)	**Notes**	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit for the year	**Total equity**
SHAREHOLDERS' EQUITY 1 JAN. 2014		42	7	285	224	52	**610**
Previous year's profit transferred					52	-52	**0**
Net profit for the year						70	**70**
Paid dividends					-51		**-51**
SHAREHOLDERS' EQUITY 31 DECEMBER 2014		42	7	285	225	70	**629**
Previous year's profit transferred					70	-70	**0**
Net profit for the year						121	**121**
Paid dividends					-85		**-85**
SHAREHOLDERS' EQUITY 31 DECEMBER 2015	25	42	7	285	210	121	**665**

STATEMENT OF CASH FLOWS – PARENT COMPANY

(SEK m)	**Notes**	**2015**	**2014**
Operating activities			
OPERATING PROFIT		**-2**	**-25**
adjustments for items not included in cash flow			
depreciation charged to operating profit		0	0
other items		0	0
TOTAL		**-2**	**-25**
dividends received from subsidiaries		154	113
interest received		8	9
interest paid		-26	-25
tax paid		0	0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**134**	**72**
Change in working capital			
changes in operating receivables (increase -/decrease +)		3	-2
changes in operating liabilities (increase +/decrease -)		1	1
Total change in operating capital		**4**	**-1**
CASH FLOW FROM OPERATING ACTIVITIES		**138**	**71**
Investing activities			
acquisition of subsidiaries	20	-60	-9
purchase of tangible non-current assets	19	-6	0
Cash flow from investing activities		**-66**	**-9**
CASH FLOW AFTER INVESTING ACTIVITIES		**72**	**62**
Financing activities			
convertible debenture loan	28	-	30
amortised loans		-5	-161
new loan raised		22	146
lending to Group companies		-20	-82
group contributions	15	16	56
paid dividend to shareholders		-85	-51
Cash flow from financing activities		**-72**	**-62**
CASH FLOW FOR THE YEAR		**0**	**0**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		0	0
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**0**	**0**

NOTES (all amounts are in SEK million unless otherwise stated)

NOTE 1. GENERAL INFORMATION

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

The consolidated accounts include the Parent company and its subsidiaries, jointly referred to as the Group. These consolidated accounts were approved for publication by the Board of Directors on 17 March 2016.

NOTE 2. ACCOUNTING PRINCIPLES

AGREEMENT WITH STANDARDS AND LAWS

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

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

BASIS FOR PREPARATION OF THE STATEMENTS

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

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

INTRODUCED NEW AND AMENDED IFRS STANDARDS AND INTERPRETATIONS 2015

The company management's assessment is that amendments and interpretations of existing standards that are to be applied from the financial year that commenced on 1 January 2015 have not had any significant impact on the Group's or the Parent Company's financial statements. Early application of new and amended standards and interpretations that have not yet entered into force has not taken place in the preparation of these financial statements.

ISSUED NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE APPLIED FROM 1 JANUARY 2016 OR THEREAFTER

A number of new and amended IFRS have not yet entered into force and have not been applied early in the preparation of the Group's and the Parent Company's financial statements. The IFRS that may affect the Group's or the Parent Company's financial statements are described below. None of the other new standards, amended standards or IFRIC interpretations that IASB has published are expected to have any significant impact on the Group's or the Parent Company's financial statements.

IFRS 9, Financial instruments. IFRS 9 is intended to replace IAS 39. The new standard has been revised in various parts, for example with regard to the recognition and valuation of financial assets and financial liabilities. The standard is divided into three parts: classification and valuation, hedge accounting and impairment. IFRS 9 will be applied as from 1 January 2018 and is not yet approved by the EU. There is no decision about when the standard will be applied by the Group and the Parent Company. In an overall evaluation, it is judged that the application of IFRS 9 will not significantly affect the recognised amounts in the financial statements as regards the Group's financial assets and liabilities. A detailed analysis of the effects in conjunction with the application of IFRS 9 will be launched in the next year, which is why the effects cannot yet be quantified.

IFRS 15 Revenue from Contracts with Customers. The standard will enter into force for the financial year commencing on 1 January 2018. The EU is expected to approve the standard in the second quarter of 2016, with the same application date. The standard will be applied retroactively. The standard is replacing all previously issued standards and interpretations involving income with a combined model for revenue recognition. The standard is based on the principle that income must be recognised when promised goods or services have been transferred to the customer, i.e. when the customer has gained control over the goods or services. This may take place over time or at a specific point in time. The new standard may have consequences regarding sales of various types of goods and/or services, as well as increased disclosure requirements. During the year, the Group has commenced the evaluation of the effects of the standard, although a detailed analysis of the effects from the application of IFRS 15 has not yet been conducted, which is why the effects cannot yet be quantified.

IFRS 16 Leasing. IFRS 16 replaces IAS 17 and enters into force on 1 January 2019. To date, there is no information about when the EU is expected to approve the standard. The standard will be applied retroactively. According to the new standard, most least assets will be recognised in the balance sheet. An evaluation of the effects of the standard has not yet been initiated.

CONSOLIDATED ACCOUNTS

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

When preparing the consolidated accounts, the financial statements for the Parent Company and the subsidiary companies are merged. In order for the consolidated accounts to be able to contain financial information about the Group as a financial unit, relevant adjustments are conducted. The accounting principles for subsidiary companies have been amended, where applicable, in order to guarantee consistent application of the Group's principles.

Elimination of transactions between Group companies

Intra-Group receivables and liabilities, as well as transactions, including income and expenses and unrealised gains or losses that arise from intra-Group transactions, are eliminated in their entirety. Intra-Group losses may be an indication that there may be a need for impairment.

The acquisition method

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

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

and is valued at its fair value, while any consequential profit or loss is recognised in the income statement as financial income or expenses.

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

TRANSLATION OF FOREIGN CURRENCY

Functional currency and presentation currency

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

Transactions and balances in foreign currencies

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

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

Foreign Group companies

The earnings and financial position of all Group companies (of which none have a hyperinflation currency) that have a functional currency other than the presentation currency are translated to the Group's presentation currency as follows:

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

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

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

During 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 hedging of such investments, are charged to Other comprehensive income. Translation differences that arise when divesting foreign businesses are recognised in the income statement as part of the capital gains/losses.

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

REVENUE RECOGNITION

The Group's revenues includes the actual value of what has been received or will be received for sold goods and services in the Group's ongoing activities, excluding VAT and discounts and after elimination of internal Group sales. Revenue is recognised if it is probable that economic benefits will flow to the Group, and income is recognised as follows:

Sale of goods

The Group's sales consist primarily of the sale of goods. The sale of goods is recognised as income in the period in which the product is supplied and when all significant risks and benefits associated with ownership have been transferred to the buyer. As a result, the Group no longer has any involvement that is associated with ownership or does not exercise any real control.

Sale of services

Sales from service assignments is recognised in the profit for the year, on the basis of the degree of completion on the balance sheet date at the point when the Group will probably receive economic benefits that are associated with the assignment and reliable calculations can be performed. The degree of completion is determined on the basis of expenditure incurred in relation to calculated total costs. Anticipated losses are expensed immediately.

Other operating income and expenses

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

As regards interest and dividend income, see Financial income and expenses below.

LEASING

Leases are classified as either finance leases or operating leases. Financial leasing is when the financial risks and benefits associated with the ownership are essentially transferred to the lessee. If this is not the case, the contract relates to operating leasing. Any variable expenses are expensed in the periods in which they occur.

Financial leases

Financial leasing means that the object in question is reported as a tangible fixed asset, at the same time as a corresponding borrowing is recognised. The lease payment is allocated between a depreciation segment and an interest expenses segment in the income statement.

Operating leases

Expenses for operating leases are recognised in the income statement on a straight-line basis over the period of the lease. Benefits received in connection with signing a lease are recognised in the income statement on a straight-line basis over the period of the lease.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income from money in the bank, receivables and interest-bearing securities, interest expenses on borrowings, dividend income, exchange rate differences for interest-bearing loan receivables and loan liabilities, as well as changes in the value of derivative instruments. Borrowing costs are expensed to earnings for the period to which the relevant loans are attributable.

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

Exchange rate gains and losses on interest-bearing assets and liabilities are recognised net.

INCOME TAXES

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

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

PENSIONS

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

INTANGIBLE ASSETS

Balanced expenses for development work

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

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

Trademarks, patents and similar rights

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

Goodwill

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

Depreciation plan

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

Assets' utilisation period and residual value are reviewed regularly and adjusted regularly as needed.

Leased assets

See previous section concerning Leasing.

FINANCIAL INSTRUMENTS

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

A financial asset or financial liability is recognised in the balance sheet when the company is party to the instrument's contractual terms and conditions. Trade receivables are recognised in the balance sheet when the invoice has been sent and supplier invoices are recognised when the invoice has been received. The financial asset is eliminated from the balance sheet when the right to receive cash flow from the asset expires or is transferred to a third party by transferring all risks and benefits associated with the asset to the third party. A financial liability is eliminated from the balance sheet when the obligation has been fulfilled, revoked or expired.

The defining of boundaries between and recognition of current and non-current balance sheet items is consistently applied for all financial instruments. When settlement or disposal is expected to occur within a normal business cycle and within 12 months after the closing day, financial assets that are primarily used for trading purposes 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 and within 12 months after the closing day are recognised as current liabilities; otherwise they are recognised as non-current liabilities.

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

A financial instrument is classified at the first accounting instance according to the purpose for which the instrument was acquired. The Group classifies its financial assets and liabilities in the following categories.

Financial assets measured at fair value via the year's profit or loss include financial assets available for sale and financial assets that have been classified to be recognised at fair value in the income statement. Financial derivatives recognised as assets and liabilities respectively are measured at fair value in the profit or loss. The result of the change in fair value of financial instruments in this category is included in the year's profit or loss for the period in which it arises.

Investments held to maturity are non-derivative financial assets with payments that are defined or can be established, and fixed durations that the Group intends to hold to maturity. ITAB has no financial assets classified in this category.

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

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

Financial assets available for sale include non-derivative financial assets that are either classified as available for sale or which have not been classified in any of the other categories. ITAB has no financial assets that fall under this category.

Financial liabilities measured at fair value via the profit for the year include financial liabilities that have initially been attributed to the relevant category. Changes in fair value of financial instruments are recognised in the income statement for the period in which they arise as financial income or financial expense. Financial derivatives and additional considerations paid are recognised as liabilities and assets respectively, measured at fair value in the profit or loss.

Financial liabilities measured at accrued cost. This category includes loans, other financial liabilities, accounts payable and accrued expenses. Liabilities are measured at accrued cost in accordance with the effective interest method, which means that accrual is performed so that a constant yield is expensed.

Hedging net investments in foreign operations

The hedging of net investments in foreign operations is recognised according to the principles for hedge accounting in IAS 39. In order to apply ▶

these principles, the hedging must be documented according to the requirements in the regulations. This means that there must be an identified hedging relationship between the hedging instruments and the hedged items, as well as a link to the company's risk management policy and the goals that have been set regarding risk management. In addition, it is necessary for the hedging to effectively protect the hedged item and for the effectiveness to be able to be measured.

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

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

Derivative instruments – cash flow hedging

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

INVENTORIES

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

CASH AND CASH EQUIVALENTS

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

PROVISIONS

A provision is recognised in the balance sheets when the company has a formal or informal commitment that is a consequence of an incident and it is probable that an outflow of resources will be required to regulate the commitment and a reliable estimate of the amount is possible.

CONVERTIBLE DEBENTURE LOAN

A convertible debenture loan is a combined financial instrument that is both liability and equity. These are recognised divided into financial liability and equity instrument. This is achieved by deducting the fair value of the financial liability from that which was received when the convertible was issued. The fair value of the liability is estimated by discounting the future payment flows by what is deemed to be market interest for a similar liability. The value of the equity instrument is calculated as the different between the issue payment and the fair value of the financial liability. The expenses for issuing the convertible debenture are distributed proportionally in relation to the estimated value of the financial liability and the equity instrument.

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 SEGMENT

An operating segment is, according to the definition in IFRS 8, a component of a company
(i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same company)
(ii) whose operating results are reviewed regularly by the company's chief operating decision-maker as a basis for decisions about the allocation of resources to the segment and to assess its performance, and
(iii) for which discrete financial information is available.

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

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

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

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

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

THE PARENT COMPANY's ACCOUNTING PRINCIPLES

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

Layout for income statement and balance sheet

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

Leasing

In the Parent Company, all leasing agreements are presented according to the rules for operational leasing.

Group contributions, shareholder contributions and dividends

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

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

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

Taxes

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

Participations in subsidiaries

Participations in subsidiaries and associated companies are recognised in the Parent Company according to the acquisition method. Dividends from subsidiaries are recognised as income. When dividends stem from gains earned before the acquisition, the item must be tested for impairment.

Financial instruments

The Parent Company does not apply IAS 39, rather financial instruments are recognised on the basis of cost according to the Annual Accounts Act, which means that financial non-current assets are valued at cost less any impairment and financial current assets are valued according to the lowest value principle. Liabilities are measured at accrued cost.

Derivative instruments for hedging forecast cash flows are not entered in the balance sheet. Changes in the value of derivatives are recognised in the same period as the hedged flow.

