ITAB

ANNUAL REPORT 2017

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 marketleading 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 Europe and develop market share in new markets. ITAB will develop its all-inclusive offer of complete shop concepts through custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems.


Olives
9.90
ITAB
ITAB
Creating the ultimate shopping experience, close to you

ABOUT ITAB

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

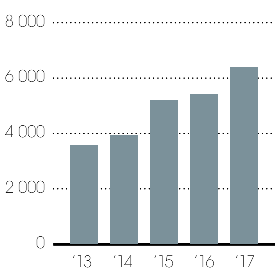
ITAB's ALL-INCLUSIVE OFFER

▶ **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 concepts and lighting systems.

CONTENTS

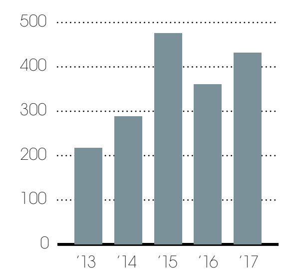
This document is a translation of the official annual report for ITAB Shop Concept AB published in Swedish. In the event of discrepancy between the English text and the Swedish, the Swedish text shall prevail.

NET SALES (SEK million)



SEK 6,381 MILLION

PROFIT AFTER FINANCIAL ITEMS (SEK million)



SEK 432 MILLION*

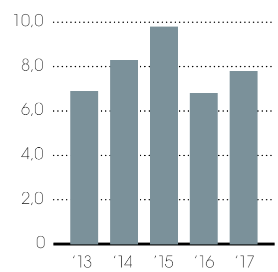
PRODUCTION FACILITIES

21 (in 15 countries)

OWN ACTIVITIES

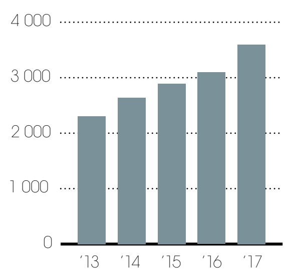
28 countries

OPERATING MARGIN (%)



7.8%

NUMBER OF EMPLOYEES (average)



3,599 PEOPLE

WORKING MODEL

4,293 SHAREHOLDERS

68% **32%**

**) The Group has been positively impacted with a net effect of SEK 35 million due to the revaluation of the additional purchase sum in conjunction with the acquisition of La Fortezza, as well as structural costs. During 2016, the Group incurred costs of a non-recurring nature amounting to SEK 95 million.*

▶ **IN ORDER TO DEVELOP AND NURTURE** long-term business relations, for years ITAB has worked according to a model based on co-operating 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 2017 IN BRIEF

During the latter part of the year, it has become increasingly clear that the retail sector is undergoing a period of change, with the non-food segment in particular being cautious in several markets. This is most evident in Scandinavia, where a number of major chains have invested less and are evaluating new solutions. During the year, ITAB has continued to focus on product development and marketing activities in order to adapt the company to the shops of the future. In the UK, where ITAB considers that the retail sector is at the cutting edge, sales increased markedly.

ITAB GROUP IN FIGURES

		2017	2016
Net sales	SEK million	6,381	5,417
Growth	%	18	4
Operating profit[1)]	SEK million	500	371
Operating margin[1)]	%	7.8	6.8
Profit after net financial items[1)]	SEK million	432	361
Profit after tax	SEK million	329	260
Earnings per share	SEK	3.11	2.36
Dividends per share[2)]	SEK	1.75	1.75
Equity per share	SEK	16.26	14.77
Return on equity	%	20.5	16.5
Portion of risk-bearing capital	%	36.1	35.7
Share price at the end of the period	SEK	51.75	81.25
Average number of employees during the year	no.	3,599	3,097
Equity/assets ratio	%	31.5	30.7
Net liability	SEK million	2,130	1,722

1) The Group has been positively impacted with a net effect of SEK 35 million due to the revaluation of the additional purchase sum in conjunction with the acquisition of La Fortezza, as well as structural costs. During 2016, the Group incurred costs of a non-recurring nature amounting to SEK 95 million.

2) The Board's proposal for dividends for the 2017 financial year.

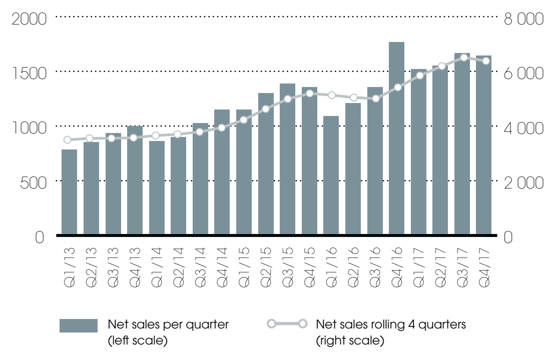
SUMMARY 2017

- **NET SALES** rose by 18% to SEK 6,381 million (5,417).
- **OPERATING PROFIT** rose by 35% to SEK 500 million (371).
- **PROFIT AFTER FINANCIAL ITEMS** rose by 20% to SEK 432 million (361)
- **EARNINGS PER SHARE** rose by 32% to SEK 3.11 (2.36)

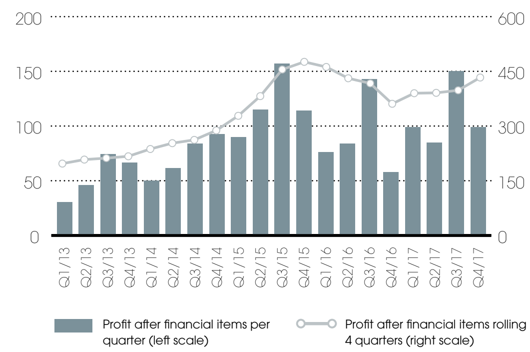
ACQUISITIONS IN GERMANY

- ITAB has acquired two German lighting companies during the year, both of which were leading players as regards sales of lighting systems principally to the non-food segment of the German market. The acquisition is another step in the intensification of marketing activities and the reinforcement of ITAB's position. The acquisition is in line with ITAB's strategy and continuing investment in sales of a total concept for the retail sector.

▼ **NET SALES (SEK millions)**



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



Q1

▶ **SALES**
SEK 1,520 million (1,089)

▶ **OPERATING PROFIT**
SEK 111 million (81)

▶ **PROFIT BEFORE TAX**
SEK 99 million (76)

Q2

▶ **SALES**
SEK 1,552 million (1,209)

▶ **OPERATING PROFIT**
SEK 99 million (90)

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

Q3

▶ **SALES**
SEK 1,668 million (1,353)

▶ **OPERATING PROFIT***
SEK 172 million (147)

▶ **PROFIT BEFORE TAX***
SEK 150 million (143)

Q4

▶ **SALES**
SEK 1,641 million (1,766)

▶ **OPERATING PROFIT***
SEK 118 million (53)

▶ **PROFIT BEFORE TAX***
SEK 99 million (58)

**) The Group has been positively impacted with a net effect of SEK 35 million due to the revaluation of the additional purchase sum in conjunction with the acquisition of La Fortezza, as well as structural costs. During 2016, the Group incurred costs of a non-recurring nature amounting to SEK 95 million.*

SUMMARY PER QUARTER 2017

▶ **Q1.** Sales increased by 40% compared to the same period last year. Sales have developed better in all market areas apart from Southern Europe, which has been below our expectations. The integration of the acquired companies in Southern Europe has commenced and will continue. ITAB participated at Euroshop in Germany, where it was able to present its entire offering under one roof.

▶ **Q2.** Sales increased by 28% compared to the same period last year. Sales have improved in the UK and Central Europe. NorthEast is on a par with last year, while Scandinavia is not doing as well. The acquired companies in Southern Europe have not developed as well as expected, although they finished the period slightly better. The integration process is ongoing and will continue in future.

▶ **Q3.** Sales increased by 23% com-pared to the same period last year. Sales have improved in the UK. Sales have been slightly better in Central Europe and NorthEast, while in Scandinavia they have not developed as well. Sales within the companies acquired in Southern Europe developed in accordance with our expectations during the third quarter, and in line with the rest of the Group. In the UK, where we consider that the change in the retail sector is at the cutting edge, our sales increased. The Scandinavian market has been rather cautious, which has affected our sales. This also applies to our lighting sales, which declined due to somewhat cautious demand in certain markets.

▶ **Q4.** During the fourth quarter, sales decreased by 7% compared to the same period last year. Sales increased in the UK, Central Europe and Southern Europe, while North-East has not developed as well and Scandinavia has been much worse. The Scandinavian market has been cautious in the non-food segment, which has affected our sales.
In particular, a number of major non-food chains have invested significantly less. This also applies to our lighting sales, which decreased due to the cautious attitude on the part of some of our major customers.

CEO ULF ROSTEDT ON 2017

The retail sector is changing and the non-food segment in particular is cautious in several markets. This is most evident in Scandinavia, where a number of major chains have invested less and are evaluating new solutions. A number of measures have been initiated aimed at adapting the Group to the current market situation. In the longer term we have a positive view of the change in the sector, and in recent years have invested considerable resources in product development and our working method in order to strengthen ITAB's position in the shops of the future. ITAB has doubled its sales of self-checkout solutions during the year.

LARGE VARIATIONS IN MARKET GROWTH

During the year, sales increased by 18% compared to last year. Above all, the UK, Central Europe and NorthEast have developed better than last year. Scandinavia and lighting sales have not developed as well as last year. Within La Fortezza, sales have been slightly below our expectations as a result of a weak start to the year. In the Scandinavian market and within lighting, this is mainly due to a number of major customers rapidly cutting back their investment programmes. It is clearly noticeable that the sector is undergoing a period of change and new solutions are being evaluated. It has been difficult to compensate for this in the short term. We are currently witnessing the same pattern in Scandinavia that we saw in the UK a couple of years ago.

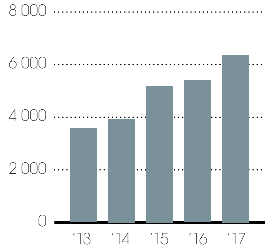
STRONG GROWTH IN THE UK AND CENTRAL EUROPE

In the UK and Central Europe, we are continuing to advance our position from a strategic perspective. In the UK, where we consider that the change in the retail sector is at the cutting edge, our sales increased markedly. The shop experience is becoming increasingly important, and several of our existing customers are choosing to utilise a larger proportion of our offer in order to achieve a more efficient and more attractive shop environment. Sales in the UK are increasingly project-based, resulting in shorter lead times. Sales of this type fit in well with our skills and organisational model, with local, flexible units close to the customer. In Central Europe, and above all in Germany, we have also witnessed strong growth during the year. The companies we acquired in Germany have developed according to plan, and we are achieving the anticipated synergies.

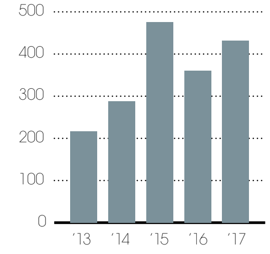
FOOD SEGMENT INCREASINGLY OPTING FOR SELF-CHECKOUTS

The food segment is continuing to invest in line with our expectations. Here, more and more chains are selecting more efficient checkout solutions, and the majority of markets are opting for various installations of self-checkout solutions. We have doubled our sales of self-checkout solutions during the year. We believe that the market will achieve even higher growth as regards self-checkouts in the years ahead.

NET SALES (SEK millions)



PROFIT AFTER FINANCIAL ITEMS (SEK million)



PRODUCT DEVELOPMENT AT THE FOREFRONT

Over recent years, considerable resources have been invested in product development and initiatives aimed at ensuring that the organisation will be well prepared for the development that is taking place in the retail sector. We have launched a lighting range comprising linear products, principally for the food segment. A digital all-inclusive offer for the physical shop has been developed, for example including checkout arena, Piri, endless aisle and click & collect. The shop experience is becoming more interactive, with the focus being placed on the consumer experience. The level of interest in our digital offer is strong among both national and international retail chains. Increased digitisation in the physical shop is driving forward our sales and development. Installations are taking place in combination with the rest of our offer.

FUTURE PROSPECTS

The market in the Scandinavian non-food segment is still cautious. In the UK market, project-based sales are becoming increasingly important, with rapid, flexible delivery methods being required. Our organisation, with local, flexible units close to the customer, is well equipped for sales of this type. We believe that this will become increasingly common in more markets. At the same time, several of our customers are expanding across large parts of the world, and our global presence is becoming even more important. We have commenced the construction of a new production facility in China during the year. The facility is expected to be in operation during the second half of 2018, and we will primarily be supplying our European customers' establishments in Asia and, in the long term, other customers in the Asian market as well. We will continue the work throughout the entire Group aimed at offering existing customers a larger proportion of our product portfolio.

However, the changes in the sector mean that the market is difficult to judge in the short term. Our all-inclusive offer comprising many innovative solutions, alongside our working model and geographic presence, will lead to better business both for our customers and for ITAB. I would like to take this opportunity to extend a warm thank you to all ITAB Group employees for your dedication and your loyalty in 2017. Thank you also to our customers, business partners and shareholders.

Ulf Rostedt
CEO and Group President
ITAB Shop Concept AB

"Increased digitalisation in the physical shop is driving forward our sales and development."

THE ITAB SHARE

1.75

DIVIDEND. The Board of Directors proposes to the annual general meeting a dividend of SEK 1.75 per share (1.75) for the 2017 financial year.

ITAB's Class B shares were registered on the stock exchange on 28 May 2004. The share is listed on NASDAQ Stockholm in the Mid Cap segment. The share capital in ITAB amounts to SEK 42.66 million distributed between 22,166,400 Class A shares and 80,217,030 Class B shares, a total of 102,383,430 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 0.417 per share.

SHARE PRICE DEVELOPMENT

During 2017, ITAB's share price fell from SEK 81.25 to SEK 51.75. Based on the closing price on 31 December 2017, the total value stood at SEK 5,298 million. The highest price paid during the year was quoted on 31 January 2017 at SEK 86.00 and the lowest price was quoted on 18 December at SEK 48.90.

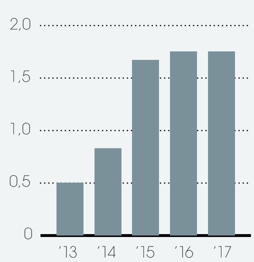
SHAREHOLDERS

The ten largest shareholders held 91.66 per cent (91.85) of the votes and 75.45 per cent (75.96) of the capital. Institutional ownership made up 6.20 per cent (5.78) of the votes and 18.29 per cent (17.05) of the capital.

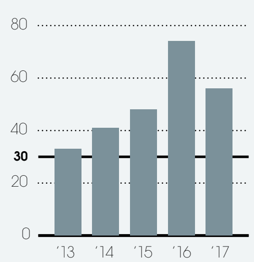
DIVIDEND POLICY

- The Board of Directors proposes to the annual general meeting a dividend of SEK 1.75 per share (1.75) for the 2017 financial year. The total dividend amounts to SEK 179,171 thousand (179,171 thousand) based on the number of shares on 31 December 2017.
- ITAB's dividend 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.

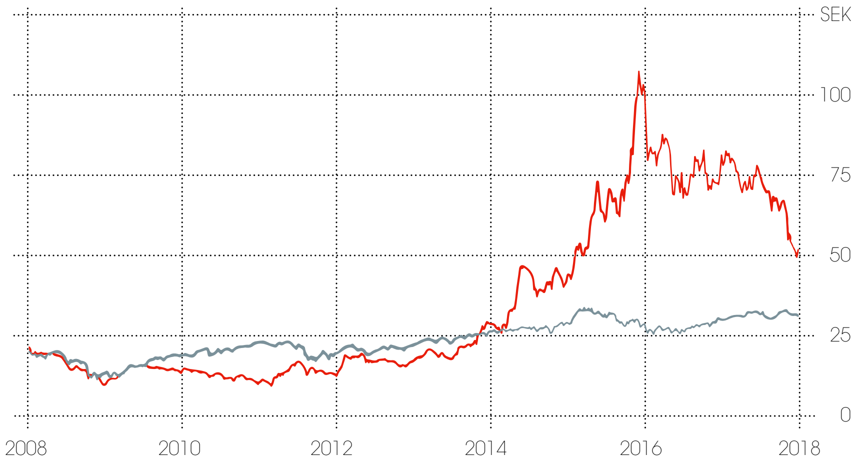
DIVIDEND (SEK)



DIVIDEND AS A PERCENTAGE OF NET EARNINGS (%)



▼ **SHARE PERFORMANCE OVER 10 YEARS**

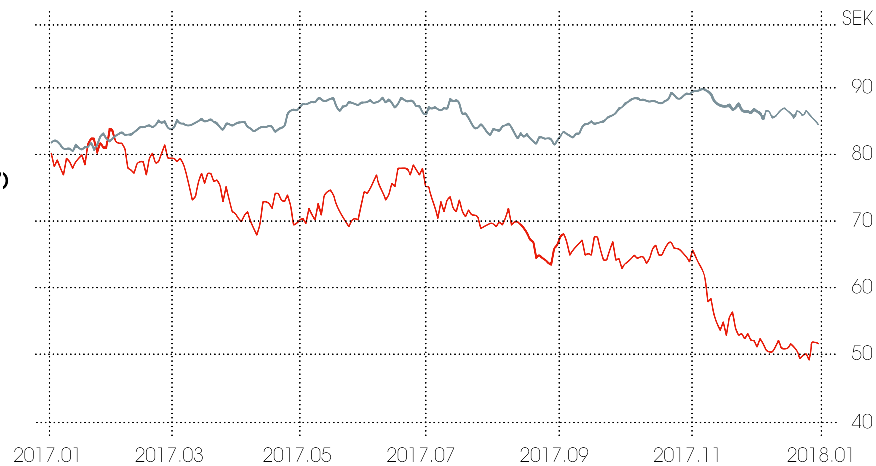


▶ **More than 10 years on the stock exchange as ITAB Shop Concept AB.** On 28 May 2004, ITAB Shop Concept AB was listed on First North after having been spun-off from ITAB Industri AB, and the average price on the first day was approximately SEK 5.

SHARE DATA 31/12/2017

- ▶ **SHARE PRICE ON CLOSING DAY**
  SEK 51.75 per share
- ▶ **ALL TIME HIGH (up to and incl. 2017)**
  SEK 112.33 (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** SE0008375117

▼ **SHARE PERFORMANCE 2017**



ITAB Shop Concept is listed on Nasdaq Stockholm.
■ ITAB Shop Concept B ■ OMX Stockholm PI

INVESTMENT CASE – INVEST IN ITAB

▶ **SHARE PERFORMANCE AND DIVIDEND.** The average price on the first trading day, 28 May 2004, was SEK 5, compared to SEK 51.75 which was the most recent price paid in 2017. Share dividends have been paid out in every year since the company was listed. Including the proposed dividend relating to the 2017 financial year, the combined dividend since 2004 amounts to SEK 8.35 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 10% per year. The operating margin has developed to 7.8% in 2017.
Read more on pages 16-19.

▶ **STRONG MARKET POSITION IN EXISTING MARKETS.** ITAB is now one of the leading players in Europe, with operations in some 30 countries.
Read more on pages 20-23.

▶ **UNIQUE MARKET POSITION AND STRATEGIC APPROACH WITH SELF-CHECKOUT CONCEPTS, LIGHTING SYSTEMS AND DIGITAL PRODUCTS.** ITAB's offer of self-checkout solutions, lighting systems and digital products are expected to be prioritised investment areas for the retail sector in future.
Read more on pages 24-37.

SHAREHOLDERS 31/12/2017

Name	Number of shares	Class A shares	Class B shares	No. of votes	Percentage of votes (%)	Percentage (%) of share capital
Petter Fägersten with family and companies	17,652,774	15,686,400	1,966,374	158,830,374	52.61%	17.24%
Pomonagruppen AB	30,191,448	6,480,000	23,711,448	88,511,448	29.32%	29.49%
Anna Benjamin with family and companies	10,870,620		10,870,620	10,870,620	3.60%	10.62%
Handelsbanken Fonder	4,132,920		4,132,920	4,132,920	1.37%	4.04%
Kennert Persson	3,782,200		3,782,200	3,782,200	1.25%	3.69%
Stig-Olof Simonsson with company	3,224,298		3,224,298	3,224,298	1.07%	3.15%
DnB - Carlson Fonder	2,176,607		2,176,607	2,176,607	0.72%	2.13%
Cliens Fonder	1,938,618		1,938,618	1,938,618	0.64%	1.89%
Carnegie Fonder	1,845,071		1,845,071	1,845,071	0.61%	1.80%
Catella Fondförvaltning	1,433,927		1,433,927	1,433,927	0.47%	1.40%
Other	25,134,947		25,134,947	25,134,947	8.34%	24.55%
	102,383,430	**22,166,400**	**80,217,030**	**301,881,030**	**100.00%**	**100.00%**

Class A shares grant entitlement to 10 votes and Class B shares grant entitlement to 1 vote. The proportion of institutional ownership as per 31/12/2017 was 6.20% (5.78%) of the voting rights and 18.29% (17.05%) of the share capital. Information about the number of shares refers to shareholdings as per 31/12/2017 and includes, where relevant, holdings via companies, spouses and minors.