NOTE 3. IMPORTANT ESTIMATES AND ASSESSMENTS

The preparation of financial reports requires that the company management performs assessments and uses estimates and assumptions that affect recognised amounts in the consolidated accounts. These estimates, assessments and attributable assumptions are based on experience and other factors that are deemed reasonable in the prevailing circumstances. The actual results may deviate from these estimates. The estimates, assessments and assumptions are reassessed regularly. Changes to estimates and assessments are recognised in the period in which the change takes place, as well as in future periods if these periods are affected.

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

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

Important sources of uncertainty in estimates

Goodwill and certain intangible assets are not written off, rather impairment testing is performed annually instead. Other intangible assets and other non-current assets are written off over the period the company management estimates that the asset will be consumed. In addition, regular assessments are performed as to whether there is any indication of a need for impairment.
Impairment testing is based on a review of the recoverable value.

The value is estimated based on the company management's calculations of future cash flows, which are based on internal business plans and forecasts.

Estimates and judgements

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

– whether an event has occurred that can affect the values of the assets,
– whether an asset's recognised value can be confirmed by the discounted current value of future cash flows, which are estimated based on the continued use of the asset in the operation,
– that adequate assumptions are used when preparing cash flow forecasts, and
– the discounting of these cash flows.

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

DEFERRED TAX

Important sources of uncertainty in estimates

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

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

Estimates and judgements

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

Estimate/Assessment	Note
Impairment testing for goodwill, other intangible assets and other non-current assets	18, 19
Deferred tax	16

NOTE 4. FINANCIAL RISK MANAGEMENT

ITAB's risk management aims to identify, control, prevent and minimise the Group's risk picture. ITAB's financial risks are described below. For other business-related risks, see the Directors' Report on pages 45-47

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

CURRENCY RISK

ITAB Shop Concept is exposed to currency risks through its international business activities. These can be divided into transaction risks, risk when translating foreign subsidiaries' income statements and risk when translating foreign 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, attempts are made to match the inflow and outflow in different currencies by, for example, issuing invoices in the same currency in which purchases are made. In line with the finance policy, it is up to each individual Group company to decide on whether to hedge transaction exposure, which occurs with ITAB Shop Concept AB as the counterparty. External currency exposure hedging is thereafter performed by ITAB Shop Concept AB, with consideration for the Group's currency exposure within the next 9-12 months. Hedging activities to reduce transaction exposure are classified as cash flow hedges. At the end of 2015, there were cash flow hedges of projected flows in EUR, GBP, USD and CZK. The fair value of the forward agreements used to hedge forecasted flows amounted to net SEK 1 million (7). The year's change in fair value, SEK -5 million (-13) after tax, has been recognised in Comprehensive income. The recovered results of the forward agreements amounted to SEK 15 million (-16) before tax for 2015, which has been recognised as other operating income and expenses in the income statement.

Risks when translating the income statements of foreign subsidiaries

The foreign subsidiaries' income statements are translated at the average exchange rate for the respective period. Given the invoicing and net earnings of 2015, a 5 per cent change in the Swedish krona exchange rate would affect invoicing by about SEK 211 million and net earnings by about SEK 20 million.

Risks when translating the balance sheets of foreign subsidiaries

The foreign subsidiaries' balance sheets are translated at the exchange rate on the closing day. The translation risks relate to exchange rate fluctuations that affect the value of the net foreign assets when translating to SEK. The value of net foreign assets amounted to SEK 643 million (609) on the closing day. Investments in net foreign assets are partly financed by taking loans in foreign currencies, which reduces the translation risks. To reduce the net assets in foreign currencies and thereby reduce the currency risks, assets are financed locally in the foreign subsidiaries, in local currency, where it is commercially possible. Some financing is arranged via the Parent Company ITAB Shop Concept AB, however. In addition to loans in foreign currencies, the Group uses currency swap contracts to hedge net assets in foreign currencies. The fair value of the currency hedges is recognised against comprehensive income and can be reclassified as a financial gain or loss when swap contracts are ineffective. Recovered results from currency swap contracts amounted to SEK -1 million (0) before tax in 2015, recognised against comprehensive income in the Group. Exchange rate fluctuations in 2015 had an impact on the Group's comprehensive income in the amount of SEK -28 million (80) after tax. At the close of 2015, the fair value of the currency swap contracts is estimated at SEK 2 million (-2).

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

Currency, SEK m	31.12.2015	31.12.2014
CZK	83	56
NOK	106	138
GBP	133	143
EUR[1)]	200	-9
USD, HKD, CNY	113	277
Other	8	4
	643	609

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

Currency hedges

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

Currency	31.12.2015	31.12.2014
SEK	279	186
USD	13	17
CZK	100	108
GBP	-10	-6
EUR	-32	-29

INTEREST RISK

The interest risk consists of interest rate changes having a negative impact on the Group's results through increased loan costs. In order to reduce the interest risk, interest rates can be tied via restricted loans or through interest rate swap agreements. The Group's interest-bearing net debt, which refers to borrowing as well as convertible debenture loans minus cash and cash equivalents, amounted to SEK 721 million (880) on the closing day. SEK 366 million (520) is financed with variable interest. The remaining SEK 355 million (360) is restricted through interest rate swap agreements and has an average fixed rate period of 82 (48) months. The average interest rate for outstanding interest-bearing liabilities was 2.74% (3.29) at year-end. A one percentage point change in interest would affect net earnings by approximately SEK 3 million (4) annually. The change in the fair value of interest rate swap agreements is recognised in comprehensive income until the hedged flow is transferred to profit or loss for the year. The change in comprehensive income amounts to SEK 7 million (-10), of which SEK 11 has been transferred to the profit or loss for the year.

Derivative instruments

Interest rate swap agreement	Nom. amount (SEK million) 2015	Nom. amount (SEK million) 2014
Duration less than 1 year	23	-
Duration 1-3 years	9	186
Duration 3-5 years	120	51
Duration 5-10 years	203	123
	355	360

LIQUIDITY RISK

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

CREDIT RISK

Credit risk refers to the risk that the counterparty in a financial transaction is unable to fulfil its obligations. ITAB Shop Concept's credit risk lies almost exclusively in accounts receivables. The Group has historically had low losses on trade receivables. The company's customers are primarily large, well-established companies with sound payment capacity distributed across several geographical markets. The risk of losses on trade receivables is handled through fixed routines for credit restrictions, reminder procedures and penalty interest invoicing. Credit insurance policies exist in conjunction with sales to customers in certain countries. The amount that best represents the maximum exposure to credit losses, without consideration for any security provisions and VAT, is the outstanding accounts receivable on the closing day of SEK 726 (679) million.

Credit risk from balances in banks and financial institutes is handled by the Parent Company in accordance with the Group's policy. The Group's total financial assets amount to SEK 1,035 million (872). See also Note 21, Financial assets and liabilities.

NOTE 5. BUSINESS ACQUISITIONS AND DIVESTMENTS

Information on purchase sums and acquired/divested net assets:

Purchase price	2015	2014
Total purchase sum excluding acquisition expenses:	100	92
of which unpaid purchase sum during the year	40	2

Expenses in conjunction with acquisitions are recognised as costs.

ACQUISITIONS IN 2015

At the start of the year, all the shares in JPD in Latvia were acquired. JPD focuses principally on concept sales to the non-food segment in the European market, and comprises three companies whose operations are sales, warehousing and wood-based production. The acquisition has been integrated with ITAB's existing operation in Latvia and is in line with the Group's continued focus on concept and lighting sales, and further strengthens ITAB's customer offer in the European market. JPD reported sales of SEK 105 million in 2014, and the acquisition was deemed at the time of acquisition to have a positive impact of SEK 0.5 in terms of earnings per share in 2015. JPD's average number of employees at the time of the acquisition was 97. The acquisitions were incorporated as of 1 January 2015. The three JPD companies not significant on their own, which is why they are reported jointly in the summary below.

EFFECT OF ACQUISITIONS IN 2015

Estimated fair value of assets and liabilities acquired in 2015, purchase sums and the impact on the Group's liquid assets are presented below. Expenses in conjunction with acquisitions have been recognised continually as costs.

Acquisition of JPD, total[1]	Fair value
Non-current assets	4
Inventories	9
Accounts receivable	14
Other current assets	9
Non-current liabilities	-1
Current liabilities	-17
Net identifiable assets and liabilities	**18**
Group goodwill [2]	82
Purchase sum incl. estimated conditional purchase sum	**100**
Estimated additional purchase sum [3]	-40
Cash and cash equivalents in the acquired companies	-7
Impact for the year on the Group's cash and cash equivalents	**53**
Impact for the year on the Group's cash and cash equivalents from the year's acquisitions	**53**
Final settlement of purchase sum regarding acquisitions from 2014, as well as additional purchase sum from previous years' acquisitions	3
Impact for the year on the Group's cash and cash equivalents	**56**

ACQUISITIONS IN 2014

During the fourth quarter of 2014, via subsidiaries, ITAB acquired the net assets in the bankrupt estates of New Store Europe Norway, Sweden and the Netherlands. ITAB Shop Concept AB also acquired the company New Store Europe Denmark, which subsequently changed its name to ITAB Shop Concept A/S. These companies focus primarily on concept sales to the non-food segment on the Nordic and Dutch markets. The acquisitions are in line with the Group's continued focus on complete store concepts and are further strengthening ITAB's market position. None of these acquisitions is significant on its own, which is why they are reported jointly in the summary below.

At the end of the year, via subsidiaries, the assets and liabilities of Eurolys Norway were acquired, as well as 100% of the company Profile Lighting Services Ltd in the UK and 51% of the company Reklamepartner AS in Norway. Eurolys and Profile Lighting sell lighting products to the retail sector, while Reklamepartner produces and sells in-store communication to the Norwegian retail sector. None of these acquisitions is significant on its own, which is why they are reported jointly in the summary below.

EFFECT OF ACQUISITIONS IN 2014

Estimated fair value of assets and liabilities acquired in 2014, purchase sums and the impact on the Group's liquid assets are presented below.

Expenses in conjunction with these acquisitions are listed under cost of goods sold as well as sales and administration costs. Acquisition-related income is included as other operating income. The acquisitions during 2014 have had a positive impact on the income statement of net SEK 15 million.

Acquisition of New Store Europe, total [1]	Fair value
Non-current assets	26
Inventories	48
Accounts receivable	90
Other current assets	2
Non-current liabilities	-13
Current liabilities	-50
Net identifiable assets and liabilities	**103**
Positive impact on profit from acquisitions in equity	-43
Purchase price	**60**
Cash and cash equivalents in the acquired companies	0
Impact for the year on the Group's cash and cash equivalents	**60**

Other acquisitions, total [1]	
Non-current assets	10
Inventories	13
Trade receivable	30
Other current assets	3
Non-controlling interests	-4
Non-current liabilities	-7
Current liabilities	-32
Net identifiable assets and liabilities	**13**
Group goodwill [2]	19
Purchase price	**32**
Expensed unpaid purchase sum, Profile Lighting Services Ltd	-2
Cash and cash equivalents in the acquired company	-1
Impact for the year on the Group's cash and cash equivalents	**29**

Total impact on the Group's cash and cash equivalents from the year's acquisitions	**89**
Additional purchase sum from previous year's acquisition of ITAB Prolight AS	0
Final settlement of additional purchase sum from previous year's acquisition of Prolight Försäljnings AB	3
Impact for the year on the Group's cash and cash equivalents	**92**

DIVESTMENTS IN 2015 AND 2014

During 2014, only dormant companies have been wound-up. No other divestments were made in 2015 or 2014.

1) Exchange rate in relation to SEK at each acquisition:
2015 JPD: EUR 9.4087
2014 New Store Europe: NOK 1.1182, DKK 1.2336, EUR 9.2364
Eurolys: NOK 1.0959, Profile: GBP 11.7569 and Reklamepartner: NOK 1.0714

2) Goodwill
Goodwill comprises primarily synergy effects in product supply, staff, know-how, effective organisation, customer contacts of strategic significance, and a market leading position in select markets.

3) Conditional purchase sum
The agreed conditional additional purchase sum in JPD is attributable to the companies' profits over the next two years. Final liquidity will be regulated in 2017.
From acquisitions in 2013, there is an agreed conditional additional purchase sum in ITAB Prolight AS that is attributable to the the company's earnings trend over the next five years. The total conditional purchase sum for ITAB Prolight AS can amount to max. SEK 3.2 million and final liquidity will be regulated in 2018.

NOTE 6. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The ITAB Group comprises of some forty operating companies that sell, develop, produce and distribute shop fittings and equipment to chain-based customers. The largest customer accounts for 20% of external sales, although none of the ITAB Group's other customers account for more than 10 per cent of external sales.

Most of ITAB's customers are major chain stores that operate internationally and have stores in several countries. Several of the Group's companies are involved in most business deals. Because sales largely involve different customised shop concepts, customer sales are often conducted with resources from several Group companies in order to fulfil the customer's various needs in the best possible way.

Development and production of the various shop concept segments are carried out by different Group companies depending on where the best conditions exist.

The business model means that a large portion of the decisions that affect the Group's various companies are taken centrally. Because the necessary information regarding sales per product or product group is not available since the greatest proportion of sales take the form of concept sales, with a mix of several products and services, ITAB performs no division between product groups. These circumstances mean that the profit or loss is not used as a basis for deciding on the allocation of resources to different parts of the company, and that ITAB makes no allocation according to operating segment or business segments.

See also section "Business activities", pages 20-37.