DISTRIBUTION OF SHARES 31/12/2017

Share holding	No. of share-holders	No. of share-holders (%)	Number of shares	Number of shares (%)
1-1,000	2,941	68.51%	725,718	0.71%
1,001-5,000	850	19.80%	2,005,671	1.96%
5,001-10,000	232	5.40%	1,680,545	1.64%
10,001-50,000	194	4.52%	3,838,336	3.75%
50,001-100,000	31	0.72%	2,189,915	2.14%
100,001-	45	1.05%	91,943,245	89.80%
TOTAL	**4,293**	**100.00%**	**102,383,430**	**100.00%**

SHARE CAPITAL TREND

Yr	Transaction	Change in share capital (SEK thousands)	Total share capital (SEK thousands)	Total no. of shares	Nominal value per share (SEK)
1987	Forming of company	50	50	500	100
1997	New share issue	50	100	1,000	100
1998	New share issue	8,500	8,600	86,000	100
2004	Bonus issue	8,600	17,200	172,000	100
2004	20:1 split	-	17,200	3,440,000	5
2004	New share issue	16,281	33,481	6,696,200	5
2006	New share issue	1,500	34,981	6,996,200	5
2007	2:1 split	-	34,981	13,992,400	2.5
2008	New share issue	725	35,706	14,282,400	2.5
2008	Conversion	0	35,706	14,282,500	2.5
2009	Conversion	9	35,715	14,285,940	2.5
2010	Conversion	0	35,715	14,285,952	2.5
2012	Conversion	6,668	42,383	16,953,205	2.5
2014	2:1 split	-	42,383	33,906,410	1.25
2016	3.1 split	-	42,383	101,719,230	0.417
2016	Conversion	277	42,660	102,383,430	0.417

KEY RATIOS

	2017	2016	2015	2014	2013
Regular dividend	1.75[1)]	1.75	1.67	0.83	0.50
Dividend as a percentage of net earnings	56[1)]	74	48	41	33
Average number of outstanding shares	102,383,430	102,706,876	101,719,230	101,719,230	101,719,230
Actual number of shares at year-end	102,383,430	102,383,430	101,719,230	101,719,230	101,719,230
Share price on closing day (SEK)	51.75	81.25	100.67	43.67	28.67
Market capitalisation at the end of the year (SEK million)	5,298	8,319	10,240	4,442	2,916
Highest/Lowest price	86,00/48,90	98.67/62.75	112.33/42.75	51.33/25.25	30.33/16.75
Direct yield (%)	3.4	2.2	1.7	1.9	1.7
Earnings per share	3.11	2.36	3.44	2.01	1.50
Equity per share	16.26	14.77	14.38	12.05	9.80

[1)] *The Board's proposal for dividends for the 2017 financial year*

CONVERTIBLE DEBENTURE LOANS

In order to provide employees at ITAB with the potential to participate in the Group's development, all employees in 2014 and 2016 were offered the chance to participate in convertible debenture schemes, both with a duration of four years. Both convertible debenture schemes were oversubscribed.

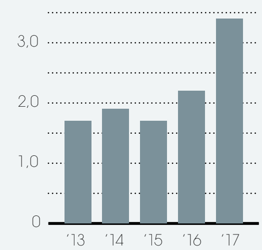
- During the period 22 May to 2 June 2014, a subscription for convertible shares was carried out in which all ITAB employees had the right to subscribe, for a total value of SEK 30 million. The allocation totalled 602,004 convertibles, and during the period 1 June 2018 to 11 June 2018 each convertible can be converted to Class B shares at a conversion rate of SEK 49.83 (a recalculation has taken place as a result of the implemented share split).
- During the period 26 May to 8 June 2016, a subscription for convertible shares was carried out in which all ITAB employees had the right to subscribe, for a total value of SEK 167.7 million. The allocation totalled 1,950,000 convertibles, and during the period 1 June 2020 to 12 June 2020 each convertible can be converted to Class B shares at a conversion rate of SEK 86.

NUMBER OF SHARES AND RESULTS WITH CONVERTIBLE DEBENTURE LOANS

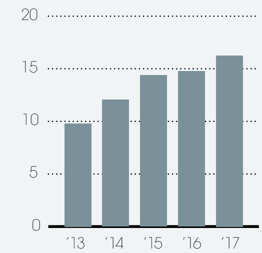
	2017	2016
Average number of outstanding shares		
before dilution (shares)	102,383,430	102,076,876
after dilution (shares)	104,935,434	104,935,434
Actual number of shares at year-end		
before dilution (shares)	102,383,430	102,383,430
after dilution (shares)	104,935,434	104,935,434
Earnings per share		
before dilution (SEK)	3.11	2.36
after dilution (SEK)	3.09	2.33

- **Repurchase of convertible debentures 2012/2016**
  During 2012, convertible bonds with a nominal value of SEK 40 million were issued to employees in the ITAB Group. This loan expired on 30 June 2016. Following a decision at the Annual General Meeting on 11 May 2016, all holders were given the option of selling the convertibles back to the company at an estimated market value. Holders of a nominal SEK 25.9 million decided to accept this offer. A further nominal SEK 0.5 million was repaid on the maturity date. Holders of a nominal SEK 13.6 million converted their claim to new shares. Through the conversion, 664,200 new Class B shares were issued. The dilution amounted to 0.6% of the share capital and 0.2% of the number of votes.

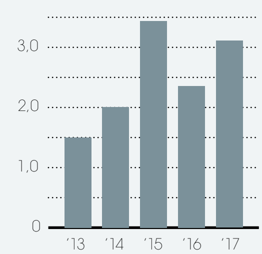
DIRECT YIELD (%)



EQUITY PER SHARE (SEK)



EARNINGS PER SHARE (SEK)



For definitions, see page 52.

ITAB BUSINESS CONCEPT

DRIVER

"Creating the ultimate shopping experience, close to you"

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

- At least 15% growth per year over an extended period.
- Retain and strengthen the market-leading position.
- Continue to develop the all-inclusive offer.

STRATEGIC DIRECTION

- Expansion in selected markets
- Long term business relationships
- Market knowledge and innovative capability
- Total solutions
- Highly efficient and flexible production resources
- Expertise, commitment and business acumen

SUSTAINABILITY FOCUS

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

VALUES

ACT!

Think Ahead
Think Consumer
Think Together

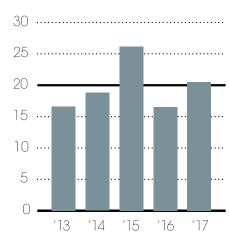
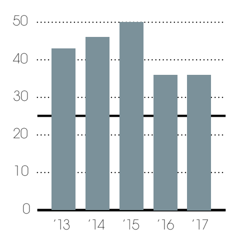
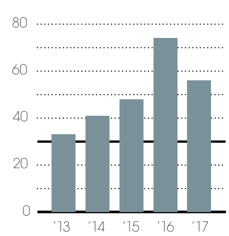
FOUNDATION

Entrepreneurship Commitment Responsibility

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 18% in 2017. Over the past five years, average growth was about 13% per year.
▶ ITAB will maintain and enhance its market-leading position in Europe and develop market share in new markets.	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 European market to create and retain long-term business relations and follow major customers into new markets.	ITAB retained its leading position in Europe during 2017. ITAB is now one of the leading players in Europe and also has a local market presence in Southern Europe. As part of its work of following major customers into new markets, ITAB now has operations in Asia, South America and the USA.
▶ ITAB will develop its all-inclusive offer of complete shop concepts through custom-made fitting concepts, innovative solutions for checkout arena and professional lighting systems.	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 professional lighting systems, self-checkout systems and a digital offer for the physical shop. ITAB is now a one-stop supplier of complete shop concepts.

ITAB'S FINANCIAL TARGETS

TARGETS	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 2017, return on equity reached 20.5%. Over the past five years, return on equity has averaged about 20%.	
▶ **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 of risk-bearing capital was 36% at 31 December 2017. Over the past five years, the proportion of risk-bearing capital has varied between 36% and 50%.	
▶ **DIVIDENDS** ITAB's share dividends will, over an extended period, mirror the company's earnings and correspond to at least 30% of the company's profit after tax. The dividend will, however, be adjusted to the company's investment needs and share repurchase schemes when relevant.	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 2017 financial year is SEK 1.75, which corresponds to approximately 56% of the earnings per share. Over the past five years, the dividend proportion has varied between 33% and 74%.	

▶ **STRATEGIC DIRECTION: EXPANSION IN SELECTED MARKETS.** ITAB will use its leading position in Europe to cultivate conditions for further growth and expansion in other selected markets.

ENTREPRENEURSHIP AS A BASIS FOR EXPANSION

▶ **THE CLIENT BASE,** the product portfolio and geography have all been important elements for growth.

Through organic growth and strategic business acquisitions, ITAB is now one of Europe's leading players in shop fitting concepts. Resolute and gradual growth has produced a group with market presence in large parts of Europe.

ITAB´S ORIGINS AND FOUNDATIONS

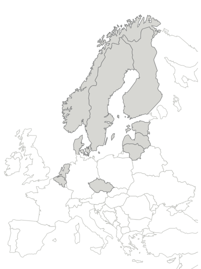
The foundations for ITAB were laid when the entrepreneur Tord Johansson conducted his degree project at the neon tube manufacturer ITAB at the end of the 1970s. The company was experiencing difficulties at the time, and when his work, including his opinions on change, was presented to the owners, he was offered the opportunity to purchase the majority of the company. Tord accepted the offer and became the company's majority shareholder.

The first tasks were to convince the bank to continue its co-operation and to extend the customer base. The work of cultivating customers outside of Sweden was initiated. Product development based on existing technology was launched, in order to increase the product range and have the opportunity to sell to more sectors. The company began adapting products to the market in a way that had not been done before. Major business challenges were tackled in order to increase sales and improve profitability. Between the years 1979-1984, turnover doubled every year.

In 1987, the company acquired companies in another sector. Acquisitions along this line continued, forming three branches of a corporate group that was then known as ITAB Industri, now XANO Industri. ▶

1998

2004



2006

2008

2011

ITAB's MARKET PRESENCE & BUSINESS ACTIVITIES

- Market presence
- Head office
- Offices/Sales companies
- Production facility

ITAB's HISTORY & GEOGRAPHIC DEVELOPMENT 1990–2017

1990–1998
- Acquisition of ITAB Shop Concept Jönköping
- Acquisition of ITAB in Norway
- Acquisition of ITAB Denmark
- Acquisition of ITAB Finland
- Acquisition of ITAB Guidance

1999–2002
- Acquisition of ITAB Shop Concept Holland
- Acquisition of Skandinavisk Inredning (now included in ITAB Shop Concept Nässjö)

2003–2004
- Acquisition of ITAB Baltic in Latvia
- Acquisition of ITAB Shop Concept CZ in the Czech Republic
- Acquisition of Stenestams Industri (now included in ITAB Shop Concept Jönköping)
- Acquisition of Lindco AS in Norway
- The ITAB Shop Concept AB Group is hived off from ITAB Industri 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 (now 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 Guidance)
- Stock exchange list transfer to Nasdaq Stockholm

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
- 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 Reklame-partner in Norway
- Establishment of operation in Brazil

2015 -2016
- Acquisition of JPD in Latvia
- Establishment of company in France
- Acquisition of LICHTSPIEL Lichtprojekte und Design GmbH in Germany
- Acquisition of MB Shop Design in Hillerstorp, Sweden
- Acquisition of Pikval Group in Finland
- Acquisition of La Fortezza Group with operations in Italy, France, Argentina and Russia

2017
- The acquisitions of D&L Lichtplanung GmbH and D.Lindner Licht-technische Gross-handlung GmbH, with their registered offices in Menden, Germany

"ITAB acquired two German lighting companies at the start of the third quarter of 2017, which jointly comprise one of the leading players as regards sales of lighting systems principally to the non-food segment in the German market."

During the 1990s, companies were acquired outside of Sweden, in Norway and Denmark. Several acquisitions were made and the interior fittings segment continued to grow.

The expansion continued, and in 2004 the interior fittings segment split away from ITAB Industri, forming ITAB Shop Concept as a separate group that was listed on First North.

The company experienced a downturn in profitability during the period 2008/2009. As a result of this, it began focusing even more on profitability improvement and product development measures. This became an important launching pad for the journey of growth and profitability that the Group has made.

As part of its strategy, ITAB expanded into southern Europe in 2016 thanks to its largest acquisition to date. La Fortezza Group is one of southern Europe's leading players within shop fittings, and has its head office in Bologna, Italy. The Group also has operations in France, Spain, Portugal, Russia, Argentina, Dubai and Malaysia.

La Fortezza was established in 1962 and has long-term business relations with several of southern Europe's major retail chains. Just as with ITAB, part of its strategy has been to move into new markets in line with its customers' expansions.

ACQUISITIONS 2017

ITAB acquired two German lighting companies at the start of the third quarter of 2017, which jointly comprise one of the leading players as regards sales of lighting systems principally to the non-food segment in the German market. The integration has gone according to plan and work has commenced on offering customers a combination of local lighting expertise with global sourcing of lighting products. The acquisition is a stage in the intensification of the company's marketing activities and reinforcement of its position. The acquisition is in line with ITAB's strategy and continued investment in sales of a total concept for the retail sector.

ACQUISITION OF COMPANIES WITH SIMILAR ORIGINS

Over the years, ITAB has acquired companies that have often built up by entrepreneurs with strong operational concepts and visions. The ability always to see opportunities has been a powerful driving force among the managers in the organisation. The Group has been characterised by a positive attitude, a desire to collaborate and dedication. The foundation for the Group's growth has been the development, in close co-operation with the customer, of new shop solutions and systems for more effective and more attractive shops.

KEY PERFORMANCE INDICATORS 2008-2017

Key ratios	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net sales, SEK million	6,381	5,417	5,193	3,938	3,574	3,511	3,341	2,748	2,776	3,412
Average number of employees	3,599	3,097	2,829	2,441	2,277	2,194	1,751	1,512	1,555	1,658
Operating margin, %*)	7.8	6.8	9.8	8.3	6.9	6.7	5.7	2.2	4.1	5.7
Profit margin, %*)	6.8	6.7	9.2	7.3	6.1	5.8	4.6	1.1	3.3	4.1
Equity related to the Parent Company's shareholders, SEK millions	1,664	1,512	1,463	1,225	997	885	559	459	534	507
Risk-bearing capital, SEK millions	2,044	1,896	1,667	1,406	1,128	1,020	886	730	805	798
Interest-bearing net debt, SEK millions	2,130	1,722	721	880	890	896	1,183	1,036	993	1,176
Balance sheet total, SEK millions	5,657	5,315	3,313	3,043	2,655	2,510	2,471	2,087	1,997	2,243
Equity/assets ratio, %	31.5	30.7	46.7	42.3	39.1	36.5	24.2	22.0	26.8	22.7
Share of risk-bearing capital, %	36.1	35.7	50.3	46.2	42.5	40.6	35.9	34.9	40.3	35.6
Return on equity, %	20.5	16.5	26.2	18.8	16.6	20.7	24.1	4.6	14.3	23.6
Net investments excluding business acquisitions	194	182	110	80	88	64	48	76	72	120
Net investments attributable to business acquisitions	101	737	56	92	3	27	354	0	0	298

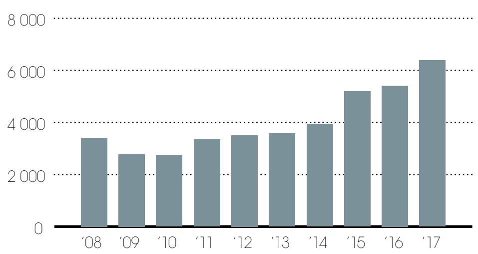
**) The Group has been positively impacted with a net effect of SEK 35 million due to the revaluation of the additional purchase sum in conjunction with the acquisition of La Fortezza, as well as structural costs in 2017. During 2016, the Group incurred costs of a non-recurring nature amounting to SEK 95 million.*

ITAB – TEN YEARS IN SUMMARY

SALES

Over the past 10 years, ITAB has reported an average annual increase in sales of 10%. During this time, a number of strategic acquisitions have been completed within the framework of the clear growth strategy. Acquisitions in Germany, as well as the acquisitions of Nordic Light, New Store Europe and La Fortezza Group, have contributed positively to the change in sales. During 2017, the acquisitions of D&L Lichtplanung GmbH and D.Lindner Lichttechnische Grosshandlung GmbH, with their registered offices in Menden, Germany, have further contributed to the growth in sales. Over the years, several long-term agreements have been concluded with leading chain stores. These are laying the foundations for the company's position as one of the leading all-inclusive suppliers of shop concepts 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.

▼ SALES, 10 YEARS (SEK MILLION)



PROFITABILITY

In order to create a sustainable and profitable operation over time, efficiency in the value chain has been a high priority. Over the ten-year period, operating profit has grown from SEK 195 million in 2008 to SEK 500 million in 2017, and the operating margin has grown from 5.7% to 7.8%. The improvement in the operating margin is principally due to the long-term work focusing on strengthening the gross margin through efficiency improvements. The positive margin trend is also due to increased capacity in the Group's production facilities and synergy effects in conjunction with acquisitions.

INVESTMENTS

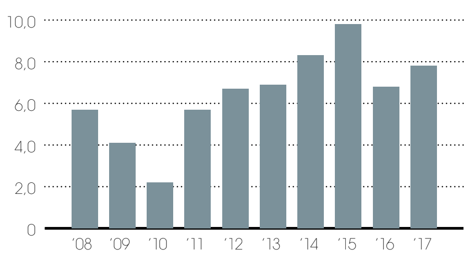
Net investments, excluding corporate acquisitions, have amounted to between one and four per cent of sales. They have principally consisted of machinery with the focus on unmanned operations, high utilisation of resources and leading technical advances. As a result, the Group is well equipped to face the future. Investments related to business acquisitions have primarily been targeted at 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 prioritised areas.

FINANCIAL PERFORMANCE

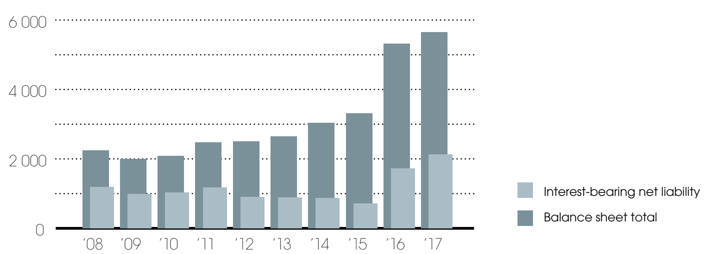
The balance sheet total has increased from SEK 2,243 million to SEK 5,657 million. This increase is in part due to the corporate acquisitions implemented during the period, and in part to the investments that have been made in both production facilities and equipment. The expansion has been realised with the aid of a positive cash flow from current activities, extended credit facilities as well as a new issue of convertible debentures. The interest-bearing net liability amounts to SEK 2,130 million.

► MORE INFORMATION.
A more detailed description of the past five years can be found on pages 58-59.

▼ OPERATING MARGIN (%)



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



▶ **STRATEGIC DIRECTION: LONG-TERM BUSINESS RELATIONSHIPS** ITAB will develop and nurture long-term business relations with chain stores within the food and non-food segments by working closely with its customers and their markets.

RETAIL SECTOR CHANGING

The retail sector is changing and the non-food segment in particular is cautious in several markets. This is most evident in Scandinavia, where a number of major chains have invested less and are evaluating new solutions. In the UK and Central Europe, ITAB has experienced high growth and is continuing to advance its position from a strategic perspective.

Market demand for shop fitting concepts is driven by start-ups and refurbishment of shops in the food and non-food segments. Delivering to these customers means satisfying challenging requirements in terms of market presence, production capacity, efficiency and delivery reliability. ITAB has the strength and the capacity to create long-term customer relationships. Through rapid, flexible deliveries, ITAB works with Europe's most successful chain stores on start-ups and refurbishment activities.