PROPERTY, PLANT AND EQUIPMENT

The Group	2015	2014
Czech Republic	118	130
UK	74	67
Norway	74	58
Sweden	63	62
Belgium	45	42
Germany	43	48
Finland	43	46
China	33	36
Lithuania	30	26
The Netherlands	9	19
Other	17	12
	549	**546**

Intangible non-current assets cannot be distributed to other countries in accordance with IFRS 8 p. 33b.

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

EXTERNAL NET SALES [1)]

The Group	2015	2014
UK	1,310	1,016
Sweden	683	527
Norway	676	517
Germany	315	278
Denmark	274	95
North America	264	176
China	185	195
Finland	134	136
The Netherlands	121	90
France	120	69
Belgium	95	68
Spain	94	30
Russia	87	71
Poland	80	105
Switzerland	63	44
Other	692	521
	5,193	**3,938**

NOTE 7. PURCHASES AND SALES BETWEEN PARENT COMPANY AND SUBSIDIARIES

Of the Parent Company's invoiced sales, 100 per cent consisted of invoicing to subsidiaries. Purchases from subsidiary companies relate primarily to IT, design and administration services. No goods were purchased from subsidiaries. Income from participations in subsidiaries as well as financial income and expenses from Group companies are presented in Notes 13 and 14 respectively.

Parent Company	2015	2014
Sales of services to subsidiaries	40	41
Purchase of services from subsidiaries	-2	-2

NOTE 8. PERSONNEL AND SENIOR EXECUTIVES

Average number of employees		2015	of which men	2014	of which men
Parent Company	Sweden	13	62%	13	62%
Subsidiaries	Belgium	78	88%	78	88%
	Brazil	1	100%	-	-
	Chile	1	100%	1	100%
	Denmark	61	80%	18	78%
	Estonia	3	100%	3	100%
	Finland	68	75%	79	71%
	The Netherlands	95	92%	58	90%
	India	1	100%	1	100%
	China	857	35%	757	39%
	Latvia	153	84%	30	83%
	Lithuania	126	87%	126	87%
	Norway	169	73%	140	79%
	Poland	11	73%	11	73%
	Russia	9	44%	15	53%
	UK	307	81%	292	81%
	Sweden	398	74%	379	75%
	Czech Republic	304	72%	275	73%
	Germany	163	83%	155	82%
	Ukraine	1	-	3	67%
	Hungary	2	50%	2	50%
	USA	8	25%	5	20%
TOTAL IN SUBSIDIARIES		**2,816**	**65%**	**2,428**	**66%**
THE GROUP TOTAL		**2,829**	**65%**	**2,441**	**66%**

Salaries, other remuneration and social security expenses (SEK m)	2015 Salaries and remuneration	2015 Social security expenses	2014 Salaries and remuneration	2014 Social security expenses
Parent Company	20.6	11.3	17.4	10.8
(of which pension costs)[1)]		*4.1*		*4.4*
Subsidiaries	783.1	188.3	632.4	147.2
(of which pension costs)		*46.4*		*33.9*
GROUP TOTAL	**803.7**	**199.6**	**649.8**	**158.0**
(of which pension costs)[2)]		*50.5*		*38.3*

1) Of the parent company's pension costs, SEK 0.9 million (0.9) 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 6.2 million (4.7) pertains to the Board and CEO. The Group's outstanding pension commitments to these persons amount to SEK 0.3 million (0.1).

Salaries and other remuneration divided per country and between Board members/CEO and other employees	2015 Board of Directors & CEO	2015 Other employees	2014 Board of Directors & CEO	2014 Other employees
PARENT COMPANY SWEDEN	**6.2**	**14.4**	**5.1**	**12.3**
(of which bonuses)	*1.2*		*0.6*	
SUBSIDIARIES IN SWEDEN	**9.6**	**150.6**	**9.5**	**137.8**
SUBSIDIARIES, OTHERS				
Belgium	1.8	28.8	1.5	25.9
Brazil	0.8	-	-	-
Chile	0.4	-	0.4	-
Denmark	4.4	33.9	2.0	10.5
Estonia	-	0.5	-	0.6
Finland	2.5	23.9	2.6	27.9
The Netherlands	5.2	39.0	2.2	23.1
India	0.5	-	0.2	-
China	0.5	68.4	0.4	41.8
Latvia	2.2	21.7	0.7	7.6
Lithuania	0.6	15.6	0.5	14.6
Norway	7.5	116.8	4.7	102.2
Poland	0.8	3.3	0.6	3.7
Russia	0.7	1.7	0.5	2.8
UK	4.7	137.6	2.0	116.5
Czech Republic	1.2	30.4	2.0	25.9
Germany	4.1	58.8	3.7	54.9
Hungary	-	0.5	-	0.3
Ukraine	-	-	-	0.8
USA	-	4.1	-	2.0
SUBSIDIARIES TOTAL	**47.5**	**735.6**	**33.5**	**598.9**
(of which bonuses)	*3.7*		*3.2*	
GROUP TOTAL	**53.7**	**750.0**	**38.6**	**611.2**
(of which bonuses)	*4.9*		*3.8*	

REMUNERATION TO SENIOR EXECUTIVES

The Board's fees

In accordance with the resolution at the 2015 AGM, the fee for elected Board members amounts to a total of SEK 1.2 million, to be divided with SEK 300 thousand to the Chairman of the Board and SEK 150 thousand to each of the other six Board members. Tord Johansson, who was appointed Chairman of the Board at the 2015 AGM, passed away on 10 October 2015. During 2015, Tord Johansson carried out consultancy assignments for the company worth SEK 0.7 million. Board member Sune Lantz carried out consultancy assignments for the company worth SEK 0.2 million. In addition, select Board members received a fee for their work in the Remuneration Committee and the Audit Committee totalling SEK 100 thousand per committee. Besides these fees, ITAB has paid no other remuneration to Board members.

Principles for remuneration to senior executives

Principles for remuneration to senior executives are determined by the Board of Directors based on the guidelines for terms of remuneration adopted by the AGM. The purpose is to offer a market-related remuneration package that enables the company to recruit and retain senior executives.

Remuneration to Group management comprises of the following:
1. Basic salary
2. Variable result-based salary
3. Pension

Remuneration to Group management is to be market-rate in relation to position, individual qualifications and performance. The variable salary for senior executives is founded on improvements based on the budgeted Group earnings for a maximum four months' salary. Pension is covered by a premium-based pension system. The CEO and other senior executives are covered by a defined-contribution pension system that corresponds to the ITP plan for pension insurance. Remuneration is reviewed annually by the Board's Remuneration Committee. The Remuneration Committee consists of Fredrik Rapp, Lottie Svedenstedt, Sune Lantz and the CEO as additional member. The CEO is not present when issues regarding remuneration to the CEO are handled.

Other terms and conditions for the CEO and other senior executives

The reciprocal period of notice between the company and CEO is six months. In the event of notice from the company's side, a severance payment corresponding to 18 months of salary will be paid. Severance pay is offset against other income. No severance pay will be paid in the event of notice from the CEO.

The reciprocal period of notice between the company and other senior executives is six months. In the event of notice from the company's side, a severance payment corresponding to six months' salary will be paid. Severance pay is offset against other income. No severance pay will be paid in the event of notice being given by the executive.

CONT. NOTE 8. PERSONNEL AND SENIOR EXECUTIVES

Remuneration to senior executives 2015	Basic salary	Variable salary	Other remuneration 1)	Total salary and fees 2)	Pension costs	Total incl. pension
CEO	3.7	1.2	0.1	5.0	0.9	5.9
Other senior executives in Group management (2 executives)	4.0	1.3	0.3	5.6	1.3	6.9
TOTAL	**7.7**	**2.5**	**0.4**	**10.6**	**2.2**	**12.8**
2014						
CEO	3.1	0.6	0.1	3.8	0.9	4.7
Other senior executives in Group management (2 executives)	3.7	0.8	0.3	4.8	1.0	5.8
TOTAL	**6.8**	**1.4**	**0.4**	**8.6**	**1.9**	**10.5**

1) Other remunerations refer to taxable benefits for cars, newspapers, etc.
2) Salary and fees are presented above less employers' contribution. Pension costs are presented less special payroll tax.

Gender distribution of Board members/senior executives

The Group	2015 Of which women	2015 Of which men	2014 Of which women	2014 Of which men
Board members	10%	90%	9%	91%
Senior executives	16%	84%	13%	87%
Parent Company				
Board members	33%	67%	29%	71%
Senior executives	0%	100%	0%	100%

Personnel expenses distributed per function

The Group	2015	2014
Cost of goods sold	-559	-448
Selling expenses	-366	-275
Administrating expenses	-115	-108
	-1,040	**-831**
Parent Company		
Cost of goods sold	-6	-5
Selling expenses	-11	-10
Administrating expenses	-13	-11
	-30	**-26**

NOTE 9. REMUNERATION TO AUDITORS

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

	THE GROUP		THE GROUP		PARENT COMPANY	
	2015	2015	2014	2014	2015	2014
	Fees to EY	Fee to other auditors	Fees to EY	Fee to other auditors	Fees to EY	Fees to EY
Audit assignments	4	1	3	1	1	1
Audit activities other than audits	0	0	0	0	0	0
Tax consultancy	1	1	1	1	0	0
Other services	1	1	0	0	0	0
	6	**3**	**4**	**2**	**1**	**1**

NOTE 10. DEPRECIATION AND AMORTISATION

Depreciation divided per function

The Group	2015	2014
Cost of goods sold	-70	-68
Selling expenses	-10	-8
Administrating expenses	-8	-7
	-88	**-83**
Parent Company		
Administrating expenses	0	0

Depreciation divided per asset type

The Group	2015	2014
Balanced development expenses	-5	-5
Patents and other intellectual property rights	-2	-2
Buildings	-12	-12
Plant and machinery	-43	-40
Equipment, tools and installations	-26	-24
	-88	**-83**
Parent Company		
Equipment	0	0

NOTE 11. COSTS DIVIDED BY COST TYPE

Cost of goods sold, sales costs and administration costs divided by cost type:

The Group	2015	2014
Costs for direct materials	-2,537	-1,748
Personnel costs	-1,040	-831
Depreciation and amortisation	-88	-83
Other expenses	-1,042	-967
	-4,707	**-3,629**

Parent Company		
Personnel costs	-30	-26
Depreciation and amortisation	0	0
Other expenses	-26	-31
	-56	**-57**

NOTE 12. OTHER OPERATING INCOME AND EXPENSES

Other operating income

The Group	2015	2014
Operation's exchange rate differences	39	11
Impact on profit from acquired companies and assets [1]	-	43
Capital gain on sale of non-current assets	1	0
Other	3	3
	43	**57**

Parent Company		
Operation's exchange rate differences	36	14
	36	**14**

1) The item other operating income in 2014 includes a positive impact on profit from acquisitions totalling SEK 43 million.
Costs in conjunction with these acquisitions are also listed under cost of goods sold as well as sales and administration costs. The net effect of acquisition-related income and expenses in 2014 totals SEK 15 million.

Other operating expenses

The Group	2015	2014
Operation's exchange rate differences	-18	-29
Provision for restructuring reserve	-	-4
Capital loss on sale of non-current assets	-1	-1
Other	-2	-7
	-21	**-41**

Parent Company		
Operation's exchange rate differences	-22	-23
Capital loss on sale of non-current assets	-	0
	-22	**-23**

NOTE 13. RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2015	2014
Income from participations in Group companies		
Dividends received	154	113
	154	**113**
Expenses from participations in Group companies		
Impairment of long-term claims in Group companies [1]	-18	-1
Write-down of shares in subsidiaries [2]	-1	0
	-19	**-1**

1) Impairment of claims for loss coverage in Group companies in 2015 refers to ITAB Shop Concept Ukraine LCC, SEK -1 million, ZAO ITAB Shop Concept Russia, SEK -7 million, and Radlok S.à.r.l in Luxembourg, SEK -10 million.
For 2014, the impairment of claims for Group companies refers to the deregistered Group company Novena Ukraina, SEK -1 million.

2) Write-down of shares in subsidiaries in 2015 refers to ITAB Shop Concept Hungary in Hungary, and in 2014 it refers to ITAB Shop Concept Ukraine LCC in Ukraine.

NOTE 14. FINANCIAL INCOME AND EXPENSES

Financial income

The Group	2015	2014
Interest income	3	2
Profit from final regulation of additional purchase sum, Group companies	0	1
	3	**3**

Parent Company		
Interest income, Group companies	8	7
Interest income, others	0	2
	8	**9**

Financial expenses

The Group		
Interest expenses [1]	-29	-31
Exchange rate differences	-4	-8
Other financial expenses	-2	-1
	-35	**-40**

1) This includes interest expenses from interest rate swaps for the year, amounting to SEK -11 million (-12)

Parent Company		
Interest expenses, Group companies	-1	-1
Interest expenses, others	-23	-25
Exchange rate differences	-15	-68
Other financial expenses	0	0
	-39	**-94**

NOTE 15. YEAR-END APPROPRIATIONS

Parent Company	2015	2014
Changes in excess depreciation	0	0
Received Group contributions	51	78
Group contributions paid	-36	-22
	15	**56**

NOTE 16. TAX

The Group	2015	2014
Current tax expenses		
Tax expenses for the period	-111	-91
Adjustment of tax attributable to previous years	13	0
	-98	**-91**
Deferred tax expenses (-)/tax income (+)		
Deferred tax attributable to temporary differences	-2	3
Deferred tax attributable to previous years	-4	1
Deferred tax attributable to losses carried forward	2	17
Deferred tax as a result of changes in tax rates	0	0
	-4	**21**
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**-102**	**-70**

Parent Company		
Current tax for the period	0	0
Deferred tax attributable to losses carried forward	4	12
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**4**	**12**

Difference between Swedish income tax rate and the effective tax rate

The Group	2015	2015	2014	2014
Reported income before tax	**476**		**288**	
Tax at Swedish income tax rate	-105	-22.0%	-63	-22.0%
Tax effect of				
Adjustment of previous year's tax	9	1.9%	0	0.0%
Other tax rates for foreign subsidiaries	-2	-0.4%	-6	-2.0%
Deductible temporary differences	0	0.0%	1	0.4%
Losses carried forward	4	0.8%	0	0.0%
Altered tax rates	0	0.0%	0	0.0%
Non-taxable income and non-deductible expenses	-8	-1.8%	-2	-0.7%
RECOGNISED TAX EXPENSE	**-102**	**-21.5%**	**-70**	**-24.3%**

Tax items recognised in other comprehensive income	2015	2014
Deferred tax on cash flow hedges	0	-1
Deferred tax on hedging of net investments	-1	1
Deferred tax on pension obligations	0	1
	-1	**1**

Changes in deferred tax The Group	2015	2014
At the start of the year	-2	-24
Acquisitions	0	1
Items recognised in other comprehensive income	0	1
Translation differences	1	-1
Recognised in profit for the year	-4	21
AT THE CLOSE OF THE YEAR	**-5**	**-2**

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

The Group	Receivables 2015	Receivables 2014	Liabilities 2015	Liabilities 2014
Non-current assets	1	2	25	24
Inventories	9	9	3	2
Current receivables	0	1	-	-
Provisions for pensions and similar obligations	1	1	-	-
Losses carried forward[1)]	34	32	-	-
Untaxed reserves	-	-	21	22
Other	2	2	3	1
	47	**47**	**52**	**49**

Of the deferred tax assets for losses carried forward recognised in the balance sheet, there is a deficit deduction of SEK 20 million, the utilisation of which is subject to time restrictions. Of this, SEK 4 million matures in 2020, SEK 8 million matures in 2022 and SEK 8 million matures in 2024. The Group has a losses carried forward equivalent to SEK 5 million, which is not recognised as a deferred tax asset as it is not deemed that this can be used within the next 5 years. For these deficit deductions, there are restrictions as regards withdrawals per year, but no time limits.

Parent Company	2015 Receivables	2014 Receivables
Losses carried forward	17	13
	17	**13**

NOTE 17. EARNINGS PER SHARE

The Group	2015	2014
Earnings per share before dilution		
Net profit for the period that is attributable to the Parent Company's shareholders, SEK m	350.0	204.3
Average number of outstanding ordinary shares	33,906,410	33,906,410
EARNINGS PER SHARE BEFORE DILUTION, SEK PER SHARE	**10.32**	**6.03**
Earnings per share after dilution		
Net profit for the period that is attributable to the Parent Company's shareholders, SEK m	350	204
Net interest expenses on convertible debentures, SEK m	1.6	1.4
Adjusted profit, SEK m	**351.5**	**205.7**
Number of outstanding shares as per the closing day	33,906,410	33,906,410
Adjustment for assumed conversion of convertible debentures	851,074	851,074
Number of shares after dilution	**34,757,484**	**34,757,484**
EARNINGS PER SHARE AFTER DILUTION, SEK PER SHARE	**10.11**	**5.92**
ACTUAL NUMBER OF SHARES AT YEAR-END		
before dilution, shares	33,906,410	33,906,410
after dilution, shares	34,757,484	34,757,484

At the AGM on 7 May 2014, it was decided to split the company's shares 2:1, which means that each share was divided into two shares of the same type. The record date for the share split was 23 May 2014. After the completed split, the number of shares in ITAB totalled 33,906,410, of which 7,800,000 are Class A shares and 26,106,410 are Class B shares. All comparative figures have been updated. The Group has two outstanding convertible debenture schemes. In the first scheme, which runs during the period 1 July 2012 to 30 June 2016, conversion to a maximum of 650,406 Class B shares can take place during the period 1 to 10 June 2016 at a subscription price of SEK 61.50. In the second scheme, a subscription for convertible shares for employees was carried out during June 2014. The scheme runs during the period 1 July 2014 to 30 June 2018 and conversion to a maximum of 200,668 Class B shares can take place during the period 1 to 11 June 2018 at a subscription price of SEK 149.50. The total number of shares after full dilution will then be 34,757,484.

NOTE 18. INTANGIBLE ASSETS

2015 The Group	Balanced development expenses	Patents and other intellectual property rights	Goodwill	TOTAL
Accumulated acquisition values				
At the start of the year	127	23	552	702
Acquisition of subsidiaries, see Note 5	-	-	82	82
Additions	13	1	-	14
Translation differences for the year	-	-1	-11	-12
	140	**23**	**623**	**786**
Accumulated depreciation according to plan				
At the start of the year	-15	-10	-	-25
Depreciation according to plan for the year	-5	-2	-	-7
Translation differences for the year	-	1	-	1
	-20	**-11**	**-**	**-31**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**120**	**12**	**623**	**755**

2014 The Group				
Accumulated acquisition values				
At the start of the year	106	21	503	630
Acquisition of subsidiaries, see Note 5	-	-	19	19
Additions	21	0	-	21
Translation differences for the year	-	2	30	32
	127	**23**	**552**	**702**
Accumulated depreciation according to plan				
At the start of the year	-10	-7	-	-17
Depreciation according to plan for the year	-5	-2	-	-7
Translation differences for the year	-	-1	-	-1
	-15	**-10**	**-**	**-25**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**112**	**13**	**552**	**677**

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

The Group's goodwill constitutes primarily synergy effects in product supply, staff, know-how, effective organisation, customer contacts of strategic significance, and a market leading position in select markets.

Impairment testing for goodwill

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

The recoverable value for this unit has been determined based on the value in use, which consists of the present value of the estimated projected cash flow. The estimate of projected cash flow is based on an assessment of expected growth in accordance with a cautious starting point in the forecasts prepared by the management for the coming four years. The forecasts are based on ex- ▶

▸ CONT. NOTE 18. INTANGIBLE ASSETS

perience from previous years, but with consideration for future expected developments. Average growth in the organisation is anticipated according to the forecast to reach 6% (6%) per year during the coming four years. The cash flows beyond this four-year period have been extrapolated with the aid of an estimated rate of growth of 2% (2%) per year, which corresponds to estimated long-term inflation. The assumption of projected growth is the most important assumption and is based on external assessments of the market's growth, past trends and the management's assessment of market shares. The margins in the business are an estimate that also has an impact on testing. The gross profit margins and average interest rates have been assumed at the same levels as the outcome for 2015. The forecast cash flows have been converted to present value using a discount rate of 10.14% (10.16%) before tax, which corresponds to 8.0% (8.0%) 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 is used, with an addition for the equity market's average risk premium. Required return is also affected by the debt/equity ratio at optimal capital structure. From a historical perspective, the risk-free interest can be deemed to be low, which has been taken into consideration in the calculation. As the Group is no longer considered to be a small company, previous years' risk premium for small companies has been removed, which produces a slightly lower outcome from the discount rate before tax compared to 2014.

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

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

2015 Group	Buildings	Machinery	Equipment	Construction in progress	Total
Accumulated acquisition values					
At the start of the year	493	714	351	2	1,560
Acquisitions, subsidiaries	-	2	2	-	4
Additions	18	35	42	14	109
Sales and disposals	-6	-22	-31	-	-59
Reclassifications	-	-6	6	-	0
Translation differences for the year	-17	-17	-7	-1	-42
	488	**706**	**363**	**15**	**1,572**
Accumulated depreciation according to plan					
At the start of the year	-215	-517	-282	-	-1,014
Sales and disposals	4	18	24	-	46
Reclassifications	-	6	-6	-	0
Depreciation according to plan for the year	-12	-43	-26	-	-81
Translation differences for the year	9	12	5	-	26
	-214	**-524**	**-285**	**-**	**-1,023**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**274**	**182**	**78**	**15**	**549**

2014 Group	Buildings	Machinery	Equipment	Construction in progress	Total
Accumulated acquisition values					
At the start of the year	463	619	306	2	1,390
Acquisitions, subsidiaries	0	30	15	0	45
Additions	2	35	23	1	61
Sales and disposals	0	-5	-11	-	-16
Reclassifications	0	1	1	-2	0
Translation differences for the year	28	34	17	1	80
	493	**714**	**351**	**2**	**1,560**
Accumulated depreciation according to plan					
At the start of the year	-190	-453	-247	-	-890
Acquisitions, subsidiaries	0	-5	-6	-	-11
Sales and disposals	0	4	10	-	14
Reclassifications	-2	1	1	-	0
Depreciation according to plan for the year	-12	-40	-24	-	-76
Translation differences for the year	-11	-24	-16	-	-51
	-215	**-517**	**-282**		**-1,014**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**278**	**197**	**69**	**2**	**546**

Parent Company	2015 Equipment	2015 New construction in progress	2014 Equipment	2014 New construction in progress
Accumulated acquisition values				
At the start of the year	7	-	7	-
Additions	1	5	0	-
Sales and disposals	-3	-	0	-
	5	**5**	**7**	**-**
Accumulated depreciation according to plan				
At the start of the year	-6	-	-6	-
Depreciation according to plan for the year	-1	-	0	-
Sales and disposals	3	-	0	-
	-4	**-**	**-6**	**-**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**1**	**5**	**1**	**-**

NOTE 20. PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2015	2014
Opening recognised value	1,164	1,156
Business combinations	101	9
Shareholder contribution to subsidiaries[1)]	3	-
The year's impairment [2)]	-1	-1
CLOSING RECOGNISED VALUE	**1,267**	**1,164**

1) Shareholder contribution in 2015 to the subsidiaries ITAB Shop Concept Hungary LCC, SEK 1 million, ITAB Shop Concept Polska Sp Zoo, SEK 2 million, ITAB Shop Products AB, SEK 0 million, and ITAB Konsult AB, SEK 0 million.

2) Impairment has taken place in 2015 in ITAB Shop Concept Hungary LCC and in 2014 in ITAB Shop Concept Ukraine LCC.

Subsidiaries	Corp. reg. no.	Reg. office		No. of shares	Holding	2015 Book value	2014 Book value
AB ITAB Novena	233393310	Kaunas	Lithuania	635,350	100%	20	20
ITAB Baltic SIA	50003567701	Riga	Latvia	100	100%	3	3
ITAB Eesti OÜ	10994786	Tallinn	Estonia	400	100%	0	0
ITAB Germany GmbH	HR 61998	Cologne	Germany	2	100%	17	17
ITAB Harr GmbH	HRB 63874	Malschwitz	Germany	-	100%	-	-
ITAB Prolight Germany GmbH	HRB 80620	Cologne	Germany	-	100%	-	-
GWS Group Ltd.	3284213	Gravesend	England	3,544,684	100%	20	20
ITAB Holding B.V.	32082085	Woundenberg	The Netherlands	180	100%	36	36
ITAB Den Bosch B.V	61775185	Hertogenbosch	The Netherlands	-	100%	-	-
ITAB Konsult AB	556554-1520	Jönköping	Sweden	1,000	100%	0	0
ITAB Pan-Oston Oy	1569393-8	Villähde	Finland	1,165	100%	26	26
ITAB Pharmacy Concept AB	556603-8245	Stockholm	Sweden	40,000	100%	22	22
ITAB Sintek AB	556313-1456	Stockholm	Sweden	-	100%	-	-
Radlok S.à r.l	B 150987	Luxembourg	Luxembourg	-	100%	-	-
ITAB Scanflow AB	556270-5367	Jönköping	Sweden	10,000	100%	1	1
ITAB Shop Concept AS	960912624	Oslo	Norway	1,534,500	100%	55	55
ITAB Industier AS	928907619	Stadsbygd	Norway	-	100%	-	-
ITAB Butikkinnredninger AS	935500419	Oslo	Norway	-	100%	-	-
ITAB Prolight AS	911973235	Oslo	Norway	-	100%	-	-
KB Design AS	913275438	Oslo	Norway	-	100%	-	-
ITAB Linco AS	929240227	Oslo	Norway	-	100%	-	-
ITAB Pharmacy concept AS	828716352	Sandefjord	Norway	-	100%	-	-
Reklamepartner Graphics AS	979895909	Vinterbro	Norway	-	51%	-	-
ITAB Shop Concept Belgium N.V	0413.792.003	Antwerp	Belgium	279,295	100%	82	82
ITAB Shop Concept CZ a.s	255 68 663	Blansko	Czech Rep.	2,210	100%	277	277
ITAB Czech Republic, s.r.o	283 13 518	Boskowice	Czech Rep.	0	100%	0	0
ITAB Shop Concept A/S	19353443	Herning	Denmark	1	100%	9	9
ITAB Shop Concept Finland Oy	0719064-4	Järvenpää	Finland	77,000	100%	18	18
ITAB Shop Concept Jönköping AB	556132-4046	Jönköping	Sweden	1,000	100%	9	9
ITAB Shop Concept Nässjö AB	556474-2244	Nässjö	Sweden	2,000	100%	11	11
ITAB Shop Concept Polska Sp Zoo	338168	Warsaw	Poland	1,250	100%	2	0
ITAB Shop Concept Hungary LLC	24685113-2-43	Budapest	Hungary	1	100%	0	0
ITAB Shop Concept Ukraine LLC	37102073	Kiev	Ukraine	1	100%	0	0
ITAB Shop Products AB	556065-3866	Jönköping	Sweden	10,000	100%	5	5
ITAB Shop Products A/S	13769893	Alleröd	Denmark	500	100%	22	22
ITAB Shop Products Ltd	5822228	Hemel Hempstead	England	2,500,000	100%	35	35
ITAB UK Ltd	4135080	Hemel Hempstead	England	4,638,743	100%	119	119
ITAB Shop Concept UK Ltd	3411363	Hemel Hempstead	England	-	100%	-	-
ITAB Interiors Ltd	1112808	Hemel Hempstead	England	-	100%	-	-
ITAB Prolight UK Ltd	2208416	Hemel Hempstead	England	-	100%	-	-
Nordic Light Group AB	556306-5373	Skellefteå	Sweden	1,000	100%	377	377
Nordic Light AB	556203-5161	Skellefteå	Sweden	-	100%	-	-
Prolight Försäljning AB	556673-8877	Borås	Sweden	-	100%	-	-
Skelack AB	556641-2259	Skellefteå	Sweden	-	100%	-	-
Dotlight Sweden AB	556812-9893	Skellefteå	Sweden	-	100%	-	-
Nordic Light Group Development AB	556511-7800	Skellefteå	Sweden	-	100%	-	-
Nordic Light Group (HK) Co Ltd	759628	Hong Kong	Hong Kong	-	100%	-	-
Nordic Light (Suzhou) Investment (HK) Co Ltd.	875186	Hong Kong	Hong Kong	-	65%	-	-
Nordic Light (Suzhou) Co Ltd	320594400008791	Suzhou	China	-	65%	-	-
ITAB Shop Concept Suzhou Co Ltd	320594000268519	Suzhou	China	-	65%	-	-
Nuco Lighting Technology Ltd Co	440306503426898	Shenzhen	China	-	100%	-	-
Nordic Light America Inc.	27-4627942	Columbus	USA	-	100%	-	-
Nordic Light South America SpA	71.936 / 49.962	Santiago	Chile	-	100%	-	-
Nordic Light Brasil Design E Comercio de luminarias LTDA	13.253.209/0001-09	Sao Paolo	Brazil	-	100%	-	-
Nordic Light India Private Ltd	U74900KA2014FTC073090	Bangalore	India	-	100%	-	-
SIA ITAB JPD [3)]	40103175540	Riga	Latvia	2,845	100%	49	-
SIA ITAB JPD Finance [3)]	40103466377	Riga	Latvia	2,845	100%	2	-
SIA ITAB JPD Production [3)]	40103296365	Riga	Latvia	2,845	100%	50	-
ZAO ITAB Shop Concept Russia	1057811914808	St Petersburg	Russia	100	100%	0	0
TOTAL						**1,267**	**1,164**