MARKET POSITION

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 and geographic coverage of the whole of Europe. In line with the strategy of following major customers into new markets, ITAB now has operations in Asia, South America and the USA. The Group is currently one of the largest suppliers of shop concepts in Europe, with an estimated combined market share of around 10 per cent in its current markets. The Group is a leading player in Europe in the field of checkouts, and by its own estimate has a market share of around 25 per cent in its existing markets.

25%

▶ The Group is a leading player in Europe in the field of checkouts, and by its own estimate has a market share of around 25 per cent in its existing markets.

LONG-TERM CUSTOMER RELATIONSHIPS

ITAB's customers include Europe's major retail chains, encompassing both international and domestic chains. These customers include Albert Heijn, Asda, Auchan, Axfood, C&A, Carrefour, Celesio, Circle K, Coop, Dixon, Edeka, Etos, ForeEver 21, Leroy Melin, LeClerc, Lloyds, LuLu, Ica, Ikea, Intermache, Hema, H&M, Homebase, John Lewis, Kapp-Ahl, Kesko, Majid Al Futtaim, Metro Group, Maxima, Morrisons, Netto, NorgesGruppen, O'key, Panda, Pandora, Prisma, Real, Rewe, Rimi, System U, Tesco, Tiger, Waitrose, Wilkinsons, Unicl, etc.

COMPETITORS

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


CLICK & COLLECT
FASHION
LOCKERS
Realigning the shopper journey to improve flow & service
Key Benefits
•Order online and collect or return in store
•Give online customers a great experience in store
•Reduce operational costs
•Reduce queues and speed up service

MARKET 2017

Several of ITAB's markets have developed positively compared to last year, and currency-adjusted sales increased by 17% during the year. The UK, Central Europe and NorthEast have developed better than last year, while Scandinavia has not developed as well.

It is clearly noticeable that the sector is undergoing a period of change and new solutions are being evaluated. It has been difficult to compensate for this in the short term. ITAB is currently witnessing the same pattern in Scandinavia that it saw in the UK a couple of years ago.

The food segment is continuing to invest in line with ITAB's expectations. Here, more and more chains are selecting more efficient checkout solutions, and the majority of markets are witnessing a number of different installations of self-checkout solutions. Sales of self-checkout solutions have doubled during the year. ITAB believes that the market will achieve even higher growth as regards self-checkouts in the years ahead.

SCANDINAVIA

ITAB is the market leader in the region within both the food and non-food segments.

The Scandinavian market has been cautious in the non-food segment, which has affected sales. In particular, a number of major non-food chains have invested significantly less. This also applies to our lighting sales, which have not developed as well due to the cautious attitude on the part of some of our major customers. It is clearly noticeable that the sector is undergoing a period of change and new solutions are being evaluated. It has been difficult to compensate for this in the short term, but steps are being taken to address these challenges.

In Sweden, ITAB holds a strong position within self-checkout systems, and installations are being carried out in the majority of the major supermarket chains in Sweden and Norway. Interest in self-checkouts is continuing to increase.

UK

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.

Generally speaking, the British market is at the forefront as regards new retail trends. The market is leading the way in developing solutions to improve efficiency in the shop environment. Several retail chains in the UK are demanding this, and ITAB has developed its range to satisfy the need. Installation, project management and support have therefore become an increasingly important part of the offer. Sales in the UK are increasingly project-based, resulting in shorter lead times. Sales of this type fit in well with ITAB's skills and organisational model, with local, flexible units close to the customer. There are fewer large-scale procurements and work is being conducted more closely with the customer on specific projects.

CENTRAL EUROPE

ITAB is the leader in checkouts and products in this market area, 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. During the year, ITAB has succeeded, through its German operation, in increasing its market share of checkouts among major supermarket chains in Europe which are expanding into other markets. Several of the major customers are choosing to buy more from ITAB's range. Through the acquisition of lighting companies, ITAB holds a strong position as regards lighting in the market area. Thanks to these acquisitions, ITAB can offer customers a combination of local lighting expertise with global sourcing of lighting products. The Polish market remains difficult, with the result that ITAB is still being rather cautious there.

▲ **STOCKMANN IN FINLAND**
The shop concept can consist of both customised and standard fittings. Customised fittings are designed to reflect each retailer's specific brand profile. We also develop customised components for standard equipment to provide retailers with low cost solutions and individuality within their shops. ITAB also provides completely custom-made fittings.

NORTHEAST

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.

ITAB has further secured its position through the acquisition of Pikval in Finland in 2016. As a result of this, two production units in Finland have merged to form one. The Group has advanced its position as regards the checkout arena and lighting in 2016.

The acquisition of La Fortezza has enabled ITAB to strengthen its position in Russia by having its own manufacturing operation in the country, and it can now supplement its existing product and lighting sales with shop fittings.

SOUTHERN EUROPE

Through the acquisition of La Fortezza, ITAB is now one of the leading players in the southern European market, primarily in the field of shop fittings for FMCG and DIY. Within La Fortezza, sales have been slightly below expectations as a result of a weak start to the year.

The work of integrating the operation has continued during the year. This work is now being intensified by offering ITAB's product portfolio to its customers, as well as streamlining the operation in order to adapt it to ITAB's strategy and to position the companies for the future. The focus in future will be on integrating ITAB's product portfolio of lighting, self-checkout systems and entrance systems into the business.

La Fortezza's customers are positive towards ITAB's acquisition of the companies, and many discussions regarding extended collaborations are being conducted with both existing and new customers.

▶ **STRATEGY: MARKET KNOWLEDGE AND INNOVATIVE CAPABILITY** ITAB will develop new concepts, products and solutions by utilising its extensive market expertise and innovativeness while working closely with its customers.

MARKET TRENDS WITHIN RETAIL AFFECTING ITAB

▶ **WHAT ARE THE MAIN TRENDS IN THE RETAIL SECTOR TODAY?**
"Digitalisation, space and resource efficiency. New channels are constantly being developed, with the result that traditional trade is also seeking new pathways. There is a shift towards smaller premises and space efficiency. Resource efficiency is becoming increasingly important. Examples of this include heating and lighting."

Maria Sandow
Economic policy expert on sustainability, CSR & supply chain at the Swedish Trade Federation

The retail sector is changing, and consumers are using digital tools to an ever greater extent before, during and after their purchase in the physical shop. Demands regarding the availability of goods and information are increasing, while consumers expect simplicity and choice when making purchases. The role of the shop is changing to a place of inspiration, information and service. ITAB is satisfying the demands of the market by further improving the shopping experience through better customer engagement and service solutions.

THE SHOPPING EXPERIENCE IS BECOMING INCREASINGLY IMPORTANT

The shop experience has become increasingly important for attracting customers into the shop, and the expectations from the shop fitting concept has consequently been raised, both during refurbishment and re-profiling.

A large proportion of ITAB's operations are based on refurbishments and re-profiling of shop concepts. ITAB is continuing to develop its offer in order to supply attractive and efficient shops.

There are now many smaller-scale players supplying digital solutions for individual functions in the shop. ITAB is aiming to provide a more holistic, connected solution for this, and a uniform digital shop experience is currently under development.

The idea is that when consumers visit the shop, they will be met by a coherent and well-thought-out solution where the various components are available together. This makes it possible for a shop to offer a better, more engaging experience linked to other channels, such as mobile phones and e-commerce. When the shop becomes a distinct part of the omni-channel strategy, consumers are offered added value during their shop visit.

MORE CONVENIENCE STORES WITH EFFECTIVE SOLUTIONS FOR OPTIMUM FLOWS IN LESS SPACE

The establishment of convenience stores in the food segment 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. Fewer and fewer city stores are expected to be established in future, including in other sectors. The stores are expected to act as showrooms where customers can see the goods and then place orders.

Demand for streamlining options in smaller stores is continuing to grow at an ever greater rate. More and more stores are tending to require additional personnel in-store and are therefore choosing various types of self-checkouts in order to free up personnel. In recent years, ITAB has been able to offer concepts for smaller convenience stores including shop equipment, self-checkout solutions, flexible queue management and entrance systems, and now also digital products.

▲ **ENDLESS AISLE** means that you can order products that are not in stock, either to the store's collection system or direct to your home.

◀ **ITAB FREEFLOW CCO** is a digital queue management system that is mainly used in the checkout arena.

▲ **ITAB SMART FITTING ROOM** is a digital queue management system for fitting room environments, which means that the customer can continue shopping until a fitting room becomes free.

REFURBISHMENT AND RENOVATIONS WITH PROJECT-BASED SALES

A large proportion of ITAB's operations are based on refurbishment and re-profiling of individual shops or chain stores. ITAB considers that this section will become even larger in future. The stores are also demanding more and more technology in-store and more efficient solutions in the check-out arena. In the UK, which ITAB considers to be a market at the forefront, project-based sales with resulting short lead times are increasingly common. Food stores in particular are choosing to replace and refurbish one department at a time. This must be done with as little impact as possible on other in-store activities. Sales of this type fit in well with ITAB's skills and organisational model, with local, flexible units close to the customer. There are fewer large-scale procurements and work is being conducted more closely with the customer on specific projects. Several of ITAB's customers are choosing to utilise a larger proportion of the offer in order to achieve an all-inclusive solution. ITAB considers that this working method will become increasingly common in more markets in future.

RESPONSIBILITY AT EVERY STAGE AND A SUSTAINABLE OFFER ARE EXPECTED

Consumers are increasingly expecting retailers to assume responsibility for the entire supplier chain. Sustainable manufacturing processes, good working conditions and a sustainable choice of materials and raw materials are being demanded to an ever greater extent. Retail chains are placing increased demands on their suppliers, and this also includes the manufacture of shop concepts.

In recent years, ITAB has developed a sustainability programme that supports both the business process and customer demands. The programme extends across the Group, and the companies are working locally with various areas of focus in order to meet relevant market requirements. By having its own in-house manufacturing operation, ITAB has control over the production process. The geographic location of the production facilities has become an increasingly important aspect of the contract negotiations for ITAB, both as regards emission levels and in order to minimise transport distances. Through its sustainability programme, ITAB will continue to work on efficiency in the value chain in order to further streamline and improve the production and logistics process.

When choosing materials for shop concepts, sustainable and recyclable materials are becoming increasingly important. ITAB's creative teams take this into consideration from the start of the design and planning phase when developing concepts or products.

"THE BRAND IS NOW VERY CLOSELY LINKED WITH SUSTAINABILITY. The brands that are strong today are also the ones that have the best developed sustainability work."

Maria Sandow
Economic policy expert on sustainability, CSR & supply chain at the Swedish Trade Federation

SUSTAINABLE MANUFACTURING PROCESSES, good working conditions and a sustainable choice of materials are being demanded to an ever greater extent.

▶ **STRATEGY: MARKET KNOWLEDGE AND INNOVATIVE CAPABILITY** ITAB will develop new concepts, products and solutions by utilising its extensive market expertise and innovativeness while working closely with its customers.

DIGITAL PRODUCTS REVOLUTIONISING THE RETAIL SECTOR

▲ **ULF ROSTEDT,** President and CEO of ITAB, presents his view of the shop of the future.

There has been a great deal going on in the traditional retail sector in recent years – and there is still more to do. Stores in the retail sector are undergoing major changes and are set to become more of an experience and meeting place for consumers, in the opinion of Ulf Rostedt, CEO and Group President of ITAB Shop Concept.

"Digital developments in the physical shop are driving forward our development and sales. We are well ahead in this area in several respects, which is entailing more, larger business opportunities for us," says Ulf Rostedt.

With more than 20 years in the sector, Ulf has a great deal of experience and is excited about the developments taking place in the industry today.

"Eight years ago, we were offering shelves made of wood and metal. Over the past four to five years, however, we have invested heavily in the digital field in order to develop smart stores that are optimum for both the shop owner and the customer. We have been well prepared and are continuing to make progress in our work.

◀ **ENDLESS AISLE** means that you can order products that are not in stock, either to the store's collection system or direct to your home.

An important strategy for the digital customer experience in-store was launched last year in conjunction with Euroshop, a large trade fair for the retail sector. The offer is based on an all-inclusive solution that includes systems for personal communication, interaction via mobile and other information and order points in the store for seamless transactions and payment. A future shop experience where many of the solutions have already been completed.

Systems for measuring customer streams in-store in the same way as for e-commerce have also been developed. Just as with a website, measurements can be performed regarding the customer segment to which customers belong, where they go in the store, how different customers move between departments, where they stop and pick up goods and what leads to completion. The solution generally uses existing equipment in the store, which means a limited investment in infrastructure.

"The shops want to identify what you in particular are interested in, and they are working more with targeted offers via digital displays in-store. It is essential to make the shop as interesting as possible so that we consumers will want to go there – and our expertise and innovations can help in this respect."

ITAB's objective is for the shop to be able to communicate with the customer using digital screens, lighting and push messages. In this way, it will be possible to tailor the experience for each specific customer.

"Another project goes by the name of *Endless aisle* and is aimed at shops that do not stock the entire range. Using the service, it is possible to order products that are missing, either to the shop's collection system or directly to the customer's home. Shopping online and in-store will move closer and closer together," says Ulf Rostedt.

PRODUCT DEVELOPMENT AT THE FOREFRONT

As part of the work of developing the shops of the future, ITAB has worked hard to develop tools and solutions that make the checkout arena more efficient, above all with regard to self-checkout. The aim is to use AI to make the technology so smart that self-checkout systems can interact, categorise and weigh goods without the customer needing to do anything. The company has come a long way – using the EasyFLOW technology, the goods pass through a tunnel that recognises, weighs and categorises them. This technology is being tested in several locations around the world. In recent years, ITAB has taken a further step and developed a self-checkout system for fashion. Through a secure process, where the customer can personally scan goods and deactivate alarms, we can provide the opportunity to use self-checkouts in the non-food sector.

"We have made use of various skills within the Group. We merged our teams working within fashion design and self-checkout solutions, and they succeeded in developing a concept for self-checkouts within fashion."

ITAB also conducts its own product development within lighting systems. This development work has continued and ITAB can now offer lighting systems that combine the control of lighting, sound and images in one and the same wireless system. Using the system, the shops can control lighting according to how sunny it is or how many customers there are in the shop, for example. This control facility can also be used to create a special experience or give the right impression. Everything is performed from one and the same place and can also be adjusted automatically.

PICK&GO WITH AIRFLOW SIMILAR TO AMAZON GO

ITAB's next concept in the checkout arena is called *Pick&Go with Airflow*. AirFlow and Amazon Go have a lot in common. With this concept, technology is being transferred from EasyFLOW out into the shop, and the system means that goods are registered immediately when picked by the consumer.

The idea behind the system is to make things easier for the consumer, as the product is registered as a purchase immediately when you take it down from the shelf. The system is currently under development, and an initial version of the system has been demonstrated at a trade fair.

CLICK & COLLECT

ITAB is also developing systems for streamlining deliveries from the shop or warehouse. *Click & Collect* is now available at many locations and means that the consumer orders goods in-store or online, before collecting their order from an unmanned collection point. The cabinets range from basic variants to advanced versions for high-capacity robotic warehouses. ITAB now has a complete offer, which also includes refrigeration and freezing options for the food sector.

AN ALL-INCLUSIVE CONCEPT

"ITAB is an all-inclusive supplier and partner for retail chains around the world. ITAB's ambition is, alongside our customers, to improve the shop experience for consumers by creating efficient and attractive shop concepts that are connected to other channels such as mobile and e-commerce," says Ulf Rostedt.

▲ **TARGETED MESSAGES.** The shops will identify what you are specifically interested in and will provide more targeted offers, including via digital displays in-store.

▼ **CLICK & COLLECT** is now available at many locations and means that the consumer orders goods in-store or online, before collecting their order from an unmanned collection point.

AN ENTIRELY NEW PRODUCT PORTFOLIO FOR THE SHOP OF THE FUTURE

There has been a great deal of development in the traditional retail sector in recent years – and there is still more to do. Shops in the retail sector are undergoing major changes and are set to become more of an experience and meeting place for the consumer.

The digital development in the physical shop is driving forward ITAB's development and sales. ITAB is well ahead in several aspects of digital development, and this is entailing more, larger business opportunities. An important strategy for the digital customer experience in-store was launched last year in conjunction with Euroshop, a large trade fair for the retail sector. The offer is based on an all-inclusive solution that includes systems for personal communication, interaction via mobile and other information and order points in the store for seamless transactions and payment. A future shop experience where many of the solutions have already been developed.

CLICK & COLLECT

Click & Collect is now available at many locations and means that the consumer orders goods in-store or online, before collecting their order from an unmanned collection point.
The cabinets range from basic variants to advanced versions for high-capacity robot warehouses. ITAB now has a complete offer, which also includes refrigeration and freezing options for the food segment.

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

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

PICK & GO WITH AIRFLOW

ITAB's next concept in the checkout arena is called Pick&Go with AirFLOW. Here, technology from EasyFLOW is being moved out into the shop. The idea behind the system is to make things easier for the consumer, as the product is registered as a purchase immediately when you take it down from the shelf. AirFLOW and AmazonGo share common principles and benefits. The system is currently under development, with a first version of the system being presented at EuroShop in March 2017.

SELF-CHECKOUT FOR FASHION

Retail chains in the non-food segment are looking for solutions to provide a simple and attractive in-store experience. ITAB merged its teams working within fashion design and self-checkout solutions, and they succeeded in developing one of the world's first concepts for self-checkouts within fashion. By creating a secure process, where the customer can personally scan goods and deactivate alarms, this offers the potential for self-checkouts in the shop. The system makes it possible to have more staff in the shop, while the systems can be open at all times in order to optimise the flows and minimise queues.

ENDLESS AISLE

Endless Aisle is targeted mainly at retail chain stores that do not stock the entire range in-store. Using the service, it will be possible to order products that are missing, either to the shop's collection system or directly to the customer's home. The combination of shopping in-store and being able to order online at the same time is becoming increasingly common.


ITAB
9.90
9.90

▶ **STRATEGIC DIRECTION: OFFER 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.

CREATING THE ULTIMATE SHOPPING EXPERIENCE, CLOSE TO YOU

ITAB has extensive experience of working as an all-inclusive contractor in charge of building new or refurbishing individual shops or entire store chains. In order to develop and nurture long-term business relations, for years ITAB has worked according to a model based on co-operating 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.

Installation of 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 teams can extend equipment performance through regular maintenance visits.

PROJECT-BASED DELIVERIES

Project-based sales of shop fittings are becoming increasingly common and rapid, flexible delivery methods are required. Development and refurbishment are becoming an increasingly large part of ITAB's operation. Retail chains often replace one department at a time, and this must be done with as little impact as possible on the rest of the operation. These types of deliveries place considerable demands on delivery reliability and accessibility. Flexible methods for delivery and installation are required. This is becoming increasingly common in more and more markets. ITAB's organisation, with local, flexible units close to the customer, is well equipped for sales of this type.

A UNIFORM SHOP EXPERIENCE

ITAB is working 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. The Group has local design teams and design companies. ITAB also works with external architects and its customers' own design agencies. ITAB is constantly striving to realise its customers' ideas and to reflect their brand profiles and sales strategies.

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. ▶

▲ **ITAB's WORKING MODEL**
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.

THE SHIFT TO ENERGY-SAVING LIGHTING HAS ONLY JUST BEGUN

“ITAB develops, manufactures and sells complete professional lighting systems, light planning and light service for the food and non-food sectors.”

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 services for the food and non-food sectors.

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 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.

The Group sells and distributes lighting products to around 90 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 AT THE FOREFRONT

The development of components for LED products is proceeding rapidly. New and improved LED chips are continually being released on the market, above all with improvements in relation to CRI (colour rendering index) and efficiency.

In addition to the existing product range of single chip products, there is also a range of COB products (chip on board). ITAB has also developed linear LED products, primarily for the food segment.

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

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. 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. ▶

▶ **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.

MAJOR STREAMLINING OPTIONS FOR THE CHECKOUT ARENA

The checkout arena includes the entire checkout area and is an important part of the shop experience. 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.

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 elements include customer guidance, queue management and a secure exit process. The design and best mix 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 high footfall and often lower product volumes within tight space constraints; while supermarkets on the outskirts of town can prioritise higher product volumes and larger operations

SELF-CHECKOUT SYSTEMS

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 enable the consumer to quickly, conveniently and reliably check and scan their items themselves at the checkout. ITAB offers 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.

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. They save space in shops, which can provide room for more goods and expand the number of checkouts to improve service. Operational efficiency is increased as the self-checkouts can be open at all times, helping to optimise the customer flow in the shop.

CHECKOUT ARENA

The combination of traditional staffed checkouts and self-checkouts provides the shop with a flexible solution which provides more choice and is suitable for different customer groups and shopping missions. ITAB's comprehensive range of manned and self-serve checkout systems, together with its solution design expertise, has enabled it to establish a leading position among its competitors.

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 mean that there is a strong likelihood that this will become an industry standard in future.

▼ **CHECKOUT ARENA** includes the entire checkout area and is an important part of the shop experience. Effective products and systems create optimum flows in the shop and improve the shop experience for the consumer.

▲ **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.

▶ **STRATEGIC DIRECTION: HIGHLY EFFICIENT AND FLEXIBLE PRODUCTION RESOURCES.**
ITAB will use its highly efficient and flexible production resources, well-developed logistics and selected partners to offer the market competitive terms coupled with precise delivery accuracy and quality.

LOCAL, FLEXIBLE PRODUCTION FOR RAPID DELIVERIES

▶ **ITAB HAS** 21 production facilities in 15 countries. By having its own production units, ITAB can control production and quality and thereby ensure that the agreed delivery times are met.

ITAB has 21 production facilities in 15 countries. By having its own production units, ITAB can control production and quality and thereby ensure that the agreed delivery times are met.

The largest production facilities are located in Sweden, Finland, the UK, Germany, the Czech Republic, China, Italy and France. 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, while customised lighting products are primarily manufactured in the UK, Sweden and Germany. 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 individual needs of each market area. When transport is arranged from China, ITAB organises it in the most economical way from both an environmental and cost perspective.

ITAB owns the production operations and, as a result, has control of the production process. The majority of the purchases are made in the vicinity of the facilities in each country, or from ITAB's own factories in China.

In order to satisfy future market requirements, ITAB has conducted net investments totalling almost SEK 194 million (182) during the year. For example, the Group has invested in a new production facility in China, which is currently under construction and is expected to be completed during the second half of 2018. The powder coating line will be central in the new facility, and work is in progress to obtain the waste water from the line in a circular system (see page 45). The facility is also being prepared to use solar panels.

Sweden

In Sweden, ITAB produces and supplies entire shop concepts through the units in Jönköping, Nässjö and Hillerstorp. In Nässjö, ITAB conducts successful timber production for all kinds of wooden fittings. During the year, an automated production line has been installed in Nässjö. This will be completed during the first half of 2018. The investment is leading to highly efficient and extremely flexible production. The facility boasts 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 check-out range. The unit also manufactures entrance systems. The factory is central for the production of the Group's self-checkout concepts. Through the acquisition of MB Shop Design in Hillerstorp, ITAB now also has a flexible metal fittings production unit that possesses considerable expertise, above all in areas such as welding and powder coating.

Finland

In December 2016, the merger of two units in Finland was completed. The combined unit produces wooden and metal fittings. It has not yet been possible to make full use of the synergies, but during 2018 the merger will entail synergies within both production and purchasing.

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 is one of the most demanding, requiring a high level of quality and service with very 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.

Germany

The facility in Germany specialises solely in checkout production. This unit serves many of Germany's major chains with custom-made checkout solutions of the highest quality. The facility underwent a period of investment a couple of years ago and can now boast extremely modern machinery and high capacity.

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.

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. Production capacity in China will be increased over the next year with a new production facility.

La Fortezza

Through the acquisition of La Fortezza, ITAB has production facilities in Italy, France, Argentina and Russia with a combined area of almost 60,000 m².

The Italian facility is located in Scarperia and produces metal fittings and checkouts. Metal fittings are also produced in Romorantin in France and Stupino in Russia. Metal and wooden fittings as well as checkouts are produced in Argentina.

PRODUCTION FACILITIES.
ITAB has 21 production facilities in Europe, China and Argentina.

Market presence
Head office
Offices/Sales companies
Production facility

▶ **AREAS OF FOCUS:** Sustainable business development, efficiency in the value chain, good working conditions and business ethics.

SUSTAINABILITY FOCUS AS PART OF THE BUSINESS

▶ **FOUR AREAS OF FOCUS** have been developed for the sustainability work that supports ITAB's strategic direction.

In recent years, ITAB has developed a sustainability programme that is also in line with the UN's 17 global sustainability goals. This programme is part of the strategy and is divided into four focus areas, which the entire Group is working on. Each focus area is linked to one main global goal.

The Group's companies are working to reduce the business's environmental impact and to ensure good working conditions for ITAB's employees, as well as to maintain good business ethics. Developing new, sustainable solutions and products creates value for both ITAB and the customer and is an important part of the offer. ITAB has incorporated sustainability issues as a natural part of the business for many years. This is an important component in the all-inclusive offer that ITAB delivers and is in line with the company's values. Ensuring resource-efficient production and good working conditions within ITAB are important aspects of our sustainability work.

For the companies within the Group, it is important to be a proactive partner and to offer effective and sustainable solutions to ITAB's customers. This includes having a good knowledge of how ITAB's products can contribute to more efficient processes for our customers, thereby helping to achieve a more sustainable value chain.

ITAB is working with processes aimed at further mapping and systematising the sustainability work within the Group. Four areas of focus have been developed for the work, which supports ITAB's

ITAB's AREAS OF FOCUS WITH SUSTAINABILITY

SUSTAINABLE DEVELOPMENT	EFFICIENCY IN THE VALUE CHAIN
GOOD WORKING CONDITIONS	BUSINESS ETHICS

strategic direction. Reporting of the work takes place in line with Global Reporting Initiatives' (GRI) guidelines for sustainability reporting. The areas of focus gather together the sustainability issues that have been identified as being important for ITAB and for the Group's stakeholders. The areas are evaluated each year in order to ensure materiality in relation to activities and markets.

During 2017, ITAB has drawn up KPIs that are regularly followed up. ITAB is continuing to work on the development of the programme and its establishment within the Group. This is being done in part by defining measurable goals on the basis of focus areas and selected KPIs.

ESSENTIAL ISSUES

Maintaining the trust of the outside world is decisive when it comes to running a business in the long term. As a result, it is important to build good relations with the company's stakeholders and to be sensitive to their wishes. At the same time, dialogue with the outside world is vital in order to ensure an understanding of the environment and the communities in which ITAB operates.

ITAB's stakeholders are those groups that have the potential to influence, and that are influenced by, the company's operations. The most important stakeholder groups include customers, owners, employees, suppliers and society in general. The Group's companies interact with their stakeholders in a number of ways, such as through discussions and collaborations. The main issues highlighted in the stakeholder dialogue during 2017 include the areas presented in the model below. Sustainability work is governed by what the stakeholders and the company consider to be important. During 2017, ITAB conducted a materiality analysis in order to ensure that the programme includes the most significant areas. These areas are presented in the model below.

SUSTAINABILITY RISKS

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

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

During 2018, an in-depth risk analysis will be performed to further reinforce the work relating to sustainability risks in the value chain.

ITAB's MOST SIGNIFICANT AREAS

- Waste
- Tax
- Integration
- Emissions
- Water

- Attractive workplace
- Efficient transport
- Health
- Ergonomic solutions
- Materials
- Pay conditions
- Safety

- Sustainable shops
- Diversity
- Working environment
- Energy
- Ethics/Basic values
- Supplier conditions
- Staff development opportunities

MATERIALITY

The areas that are considered essential for ITAB are presented above.

SUSTAINABILITY GOALS
ITAB aims to be a leading player in the transformation to the sustainable shop.

FOCUS AREA: **SUSTAINABLE BUSINESS DEVELOPMENT**

Sustainable business development means that ITAB, through its unique concept and product portfolio, can contribute to more sustainable shops through energy and cost-saving products and systems, as well as by continuing to develop solutions for the shops of the future.

The Group already incorporates sustainable factors in the design and product development phase of its work, for instance in selecting and optimising the use of raw materials with consideration to their environmental impact. 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. One important area that creates benefits both for society and the environment is LED lighting. Over the past five years, ITAB's sales of LEDs have increased from 50% to almost 100% of total lighting sales by the end of 2017. Switching to LED systems delivers considerable potential for energy savings. The amount of heat generated by the systems also affects the cost for ventilation in the shop. LED lighting can reduce these ventilation costs. The self-checkout solutions also lead to efficiency improvements and reduced staff costs in the checkout arena, as one person can manage between four and eight self-checkouts. ITAB judges that these will be prioritised investment areas for shops in future.

THE CHOICE OF LIGHTING SYSTEM affects energy and maintenance costs in a shop.

GLOBAL GOALS: SUSTAINABLE BUSINESS DEVELOPMENT

13 CLIMATE ACTION

Goal 13 relates to combating climate change. ITAB's contribution here is principally within the focus area Sustainable business development, where the LED technology plays a major role. Thanks to ITAB's lighting products, above all within LEDs, the Group is contributing to improved energy efficiency and reduced climate impact for its customers.

50 PER CENT ENERGY SAVING

With ITAB's LED lighting range, customers can significantly reduce their energy consumption.

ITAB's installations are now almost entirely made up of LED technology, allowing energy consumption to be halved. This means that the investment can pay for itself in around 2-3 years. This in turn produces a return of around 100% for the shop over five years. For a medium-sized shop, this also entails a reduction in its climate footprint of around 9 tonnes of carbon dioxide per year.

WORK IN THE ACADEMY LINKED TO ITAB´S SUSTAINABILITY PROGRAMME

ITAB Academy is a training programme for key individuals within the Group. A new programme is launched just about every year, with each programme having a new theme in the field of innovation.

The theme of the current programme is designing various projects on the basis of ITAB´s sustainability programme and linking this to innovation theories. The projects are conducted in groups comprising people from various countries. The groups work on the projects throughout almost the entire programme period. One of the projects is called *"The 10% plan"* and is based to some extent on the sustainable development focus area. This involves challenging employees to identify synergies within business development, such that each person pinpoints 10% of savings in their working day.

One decision that has been taken within this project is to design and redesign products so that the consumption of sheet metal in a checkout can be reduced by 10%. To date, the project has achieved an 8% reduction in consumption.

▶ **SUSTAINABILITY GOALS**
ITAB aims to be a leading player within resource-efficient production and transport.

FOCUS AREA: **EFFICIENCY IN THE VALUE CHAIN**

ITAB is constantly striving to reduce our environmental impact by making environmentally conscious choices in terms of raw materials, production processes and transportation alternatives. Based on the precautionary principle, the Group's companies have worked for many years in a responsible manner in order to ensure a sustainable business.

RESOURCE-EFFICIENT FACILITIES

ITAB is actively working to reduce the Group's energy consumption and increase the proportion of renewable energy in its total energy usage. This is important both from an environmental and a cost perspective, and for ITAB as a manufacturing company. ITAB's large production facilities are equipped with modern systems in order to reduce energy and gas consumption, as well as to increase resource efficiency. The majority of the businesses in the Group now use renewable energy to some extent. Approximately 34% of all energy comes from renewable sources. The work of reducing energy consumption is conducted by the individual companies within the Group. Work is in progress aimed at co-ordinating activities in the field of energy, as well as to gather in data and information at Group level in a more systematic manner. ITAB also conducts a close dialogue with customers in respect of the environment. Part of the focus is on the exchange of knowledge, and discussions are conducted regarding ambitions and expectations.

Several projects were conducted during 2017 that will lead to reduced energy consumption in the long term. For example, the lighting has been replaced with LED lighting at several locations within the Group. This installation is part of a major project aimed at replacing all lightning in the Group with LED lighting.

TRANSPORT

Transport is an important issue for ITAB, which has operations in many different countries. The Group's companies are working actively to reduce emissions and ensure effective transport. The choice of transportation alternatives for products that are to be shipped long distances, such as from China, is considered from both a cost and an environmental perspective. Nowadays the Group mainly transports goods by sea, which is a more environmentally friendly transport method than flying, for example.

By having a local presence, ITAB contributes to reduced transport distances for many of the Group's customers. The organisational structure, with several major production facilities centrally located in Europe, gives ITAB the potential to produce locally and thereby contribute to reduced emissions. The strategic location of the Group's production facilities has grown increasingly important during major contract negotiations.

ENVIRONMENTAL CONSIDERATIONS WHEN CHOOSING SUPPLIERS

For ITAB as a manufacturing company, it is also important to safeguard environmental considerations throughout the value chain. ITAB conducts regular dialogues with suppliers about various sustainability aspects.

Over the year, ITAB has developed a supplier policy that will apply to the entire Group. This policy describes fundamental requirements that all the companies have to impose on their suppliers, and includes demands regarding the suppliers' environmental work. The policy will start to be implemented at the end of 2017. During 2017, around 460 (120) suppliers have been examined in respect of environmental criteria based on the companies' various local guidelines.

GLOBAL GOALS: EFFICIENCY IN THE VALUE CHAIN

Goal 12 relates to sustainable consumption and production. As a supplier to the retail sector, ITAB can contribute to improved resource efficiency and better conditions in relation to environmental responsibility and working conditions in the value chains. For ITAB's part, this is mainly taking place within the focus area Efficiency in the value chain, which relates for example to efficiency in respect of energy and material issues along with overall social and environmental responsibility in the value chain.

GROUP-WIDE SUPPLIER POLICY PROVIDES GUIDANCE

In recent years, a Group-wide purchasing policy has been developed that the entire Group has to comply with.

This policy constitutes a minimum level and applies in all countries in which the Group operates. In order to establish this more firmly, the majority of the companies in the Group have had the opportunity to acquaint themselves with it prior to a decision, so that they can give their opinions on the practical feasibility and relevance of the policy.

The next step, which involves establishing a relevant process for following up, has been initiated.

NEW PRODUCTION FACILITY IN CHINA

Several of ITAB's customers are expanding across large parts of the world, and ITAB's global presence is becoming even more important.

The construction of a new production facility in China has commenced during the year. The facility is expected to be in operation during the second half of 2018 and will primarily supply ITAB's European customers' establishments in Asia as well as, in the long term, other customers in the Asian market. The new production facility will offer a more flexible solution than is currently available. In the facility, ITAB has decided to focus on getting as close as possible to a circular process for the waste water in the powder coating line.

There is considerable focus on waste water discharges in China, and a company like ITAB is not permitted to discharge more than 70 cubic metres per year. ITAB has therefore focused heavily on the process and has developed stages in pretreatment that produce an extremely low level of waste water. The aim in the long term is to achieve a completely circular process. Several of ITAB's customers have also been involved in this process in order to ensure that it is also relevant for them.

SUSTAINABILITY GOALS
ITAB should be perceived as an honest and transparent player in the market and in society.

FOCUS AREA: **BUSINESS ETHICS**

ITAB has zero tolerance for all forms of bribery and corruption. 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.

The managing director of each individual company within the ITAB Group is responsible for ensuring compliance with local regulations. If an issue relating to business ethics arises at company level, there is a system in place for how employees should report directly to the Group and for how such issues will be handled. No known cases of corruption have been discovered in the Group during the year. In countries such as Russia and Malaysia, the Group's companies conduct special reviews and training in respect of anti-corruption.

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.

Extensive valuation work has been conducted and implemented within the Group during the year. This has initially taken place in the various companies' management groups, before then being implemented in each company by the management group in question. In order to achieve genuine impact in the Group, all the material has been translated into 13 languages in order for each and every employee to gain a deeper understanding of its purpose and the content.

Alongside the extensive valuation work, a joint, Group-wide Code of Conduct was developed that everyone in the Group has to sign up to. This was also translated into 13 languages. The Code of Conduct was initially developed in workshops by the Group management. The proposal was sent out on referral to all the CBOs within the Group's companies to ensure that it is relevant for all the companies. This made the implementation process easier in 2017.

The Code of Conduct focuses on aspects such as the importance of each and every employee, the fact that the Group offers a safe and healthy working environment and that it is working to reduce its environmental impact. It also points out that ITAB stands for straight, honest communication and that all employees have to respect commercial confidentiality. During the year, around 30% of employees in the Group have signed up to it, and ITAB's goal is for everyone within the Group to have signed up by the end of 2018. It also forms part of the employment contract.

GLOBAL GOALS: BUSINESS ETHICS

The focus area Business ethics contributes mainly to Goal 16, which concentrates on peaceful and inclusive societies and incorporates the work on anti-corruption. Through its new Code of Conduct and its new code for suppliers, ITAB can contribute to strengthening the integrity in its value chain and contribute to a better social climate that is freer from corruption.

VALUATION WORK FOR THE ENTIRE GROUP

Extensive valuation work has been carried out during the year, going by the name of WE ARE ITAB. Workshops have been conducted in all countries, and so far around 2,500 people from the Group have taken part. This work is continuing in 2018, as the idea is for all employees to participate in the workshops.

The work is being conducted on the basis of ITAB's "driver", *Creating the ultimate shopping experience, close to you.* This is intended to prepare the Group for the major change that the retail sector is currently undergoing.

ACT!

The values Think Ahead, Think Consumer, Think Together are summarised on the ACT concept! This concept has become a guiding principle for what the Group stands for and wants to achieve in future. Within many projects and areas of work, various aspects of the values are used in the day-to-day activities. The aim is for the values to be part of everyday operations and to provide guidance when making decisions.

"The ACT workshop was an excellent opportunity to sit down with colleagues and discuss core values and the road ahead.

For our company, it has resulted in changes in the way we work. In the immediate future, we will also be establishing new targets for our company that are in line with the Group's common objectives and ACT."

Jan Andersson,
CEO, ITAB Scanflow

"In the UK, we have fully embraced the Group's ACT. It describes in brief the underlying principles for how we conduct and manage our company and our business activities."

Roy French, CBO UK

ITAB | Creating the ultimate shopping experience, close to you

FOCUS AREA:
GOOD WORKING CONDITIONS

ITAB is endeavouring to achieve good working conditions within the companies in the Group, with suppliers and with the customer. The Group respects human rights, which means that ITAB supports, monitors and respects international conventions on human rights in its operations.

SUSTAINABILITY GOALS
ITAB aims to be an attractive workplace and a model employer.

ITAB's aim is to be a responsible employer that attracts and retains employees. ITAB is working to ensure good working conditions within the companies in the Group, at suppliers and at the customer.

ITAB respects human rights and works on the basis of international conventions on human rights in the management of its day-to-day operations. The Group's companies respect their employees' right to organise themselves and negotiate collective agreements. The companies must also respect an employee's right to refrain from joining a trade union. ITAB is open to offering collective agreements to employees in those markets where this is possible. The Group pays fair wages and benefits in accordance with relevant standards in those countries where it has operations. ITAB does not tolerate child labour or work carried out under force or threat of force. There have been no instances of child labour or forced labour during 2017.

OFFER A SAFE WORKPLACE

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

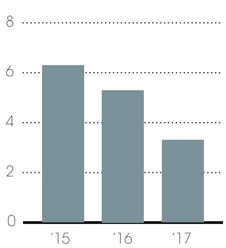
In all, 124 (135) accidents were reported during 2017, which corresponds to approximately 3.5% of the staff in the Group. Around half of the reported injuries were cuts. During 2018, ITAB will continue its work of reviewing the safety procedures for those companies that report a higher number of accidents.

Efforts are being made at a local level to reduce the proportion of sick leave within the company. During 2017, the proportion of sick leave amounted to 3.3% (5.3). The reduction of 2 percentage points is primarily due to the closure of two production facilities at the end of 2016. Sick leave is monitored and measures are being implemented in units with higher levels of sickness absence.

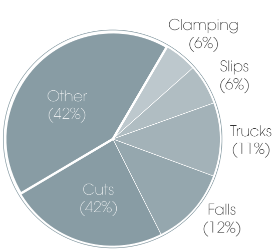
SKILLS DEVELOPMENT AND CAREER OPPORTUNITIES

Developing employees within ITAB's various companies is an important aspect in enabling the Group to continue to grow. The potential to build a career and receive further training is decisive for attracting and retaining employees. Within the ITAB Group, appraisals are conducted with employees by their respective managers. During 2017, 47% of the workforce had appraisals with their immediate manager. It is possible to attend both internal and external training courses. Over the next year, appraisal material will be developed for managers in the Group. This material will serve as a guide for them during appraisals. Several companies in the Group have offered English lessons to their employees during the year, in order for them to be able to study and understand Group information. More than 3,600 hours of training have been conducted within the Group during the year.

SICKNESS ABSENCE (%)



REPORTED ACCIDENTS



ITAB Academy is one of the initiatives conducted at Group level to develop the skills of employees. The internal training programme provides key individuals from the companies in the Group with the opportunity to expand their knowledge about ITAB, as well as in the fields of leadership and business development. Read more about ITAB Academy on pages 50-51.