In addition to the above companies, the subsidiaries owned shares in dormant companies. In total, the Group comprised 72 legal companies at the end of 2015.

3) The subsidiaries ITAB JPD have been acquired in 2015, see Note 5.

NOTE 21. FINANCIAL ASSETS AND LIABILITIES

Time analysis of financial assets	2015 Due	2015 Not due	2015 Total	2014 Due	2014 Not due	2014 Total
Accounts receivables, not written down						
less than 30 days old	89	575	664	52	577	629
31-60 days old	30	-	30	26	-	26
more than 60 days old	32	-	32	24	-	24
Accounts receivables written down						
more than 60 days old	12	-	12	9	-	9
Deduction for reserves	-12	-	-12	-9	-	-9
TOTAL ACCOUNTS RECEIVABLES	**151**	**575**	**726**	**102**	**577**	**679**
Other financial assets	-	51	51	-	69	69
BOOK VALUE, FINANCIAL ASSETS EXCL. CASH AND CASH EQUIVALENTS	**151**	**626**	**777**	**102**	**646**	**748**

Change in provision for uncertain accounts receivables	2015
Opening balance	9
Increase in provision via the income statement	7
Utilised reserve due to ascertained customer losses	0
Reverse provisions	-3
Translation differences for the year	-1
Closing balance	12

The receivable is reserved as doubtful in the case of a suspected bad debt loss. The appraisal is individual and performed on a case-by-case basis.

The Group 2015	Derivatives that are applied in hedge accounting	Financial liabilities measured at fair value via the income statement	Loans and trade receivables	Other financial liabilities	Total recognised value	Fair value[1]
Financial assets						
Financial non-current assets			1		1	1
Accounts receivables			726		726	726
Derivative receivables (level 2)	4				4	4
Other receivables			46		46	46
Cash and cash equivalents [2]			258		258	258
TOTAL FINANCIAL ASSETS	**4**		**1,031**		**1,035**	**1,035**
Financial liabilities						
Liabilities to credit institutions				105	105	105
Convertible debenture loan				69	69	69
Overdraft facilities				778	778	778
Derivative liability (level 2)	31				31	31
Conditional purchase sum (level 3)		42			42	42
Advance payments from customers				9	9	9
Accounts payable				374	374	374
Other liabilities				49	49	49
Accrued expenses, financial liability				2	2	2
TOTAL FINANCIAL LIABILITIES	**31**	**42**		**1,386**	**1,459**	**1,459**
2014						
Financial assets						
Financial non-current assets			2		2	2
Accounts receivable			679		679	679
Derivative receivables (level 2)	6				6	6
Other receivables			61		61	61
Cash and cash equivalents [2]			124		124	124
TOTAL FINANCIAL ASSETS	**6**		**866**		**872**	**872**
Financial liabilities						
Liabilities to credit institutions				133	133	133
Convertible debenture loan				69	69	69
Overdraft facilities				770	770	770
Derivative liability (level 2)	38				38	38
Conditional purchase sum (level 3)		2			2	2
Advance payments from customers				9	9	9
Accounts payable, trade				339	339	339
Other liabilities				62	62	62
Accrued expenses, financial liability				4	4	4
TOTAL FINANCIAL LIABILITIES	**38**	**2**		**1,386**	**1,426**	**1,426**

Parent Company 2015	Derivatives that are applied in hedge accounting	Financial liabilities measured at fair value via the income statement	Loans and trade receivables	Other financial liabilities	Total recognised value	Fair value[1)]
Financial assets						
Receivables, Group companies			359		359	359
Cash and cash equivalents [2)]			0		0	0
TOTAL FINANCIAL ASSETS			**359**		**359**	**359**
Financial liabilities						
Liabilities to credit institutions				4	4	4
Convertible debenture loan				69	69	69
Overdraft facilities				792	792	792
Accounts payable				4	4	4
Liabilities, Group companies				75	75	75
Conditional purchase sum (level 3)		40			40	40
Other liabilities				1	1	1
Accrued expenses, financial liability				2	2	2
TOTAL FINANCIAL LIABILITIES	**0**	**40**		**947**	**987**	**987**

2014						
Financial assets						
Current receivables, Group companies			395		395	395
Other receivables			4		4	4
Cash and cash equivalents [2)]			0		0	0
TOTAL FINANCIAL ASSETS			**399**		**399**	**399**
Financial liabilities						
Liabilities to credit institutions				14	14	14
Convertible debenture loan				69	69	69
Overdraft facilities				763	763	763
Accounts payable				3	3	3
Liabilities, Group companies				96	96	96
Other liabilities				2	2	2
Accrued expenses, financial liability				4	4	4
TOTAL FINANCIAL LIABILITIES	**0**	**0**		**951**	**951**	**951**

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

VALUATION HIERARCHY

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

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

Level 2: Observable input data for assets or liabilities other than listed prices included in level 1, either direct (i.e. as price quotations) or indirect (i.e. derived from price quotations).

Financial instruments valued at fair value based on level 2 comprise derivatives that are applied in hedge accounting.

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

DERIVATIVE INSTRUMENTS

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

CONDITIONAL PURCHASE SUM

The calculation of conditional purchase sum (level 3) is dependent on parameters in the agreement in question. These parameters are mainly linked to anticipated results over the next four years for the acquired companies. An increase in anticipated profit entails a higher liability for the conditional purchase sum. Refer also to Note 5.

NOTE 22. LEASING

FINANCIAL LEASING

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

	2015	2014
Plant and machinery		
Accumulated acquisition values		
At the start of the year	70	53
Additions	3	5
Acquisitions/sales of subsidiaries	2	11
Sales and disposals	0	0
Translation differences for the year	-1	1
	74	**70**
Accumulated depreciation according to plan		
At the start of the year	-46	-40
Acquisitions/sales of subsidiaries	-1	-2
Depreciation according to plan for the year	-6	-4
Sales and disposals	0	0
Translation differences for the year	0	0
	-53	**-46**
RECOGNISED RESIDUAL VALUE AT YEAR-END	**21**	**24**
Borrowing, financial leasing		
Current portion, maturity date within one year	5	5
Non-current portion, maturity date between one and three years	8	8
Non-current portion, maturity date between three and five years	8	8
Non-current portion, maturity date over five years	2	4
	23	**25**

The Group's significant financial leases refer to machinery in Sweden, Norway, Denmark, Finland and Latvia. There are no significant variable charges.

During 2015, the cost for these agreements, excluding consideration for deferred tax, amounted to SEK 6 million (5). Future obligations for financial agreements amount to SEK 24 million (27) and are distributed as follows:

	Nominal value 2015	Current value 2015
Current portion, maturity date within one year	5	5
Non-current portion, maturity date between one and three years	8	8
Non-current portion, maturity date between three and five years	9	8
Non-current portion, maturity date over five years	2	2
	24	**23**

	2014	2014
Current portion, maturity date within one year	5	5
Non-current portion, maturity date between one and three years	9	8
Non-current portion, maturity date between three and five years	9	8
Non-current portion, maturity date over five years	4	4
	27	**25**

OPERATING LEASES

Leasing costs for assets held via operational leases, such as leased premises, machinery, vehicles and office equipment, are recognised in operating expenses and amounted to SEK 105 million (89) in 2015, of which rental costs for properties amounted to SEK 85 million (74). There are no significant variable charges or restrictions. Agreed future payments for operational leases amount to SEK 329 million (295), and are distributed as follows:

	2015	2014
Maturity date within one year	98	86
Maturity date between one and five years	188	179
Maturity date more than five years	43	30
	329	**295**

NOTE 23. INVENTORY

The Group	2015	2014
Raw materials and supplies	359	381
Products in progress	67	62
Finished products and trading goods	397	353
Products being installed	35	25
Advance payments for goods	1	0
	859	**821**

The year's impairment of finished products and trading goods expensed to the year's income totalled SEK 12 million (14) for the Group.

NOTE 24. PREPAID EXPENSES AND ACCRUED INCOME

The Group	2015	2014
Prepaid rent and leasing fees	13	13
Prepaid insurance premiums	4	4
Other prepaid expenses	30	34
Accrued income	3	9
	50	**60**

Parent Company	2015	2014
Prepaid rent and leasing fees	0	0
Prepaid insurance premiums	0	0
Other prepaid expenses	10	9
	10	**9**

NOTE 25. SHAREHOLDERS' EQUITY

THE GROUP

Share capital

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

Other contributed capital

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

Other reserves

Other reserves in equity comprise translation reserve and hedging reserve.

Translation reserve

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

When foreign operations are divested and liquidated, the accumulated exchange rate differences are to be recognised as part of the earnings from the sales. During 2014, one company in Ukraine and one operation in the Czech Republic were liquidated. There were no divestments or liquidations in 2015.

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

Translation reserve related to the Parent Company's shareholders	2015	2014
Opening balance	0	-72
Translation difference for phased out operations transferred to profit for the year	-	1
Translation differences for the year	-28	71
Closing balance	**-28**	**0**

Translation reserve related to holdings without controlling influence		
Opening balance	10	2
Translation differences for the year	0	8
Closing balance	**10**	**10**

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.

	2015	2014
Opening balance	-23	-29
Net change for the year	0	6
Closing balance	**-23**	**-23**
Total other reserves related to the Parent Company's shareholders	**-51**	**-23**
Total other reserves related to non-controlling interest	**10**	**10**

Profit brought forward

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

PARENT COMPANY

Share capital

The share capital in ITAB Shop Concept AB amounts to SEK 42,383 thousand distributed between 7,800,000 Class A shares and 26,106,410 Class B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote. All shares have equal rights to dividends. The nominal value is SEK 1.25 per share. With regard to the share capital trend, refer to pages 10-13.

Statutory reserve

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

Share premium reserve

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

Profit brought forward

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

NOTE 26. UNTAXED RESERVES

Parent Company	2015	2014
Accumulated excess depreciation	-	0
	-	**0**
Deferred tax included at 22%	-	0

NOTE 27. LOANS AND CREDIT

The Group	2015	2014
Maturity date		
within 1 year	836	808
between 1 and 3 years	102	121
between 3 and 5 years	22	54
after 5 years	25	31
	985	**1,014**
The Group's loans and credit comprise:		
Liabilities to credit institutions	105	133
Convertible debenture loan	69	69
Overdraft facilities	778	770
Accrued interest	2	4
Derivative liabilities	31	38
	985	**1,014**

Parent Company		
Maturity date		
within 1 year	838	772
between 1 and 3 years	29	38
between 3 and 5 years	-	40
after 5 years	-	-
	867	**850**
The Parent Company's loans and credit comprise:		
Liabilities to credit institutions	4	14
Convertible debenture loan	69	69
Overdraft facilities	792	763
Accrued interest	2	4
	867	**850**

Some of the company's bank loans are restricted with covenants, stipulated in the loan contract. The restrictions mean that ITAB has committed to keeping the company's interest-bearing net liability in relation to EBITDA and the portion of risk-bearing capital within certain stipulated levels. None of these covenants have been breached during the year.