DIVERSITY

Diversity is an important issue for ITAB. At present, approximately 32% (31) of ITAB's workforce is made up of women and 68% (69) men. The management teams in the Group's subsidiaries comprise round 140 people from 25 countries. Of these, 22% (15) are women and 78% (85) men. Increasing the total proportion of women within the Group and at management level is important for ITAB, in order to reflect the society in which the Group operates and to ensure that the Group possesses the skills required to continue to develop in future. ITAB is working to try to create a more even gender distribution. This is being done in part by ensuring that female applicants are included in recruitment processes. More comprehensive work has been launched during 2017 and will continue in 2018 aimed at further systematising the work on diversity and equality. The Group's Board of Directors comprises approximately 30% women. The Board applies the diversity policy advocated in the Swedish Code of Corporate Governance.

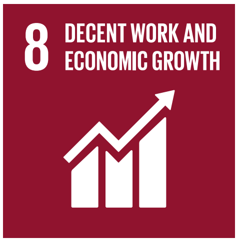
GOOD CONDITIONS IN THE SUPPLIER STAGE

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

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

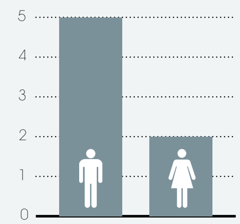
The ITAB Group has around 4,600 suppliers, of which some 400 were new in 2017. During the year, the Group's subsidiaries have examined approximately 460 of their suppliers based on social and environmental criteria.

GLOBAL GOALS: GOOD WORKING CONDITIONS

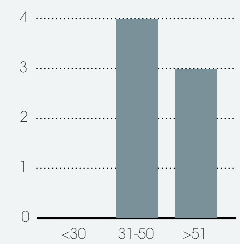


ITAB can contribute to Goal 8, which relates to decent working conditions and economic growth. Through its responsibility in the value chain, ITAB is able to contribute to improved working conditions in the markets where the Group has operations and where its rapid growth is creating new job opportunities with a good working environment. For example, this is taking place in the area of Good working conditions, which handles issues such as the working environment, health and safety.

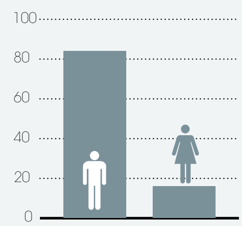
GROUP BOARD – GENDER



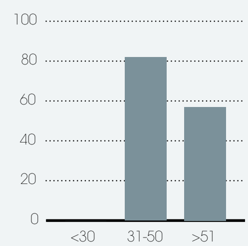
GROUP BOARD – AGE



NUMBER OF EMPLOYEES, MANAGEMENT (%)



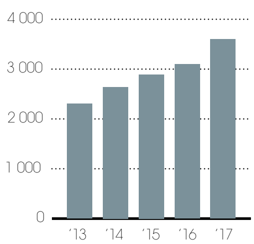
MANAGEMENT – AGE

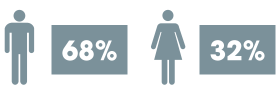


STRATEGIC DIRECTION: EXPERTISE, COMMITMENT AND BUSINESS ACUMEN
Through the expertise, commitment and business acumen that characterise the Group, ITAB aims to instil trust and confidence in each and every customer.

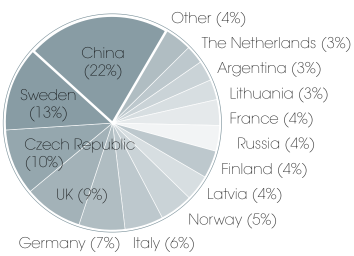
COMMITMENT & DRIVING FORCE THROUGHOUT THE GROUP

AVERAGE NUMBER OF EMPLOYEES





NUMBER OF EMPLOYEES PER COUNTRY (%)



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.

NUMBER OF EMPLOYEES

ITAB has expanded dramatically in recent years through organic growth and corporate acquisitions. This expansion has resulted in the average number of employees increasing from approximately 550 when the company was first listed on the stock exchange in 2004, to 3,600 employees in 2017. ITAB has most employees in Sweden, the UK, the Czech Republic and China, with around 54% of the Group's employees working in these countries. Around 22% (24) of the employees in the Group are below the age of 30, while 59% (58) are between the ages of 31 and 50.

Staff turnover during the year has been just over 15% (10). The Group's staff turnover is higher in countries such as China and the Baltic States. This is due in part to different types of employment compared to other countries. Around 32% (31) of the employees in the Group are women.

RECRUITMENT AND CAREERS

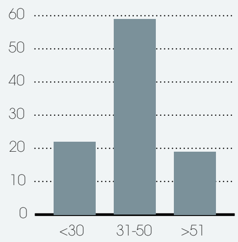
The desire to participate and a strong drive are the most important parameters when ITAB recruits employees. ITAB strives to uphold good contact with colleges and universities in order to find the employees of the future.

Senior executives have principally been recruited in the local markets, as local knowledge about the market is very important in customer relations.

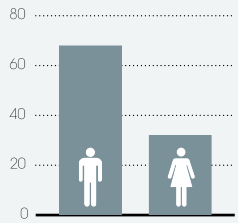
CONVERTIBLE DEBENTURE SCHEMES FOR GROUP EMPLOYEES

In order to further increase commitment and provide employees at ITAB with the potential to participate in the Group's development, employees in 2014 and 2016 were offered the chance to participate in convertible debenture schemes, both with a duration of four years. After four years, the employees are given the opportunity to convert their convertibles into shares, at a value calculated at the start of the scheme. Both convertible debenture schemes were oversubscribed. Read more on page 13. A convertible debenture scheme will be concluded in 2018.

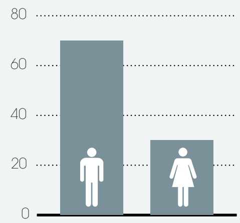
AGE DISTRIBUTION EMPLOYEES (%)



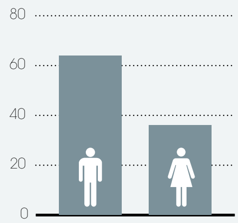
NUMBER OF EMPLOYEES MEN & WOMEN (%)



NUMBER OF EMPLOYEES WITH COLLECTIVE AGREEMENTS (%)



NUMBER OF SALARIED EMPLOYEES (%)



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. 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 participants meets in different locations in the Group on several different occasions.

The programme results in increased understanding and knowledge about operations in 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 programme in which 24 people from 13 different countries are participating has been launched during the year. Part of this programme during the year has comprised a project in which the groups are working to develop new ideas linked to ITAB's four areas of focus in the sustainability programme. Each group contains people from different countries with difference experience and knowledge.

ITAB ACADEMY meets at several locations around the Group in the course of a year. This picture shows the participants in this year's programme at their meeting in Jönköping

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

FINANCIAL INFORMATION

DEFINITIONS

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

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

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

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

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

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

EBITDA
Operating profit before planned depreciation and before depreciation of consolidated surplus values in intangible assets.

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

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

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

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

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

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

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

Operating margin
Operating profit in relation to net sales.

Equity/assets ratio
Equity in relation to total capital.

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

RECONCILIATION OF PERFORMANCE MEASURES

Key figures included in the annual report derive primarily from the disclosure requirements according to IFRS and the Annual Accounts Act. In addition, reference is made to a number of key ratios that are not defined within the IFRS regulations or directly in the income statement or balance sheet, with the aim of illustrating the company's profit trend, financial position and how the company has invested its capital. These financial measures are not always calculated in the same way by all companies. Below is a presentation of the primary alternative key figures, i.e. risk-bearing capital, interest-bearing net debt and return on equity, capital employed and total capital. The definitions of these as well as other key figures can be found on the previous page.

▼ Share of risk-bearing capital

Share of risk-bearing capital is a measure that the Group views as important for creditors who want to be able to understand the Group's long-term payment capacity and they are included in covenants that ITAB has in its loan contracts with the company's banks. The measure is also included in ITAB's financial targets.

(SEK millions)	2017	2016
Equity attributable to Parent Company's shareholders	1,664	1,512
Equity related to non controlling interests	120	122
Provision for deferred tax liabilities	72	77
Convertible debenture loan	188	185
Risk-bearing capital	2,044	1,896
Total capital	5,657	5,315
SHARE OF RISK-BEARING CAPITAL, %	**36.1**	**35.7**

▼ Return on equity

This measure shows how the ITAB Group has invested the shareholders' capital and is one of ITAB's financial targets.

(SEK millions)	2017	2016
Net profit for the year attributable to Parent Company's shareholders	319	241
Equity attributable to Parent Company's shareholders	1,664	1,512
Average*) equity attributable to Parent Company's shareholders	1,553	1,462
RETURN ON EQUITY, %	**20.5**	**16.5**

▼ Return on capital employed

This measure is used to show the return from the company's operations.

(SEK millions)	2017	2016
Profit for the year after financial items plus financial interest expenses	495	399
Average*) balance sheet total minus non interest-bearing liabilities	3,987	2,935
RETURN ON CAPITAL EMPLOYED, %	**12.4**	**13.6**

▼ Return on total capital

This measure is used to show the return on total assets.

(SEK millions)	2017	2016
Profit for the year after financial items plus financial interest expenses	495	399
Average*) total capital.	5,496	3,911
RETURN ON TOTAL CAPITAL, %	**9.0**	**10.2**

▼ Interest-bearing net debt

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

(SEK millions)	2017	2016
Interest-bearing non-current liabilities	1,486	1,019
Interest-bearing current liabilities	929	1,118
Interest-bearing assets	0	-11
Cash and cash equivalents	-285	-404
INTEREST-BEARING NET DEBT	**2,130**	**1,722**

*) Average is calculated as the average of opening balance and the relevant reported quarterly data up until the closing period.
In other words, 2017 is calculated as (31 December 2016 + March 2017 + June 2017 + September 2017 + December 2017) divided by 5.

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 accounts and consolidated accounts for the 2017 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, professional lighting systems and digital solutions for the physical shop. Customers include the leading players in Europe that have operations on the global market. ITAB has subsidiary companies in Argentina, Belgium, Brazil, Chile, China, the Czech Republic, Denmark, Dubai, Estonia, Finland, France, Germany, Hungary, India, Italy, Latvia, Lithuania, Malaysia, the Netherlands, Norway, Poland, Portugal, Russia, Spain, 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 currently the market leader of checkouts to retailers in Europe, and one of Europe's largest suppliers of shop fitting concepts and lighting systems.

COMMENTS ON THE GROUP'S DEVELOPMENT

During the year, sales increased by 18% compared to last year, while currency-adjusted sales rose by 17%.

The UK, Central Europe and NorthEast have developed better than last year, while Scandinavia has not developed as well. Lighting sales have not developed as well as last year due to cautious demand in certain markets. Within La Fortezza, sales have been slightly below our expectations as a result of a weak start to the year.

In the Scandinavian market and within lighting, this is mainly due to a number of major customers rapidly cutting back their investment programmes. It is clearly noticeable that the sector is undergoing a period of change and new solutions are being evaluated. It has been difficult to compensate for this in the short term. We are currently witnessing the same pattern in Scandinavia that we saw in the UK a couple of years ago.

The food segment is continuing to invest in line with our expectations. Here, more and more chains are selecting more efficient checkout solutions, and the majority of markets are witnessing a number of different installations of self-checkout solutions. We have doubled our sales of self-checkout solutions during the year. We believe that the market will achieve even higher growth as regards self-checkouts in the years ahead.

In the UK and Central Europe, we are continuing to advance our position from a strategic perspective. In the UK, where we consider that the change in the retail sector is at the cutting edge, our sales increased markedly. The shop experience is becoming increasingly important, and several of our existing customers are choosing to utilise a larger proportion of our offer in order to achieve a more efficient and more attractive shop environment. Sales in the UK are increasingly project-based, resulting in shorter lead times. Sales of this type fit in well with our skills and organisational model, with local, flexible units close to the customer.

In Central Europe, and above all in Germany, we have also witnessed strong growth during the year. The companies we acquired in Germany have developed according to plan, and we are achieving the anticipated synergies.

NET SALES AND PROFIT

The Group's net sales amounted to SEK 6,381 million (5,417) during the year, which is an increase of 18%. Currency-adjusted sales rose by 17%. Operating profit rose by 35% to SEK 500 million (371). Profits have been impacted by SEK 45 million due to the revaluation of the additional purchase sum in conjunction with the acquisition of La Fortezza, and structural costs have been impacted by almost SEK 10 million (95). Profit after financial items rose by 20% to SEK 432 million (361). Profit after financial items is adversely affected by higher interest costs as a result of increased net debt in conjunction with acquisitions, as well as by negative currency effects when translating financial assets and liabilities in foreign currencies. Net profit after tax amounted to SEK 329 million (260).

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 190 million (396) during the year. The net debt was SEK 2,130 million (1,722). The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 929 million (887) on closing day.

INVESTMENTS

Consolidated net investments amounted to SEK 295 million (919), of which SEK 101 million (737) can be attributed to corporate transactions conducted during the period.

SHARE DATA

Earnings per share amounted to SEK 3.11 (2.36) before dilution, and SEK 3.09 (2.33) after dilution. Equity per share amounted to SEK 16.26 (14.77). The share of risk-bearing capital at the end of the period was 36.1 per cent (35.7). See also pages 10-13.

As of 26 May 2016, shares in ITAB Shop Concept AB (publ) were traded following the 3:1 split. At the AGM on 11 May 2016, a decision was adopted to split the company's shares 3:1, which means that each previous share was divided into three shares of the same type.

EMPLOYEES

The average number of employees during the year amounted to 3,599 (3,097). For more information, see Note 8.

PARENT COMPANY

The Group's parent company, ITAB Shop Concept AB, does not conduct any operational activities. ITAB Shop Concept AB comprises the Group management and support functions for the Group. The parent company's net sales amounted to SEK 74 million (47) and relate to income from subsidiaries. Profit after financial items amounted to SEK 285 million (253) and includes dividends from subsidiaries totalling SEK 362 million (355). Net investments amounted to SEK 52 million (795), of which SEK 49 million (793) can be attributed to corporate transactions.

IMPORTANT EVENTS AND ACQUISITIONS

Two German lighting companies were acquired at the start of the third quarter, jointly comprising one of the leading players as regards sales of lighting systems principally to the non-food segment in the German market. The integration has gone according to plan and work has commenced on offering customers in Germany a combination of local lighting expertise with global sourcing of lighting products. The acquisition is a stage in the intensification of our marketing activities and reinforcement of ITAB's position. The acquisition is in line with the strategy and focus on sales of all-inclusive concepts to the retail sector. For more information about the acquisitions, see Note 5 on pages 71-72.

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 total number of shares in the company is 102,383,430, which divides into 22,166,400 Class A shares and 80,217,030 Class B shares. The number of voting rights totals 301,881,030. 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. Petter Fägersten controls 17.24 per cent of the capital and 52.61 per cent of the votes. Pomona-gruppen holds 29.49 per cent of the capital and 29.32 per cent of the votes. The number of shareholders at closing day was 4,293 (4,925). See also the section on the distribution of shares and shareholders on pages 10-13.

DIVIDEND POLICY

The 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 2018 Annual General Meeting a dividend of SEK 1.75 per share for the 2017 financial year.

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 and customers

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 re-profiling, which are performed regardless of the economic situation. With large, established chains as customers, ITAB may be affected to some extent by increases or decreases in a customer's investment programmes, as the volumes are substantial. It can be difficult to compensate for this in the short term, either in the case of an increase or a decrease in the investment programmes.

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 21 production facilities in Europe and in China, with a total area of approximately 300,000 m^2. The largest production facilities are in Finland, France, Italy, China, the UK, Sweden, the Czech Republic and Germany. The units are supplemented with local, flexible production facilities that are adapted to the various market areas' specific needs. The extent of a stoppage in production 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 drawn 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 38-39.

Input goods

Metal is a dominant raw material when it comes to input goods. Raw material prices are dependent on world market prices and exchange rate fluctuations, as well as production capacity. However, price fluctuations for raw materials have a limited effect on the Group's results, as many client agreements contain raw material clauses. The management of price risks forms part of the daily work and is evaluated continually.

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. For 2017, ITAB has prepared a report regarding its sustainability work with the support of GRI's guidelines. More information can be found on pages 40-49 and 98-99.

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 as well as digital solutions for the physical shop. During 2017, SEK 18 million (10) was capitalised as development charges and is recognised as an intangible asset. Depreciation of development costs totalling SEK 15 million (14) have been charged to profit.

THE WORK OF THE BOARD DURING THE YEAR

ITAB's Board of Directors consists of seven 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 95.

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

During the 2017 financial year, the Board of Directors held seven ordinary 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. The company's auditor participates in at least one of the Board's meetings every year, during which the auditor presents observations made when auditing the company's accounts, procedures and internal controls.

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 2017 AGM, a Nomination Committee was appointed comprising Anders Rudgård as Chairman, Fredrik Rapp and Johan Storm. Prior to the 2018 AGM, the Nomination Committee has held one minuted meeting to date. In addition, the Nomination Committee has a number of contacts.

AGREEMENTS

In 2017, 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 92-95.

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 2018 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. The basic salary is reviewed annually by the Board's Remuneration Committee. The Remuneration Committee consists of the Board members Fredrik Rapp (Chair), Lottie Svedenstedt and Anders Moberg, 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.

REPURCHASE OF CONVERTIBLE DEBENTURES 2012/2016

During 2012, convertible bonds with a nominal value of SEK 40 million were issued to employees in the ITAB Group. This loan expired on 30 June 2016. Following a decision at the Annual General Meeting on 11 May 2016, all holders were given the option of selling the convertibles back to the company at an estimated market value. Holders of a nominal SEK 25.9 million decided to accept this offer. A further nominal SEK 0.5 million was repaid on the maturity date. Holders of a nominal SEK 13.6 million requested conversion of their claim to new shares. A total of 664,200 new Class B shares were issued as a result of the conversion.

The dilution amounted to 0.6 per cent of the share capital and 0.2 per cent of the number of votes.

CONVERTIBLE DEBENTURES 2014/2018

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 602,004 convertibles, and during the period 1 June 2018 to 11 June 2018 each convertible can be converted to one Class B share at a conversion rate of SEK 49.83 (the recalculation has taken place as a result of the implemented 2:1 and 3:1 share split).

CONVERTIBLE DEBENTURES 2016/2020

On 11 May 2016, the Annual General Meeting of ITAB Shop Concept AB decided to approve the Board's proposal to issue a maximum of 1,950,000 convertibles with a maximum total nominal value of SEK 275,000,000 with a term from 1 July 2016 to 30 June 2020. Subscription applications were made in the period from 26 May to and including 8 June 2016. The level of interest in the convertible programme was considerable – approximately 440 employees in 13 countries decided to participate, and the issue was oversubscribed by more than 50 percent. Employees of the ITAB Group have been allocated 1,950,000 convertibles at an issue price of SEK 86, representing a nominal value of SEK 167,700,000. The interest rate is STIBOR 3M plus 2.20 percent and interest is paid annually in arrears. All convertibles can be converted into Class B shares in ITAB in the period from 1 June 2020 to and including 12 June 2020. If all the convertibles are converted into shares, the dilution effect on the share capital will be approximately 1.9 percent, and on the voting rights approximately 0.6 percent, based on the current total number of shares.

FUTURE PROSPECTS

La Fortezza has been part of the Group for more than a year and we have been working to integrate the operation. We are now intensifying this work by offering ITAB's product portfolio to its customers, as well as streamlining the operation in order to adapt it to ITAB's strategy and to position the companies for the future. La Fortezza's customers are positive towards ITAB's acquisition of the companies, and many discussions regarding extended collaborations are being conducted with both existing and new customers.

The market in the Scandinavian non-food segment is still cautious. In the UK market, project-based sales are becoming increasingly important, with rapid, flexible delivery methods being required. Our organisation, with local, flexible units close to the customer, is well equipped for sales of this type. We believe that this will become increasingly common in more markets. At the same time, several of our customers are expanding across large parts of the world, and our global presence is becoming even more important. We have commenced the construction of a new production facility in China during the year. The facility is expected to be in operation during the second half of 2018, and we will primarily be supplying our European customers' establishments in Asia and, in the long term, other customers in the Asian market as well.

The efficiency measures that were conducted last year, with particular focus on Belgium and Finland, have still not produced the planned effect. These measures will provide a good position in future, but in our judgement this will take longer than anticipated. We will continue our long-term work within the Group aimed at streamlining all parts of the operation, in order to improve our offer. We are continuing to closely monitor the trend in steel prices, rapid exchange rate fluctuations and the general political situation, which can change our conditions in the market.

Investments in product development and our position in the shop of the future are continuing, in order to further strengthen our offer to the customer. However, the changes in the sector mean that the market is difficult to judge in the short term. We will continue the work throughout the entire Group aimed at offering existing customers a larger proportion of our product portfolio.

PROPOSED ALLOCATION OF PROFITS

PARENT COMPANY	
The following funds are at the disposal of the Annual General Meeting: (SEK)	
Share premium reserve	310,155,670
Profit brought forward	232,683,353
Net profit for the year	344,703,815
TOTAL	**887,542,838**

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

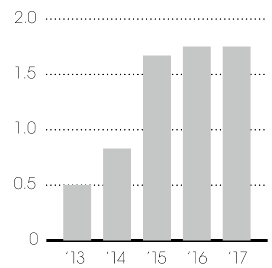
To be paid as dividends to shareholders at SEK 1.75 per share (102,383,430 shares)	179,171,003
To be carried forward to a new account	708,371,835
TOTAL	**887,542,838**

THE BOARD'S STATEMENT REGARDING THE PROPOSED DIVIDENDS

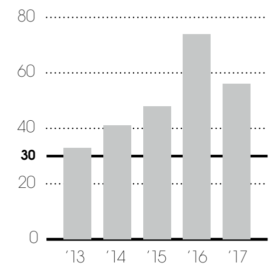
The proposed dividend is made up 19.1% of the Parent Company's equity and 10.8% of the Group's equity attributable to the Parent Company's shareholders. After the proposed dividends, the equity/assets ratio is secure since the company's and Group's business activities continue to be run profitably. The 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 REVIEW – FIVE YEARS IN SUMMARY

Income statements (SEK millions)	2017	2016	2015	2014	2013
Net Sales	6,381	5,417	5,193	3,938	3,574
Cost of goods sold	-4,552	-3,923	-3,729	-2,827	-2,628
GROSS PROFIT [1)]	**1,829**	**1,494**	**1,464**	**1,111**	**946**
Selling expenses	-1,071	-861	-757	-595	-525
Administrating expenses	-305	-255	-221	-207	-166
Other operating income and expenses	47	-7	22	16	-9
OPERATING PROFIT [1)]	**500**	**371**	**508**	**325**	**246**
Financial items	-68	-10	-32	-37	-29
PROFIT AFTER FINANCIAL ITEMS [1)]	**432**	**361**	**476**	**288**	**217**
Tax on the year's income	-103	-101	-102	-70	-55
NET PROFIT FOR THE YEAR	**329**	**260**	**374**	**218**	**162**
Related to:					
Parent Company shareholders	319	241	350	204	152
Non controlling interests	10	19	24	14	10

[1)] In 2017, the Group's operating profit has been positively impacted by SEK 45 million in respect of the revaluation of the additional purchase sum for La Fortezza SpA. Structural costs have had an impact on profits amounting to almost SEK 10 million. In 2016, profits have been affected by acquisition, integration and restructuring costs (non-recurring items) to a value of SEK 95 million. Gross profit has been affected by SEK 61 million, sales costs by SEK 18 million and administration costs by SEK 16 million.

Balance sheets (SEK millions)	2017	2016	2015	2014	2013
Assets					
Intangible assets	1,752	1,597	755	677	613
Property, plant and equipment	945	865	549	546	501
Other non-current assets	113	107	48	49	25
NON-CURRENT ASSETS	**2,810**	**2,569**	**1,352**	**1,272**	**1,139**
Inventory	1,174	1,036	859	821	710
Current receivables	1,388	1,306	844	826	664
Cash and cash equivalents	285	404	258	124	142
CURRENT ASSETS	**2,847**	**2,746**	**1,961**	**1,771**	**1,516**
TOTAL ASSETS	**5,657**	**5,315**	**3,313**	**3,043**	**2,655**
Equity and liabilities					
Equity attributable to Parent Company shareholders	1,664	1,512	1,463	1,225	997
Non controlling interests	120	122	83	63	42
Deferred tax liabilities	72	77	52	49	49
Convertible debenture loan	188	185	69	69	40
Other non-current liabilities	1,399	1,083	164	126	130
Other current liabilities	2,214	2,336	1,482	1,511	1,397
TOTAL EQUITY AND LIABILITIES	**5,657**	**5,315**	**3,313**	**3,043**	**2,655**

CASH FLOW (SEK MILLION)	2017	2016	2015	2014	2013
Cash flow from operating activities before change in working capital	343	378	465	258	236
Change in working capital	-153	18	-54	19	-99
CASH FLOW FROM OPERATING ACTIVITIES	**190**	**396**	**411**	**277**	**137**
Cash flow from investing activities	-295	-919	-166	-172	-91
CASH FLOW AFTER INVESTING ACTIVITIES	**-105**	**-523**	**245**	**105**	**46**
Cash flow from financing activities	3	653	-109	-148	-39
CASH FLOW FOR THE YEAR	**-102**	**130**	**136**	**-43**	**7**

Key ratios	2017	2016	2015	2014	2013
Operating margin, %	7.8	6.8	9.8	8.3	6.9
Profit margin, %	6.8	6.7	9.2	7.3	6.1
Interest-coverage ratio, multiple	7.8	10.5	16.6	9.9	7.5
Equity related to the Parent Company's shareholders, SEK millions	1,664	1,512	1,463	1,225	997
Equity, SEK millions	1,784	1,634	1,546	1,288	1,039
Risk-bearing capital, SEK millions	2,044	1,896	1,667	1,406	1,128
Interest-bearing net debt, SEK millions	2,130	1,722	721	880	890
Balance sheet total, SEK millions	5,657	5,315	3,313	3,043	2,655
Equity/assets ratio, %	31.5	30.7	46.7	42.3	39.1
Share of risk-bearing capital, %	36.1	35.7	50.3	46.2	42.5
Return on equity, %	20.5	16.5	26.2	18.8	16.6
Return on capital employed, %	12.4	13.6	20.0	14.7	12.3
Return on total capital, %	9.0	10.2	15.0	11.3	9.5
Depreciation according to plan, SEK millions	139	111	88	83	77
Net investments excl. business acquisitions, SEK millions	194	182	110	80	88
Net investments attributable to corporate transactions, SEK millions	101	737	56	92	3
Net investments, SEK millions	295	919	166	172	91
Average number of employees, no.	3,599	3,097	2,829	2,441	2,277

Definitions, see page 52.

COMMENTS ON FIVE YEARS IN SUMMARY

NET SALES

During the period 2013-2017, ITAB's net sales increased from SEK 3,574 million to SEK 6,381 million. This corresponds to an average annual sales increase of 13%. In addition to organic growth, the acquisitions of New Store Europe and La Fortezza Group in particular have contributed positively 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 2013, net sales grew by SEK 63 million, an increase of 2%. The currency-adjusted increase was 5%, primarily due to the growth in sales in the UK & Ireland. 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.

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

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

PROFITABILITY

Operating profit during the five-year period varied between a minimum of SEK 246 million (2013) and a maximum of SEK 508 million (2015). The five-year period's operating margin has swung between 6.8% and 9.8%. Income after net financial items reached between SEK 217 million (2013) and SEK 476 million (2015). The five-year period's profit margin has swung between 6.1% and 9.2%.

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. In 2016, the operating margin fell to 6.8%. This downturn was mainly due to the fact that profits were affected by costs of a non-recurring nature for acquisitions, integration and restructuring work amounting to SEK 95 million. In addition, the downturn can be explained by a weaker sales trend at the start of 2016 combined with an unfavourable sales mix during the first three quarters of the year. In 2017, the operating margin improved to 7.8%. This improvement was due to a continued strong gross margin and a positive net effect in respect of the revaluation of the additional purchase sum as well as structural costs. Profits were affected by increased resources for product development and efforts aimed at meeting the rapid developments within the retail sector. In addition, profit was adversely affected by a number of major customers in Scandinavia cutting back their investment programmes, principally within lighting.

The Group's return on equity after tax has averaged approximately 20% 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 2013-2017, excluding business acquisitions, amounted to between two and three 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. During 2017 and 2018, the Group is investing in a large production facility with the aim of ensuring sustainable and efficient distribution primarily to European customers' establishments in Asia and, in the long term, to other players in the market as well. As a result, ITAB is well equipped to face the future and the need for investment over the next few years is deemed to be limited. For 2013-2017, a significant share of the net investments also refers to development of various self-checkout solutions for shops.

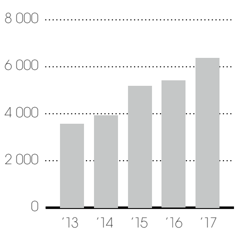
The five-year period's investments related to business acquisitions focused on reinforcing the company's position as an all-inclusive shop fittings supplier to the Group's selected markets, as well as reinforcing and adding to the content of the product portfolio in certain areas.

FINANCIAL PERFORMANCE

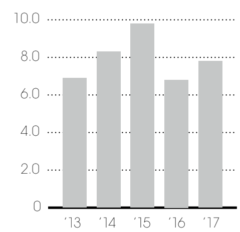
The balance sheet total has increased from SEK 2,655 million in 2013 to SEK 5,657 million in 2017. The increase is due in part to the corporate acquisitions that have been conducted, as well as to the investments in production premises and production equipment that have been performed during the period. The expansion has been realised with the aid of a positive cash flow from current activities as well as bank financing, primarily in respect of the acquisitions in 2016. This has meant that the interest-bearing net debt has been gradually reduced from SEK 890 million in 2013 to SEK 721 million in 2015, before increasing to SEK 2,130 million in 2017.

The Group's equity/assets ratio has stood at a level between 31% 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%.

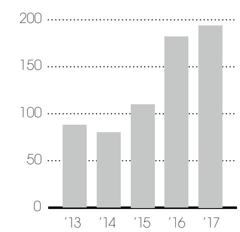
▼ NET SALES (SEK millions)



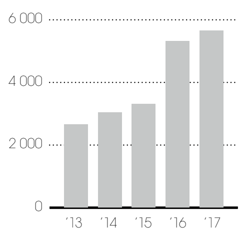
▼ OPERATING MARGIN (%)



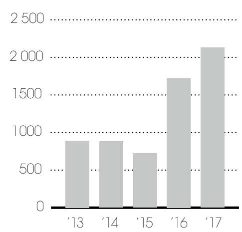
▼ INVESTMENTS (SEK millions)
excl. business acquisitions



▼ BALANCE SHEET TOTAL (SEK millions)



▼ INTEREST-BEARING NET DEBT (SEK millions)



INCOME STATEMENT - GROUP

(SEK millions)	Note	2017	2016
Net Sales	6	6,381	5,417
Cost of goods sold	8, 9, 10, 11	-4,552	-3,923
GROSS PROFIT		**1,829**	**1,494**
Selling expenses	8, 9, 10, 11	-1,071	-861
Administrating expenses	8, 9, 10, 11	-305	-255
Other operating income	12	75	33
Other operating expenses	12	-28	-40
OPERATING PROFIT		**500**	**371**
Financial income	14	3	28
Financial expenses	14	-71	-38
PROFIT AFTER FINANCIAL ITEMS		**432**	**361**
Tax expenses for the year	16	-103	-101
NET PROFIT FOR THE YEAR		**329**	**260**
Net Profit for the year related to:			
Parent Company shareholders		319	241
Non-controlling interests		10	19
EARNINGS PER SHARE	17		
basic, SEK		3.11	2.36
diluted, SEK		3.09	2.33

STATEMENT OF OTHER COMPREHENSIVE INCOME – GROUP

(SEK millions)	Note	2017	2016
NET PROFIT FOR THE YEAR		**329**	**260**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the income statement:			
Revaluation of defined-benefit pension commitments	29	-4	-3
Tax relating to items not to be reclassified	16	1	1
		-3	-2
Items that may be reclassified to the income statement:			
Translation difference when translating foreign operations		21	15
Change in fair value of hedges of net investments		-10	1
Change in fair value of cash flow hedges		-9	-10
Change in fair value of cash flow hedges transferred to the year's profit or loss		14	13
Tax on items that may be reclassified	16	1	-1
	25	17	18
TOTAL OTHER COMPREHENSIVE INCOME		**14**	**16**
YEAR'S COMPREHENSIVE INCOME		**343**	**276**
The year's comprehensive income related to:			
Parent Company shareholders		336	255
Non-controlling interests		7	21

STATEMENT OF FINANCIAL POSITION – GROUP

(SEK millions)	Note	2017	2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill		1,576	1,436
Other intangible assets		176	161
	6,10,18	**1,752**	**1,597**
Property, plant and equipment			
Buildings and land		447	427
Plant and machinery		252	278
Equipment, tools and installations		110	105
Construction in progress and advance payments for property, plant and equipment		136	55
	6,10,19,22	**945**	**865**
Deferred tax assets	16	105	101
Financial non-current assets	21	8	6
		113	**107**
TOTAL NON-CURRENT ASSETS		**2,810**	**2,569**
CURRENT ASSETS			
Inventory	23	1,174	1,036
Accounts receivable	21	1,154	1,100
Current tax assets		54	37
Derivative receivables	21	0	11
Other receivables	21	82	91
Prepaid expenses and accrued income	24	98	67
Cash and cash equivalents	21	285	404
TOTAL CURRENT ASSETS		**2,847**	**2,746**
TOTAL ASSETS		**5,657**	**5,315**
EQUITY AND LIABILITIES			
SHAREHOLDERS´ EQUITY			
Share capital		43	43
Other contributed capital		315	315
Other reserves		-15	-35
Profit brought forward including net profit for the year		1,321	1,189
Equity attributable to Parent Company shareholders		**1,664**	**1,512**
Non-controlling interests		120	122
TOTAL EQUITY	25	**1,784**	**1,634**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	21,22	1,311	800
Convertible debenture loan	21,28	159	185
Derivative liabilities	21	17	34
Other non-current liabilities	21	16	193
Provisions for pensions and similar obligations	29	32	32
Provision for deferred tax liabilities	16	72	77
Other non-current provisions	30	23	24
		1,630	**1,345**
CURRENT LIABILITIES			
Liabilities to credit institutions	21,22	365	469
Convertible debenture loan	21,28	29	-
Overdraft facilities	21,27	523	650
Derivative liabilities	21	11	0
Advance payments from customers	21	11	22
Accounts payable	21	676	641
Current tax liabilities		51	68
Other liabilities	21	274	155
Accrued expenses and prepaid income	21,31	295	284
Current provisions	30	8	47
		2,243	**2,336**
TOTAL EQUITY AND LIABILITIES		**5,657**	**5,315**

STATEMENT OF CHANGES IN EQUITY – GROUP

(SEK millions)	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 JAN 2016	**42**	**291**	**-51**	**1,181**	**1,463**	**83**	**1,546**
Net profit for the year				241	241	19	260
Revaluation of defined-benefit pension commitments				-2	-2		-2
Translation difference, foreign operations			13		13	2	15
Hedging of net investment			1		1		1
Hedging of cash flow			2		2		2
YEAR'S COMPREHENSIVE INCOME			**16**	**239**	**255**	**21**	**276**
Dividends				-170	-170	-5	-175
Acquisition of part-owned companies						23	23
Effect of issued convertible loan KV5B		11			11		11
Repurchase of convertible debentures KV3B				-61	-61		-61
Conversion of convertible debenture loan KV3B	1	13			14		14
SHAREHOLDERS´ EQUITY 31 DECEMBER 2016	**43**	**315**	**-35**	**1,189**	**1,512**	**122**	**1,634**
Net profit for the year				319	319	10	329
Revaluation of defined-benefit pension commitments				-3	-3		-3
Translation difference, foreign operations			24		24	-3	21
Hedging of net investment			-8		-8		-8
Hedging of cash flow			4		4		4
YEAR'S COMPREHENSIVE INCOME			**20**	**316**	**336**	**7**	**343**
Dividends				-179	-179	0	-179
Acquisition of non-controlling interests				-5	-5	-9	-14
SHAREHOLDERS´ EQUITY 31 DECEMBER 2017	**43**	**315**	**-15**	**1,321**	**1,664**	**120**	**1,784**

STATEMENT OF CASH FLOWS – GROUP

Indirect method (SEK millions)	Note	2017	2016
Operating activities			
OPERATING PROFIT		**500**	**371**
Adjustment for items not included in the cash flow			
depreciation and impairment charged to operating profit	10	139	111
adjustment for pensions and other provisions		-46	49
profit from acquired operations not affecting cash flow	5	-45	-
other items		-5	7
TOTAL		**543**	**538**
Interest received		3	3
Interest paid		-56	-35
Tax paid		-147	-128
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**343**	**378**
Change in working capital			
Changes in inventories (increase -/decrease +)		-125	4
Changes in operating receivables (increase -/decrease +)		-51	46
Changes in operating liabilities (increase +/decrease -)		23	-32
Total change in operating capital		**-153**	**18**
CASH FLOW FROM OPERATING ACTIVITIES		**190**	**396**
Investing activities			
Acquisition of operations/Group companies, effect on cash and cash equivalents	5	-60	-718
Additional considerations paid	5	-41	-19
Purchase of intangible assets	18	-26	-11
Purchase of property, plant and equipment	19	-187	-181
Sale of property, plant and equipment	19	19	10
Cash flow from investing activities		**-295**	**-919**
CASH FLOW AFTER INVESTING ACTIVITIES		**-105**	**-523**
Financing activities			
Convertible debenture loan	28	-	168
Repurchase warrants		-	-47
Amortised loans	21	-490	-7
New loan raised	21	672	714
Paid dividend to holdings without controlling influence		0	-5
Paid dividend to shareholders		-179	-170
Cash flow from financing activities		**4**	**653**
CASH FLOW FOR THE YEAR		**-102**	**130**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		404	258
Translation differences on cash and cash equivalents		-17	16
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**285**	**404**

INCOME STATEMENT - PARENT COMPANY

(SEK millions)	Note	2017	2016
Net sales	7	74	47
Cost of goods sold	7,8,9,11	-15	-11
GROSS PROFIT		**59**	**36**
Selling expenses	7,8,9,11	-31	-24
Administrating expenses	7,8,9,10,11	-37	-28
Other operating income	12	15	16
Other operating expenses	12	-22	-19
OPERATING PROFIT		**-16**	**-19**
Income from participations in Group companies	13	362	361
Expenses from participations in Group companies	13	-16	-49
Financial income	14	15	7
Financial expenses	14	-60	-47
PROFIT AFTER FINANCIAL ITEMS		**285**	**253**
Year-end appropriations	15	61	62
PROFIT BEFORE TAX		**346**	**315**
Tax expenses for the year	16	-2	-2
NET PROFIT FOR THE YEAR		**344**	**313**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(SEK millions)	2017	2016
Net profit for the year	344	313
Other comprehensive income	-	-
YEAR'S COMPREHENSIVE INCOME	**344**	**313**

BALANCE SHEET – PARENT COMPANY

(SEK millions)	Note	2017	2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Equipment, tools and installations	10,19	9	7
Financial non-current assets			
Participations in Group companies	20	2,170	2,211
Non-current receivables, Group companies	21	58	65
Deferred tax assets	16	14	16
TOTAL NON-CURRENT ASSETS		**2,251**	**2,299**
CURRENT ASSETS			
Receivables, Group companies	21	979	558
Current tax assets		4	4
Prepaid expenses and accrued income	24	19	25
Cash and bank balance	21	0	0
TOTAL CURRENT ASSETS		**1,002**	**587**
TOTAL ASSETS		**3,253**	**2,886**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital		43	43
Statutory reserve		7	7
		50	**50**
Non-restricted equity			
Share premium reserve		310	309
Profit brought forward		233	100
Net profit for the year		344	313
		887	**722**
TOTAL EQUITY	25,26	**937**	**772**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions		1,197	608
Liabilities to Group companies		1	2
Convertible debenture loan	28	159	185
Other non-current liabilities		0	193
	21	**1,357**	**988**
CURRENT LIABILITIES			
Liabilities to credit institutions		200	320
Convertible debenture loan	28	29	-
Overdraft facilities	27	543	723
Accounts payable		3	5
Liabilities to Group companies		19	23
Other liabilities		150	41
Accrued expenses and prepaid income	31	15	14
	21	**959**	**1,126**
TOTAL EQUITY AND LIABILITIES		**3,253**	**2,886**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

		RESTRICTED EQUITY		NON-RESTRICTED EQUITY			
(SEK millions)	**Note**	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit for the year	**Total equity**
SHAREHOLDERS' EQUITY 1 JANUARY 2016		42	7	285	210	121	**665**
Previous year's profit transferred					121	-121	**0**
Net profit for the year						313	**313**
Paid dividends					-170		**-170**
Effect of issued convertible loan KV5B				11			**11**
Repurchase of convertible debentures KV3B					-61		**-61**
Conversion of convertible debenture loan KV3B		1		13			**14**
SHAREHOLDERS' EQUITY 31 DECEMBER 2016		43	7	309	100	313	**772**
Previous year's profit transferred				1	312	-313	**0**
Net profit for the year						344	**344**
Paid dividends					-179		**-179**
SHAREHOLDERS' EQUITY 31 DECEMBER 2017	25,26	43	7	310	233	344	**937**

STATEMENT OF CASH FLOWS – PARENT COMPANY

(SEK millions)	**Note**	**2017**	**2016**
Operating activities			
OPERATING PROFIT		**-16**	**-19**
Adjustment for items not included in the cash flow			
depreciation charged to operating profit		1	1
other items		0	-1
TOTAL		**-15**	**-19**
Dividends received from subsidiaries		362	355
Interest received		16	7
Interest paid		-47	-26
Tax paid		0	0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**316**	**317**
Change in working capital			
Changes in operating receivables (increase -/decrease +)		5	-14
Changes in operating liabilities (increase +/decrease -)		-5	5
Total change in operating capital		**0**	**-9**
CASH FLOW FROM OPERATING ACTIVITIES		**316**	**308**
Investing activities			
Acquisition of subsidiaries	20	-49	-793
Purchase of property, plant and equipment	19	-3	-2
Cash flow from investing activities		**-52**	**-795**
CASH FLOW AFTER INVESTING ACTIVITIES		**264**	**-487**
Financing activities			
Convertible debenture loan	28	-	168
Repurchase of convertible debenture loan		-	-87
Amortised loans		-366	-4
New loan raised		656	859
Lending to Group companies		-436	-341
Group contributions	15	61	62
Paid dividend to shareholders		-179	-170
Cash flow from financing activities		**-264**	**487**
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 26 March 2018.