OVERDRAFT FACILITIES

The Group	2015	2014
Granted overdraft facility	1,145	1,104
Utilised overdraft facility	778	770
Unutilised overdraft facility	**367**	**334**
Parent Company		
Granted overdraft facility	1,063	993
Utilised overdraft facility	792	763
Unutilised overdraft facility	**271**	**230**

The companies in the ITAB Group are affiliated to the Group account system (Global Cash Pool/GCP). At the end of the year, ITAB Shop Concept AB borrowed SEK 581 million (604) net via Group accounts. Together with the subsidiaries within the Group, the Parent Company's total liability to credit institutions in GCP amounted to SEK 742 million (732), i.e. the Parent Company has a claim against subsidiaries totalling SEK 160 million (128).

NOTE 28. CONVERTIBLE DEBENTURE LOAN

The company has two outstanding convertible loans recognised at a total of SEK 69 million. Both loans are targeted at the Group's employees at market conditions. The first loan was taken out in June 2012 in which 325,303 convertibles were subscribed for that can be converted to two shares at a conversion price of SEK 61.50. The nominal amount is SEK 40.0 million, which corresponds to 650,406 shares. Transaction expenses that arise in connection with the convertible loan are spread over the term of the loan and expensed as financial expense. The convertible loan will run until 30 June 2016 at an annual interest rate of STIBOR 3 months plus 2.55 percentage points. During the period 1 June 2016 to 10 June 2016, the convertible debenture can be converted to shares at a conversion rate of SEK 61.50 per share. The loan's nominal amount is SEK 61.50.

The second loan was taken out in June 2014, in which 100,334 convertibles were subscribed for, and each convertible can be converted to two shares at a conversion rate of SEK 149.50. The nominal amount is SEK 30 million, which corresponds to 200,668 shares.

Transaction expenses that arise in connection with the convertible loan are spread over the term of the loan and expensed as financial expense. The convertible loan will run until 30 June 2018 at an annual interest rate of STIBOR 3 months plus 2 percentage points. During the period 1 June 2018 to 11 June 2018, the convertible debenture can be converted to shares at a conversion rate of SEK 149.50 per share. The loan's nominal amount is SEK 149.50.

NOTE 29. PROVISIONS FOR PENSIONS

The following tables are 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	**2015**	**2014**
Net costs		
Interest on the year's increase of present value of pension commitments	1	1
Net of earned pensions and paid premiums during the year	-2	-2
Expected return on management assets	-1	-1
RECOGNISED PENSION COSTS, NET	**-2**	**-2**
Recognised provisions per 31 December		
Pension commitments' present value	29	31
Management asset's fair value	-24	-23
RECOGNISED PROVISIONS PER 31 DECEMBER	**5**	**8**
The net amount is distributed between the following countries		
Norway	2	5
Sweden	2	2
Belgium	1	1
Other	0	0
OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	**5**	**8**

	2015	**2014**
Change in recognised provision		
Opening net liability	8	7
Actuarial gains and losses	-1	3
Realignment	0	0
Pension costs, net	-2	-2
RECOGNISED PROVISIONS PER 31 DECEMBER	**5**	**8**
The most important assumptions used for determining commitments for pensions (%)		
Discount factor	2.50%	3.00%
Future wage increases	2.50%	3.25%
Future pension increases	2.25%	3.00%
Expected yield	2.50%	3.00%

ALECTA

For salaried employees in Sweden, the ITP 2 plan's defined benefit pension commitments for retirement and family pension are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of the pension plan ITP 2 which is financed through insurance with Alecta, this is a defined-benefit plan that covers several employers. For the 2015 financial year, the company has not had access to information in order to report its proportional share of the plan's obligations, management assets and costs, which has meant that it has not been possible to report the plan as a defined-benefit plan. The ITP 2 pension plan that is secured through insurance with Alecta is therefore reported as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated on an individual basis, and is dependent in part on wages, previously earned pension and anticipated remaining period of service. The fees for the year for ITP 2 insurance policies taken out in Alecta amount to SEK 3 million (2).

The collective solvency level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's insurance-related methods and assumptions, which do not coincide with IAS 19. The collective solvency level will normally be allowed to vary between 125 and 155 per cent. If Alecta's collective solvency level is below 125 per cent or above 155 per cent, measures must be taken with the aim of creating the conditions to bring the solvency level back to the normal range. In the event of low solvency, one measure may be to raise the agreed price for new subscriptions and to extend existing benefits. In the event of high solvency, one measure may be to introduce premium reductions. At the close of 2015, Alecta's surplus in the form of the collective solvency level was 153 per cent (143).

NOTE 30. OTHER PROVISIONS

The Group	2015	2014
Restructuring reserve [1]	-	12
Guarantee fund	3	3
Environmental reserve	1	1
Other provisions	5	5
	9	**21**

1) The restructuring reserve refers to costs in association with the integration of operations that were acquired in 2014.

The Group	Guarantee fund	Environ-mental reserve	Restruc-turing reserve	Other provi-sions	Total
Opening balance as per 1 Jan 2014	**4**	**1**	**-**	**5**	**9**
The year's provisions	0	-	4	0	5
Acquisitions of subsidiaries	-	-	8	-	8
Utilised provisions	-1	0	-	-	-1
Translation differences	0	0	-	0	0
Closing balance as per 31 Dec 2014	**3**	**1**	**12**	**5**	**21**
Utilised provisions 2015	-	0	-12	0	-12
Closing balance as per 31 Dec 2015	**3**	**1**	**0**	**5**	**9**
of which, current provisions	**-**	**0**	**-**	**-**	**0**
of which, non-current provisions	**3**	**1**	**-**	**5**	**9**

NOTE 31. ACCRUED EXPENSES AND PREPAID INCOME

The Group	2015	2014
Payroll and vacation expenses	80	76
Accrued social security fees, incl. pension and payroll tax	33	31
Accrued sales commissions	41	29
Accrued service-related expenses	4	3
Accrued interest expenses	2	4
Other accrued expenses	28	63
Prepaid income	12	7
	200	**213**
Parent Company		
Payroll and vacation expenses	7	5
Accrued social security fees, incl. pension and payroll tax	4	3
Accrued interest expenses	2	4
Other accrued expenses	0	2
	13	**14**

NOTE 32. PLEDGED ASSETS

The Group	2015	2014
Pledges for own liabilities		
Property mortgages	44	46
Business mortgages	182	234
Shares in subsidiaries	815	1,154
TOTAL PLEDGED ASSETS	**1,041**	**1,434**
Parent Company		
Pledges for own liabilities		
Shares in subsidiaries	398	753

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

NOTE 33. CONTINGENT LIABILITIES

The Group	2015	2014
Guarantee undertakings	10	12
Parent Company		
Sureties for subsidiaries	264	211

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

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

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

- Rent and other property expenses in the amount of SEK 23 million (21) for the properties in Jönköping and Nässjö were paid in 2015 to Tosito AB where Board member Stig-Olof Simonsson is the owner. Prepaid rent affects the balance sheet by SEK 5 million (5) and accounts payable by SEK 6 million (6).
- In 2015, purchases at a value of SEK 12 million (5) were made by ITAB Shop Concept Nässjö AB from Arion Sweden AB, which is owned by Pomonagruppen AB, of which Board member Fredrik Rapp is the CEO.
- Purchases to a value of SEK 1 million (2) have been made in 2015 by the ITAB companies ITAB Scanflow AB, ITAB Shop Concept Jönköping AB and ITAB Shop Concept Finland Oy from companies in the XANO Group, which are under the controlling influence of the estate of Tord Johansson.

NOTE 35. EVENTS AFTER CLOSING DAY

No significant events have occurred after the closing day.

The Board of Directors and the CEO hereby verify that the consolidated accounts and the annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act, and provide a true and fair view of the Group's and the Parent Company's financial position and results, and that the Directors' Report presents a true and fair view of the Group's and the Parent Company's business activities, position and financial results and describes significant risks and uncertainties that the Parent Company and companies within the Group face. The annual accounts and the consolidated accounts have been approved for issue by the Board of Directors on 17 March 2016. The Group's income statement and statement of financial position, as well as the Parent Company's income statement and balance sheet, will be subject to adoption at the Annual General Meeting on 11 May 2016.

Jönköping, 17 March 2016

Fredrik Rapp Chairman	Anna Benjamin Board member	Sune Lantz Board member

Stig-Olof Simonsson Board member	Lottie Svedenstedt Board member	Anders Moberg Board member	Ulf Rostedt CEO

Our audit was submitted on 23 March 2016

Ernst & Young AB

Stefan Engdahl
Authorised Public Accountant

AUDITORS' REPORT

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

STATEMENT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have carried out an audit of the annual accounts and consolidated accounts for ITAB Shop Concept AB (publ) for the financial year 01/01/2015–31/12/2015. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 44-76.

The Board of Directors and CEO are responsible for the annual accounts and consolidated accounts.

The Board of Directors and CEO are responsible for the preparation and fair presentation of the annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, the Annual Accounts Act, and for such internal control as the Board of Directors and CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts and the consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Board of Director and CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2015 and its financial performance and cash flows for the year 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 2015 and their financial performance and cash flows for the year in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory Directors' Report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend to the Annual General Meeting of shareholders that the income statement and balance sheets of the Parent Company and the Group be adopted.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and CEO of ITAB Shop Concept AB for the financial year 01/01/2015–31/12/2015.

Responsibilities of the Board of Directors and CEO

The Board of Directors is responsible for the proposed appropriations of the company's profit or loss, and the Board of Directors and CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the Directors' Report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Jönköping, 23 March 2016
Ernst & Young AB

Stefan Engdahl
Authorised Public Accountant

CORPORATE GOVERNANCE REPORT

INTRODUCTION

Corporate governance in Swedish companies listed on the Stock Exchange is regulated by a combination of written rules and practice. The regulations are made up in the first instance of the Swedish Companies Act and the rules that apply on the regulated market on which the company's shares are listed for trading. In addition, all listed Swedish companies have been covered by the Swedish Code of Corporate Governance ("the Code") since 1 July 2008.

The Swedish Companies Act stipulates that there must be three decision-making bodies in the company: an annual general meeting, a board of directors and a CEO. There must also be a control body, an auditor, that is appointed by the annual general meeting. The Act specifies the duties of each body and the responsibility of the individuals included in the company's bodies.

Good corporate governance involves insuring that companies are managed sustainably, responsibly and as efficiently as possible for the shareholders. Trust among legislators and in society that the companies are acting responsibly is decisive for the companies' freedom to realise their strategies in order to create value. Trust among existing and potential investors that this is taking place is decisive for their interest in investing in the companies. In this way, the business sector's freedom to develop and its supply of venture capital and expertise are safeguarded. The purpose of the Swedish Code of Corporate Governance ("the Code") is to strengthen trust in Swedish listed companies by promoting positive development of corporate governance in these companies. The Code supplements legislation and other regulations by specifying a standard for good corporate governance with a high level of ambition, but also makes it possible for companies to deviate in individual cases if it is considered that this would result in better corporate governance.

CORPORATE GOVERNANCE IN ITAB

ITAB Shop Concept AB (publ) is a Swedish registered limited liability company, whose overall ambition is to create long-term value for shareholders and other stakeholders. The ITAB share is listed on NASDAQ OMX Nordic in the Mid Cap segment. The information requirements that ITAB consequently has to fulfil are set out in the "issuer regulations" issued by the Stock Exchange. This Corporate Governance Report describes ITAB's corporate governance, management and administration as well as internal controls regarding financial reporting.

This corporate governance report is not part of the Directors' Report. The report is examined by the company's auditor in accordance with the Annual Accounts Act, see separate statement attached to this Corporate Governance Report on page 81.

SHAREHOLDERS

At the end of 2015, the number of shareholders in ITAB amounted to 3,586 (2,608). Institutional ownership made up 3.08 per cent of the votes and 9.44 per cent of the capital. The ten largest shareholders were responsible for 91.67 per cent of the votes and 75.26 per cent of the capital. At present there are two shareholders who each own and control more than 10 per cent of the votes for all the shares in the company. The estate of Tord Johansson controls 24.23 per cent of the capital and 53.09 per cent of the votes. Pomona-gruppen holds 29.63 per cent of the capital and 28.32 per cent of the votes.

ANNUAL GENERAL MEETING

The Annual General Meeting is the forum where the shareholders exert their influence. The Annual General Meeting is the company's highest decision-making body and has a senior position in relation to the company's Board of Directors and CEO. According to the Articles of Association, the notice of the Annual General Meeting must be published by means of an announcement in Post och Inrikes Tidningar and on the company's website. Information notifying that the announcement has been made in Post och Inrikes Tidningar and on the company's website must be advertised in Dagens Industri.

THE ANNUAL GENERAL MEETING

The Annual General Meeting convenes once a year in order to decide on whether to adopt the annual accounts and consolidated accounts, on the discharge from liability for members of the Board and the CEO, and on the appropriation of profits or losses for the past year. The meeting also elects the Board and, when required, the auditors.