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 kronor.

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

INTRODUCED NEW AND AMENDED STANDARDS AND INTERPRETATIONS 2017

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 2017 have not had any significant impact on the Group's or the Parent Company's financial statements.

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

A number of new standards and interpretations are entering into force for the financial year commencing on 1 January 2018 or later, and have not been applied in the preparation of this financial report. Below is a preliminary assessment of the effects of the standards that are deemed to be relevant for the Group:

IFRS 9, Financial instruments. IFRS 9 handles classification, valuation and reporting of financial assets and liabilities and ahead of new regulations for hedge accounting. The full version of IFRS 9 was issued in July 2014. It is replacing those parts of IAS 39 that handle the classification and valuation of financial instruments, as well as introducing a new impairment model. The standard has been adopted by the EU.

IFRS 9 will start to be applied by the Group from the financial year commencing on 1 January 2018. The Group will not recalculate comparative figures for the 2017 financial year, in accordance with the standard's transitional rules.

The provisions in IFRS 9 regarding classification and valuation of the Group's financial instruments will not significantly affect the Group's financial position at the time of the transition, as the regulations will not entail any change as regards the valuation of the financial instruments included in the Group's balance sheet at this time.

IFRS 9 is introducing a new impairment model based on anticipated credit losses, and that gives consideration to prospective information. The new impairment model is not expected to have any significant impact on the Group's financial position based on historical information relating to doubtful receivables. The customers are known and their ability to pay is not expected to change.

IFRS 15 Revenue from contracts with customer. IFRS 15 entails new demands in respect of the recognition of revenue and is replacing IAS 18 Revenue, IAS 11 Construction contracts and other related interpretations. The new standard is a combined model for revenue recognition and provides more detailed guidance within many areas that has not previously been evident from the relevant IFRS, including how to report agreements containing several performance obligations and variable pricing. The standard has been adopted by the EU. IFRS 15 is being applied by the Group from the financial year commencing on 1 January 2018. The Group has chosen to apply the standard from 1 January 2018, prospective transition in accordance with IFRS 15.

The Group has analysed the effects of IFRS 15. The Group's revenue streams have been analysed by company and significant customers on the basis of the standard's five-step model. The Group and the Parent Company will not experience any material effects from the implementation of IFRS 15. Any variable parameters that may exist, such as discounts, are already handled as a revenue reduction at the time of the transaction. Revenue recognition must take place when the Group satisfies a performance commitment by transferring promised goods and the customer gains control of the asset. This normally takes place on delivery in accordance with applicable delivery terms. In the event of concept sales where a service assignment is included, revenue recognition for the projects will take place over time. The time for revenue recognition, both at a specific point and over time, corresponds with the current accounting principle. The Group will be affected by the extended disclosure requirements in IFRS 15, however, which will affect both interim reports and the annual report in 2018.

The final assessment is consequently that the introduction of IFRS 15 will not have any significant impact on the Group's financial results and position. As such, the Group will not experience any effects from the application of IFRS 15 as per 01/01/2018.

IFRS 16 Leasing. IFRS 16 is replacing IAS 17 and enters into force on 1 January 2019. The standard has been approved by the EU. At the time of the transition to the standard, the company can select either fully retroactive or a simplified method. ITAB intends to select the simplified method. According to the new standard, most least assets will be recognised in the balance sheet. The Group has commenced an evaluation of the impact of the standard and, during a preliminary assessment of the effects of the application of IFRS 16, witnessed a significant impact on the balance sheet total as well as a shift of income from operating profit to net financial items, which in turn affects a number of key figures. Measures have been and are being implemented to ensure that decisions that are based on these key figures will not be affected.

CONSOLIDATED ACCOUNTS

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

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

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Business combinations

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

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

If the Group-related cost for the acquisition of shares, including any amounts for holdings without a controlling influence, exceeds the value entered for the company's net assets in the acquisition balance, the difference is recognised as Group goodwill. If the Group-related acquisition cost for the shares instead is lower than the value of the company's net assets, the difference is recognised directly in the income statement. In the event of acquisitions, the entity theory 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 financial instruments identified as hedging of such investments, are charged to Other comprehensive income. Translation differences that arise when divesting foreign businesses are recognised in the income statement as part of the capital gains/losses.

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

REVENUE RECOGNITION

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

Sale of goods and services

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

Revenue recognition for sales occurs in the period 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. Revenue from concept sales, including 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, revaluation of conditional additional purchase sums 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 financial 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 recognised in the earnings for the period to which the relevant loans are attributable. Exchange rate gains and losses on interest-bearing assets and liabilities are recognised net. Received dividends are recognised as income when the right to receive dividend has been determined.

INCOME TAXES

Recognised income tax includes tax to be paid or received for the year in question, adjustments for previous years' tax and changes in deferred tax. Deferred tax is reported on temporary differences that exist between fiscal and recognised values of assets and liabilities, as well as on fiscal losses carry forward 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 mostly defined-contribution plans. The costs for these plans are recognised as an expense during the period the employees perform the services to which the contribution refers. The Swedish subsidiaries have a pension arrangement via Alecta in a benefit-based ITP plan. At present, Alecta can't provide the required information for the Group to be able to report this plan in the balance sheet in accordance with IAS 19, Employee Benefits. Pension commitments that have not been taken over by insurance companies or secured in some other way with an external party are reported as provisions in the balance sheet.

INTANGIBLE ASSETS

Balanced expenses for development work

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

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

Trademarks, patents and similar rights

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

Goodwill

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

Depreciation plan

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

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, and where there is no unconditional right to postpone the liability for at least 12 months, are recognised as current liabilities; otherwise they are recognised as non-current liabilities.

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

A financial instrument is classified at the first accounting instance according to the purpose for which the instrument was acquired. The Group 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. The Group normally has a limited holding in this category, with the exception of financial derivatives that are recognised as assets and liabilities 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.

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 liabilities measured at fair value via the profit for the year include financial liabilities that have initially been attributed to the relevant category as well as derivatives with negative values. Changes in fair value of financial instruments are recognised in the income statement for the period in which they arise. Financial derivatives and additional considerations 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. ▶

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 exchange rate gain or loss in respect of borrowing that is deemed to be effective hedging is recognised as a translation difference when translating foreign operations in other comprehensive income. The ineffective portion is recognised immediately in the income statement's net financial items. Profit that has been reported under other comprehensive income is transferred to the income statement when the foreign operation has been divested.

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

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. Provisions for restructuring operations are made when a detailed, formal plan for the measure is in place and a well-founded expectation that the restructuring will take place has been established among those who will be affected.

Provisions for deferred tax liabilities (Note 16), provisions for pensions and similar obligations (Note 29), as well as provisions for restructuring operations and other provisions as specified in Note 30, are recognised as provisions.

CONVERTIBLE DEBENTURE LOAN

A convertible debenture loan is a combined financial instrument that is both liability and shareholders' equity. These (IAS 32) are recognised divided into financial liability and equity instrument. This is achieved by deducting the fair value of the financial liability from that which was received when the convertible was issued. The fair value of the liability is estimated by discounting the future payment flows by what is deemed to be market interest for a similar liability. The value of the equity instrument is calculated as the 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.

RELATED PARTY TRANSACTIONS

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

OPERATING SEGMENT

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

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

The company's chief operating decision-makers are identified as the Board of Directors and the Group management, see pages 96-97.

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

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

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

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

THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

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

Layout for income statement and balance sheet

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

Leasing

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

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

Financial instruments

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.

BUSINESS COMBINATIONS AND ADDITIONAL PURCHASE SUMS

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

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

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

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

Important sources of uncertainty in estimates

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

Estimates and judgements

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

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

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

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

– the discounting of these cash flows.

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

DEFERRED TAX

Important sources of uncertainty in estimates

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

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

Estimates and judgements

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

Estimate/Assessment	NOTE
Business combinations and additional purchase sums	5
Impairment testing for goodwill, other intangible assets and other non-current assets	18,19
Deferred tax	16

NOTE 4. FINANCIAL RISK MANAGEMENT

ITAB's risk management aims to identify, control, prevent and minimise the Group's risk picture. ITAB's financial risks are described below. For other business-related risks, see the Directors' Report on page 55.

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, for example by issuing invoices in the same currency in which purchases are made. In line with the finance policy, it is up to each individual Group company to decide on whether to hedge transaction exposure, which occurs with ITAB Shop Concept AB as the counterparty. External currency exposure hedging is thereafter performed by the Parent Company ITAB Shop Concept AB, with consideration for the Group's currency exposure within the next 9-12 months. According to ITAB's finance policy, 50-80% of the currency risk within the time interval is hedged through forward agreements. It is also possible to adjust prices for currency fluctuations through clauses in a number of customer contracts. As a result of the hedging strategy, the impact on ITAB's profit from a reasonable fluctuation in exchange rates is deemed to be small, whereupon the currency risk analysis regarding the transaction flows is not deemed to be significant. Hedging activities to reduce transaction exposure are classified as cash flow hedges. At the end of 2017, there were cash flow hedges of projected flows in EUR, GBP, USD, CZK and NOK. The fair value of the forward agreements used to hedge forecast flows amounted to net SEK -3 million (5). The year's change in fair value, SEK -9 million (4) after tax, has been recognised in Comprehensive income. The recovered results of the forward agreements amounted to SEK -3 million (-3) before tax for 2017, 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 2017, a 5 per cent change in the Swedish krona exchange rate would affect invoicing by about SEK 270 million (220) and net earnings by about SEK 17 million (15).

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 703 million (561) as of the balance sheet date. Investments in net foreign assets are partly financed by taking loans in foreign currencies, which reduces the translation risks. To reduce the net assets in foreign currencies and thereby reduce the currency risks, assets are financed locally in the foreign subsidiaries, in local currency, where it is commercially possible. Some financing is arranged via the Parent Company ITAB Shop Concept AB, however. In addition to loans in foreign currencies, the Group uses currency swap contracts to hedge net assets in foreign currencies. The fair value of the currency hedges is recognised against comprehensive income and can be reclassified as a financial gain or loss when swap contracts are ineffective. Recovered results from currency swap contracts amounted to SEK 0 million (-5) before tax in 2017, recognised against comprehensive income in the Group. Exchange rate fluctuations in 2017 had an impact on the Group's comprehensive income in the amount of SEK 11 million (16) after tax. At the end of 2017, the fair value of the currency swap contracts is estimated at SEK -6 million (3).

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

Currency SEK million	31.12.2017	31.12.2016
CZK	124	118
NOK	28	12
GBP	88	76
EUR[1]	165	28
USD, HKD, CNY	176	226
Other	122	101
	703	**561**

[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	31.12.2017	31.12.2016
SEK	387	391
NOK	-10	-40
USD	17	8
CZK	151	141
GBP	-5	-12
EUR	-53	-36

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 2,130 million (1722) on the closing day. SEK 1,488 million (1,097) is financed with variable interest. The remaining SEK 642 million (625) is restricted through interest rate swap agreements and has an average fixed rate period of 73 (86) months. The average interest rate for outstanding interest-bearing liabilities was 3.04% (2.85) at year-end. A one percentage point change in interest would affect net earnings by approximately SEK 11 million (8) 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 16 million (-2), of which SEK 10 million (10) has been transferred to the profit or loss for the year.

Derivative instruments

Interest rate swap agreement	31.12.2017 Nominal amount (SEK million)	31.12.2016 Nominal amount (SEK million)
Duration less than 1 year	10	-
Duration 1-3 years	123	52
Duration 3-5 years	48	121
Duration 5-10 years	461	452
	642	**625**

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 1,154 million (1100).

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 1,529 million (1,612). 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	2017	2016
Total purchase sum excluding acquisition expenses:	81	997
of which unpaid purchase sum during the year	21	215

Expenses in conjunction with acquisitions have been recognised as costs in operating profit.

ACQUISITIONS 2017

Acquisition of the D. Lindner companies

During July 2017, through subsidiaries, ITAB has acquired the companies D&L Lichtplanung GmbH and D. Lindner Lichttechnische Grosshandlung GmbH which have their registered offices in Menden, Germany. The acquisition also included the assets and liabilities of U. Wallmeier Beleuchtungstechnik and Vockroth u. Wallmeier GbR Elektroinstallation. The deal was conditional on competition approval, which was awarded on 6 July 2017.

The acquired companies jointly comprise one of Germany's leading players as regards sales of lighting systems principally to the non-food segment in the German market. The companies are sales companies with expertise in light planning and design. This acquisition is a stage in the intensification of our marketing activities in the German market, as well as in the strengthening of ITAB's position. The acquisition is expected to generate synergies, and ITAB will be offering customers in Germany a combination of local lighting expertise with global sourcing of lighting products. The acquisition is in line with ITAB's strategy and continued investment in sales of a total concept for the retail sector.

The companies had a joint turnover of EUR 22 million during 2016 and have 50 employees. The Lindner companies have increased the ITAB Group's sales during the second half of 2017 by approximately SEK 80 million and their operating margin is on a par with the rest of ITAB. The purchase price for the shares, assets and liabilities amounts to the equivalent of around EUR 14 million on a debt-free basis, with a possible supplementary purchase price of a maximum of EUR 2 million Expenses in conjunction with the acquisition are recognised continually as costs. The acquisition is expected to have a positive effect of SEK 0.15 on annual earnings per share, before synergy effects. The various companies within the acquisition are not significant on their own, which is why they are reported jointly. Acquired net assets including financial liabilities, as well as intangible assets at their estimated fair value, amounted to SEK 67 million at the time of acquisition, of which SEK 102 million was goodwill. Goodwill that has arisen in the transaction consists primarily of the value of anticipated synergies and the value of the employees, which are not reported separately. The acquisition was incorporated as of 1 July 2017.

Acquisition of non-controlling participations, 2017

In May 2016, 97.1% of the shares in Pikval Group Oy in Finland and its subsidiaries were acquired. The remaining 2.9% of the Pikval Group was acquired in April 2017. The purchase price was EUR 60 thousand. During 2017, Pikval Group Oy has changed its name to ITAB Finland Holding Oy. In the event of acquisitions, the entity theory is applied, which means that all assets and liabilities as well as income and expenses are included in their entirety, including for part-owned subsidiaries, at the time of the initial acquisition, which is why no additional goodwill is linked to the acquisition. The difference between valued holdings without a controlling influence prior to acquisition and the purchase price is recognised directly in equity attributable to the Parent Company's shareholders at SEK -0 million.

Via a subsidiary, the ITAB Group acquired 51% of Reklamepartner Graphics AS in Norway in December 2014. The remaining 49% of Reklamepartner was acquired in January 2017. The purchase price amounted to NOK 11 million, with a supplementary purchase price of a maximum of NOK 2 million based on the company's performance up to the end of 2020. At the time of the acquisition in 2014, the entity theory was applied, which is why no additional goodwill is linked to the acquisition. The difference between valued holdings without a controlling influence prior to acquisition and the purchase price is recognised directly in equity attributable to the Parent Company's shareholders at SEK -5 million.

ACQUISITIONS 2016

Acquisition of La Fortezza Group

In July 2016, an agreement was entered into regarding the acquisition of all the shares in La Fortezza Group. The deal was conditional on competition approval, which was awarded, and the acquisition was incorporated as of 1 October 2016. La Fortezza Group is one of southern Europe's leading players within shop fittings, and has its head office in Bologna, Italy. La Fortezza conducts production and sales, as well as project management for concept shopfitting. The group has its own production facilities in Italy, France, Russia and Argentina. The Group also has operations in Spain, Portugal, Dubai and Malaysia. La Fortezza Group comprises the parent company La Fortezza SpA as well as seven wholly-owned and two part-owned subsidiary companies.

The acquisition is in line with ITAB's strategy of offering an all-inclusive concept to the retail trade. Thanks to the acquisition, ITAB is able to offer customers effective deliveries in Europe by utilising economies of scale in ITAB's and La Fortezza's production and logistics resources. Synergies are anticipated within these areas. By co-ordinating the product range, ITAB and La Fortezza can also offer a broader portfolio to the market.

The purchase price was equivalent to EUR 85 million on a debt-free basis, with a supplementary purchase price of a maximum of EUR 20 million based on the company's performance up the end of 2017. The acquisition has been financed through newly arranged credit facilities. Final liquidity was settled during the first half of 2017 and the additional purchase sum will be settled in 2018.

La Fortezza had a turnover of EUR 138 million in 2015 and has around 600 employees. The Group has a similar level of operating margin to ITAB and it is estimated that the acquisition will have a positive effect of SEK 0.65 on annual earnings per share, before synergy effects. La Fortezza has increased the ITAB Group's sales during the fourth quarter of 2016 by approximately SEK 300 million and profit after financial items by almost SEK 20 million. Expenses in conjunction with the acquisition have been recognised continually as costs and amount to almost SEK 10 million. Acquired net assets at their estimated fair value at the time of acquisition amounted to SEK 840 million, of which SEK 754 million was goodwill and SEK 31 million was intangible assets. Goodwill that has arisen in the transaction consists primarily of the value of anticipated synergies and the value of the employees, which are not reported separately.

Other acquisitions in 2016

In April 2016 all the shares in Lichtspiel Lichtprojekte und Design GmbH in Germany were acquired via a subsidiary. Lichtspiel provides sales of lighting systems and lighting plans for the retail sector, primarily in the German market but also in the rest of Central Europe. The company is a sales company with expertise in light planning and design. The acquisition is a stage in the intensification of our marketing activities and reinforces ITAB's position in the German and Central European markets. Through the acquisition, ITAB can offer customers in Germany and Central Europe a combination of local lighting expertise with global sourcing of lighting products.

At time of acquisition, Lichtspiel's annual turnover was SEK 36 million and the average number of employees was 15. The purchase price was SEK 22 million cash with a supplementary purchase price of max. SEK 3 million (EUR 0.3 million). Final liquidity was settled during December 2016 and expenses in conjunction with the acquisition have been recognised continually as costs. The acquisition has a marginal positive effect on earnings per share. The acquisition was incorporated as of 1 April 2016. During the autumn, the company has merged with ITAB's German operation and synergies have been utilised.

In May 2016, all the shares in MB Shop Design AB in Hillerstorp, Sweden, were acquired. The MB Shop Design group comprises three wholly-owned and one part-owned company (91%). MB shop Design conducts production in metal and wood, stockholding and sales of concept interiors for the retail sector in the Swedish and Danish markets. Through this acquisition, ITAB is strengthening its expertise and market position within concept sales in the Scandinavian market. The acquisition is in line with the Group's continued focus on sales of all-inclusive concepts to the retail sector. MB Shop Design had a turnover of SEK 140 million in 2015 and has 75 employees. The acquisition is estimated to have a positive annual effect of SEK 0.15 on earnings per share. The purchase price was SEK 106 million, of which 105 was settled during 2016. Final liquidity was settled in January 2017 and expenses in conjunction with the acquisition have been recognised continually as costs. The acquisition was incorporated as of 1 May 2016.