All shareholders registered in the shareholders' register and who have given notice of attendance may participate in the Meeting and vote according to the number of shares owned. Shareholders who are unable to attend in person may exercise their rights by proxy.

THE ANNUAL GENERAL MEETING 2015

ITAB's 2015 Annual General Meeting was held on 4 May. Attending the Meeting were 88 shareholders representing 91.05 per cent of the votes and 73.78 per cent of the total number of shares. ITAB's Board of Directors, management, auditors and representatives from the Nomination Committee were present at the Meeting. The following decisions were taken:

- Dividends to the shareholders of SEK 2.50 per share, for a total of SEK 84.77 million.
- Anna Benjamin, Tord Johansson, Sune Lantz, Anders Moberg, Fredrik Rapp, Stig-Olof Simonsson and Lottie Svedenstedt were re-elected as members of the Board.
- Tord Johansson was elected Chairman of the Board.
- Anders Rudgård (Chairman), Fredrik Rapp and Johan Storm were elected to the Nomination Committee ahead of the 2016 Annual General Meeting.
- The registered auditing company Ernst & Young AB was selected as auditor, with authorised public accountant Stefan Engdahl as auditor with overall responsibility.
- Fees to the Board of Directors and auditors, as well as guidelines for remuneration to senior executives.
- Authorisation to the Board to decide on the purchase and transfer of the company's own shares.
- Authorisation to the Board to decide on a new share issue for a maximum one-tenth of the company's issued shares.

THE ANNUAL GENERAL MEETING 2016

ITAB's 2016 Annual General Meeting will be held on Wednesday 11 May at 5 pm, in Kulturhuset Spira at Kulturgatan 3 in Jönköping. Further information can be found on page 87.

NOMINATION COMMITTEE

The company is going to have a nomination committee. The Nomination Committee is the Meeting's body for proposing the AGM's decisions regarding appointment issues that provides conditions for well-informed decision-making in these issues.

Following a proposal from the largest shareholders as of 31/12/2014, Tord Johansson and Pomona-gruppen AB, who jointly represented 81.42 per cent of the votes and 53.88 per cent of the capital in

ITAB, the 2015 Annual General Meeting appointed Anders Rudgård (Chairman), Fredrik Rapp and Johan Storm as members of the Nomination Committee.

The Nomination Committee's task for the 2016 AGM is to propose a Chairman of the Board and other Board members, as well as fees and other remuneration for Board assignments for each of the Board members. In the assessment of the Board's evaluation and in its proposals, the Nomination Committee will pay particular attention to the demand for diversity and breadth in the Board, as well as endeavour to achieve an even gender distribution. The Nomination Committee will also submit proposals regarding the choice of auditor and fees for the auditor.

The Nomination Committee has evaluated relevant aspects of the work of the Board and, prior to the AGM, has held one minuted meeting with all members present, as well as several other contacts.

THE BOARD OF DIRECTORS

The Chairman of the Board, Tord Johansson, passed away on 10 October 2015. Chairmanship of ITAB as well as the assignment in the Remuneration Committee have been taken over by the Board's Deputy Chairman, Fredrik Rapp.

The tasks of the Board of Directors are to manage the company's affairs on behalf of the shareholders. According to ITAB's Articles of Association, the Board of Directors must comprise at least three and at most eight members. According to the Code, deputies will not be appointed to those members elected by the Annual General Meeting. ITAB's Board of Directors currently comprises six ordinary members. Fredrik Rapp (Chairman), Anna Benjamin, Sune Lantz, Anders Moberg, Stig-Olof Simonsson and Lottie Svedenstedt. A more detailed presentation of the Board members can be found on page 82. The Board members elected by the AGM include individuals representing ITAB's major shareholders as well as independents (see table on page 81). The Articles of Association contain no special provisions regarding the appointment and dismissal of Board members or changes to the Articles of Association. In addition to current laws and recommendations, ITAB's Board work is governed by the Board's rules of procedure stipulated once a year. The rules of procedure include rules for the division of responsibilities between the Board and the CEO, financial reporting and investments.

The Board held nine Board meetings during 2015, seven of which were ordinary Board meetings. In addition to operational information, predetermined reports and resolution items are addressed at every regular meeting, such as a review of the previous meeting's minutes, a general review of Group companies including following up the most recent accounts and comparisons with forecasts, as well as financing and liquidity, in accordance with the Board's rules of procedure. The Board also takes decisions on issues of a general nature, such as the Group's strategy, structural and organisational issues, internal control, policies and guidelines, as well as major investments.

The Board conducts an annual evaluation, where a questionnaire is sent out to all members. The results are compiled by the Chairman of the Nomination Committee, who then provides feedback to each member. The company's auditors participate in at least one of the Board's meetings every year. At this time, the auditor presents observations made when auditing the company's accounts, procedures and internal audits. The Board of Directors continually evaluates the work of the CEO.

In addition to fixed points as above, the programme for 2015 also covered the following:

1. **4 February.** Year-end report 2014, report from the Audit Committee in which the auditors' overall observations during the audit of the 2014 accounts were presented, evaluation of the Board's work in 2014. The Audit Committee's account for the internal audit.
2. **4 May.** Interim report, three months, conditions ahead of Annual General Meeting.
3. **4 May.** Statutory Board meeting.
4. **29 June.** Extraordinary Board meeting.
5. **9 July.** Half-yearly report.
6. **1 September.** Extraordinary Board meeting
7. **1-2 October.** Group strategy, year plan for 2016.
8. **3 November.** Interim report, nine months. The Audit Committee's account for the internal audit.
9. **9 December.** Forecast for 2016.

AUDIT COMMITTEE

The Audit Committee will prepare the Board of Directors' work of quality-assuring the company's financial reporting, continually meet the company's auditors to obtain information about the focus and scope of the audit, as well as discuss co-ordination between the external audit and the internal control and views of the company's risks, establish guidelines regarding which services other than audits the company may procure from the company's auditors, evaluate audit work and notify the company's Nomination Committee about the results of the evaluation, as well as assist the Nomination Committee in the drawing up of proposals for auditors and the payment of fees for the audit work.

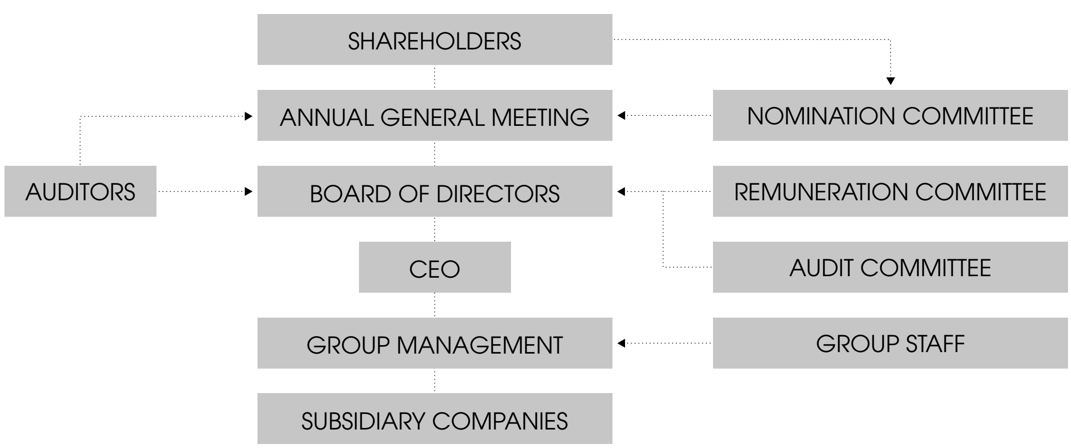
ITAB's Audit Committee comprises Anna Benjamin (Chair of the Committee), Sune Lantz and Fredrik Rapp.

During 2015, the Audit Committee has held two minuted meetings in which the majority of the members have participated, and has maintained ongoing contact with the company's auditors. The Audit Committee has also had a number of contacts with the Group management.

REMUNERATION COMMITTEE

The Remuneration Committee's primary tasks are preparing the Board's decisions on issues regarding remuneration principles, remunerations and other terms of employment for corporate management, monitoring and evaluating ongoing schemes and schemes concluded during the year regarding variable remuneration to corporate ▶

CORPORATE GOVERNANCE



management, as well as monitoring and evaluating the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting, as well as current remuneration structures and remuneration levels in the company. ITAB's Remuneration Committee has also been tasked with preparing issues regarding remuneration and other employment terms for CEOs in other companies in the Group.

ITAB's Remuneration Committee comprises the Board members Lottie Svedenstedt (Chair of the Committee), Sune Lantz and Fredrik Rapp.

During 2015, the Remuneration Committee has held two minuted meetings in which all the members participated.

CEO

The CEO is appointed by the Board to be responsible for the company's day-to-day management in line with the Board's guidelines and instructions. The current CEO Ulf Rostedt took up his position in February 2008, after having been Deputy CEO since 2004.

GROUP MANAGEMENT

The Group management comprises CEO Ulf Rostedt, Deputy CEO Mikael Gustavsson and CFO Samuel Wingren.

GROUP STAFF

Reporting directly to the CEO is a staff that has responsibility within business development, finance, insurance, HR, purchasing, IT, information, law, communications, consolidated accounts and Group-wide administration. Projects that cover all or the majority of the Group's companies are controlled and co-ordinated from here. Within each area, handbooks and policies are drawn up that regulate the work in the subsidiaries.

AUDITOR

The auditors examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO.

To examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO, a registered auditing company or one or two auditors, of whom at least one must be authorised, with or without deputy auditors, shall, according to the Articles of Association, be appointed by the Annual General Meeting. The auditors report to the owners at the Annual General Meeting via their auditor's report. The auditors are appointed by the shareholders at the AGM.

The election of auditors within ITAB took place at the 2015 Annual General Meeting and related to the term up to and including the 2016 Annual General Meeting. The company's auditor is the registered auditing company Ernst & Young AB, with authorised public accountant Stefan Engdahl as auditor with overall responsibility. Alongside his duties for ITAB Shop Concept AB, Stefan Engdahl also has auditing assignments for e.g. Doro AB, AGES Industri AB and Nolato AB.

DEVIATIONS FROM THE CODE

There are no deviations to report for 2015.

PRINCIPLES FOR REMUNERATION TO SENIOR EXECUTIVES, INCENTIVE SCHEMES

The Board proposes that the AGM should decide on procedures for determining salary and other remuneration to the CEO and other members of the executive management. The guidelines decided at the 2015 AGM stipulate that the terms should be market rate. In addition to a basic salary, members of the executive management may receive variable remuneration that is limited to a maximum of four months of salary and result-based against stipulated targets.

Senior executives are to have market-rate, premium-based pension terms and conditions. All members of the corporate management may terminate their employment with six months notice. In the event the CEO is given notice by the company, a severance payment corresponding to 18 months of salary will be paid. The Board has the right to deviate from the guidelines should mitigating circumstances so require. During the year, the Board decided to deviate from the guidelines and decide that the new remuneration principles for the variable part of the remuneration that were adopted at the 2015 AGM will apply from January 2015.

At the 2012 and 2014 Annual General Meetings, it was decided to issue convertible debentures to employees, which also includes the Group management. There are no outstanding share or share price related incentive schemes.

INTERNAL CONTROLS FOR FINANCIAL REPORTING

According to the Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal controls aimed at protecting the company's assets and thereby the investments of its owners. The internal controls should provide reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances. ITAB's tool for internal controls is based on the COSO framework. COSO is a framework for evaluating a company's internal control over financial reporting. The framework streamlines the work with the internal controls.

During the year, the internal audit programme has been revised based on the risk map, and there is more focus on business risks. The internal controls have also focused on formalities, procedures and processes linked to relevant rules of procedure and authorisation arrangements.

FINANCIAL REPORTING

All subsidiaries submit monthly reports concerning economic outcomes. The reporting is consolidated and constitutes the basis for quarterly reports and operative follow-up. Operative follow-up follows an established structure in which orders received, invoicing, liquidity, earnings, capital tied-up and other key ratios of importance for the Group are compiled and constitute the basis for analysis and measures from management and controllers at various levels. Other important, Group-wide parts of the internal control include business plans and the annual forecast process. For communication with external parties, the Group has an information policy intended to ensure that all information obligations are complied with, correctly and in full.

CONTROL ENVIRONMENT

The Audit Committee's primary task is to monitor the accounting and reporting processes and to ensure the quality of these reports and processes. The responsibility for maintaining an effective control environment, day-to-day risk management and internal controls in terms of financial reporting has been delegated to the CEO.

Executives at various levels of the company are in turn responsible within their respective areas. Responsibility and authorisation are defined in the instructions to the CEO, instructions for approval lists, handbooks and other policies and procedures.

The Board determines the Group's policies regarding information, credit and finance. The Group management determines other instructions, and the responsible Group functions issue guidelines and oversee the application of the regulatory framework. The Group's accounting and reporting rules are stipulated in an economy handbook that is available to all accounting staff. Together with laws and other external regulatory frameworks, the organisational structure and internal regulatory frameworks constitute the control environment.

RISK ASSESSMENT

ITAB works continually with risk analyses as a basis for revising the Group's risk map. Both financial and operational risks are charted. At each meeting, the Audit Committee goes through the relevant risk map and revisions are performed when necessary.

CONTROL ACTIVITIES

The purpose of control activities is to discover, prevent and correct errors and deviations. Policies and guidelines are particularly important for accurate accounting, reporting and information dissemination and also define which control activities should be conducted. Within ITAB, policies and guidelines are regularly updated, both in writing and at meetings. Control activities include approval routines, reconciliation of accounts, analytical follow-up and control of IT systems.

FOLLOW-UP

Corporate management and controllers regularly follow up economic and financial reporting, as well as key business events. At each Board meeting, economic performance is monitored against forecasts, and examinations are conducted looking at how well investments are following prepared plans. The Audit Committee regularly evaluates the internal control, the code of corporate governance and significant accounting issues.

OPINION CONCERNING INTERNAL AUDIT

The work with internal control takes place in an internal audit programme that covers all subsidiary companies according to a pre-determined plan. Parts of the internal control are regularly examined by the auditors.

THE COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES AT THE END OF 2015

Name	Commis-sions	Remunera-tions Committee	Audit Committee	Independent in relation to the company and corporate management	Independent in relation to major share-holders	Participation in Board meetings[3]	Participation in Remuneration Committee[3]	Participation in Audit Committee	Board fee incl. committee remuneration (SEK)
Fredrik Rapp	Chair	Board member	Board member	Yes	No [1]	9 (9)	1 (1)	1 (2)	180,000
Anna Benjamin	Board member	-	Chair	Yes	Yes [4]	8 (9)	-	2 (2)	190,000
Sune Lantz	Board member	Board member	Board member	Yes	No [2]	9 (9)	2 (2)	2 (2)	210,000
Anders Moberg	Board member	-	-	Yes	Yes	9 (9)	-	-	150,000
Stig-Olof Simonsson	Board member	-	-	Yes	Yes	9 (9)	-	-	150,000
Lottie Svedenstedt	Board member	Chair	-	Yes	Yes	9 (9)	2 (2)	-	190,000
									1,070,000

[1] Fredrik Rapp, via his own holdings and holdings through companies, controlled more than ten per cent of the shares and votes in ITAB, which according to the Code is not to be considered as independent in relation to major shareholders.
[2] As a result of previous employment in companies closely related to the main owner, Sune Lantz is considered to be dependent in relation to major shareholders.
[3] CEO Ulf Rostedt has participated as deputy at 7 Board meetings and at 2 Remuneration Committee meetings.
[4] As a co-owner with the estate of Tord Johansson, a dependence situation may arise.

Tord Johansson was elected as a Board member as well as Chairman at the 2015 AGM. Tord passed away in October. He participated in six Board meetings during 2015, and received a total of SEK 330,000 in Board fees and committee remuneration. He was judged to be dependent in relation to major shareholders in his capacity as owner, and dependent in relation to the company and the company management as a consequence of previous employment.

More information about the Board and corporate management is provided on pages 82-83.

Jönköping, 17 March 2016

Fredrik Rapp
Chairman

Anna Benjamin
Board member

Sune Lantz
Board member

Anders Moberg
Board member

Stig-Olof Simonsson
Board member

Lottie Svedenstedt
Board member

Ulf Rostedt
CEO

AUDITOR'S STATEMENT CONCERNING THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of ITAB Shop Concept AB (publ), corporate reg. no. 556292-1089

The Board of Directors is responsible for the Corporate Governance Report for 2015 on pages 78-81 and for ensuring that it is prepared in accordance with the Annual Accounts Act.
We have read the Corporate Governance Report and, based on this and our knowledge of the company and the Group, believe we have sufficient grounds for our opinion. This means that our statutory review of the Corporate Governance Report has a different focus and a significantly reduced scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We consider that a Corporate Governance Report has been prepared, and that its statutory information is consistent with the annual accounts and the consolidated accounts.

Jönköping, 23 March 2016
Ernst & Young AB

Stefan Engdahl
Authorised Public Accountant

BOARD OF DIRECTORS

FREDRIK RAPP
(born 1972)
Chairman of the Board since 2015 and Board member since 2013
Degrees: B.Sc. Economics
Principal work experience:
CEO Pomona-gruppen AB, CEO Talk Telecom AB
Commissions: Chairman of the Boards of Xano Industri AB (publ), Borgstena Group AB, Binar AB, Eesti Höövelliist AS, Serica Consulting AB, Handbolls-EM 2016 AB, etc. Board member of Ages Industri AB (publ), PrimeKey Solutions AB, Segulah AB, Nordic Flow group AB etc.
Shareholding in ITAB Shop Concept AB:
2,160,000 Class A shares
7,903,816 Class B shares

ANNA BENJAMIN
(born 1976)
Board member since 2004
Degrees: Master in Economics and Finance, Jönköping International Business School
Principal work experience:
Project manager business development ICA Sverige AB, Manager PricewaterhouseCoopers and controller Nobina.
Commissions: Board member of AGES Industri AB
Shareholding in ITAB Shop Concept AB:
Class B: 631,820 shares

SUNE LANTZ
(born 1953)
Board member since 2014
Degrees: Economics and auditing
Principal work experience:
CEO XANO Industri AB, CEO ITAB Industri AB, auditor and bank official.
Commissions: Chairman of the Boards of AGES Industri AB, Nilstrand Holding AB, Miljöbyggarna Entreprenad i Linköping AB and Board member of XANO Industri AB, etc.
Shareholding in ITAB Shop Concept AB:
Class B: 209,960 shares

ANDERS MOBERG
(born 1950)
Board member since 2011
Principal work experience:
CEO of the IKEA Group, Royal Ahold N.V. and Majid Al Futtaim Group LLC
Commissions: Board chairman, Byggmax AB. Board member of Bergendahl & Son AB, Ahlstrom Corporation, Hema B.V, ZetaDisplay AB, Rezidor AB, Amor GMBH and Suomen Lähikauppa OY
Shareholding in ITAB Shop Concept AB:
Class B: 300,000 shares
(endowment policy)

STIG-OLOF SIMONSSON
(born 1948)
Board member since 2004
Degrees: Bachelor of Arts
Principal work experience:
CEO SYSteam
Commissions: Chairman of the Boards of Simonssongruppen AB, TOSITO Invest AB, etc. Board member of XANO Industri AB, etc.
Shareholding in ITAB Shop Concept AB:
Class B: 1,074,766 shares

LOTTIE SVEDENSTEDT
(born 1957)
Board member since 2009
Degrees: Master of Law, Uppsala University
Principal work experience:
Regional Manager H&M, CEO Inter Ikea Systems A/S, Business Area Manager Ikea of Sweden and CEO Kid Interiør A/S
Commissions: Chairman of the Board of K-Utveckling Engineering AB, MiL Institute, Start-up, Helsingborg. Board member of Byggmax AB, Gullberg & Jansson AB, MiL Foundation, Swedavia AB and Vanna AB
Shareholding in ITAB Shop Concept AB:
Class B: 20,000 shares

GROUP MANAGEMENT

ULF ROSTEDT
(born 1967)
CEO since 2008 and member of Group management.
Employed in ITAB since 1997.
Degrees: Graduate engineer in Mechanical Engineering Institute of Technology, Linköping University
Principal work experience: Deputy CEO ITAB Shop Concept AB, Production & Logistics Manager Eldon
Other commissions: –
Shareholding in ITAB Shop Concept AB:
Class B: 79,650 shares
Convertibles corresponding to Class B shares: 25,200 and 4,216

MIKAEL GUSTAVSSON
(born 1964)
Deputy CEO since 2008 and member of the Group management.
Employed in ITAB since 2003.
(previously employed 1995-1999)
Degrees: B.Sc. Economics, Uppsala University
Principal work experience: CEO Holmbergs Industri, CEO Bladhs Medical and Deputy CEO Bladhs plast
Other commissions: –
Shareholding in ITAB Shop Concept AB:
Class B: 42,000 shares
Convertibles corresponding to Class B shares: 25,200 and 4,216

SAMUEL WINGREN
(born 1971)
CFO since 2013 and member of the Group management. Employed in ITAB since 2003.
Degrees: Master in Economics and Finance, Jönköping International Business School
Principal work experience: Group Business Controller ITAB, Controller Axenti and Isaksson Gruppen
Other commissions: –
Shareholding in ITAB Shop Concept AB:
Class B: 27,940 shares
Convertibles corresponding to Class B shares: 25,200 and 4,216

AUDITORS

The auditors are appointed by the shareholders at the AGM. The auditors examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO.

The company's auditor is the registered auditing company Ernst & Young AB, with authorised public accountant Stefan Engdahl as auditor with overall responsibility. Alongside his duties for ITAB Shop Concept AB, Stefan Engdahl also has auditing assignments for e.g. Doro AB, AGES Industri AB and Nolato AB.

STEFAN ENGDAHL
(born 1967)
Auditor to ITAB since 2015
Authorised Public Accountant
Member of FAR SRS, Ernst & Young AB

Information about the number of shares refers to shareholdings as per 31 December 2015 and includes, where relevant, holdings via companies, spouses and minors.

IN MEMORIAM

Tord Johansson

(1955-2015)

Tord Johansson, one of ITAB's main owners and the Chairman of the Board of Directors, passed away suddenly on 10 October 2015 at the age of 60.

Tord was born in Mörlunda, near Oskarshamn, in 1955. After graduating in industrial economics from Linköping Institute of Technology, he acquired a small company in Jönköping at the end of the 1970s. This company formed the basis for the three Groups listed on the stock exchange in which he was a main owner at the time of his death.

Over the years, Tord has always been heavily involved in the companies' operations. With his strategic and industrial expertise, he has been very important for the development of the companies. He had a unique ability to bring in skilled employees around him.

Tord will be greatly missed, both on a personal level and within the companies. One of his great strengths was his ability to create strong, skilled corporate management teams, which he allowed to grow into their roles. Tord was a true entrepreneur, and the companies will continue to be run in his spirit.

GLOSSARY

Conveyor belt scales
A scale in the conveyor belt that automatically weighs the item at checkout.

Shop concept
A shop concept comprises all types of fittings and equipment intended for displaying and storing goods in shops.

CAD system
A CAD system is an advanced piece of software for producing product drawings.

EasyFlow
A fully automatic self-checkout system that is based on barcode-free identification of goods.

Entrance systems & Queue management systems
Entrance systems comprise e.g. gates, posts and partitions commonly found in shop entrances. Queue management systems are systems of rails and posts that guide customers to the checkout.

ExitFlow
An automatic gate specially adapted for ITAB's self-checkout system.

LED
Stands for Light-emitting-diodes.

MoveFlow
A self-checkout system specially designed for stores where customers primarily use shopping baskets and the number of items per customer is low.

Radar systems, Photocell systems and Ceiling or movement sensors
Radar systems, photocell systems and ceiling or movement sensors are different names for movement detectors that open the entrance gates.

SCO
SCO stands for Self-Checkout.

Self-checkout
Self-checkout lets the consumer quickly, conveniently and reliably check and scan their items themselves at the checkout.

Third-customer feature
The third-customer feature is a support system for the checkout that allows a third customer to start the purchasing process while the first two customers are still packing their items.

TwinFlow
A self-checkout system adapted for retail chains where customers primarily use shopping trolleys and the number of items per customer is high.

itab.se

▶ Download or order copies of the financial statements on ITAB's website.

WELCOME TO THE 2016 ANNUAL GENERAL MEETING AT SPIRA IN JÖNKÖPING

The Annual General Meeting will be held on Wednesday 11 May 2016, at 5 pm, in Kulturhuset Spira at Kulturgatan 3 in Jönköping.

NOTIFICATION OF PARTICIPATION

Shareholders wishing to participate in the Annual General Meeting must be registered in the shareholders register maintained by the securities register centre Euroclear Sweden AB on Wednesday 4 May 2016, and must notify the company of their intention to participate in the Meeting not later than 4 pm on Wednesday 4 May 2016 to the address ITAB SHOP CONCEPT AB, C/O Euroclear Sweden AB, "Årsstämma", Box 191, 101 23 Stockholm, by phone on +46 (0)8-402 92 16 or via the form at www.itab.se.

Shareholders whose shares are registered in the names of trustees must have their shares re-registered temporarily in their own names before Wednesday 4 May 2016 to be eligible to participate in the Meeting.

DIVIDENDS

The Board of Directors proposes a dividend of SEK 5.00 per share for the 2015 financial year. The record date will be Friday 13 May 2016. Subject to the Meeting's approval of the proposal, it is expected that dividends will be remitted by Euroclear Sweden AB on Wednesday 18 May 2016.

NOMINATION COMMITTEE

At the 2015 AGM, a Nomination Committee was appointed comprising Anders Rudgård as Chairman, Fredrik Rapp and Johan Storm. The Nomination Committee's task for the 2016 AGM is to propose candidates for Chairman of the Board and Board members, for the post of Meeting chairman, as well as fees and other remuneration for the Board and auditors.

AGENDA

The Meeting will address the issues that the Swedish Companies Act and the Articles of Association require be brought before an Annual General meeting, such as presentation of the annual report and auditors' report, resolutions on the adoption of the income statement and balance sheet, discharge from liability for Board members and the CEO, and the election of Board members. Other matters are presented in the agenda, which will be sent together with the invitation to the Annual General Meeting.

FINANCIAL STATEMENTS FOR 2016

Interim report, January - March	11 May
Annual General Meeting 2016	11 May
Interim report, January - June	12 July
Interim report, January - September	2 November
Year-end report 2016	7 February 2017
Annual Report 2016	March/April 2017
Annual General Meeting 2017	May 2017

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