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▶ In May 2016, 97.1% of the shares in Pikval Group Oy in Finland with subsidiaries in Finland, Sweden and Norway were also acquired. Pikval Group conducts production in metal and wood, stockholding and sales as well as project management of concept interiors for the retail sector, primarily in the Finnish but also in the Scandinavian markets. Through this acquisition, ITAB is strengthening its expertise within concept sales above all in the Finnish market. The acquisition is in line with the Group's continued focus on sales of all-inclusive concepts to the retail sector. Pikval Group had a turnover of SEK 160 million in 2015 and has around 100 employees. The acquisition is estimated to have a positive annual effect of SEK 0.1 on earnings per share. During autumn 2016, the Pikval Group has been integrated with ITAB's existing Finnish company, during which synergy effects have been achieved. Restructuring costs have been incurred continually during 2016. The purchase sum was equivalent to 60 MSEK on a debt free basis. The direct cash flow effect from the acquisition amounted to SEK 27 million during the period. In conjunction with the acquisition, holdings without a controlling influence in the subsidiary company Pikval AB were also acquired. Final liquidity was settled in 2017. Expenses in conjunction with the acquisition are continually recognised as costs. The acquisition was incorporated as of 1 May 2016.

The three acquisitions are not significant on their own, which is why they are reported jointly below. Acquired net assets at their estimated fair value at the time of acquisition amounted to SEK 157 million, of which SEK 59 million was goodwill. Goodwill primarily comprises synergy effects in production, logistics and personnel.

DIVESTMENTS IN 2017 AND 2016. No companies have been divested during 2017 and 2016. A dormant company in the Czech Republic has been wound up during 2017.

EFFECT OF ACQUISITIONS IN 2017. Estimated fair value of assets and liabilities acquired in 2017, purchase sums and the impact on the Group's liquid assets are presented below. Expenses in conjunction with acquisitions have been recognised continually as costs in operating profit.

Acquisition of the D. Lindner companies in total	Fair value
Intangible assets	10
Property, plant and equipment	21
Inventory	22
Accounts receivable	21
Other current assets	1
Provisions	-3
Current interest-bearing liabilities	-79
Current operating liabilities	-28
Net identifiable assets and liabilities	**-35**
Group goodwill [2]	102
Purchase price incl. estimated conditional purchase price	**67**
Estimated additional purchase price [3]	-19
Cash and cash equivalents in the acquired companies	0
Impact for the year on the Group's cash and cash equivalents from the D. Lindner companies	**48**
Other acquisitions without a controlling influence	
Acquisition of non-controlling interests	14
Estimated additional purchase sum from holdings without a controlling influence [3]	-2
Impact for the year on the Group's cash and cash equivalents, other acquisitions	**12**
Impact for the year on the Group's cash and cash equivalents from the year's acquisitions	**60**
Final settlement of purchase sum from acquisitions in 2016, as well as payment of additional purchase sum from previous years' acquisitions*)	41
Impact for the year on the Group's cash and cash equivalents	**101**

*) Relates to the acquisitions of the La Fortezza Group, the Pikval Group and the MB Shop Design Group from 2016, as well as the JPD companies that were acquired in 2015.

EFFECT OF ACQUISITIONS IN 2016. Estimated fair value of assets and liabilities acquired in 2016, 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 La Fortezza Group [1]	Fair value
Intangible assets	31
Property, plant and equipment	137
Deferred tax assets	53
Inventory	106
Accounts receivable	344
Other current assets	136
Provisions	-56
Non-current liabilities	-103
Current liabilities	-540
Net identifiable assets and liabilities	**108**
Non-controlling interests	-22
Group goodwill [2]	754
Purchase price incl. estimated conditional purchase price	**840**
Non-settled purchase price	-193
Estimated additional purchase price [3]	-18
Cash and cash equivalents in the acquired companies	-64
Impact for the year on the Group's cash and cash equivalents	**565**
Other acquisitions, total [1]	
Intangible assets	4
Property, plant and equipment	82
Deferred tax assets	4
Inventory	60
Accounts receivable	72
Other current assets	7
Provisions	-10
Non-current liabilities	-47
Current liabilities	-72
Net identifiable assets and liabilities	**100**
Non-controlling interests	-2
Group goodwill [2]	59
Purchase price incl. estimated conditional purchase price	**157**
Non-settled purchase price	-1
Estimated additional purchase price [3]	-3
Cash and cash equivalents in the acquired companies	0
Impact for the year on the Group's cash and cash equivalents	**153**
Impact for the year on the Group's cash and cash equivalents from the year's acquisitions	**718**
Additional purchase sum from previous years' acquisitions.	19
Impact for the year on the Group's cash and cash equivalents	**737**

[1] Exchange rate in relation to SEK at each acquisition where translation to SEK takes place: 2016: Pikval Group: EUR 9.3487, La Fortezza Group : EUR 9.632
[2] Goodwill comprises primarily synergy effects in product supply, logistics, staff, know-how and effective organisation.
[3] Conditional purchase sum: The agreed conditional additional purchase sum from the year's acquisition of the D. Lindner companies is attributable to the companies' sales of their own and the ITAB companies' products, and is valued in accordance with the forecast sales in 2017 and 2018. Amounts that may be paid are in an interval of between EUR 0-2 million. Final liquidity will be settled at some point during 2019 and is valued at the maximum amount of EUR 2 million at the end of 2017.
The agreed conditional additional purchase sum from the year's acquisition of holdings without a controlling influence in Reklamepartner Graphics AS is attributable to the company's profits during the period 2017-2020 and will not exceed NOK 2 million.
The amount that may be paid is in an interval of between NOK 0-2 million and is settled annually, with final liquidity settled in 2021.
The agreed conditional additional purchase sum in La Fortezza SpA from the acquisition in 2016 is attributable to the La Fortezza companies' profits, and is valued according to the forecast EBITDA for 2017. Final liquidity will be settled during 2018 and is in an interval of between EUR 0-20 million, where EUR 20 million is the maximum amount.
As at 31/12/2017, the additional purchase sum is valued at EUR 15 million.
The agreed conditional additional purchase sum in ITAB Pikval AB, which is included in the Pikval group, is attributable to the company's profits in 2016. Final liquidity was settled in 2017. The Pikval Group was acquired in 2016.
The agreed conditional additional purchase sum in JPD from 2015 is attributable to the Latvian companies' profits in 2015 and 2016. Final liquidity was settled in 2017.

NOTE 6. BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The ITAB Group comprises of some sixty operating companies that sell, develop, produce and distribute shop fittings and equipment to chain-based customers. The largest customer accounts for 9% of external sales, although none of the ITAB Group's other customers account for more than 7% of external sales. Most of ITAB's customers are major chain stores that operate internationally and have stores in several countries. Several of the Group's companies are involved in most business deals. Because sales largely involve different customised shop concepts, customer sales are often conducted with resources from several Group companies in order to fulfil the customer's various needs in the best possible way. Development and production of the various shop concept segments are carried out by different Group companies depending on where the best conditions exist. The business model means that a large portion of the decisions that affect the Group's various companies are taken centrally.

As ITAB sells customised shop concepts and often sets a price for a combined product and service, ITAB performs no division between product groups. These circumstances mean that the profit or loss is not used as a basis for deciding on the allocation of resources to different parts of the company, and that ITAB makes no allocation according to operating segment or business segments. See more in section business activities on pages 20-39.

EXTERNAL NET SALES [1]

The Group	2017	2016
UK	1,231	1,167
Sweden	707	696
Norway	598	618
Italy	465	219
France	449	155
Germany	424	289
Finland	273	234
Russia	251	101
Denmark	215	264
The Netherlands	191	154
North America	151	252
Poland	117	121
Czech Republic	104	79
China	102	149
Spain	96	95
Other	1,007	824
	6,381	**5,417**

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

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group	2017	2016
Sweden	292	264
China	131	72
Czech Republic	115	107
Norway	92	94
Italy	81	83
Germany	80	51
UK	71	63
Lithuania	70	69
Russia	64	74
Finland	50	52
Belgium	30	45
Other	45	97
Goodwill	1,576	1,391
	2,697	**2,462**

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	2017	2016
Sales of services to subsidiaries	74	47
Purchase of services from subsidiaries	-2	-3

NOTE 8. PERSONNEL AND SENIOR EXECUTIVES

Average number of employees		2017	of which men	of which women	2016	of which men	of which women
Parent Company	Sweden	17	65%	35%	14	57%	43%
Subsidiaries	Argentina	117	88%	12%	23	89%	11%
	Belgium	12	83%	17%	83	89%	11%
	Brazil	1	100%	0%	1	100%	0%
	Chile	2	100%	0%	1	100%	0%
	Denmark	53	81%	19%	62	77%	23%
	Estonia	4	100%	0%	3	100%	0%
	Finland	141	83%	17%	136	90%	10%
	France	129	75%	25%	34	74%	26%
	United Arab Emirates	8	100%	0%	3	100%	0%
	The Netherlands	102	88%	12%	100	89%	11%
	India	3	67%	33%	3	67%	33%
	Italy	216	75%	25%	47	76%	24%
	China	801	35%	65%	794	35%	65%
	Latvia	148	84%	16%	164	86%	14%
	Lithuania	124	90%	10%	133	86%	14%
	Malaysia	12	83%	17%	3	100%	0%
	Norway	176	74%	26%	166	73%	27%
	Poland	9	67%	33%	10	70%	30%
	Portugal	3	67%	33%	1	100%	0%
	Russia	136	73%	27%	32	63%	37%
	Spain	9	56%	44%	2	100%	0%
	UK	323	79%	21%	323	81%	19%
	Sweden	452	72%	28%	429	71%	29%
	Czech Republic	351	73%	27%	331	73%	27%
	Germany	238	85%	15%	188	81%	19%
	Ukraine	1	0%	100%	1	0%	100%
	Hungary	2	50%	50%	1	0%	100%
	USA	9	33%	67%	9	33%	67%
TOTAL IN SUBSIDIARIES		**3,582**	**69%**	**31%**	**3,083**	**69%**	**31%**
THE GROUP TOTAL		**3,599**	**69%**	**31%**	**3,097**	**69%**	**31%**

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Salaries, other remuneration and social security expenses (SEK millions)	2017 Salaries and remuneration	2017 Social security expenses	2016 Salaries and remuneration	2016 Social security expenses
Parent Company	22.4	13.9	21.1	13.8
(of which pension costs)[1]		*5.9*		*5.5*
Subsidiaries	1,132.7	278.7	915.1	220.0
(of which pension costs)		*63.8*		*55.5*
GROUP TOTAL	**1,155.1**	**292.6**	**936.2**	**233.8**
(of which pension costs)[2]		*69.7*		*61.0*

[1] Of the parent company's pension costs, SEK 1.6 million (1.5) pertains to the Board and CEO. The company's outstanding pension commitments to these persons amount to SEK 0 million (0).
[2] Of the Group's pension costs, SEK 7.6 million (6.6) pertains to the Board and CEO. The Group's outstanding pension commitments to these persons amount to SEK 0 million (0).

Salaries and other remuneration by country and between board members/CEO and other employees	2017 Board of Directors and CEO	2017 Other employees	2016 Board of Directors and CEO	2016 Other employees
PARENT COMPANY SWEDEN	**6.4**	**16.0**	**6.5**	**14.6**
(of which bonuses)	-		*0.7*	
SUBSIDIARIES IN SWEDEN	**10.2**	**173.6**	**11.3**	**160.0**
SUBSIDIARIES, OTHERS				
Argentina	2.6	20.7	0.6	8.7
Belgium [1]	-	58.3	-	29.8
Brazil	1.0	-	0.9	-
Chile	0.6	-	0.4	-
Denmark	2.0	36.5	2.2	39.6
Estonia	-	0.5	-	0.8
Finland	3.3	54.8	3.1	53.5
France	4.0	70.2	1.3	15.0
United Arab Emirates	1.0	3.1	-	0.7
The Netherlands	1.3	43.9	1.3	42.4
India	1.0	0.1	0.5	0.1
Italy	11.3	78.5	4.1	29.8
China	0.5	54.7	0.5	55.1
Latvia	2.1	23.8	2.0	23.7
Lithuania	0.7	18.2	0.7	17.5
Malaysia	0.4	1.8	0.1	0.5
Norway	7.4	135.4	6.9	128.2
Poland	0.7	3.1	0.7	3.1
Portugal	-	1.4	-	0.5
Russia	1.8	17.3	1.3	2.9
Spain	1.0	2.8	0.2	0.8
UK	5.1	130.0	4.5	138.7
Czech Republic	1.8	39.7	1.2	36.2
Germany	7.0	91.2	5.7	72.2
Hungary	-	0.3	-	0.4
Ukraine	-	0.0	-	0.0
USA	1.3	4.6	1.1	4.3
SUBSIDIARIES TOTAL	**68.0**	**1,064.8**	**50.6**	**864.5**
(of which bonuses)	*5.5*		*6.4*	
GROUP TOTAL	**74.4**	**1,080.8**	**57.1**	**879.1**
(of which bonuses)	*5.5*		*7.1*	

[1] Belgium's salary details for 2017 include pay in lieu of notice in relation to the shutting down of production in 2016

REMUNERATION TO SENIOR EXECUTIVES

The Board's fees

In accordance with the resolution at the 2017 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. Board member Sune Lantz carried out consultancy assignments for the company worth SEK 0.5 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, up to a maximum of six months' salary. Pension is covered by a premium-based pension system with a retirement age of 65. According to the contract, the pension premium for the senior executives amounts to 30 per cent of the pension-qualifying salary.

Remuneration is reviewed annually by the Board's Remuneration Committee. There are currently no proposed changes. The Remuneration Committee consists of Fredrik Rapp, Anders Moberg, Lottie Svedenstedt 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.

Remuneration to senior executives 2017	Basic salary	Variable salary	Other remuneration 1)	Total salary and fees 2)	Pension costs	Total incl. pension
CEO	4.6	0.0	0.2	4.8	1.6	6.4
Other senior executives in Group management (2 executives)	4.8	0.0	0.2	5.0	1.8	6.8
TOTAL	**9.4**	**0.0**	**0.4**	**9.8**	**3.4**	**13.2**
2016						
CEO	4.3	0.7	0.2	5.2	1.6	6.8
Other senior executives in Group management (2 executives)	4.6	0.8	0.2	5.6	1.6	7.2
TOTAL	**8.9**	**1.5**	**0.4**	**10.8**	**3.2**	**14.0**

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	2017 Of which women	2017 Of which men	2016 Of which women	2016 Of which men
Board members	13%	87%	10%	90%
Senior executives	22%	78%	15%	85%
Parent Company				
Board members	29%	71%	29%	71%
Senior executives	0%	100%	0%	100%

Personnel expenses distributed per function

The Group	2017	2016
Cost of goods sold	-742	-674
Selling expenses	-537	-429
Administrating expenses	-147	-126
	-1,426	**-1,229**
Parent Company		
Cost of goods sold	-6	-6
Selling expenses	-14	-12
Administrating expenses	-16	-15
	-36	**-33**

NOTE 9. REMUNERATION TO AUDITORS

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

	THE GROUP		THE GROUP		PARENT COMPANY	
	2017 Fees to EY	2017 Fee to other auditors	2016 Fees to EY	2016 Fee to other auditors	2017 Fees to EY	2016 Fees to EY
Audit assignments	5	3	5	1	1	1
Audit activities other than audits	0	0	0	1	0	0
Tax consultancy	2	1	2	1	0	0
Other services	0	1	0	1	0	0
	7	**5**	**7**	**4**	**1**	**1**

NOTE 10. DEPRECIATION & AMORTISATION

Depreciation divided per function

The Group	2017	2016
Cost of goods sold	-111	-91
Selling expenses	-18	-12
Administrating expenses	-10	-8
	-139	**-111**
Parent Company		
Administrating expenses	-1	-1

Depreciation divided per asset type

The Group	2017	2016
Balanced development expenditure	-15	-14
Patents and other intellectual property rights	-7	-3
Buildings	-18	-14
Plant and machinery	-64	-54
Equipment, tools and installations	-35	-26
	-139	**-111**
Parent Company		
Equipment	-1	-1

NOTE 11. COSTS DIVIDED BY COST TYPE

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

The Group	2017	2016
Costs for direct materials	-2,786	-2,407
Personnel costs	-1,426	-1,229
Depreciation and amortisation	-139	-111
Other expenses	-1,577	-1,292
	-5,928	**-5,039**

Parent Company		
Personnel costs	-36	-33
Depreciation and amortisation	-1	-1
Other expenses	-46	-29
	-83	**-63**

NOTE 12. OTHER OPERATING INCOME AND EXPENSES

Other operating income

The Group	2017	2016
Operation's exchange rate differences	15	24
Profit due to revaluation of additional purchase sum,		
Group companies	45	-
Capital gain on sale of non-current assets	8	2
Other [1]	7	7
	75	**33**

Parent Company		
Operation's exchange rate differences	15	16
	15	**16**

Other operating expenses

The Group	2017	2016
Operation's exchange rate differences	-23	-30
Capital loss on sale of non-current assets	-4	-6
Other	-1	-4
	-28	**-40**

Parent Company		
Operation's exchange rate differences	-22	-19
	-22	**-19**

[1] The item other operating income includes rental income at SEK 4 million (3).

NOTE 13. RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2017	2016
Income from participations in Group companies		
Dividends received	362	355
Result from participations in subsidiaries	-	6
	362	**361**
Expenses from participations in Group companies		
Impairment of long-term claims in Group companies [1]	-5	-
Impairment of shares in subsidiaries [2]	-11	-49
	-16	**-49**

[1] Impairment of claims for loss coverage in Group companies in 2017 refers to Radlok S.à.r.l in Luxembourg, SEK -5 million.

[2] Impairment of shares in subsidiaries in 2017 refers to ITAB Shop Concept Hungary LLC, SEK -2 million, ITAB Pikval AB, SEK -6 million, ITAB Baltic SIA, SEK -2 million, GWS Group Ltd, SEK -1 million.
For 2016, impairment refers to ITAB Shop Concept Belgium N.V., SEK -27 million, GWS Group UK Ltd, SEK -20 million, and ITAB Pharmacy AB, SEK -2 million.

NOTE 14. FINANCIAL INCOME & EXPENSES

Financial income

The Group	2017	2016
Interest income	3	3
Exchange rate differences	-	16
Other financial income	-	9
	3	**28**

Parent Company		
Interest income, Group companies	15	7
	15	**7**

Financial expenses

The Group	2017	2016
Interest expenses [1]	-59	-36
Exchange rate differences	-8	0
Other financial expenses	-4	-2
	-71	**-38**

Parent Company		
Interest expenses, Group companies	0	0
Interest expenses, others[1]	-49	-28
Exchange rate differences	-10	-19
Other financial expenses	-1	0
	-60	**-47**

[1] This includes interest expenses from interest rate swaps for the year, amounting to SEK -11 million (-10)

NOTE 15. YEAR-END APPROPRIATIONS

Parent Company	2017	2016
Received Group contributions	78	85
Group contributions paid	-17	-23
	61	**62**

NOTE 16. TAX

The Group	2017	2016
Current tax expenses		
Tax expenses for the period	-116	-105
Adjustment of tax attributable to previous years	3	2
	-113	**-103**
Deferred tax expenses (-)/tax income (+)		
Deferred tax attributable to temporary differences	2	0
Deferred tax attributable to previous years	-1	0
Deferred tax attributable to losses carried forward	9	2
	10	**2**
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**-103**	**-101**

Parent Company		
Current tax for the period	0	-1
Deferred tax attributable to losses carried forward	-2	-1
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**-2**	**-2**

Difference between Swedish income tax rate and the effective tax rate

The Group	2017	2017	2016	2016
Reported income before tax	**432**		**361**	
Tax at Swedish income tax rate	-95	-22.0%	-79	-22.0%
Tax effect of				
Adjustment of previous year's tax	2	0.5%	3	0.8%
Other tax rates for foreign subsidiaries	0	0.0%	6	1.7%
Deductible temporary differences	1	0.2%	-7	-1.9%
Losses carried forward	1	0.1%	2	0.6%
Altered tax rates	-4	-0.9%	0	0.0%
Non-taxable income and non-deductible expenses	-7	-1.6%	-26	-7.3%
RECOGNISED TAX EXPENSE	**-102**	**-23.7%**	**-101**	**-28.1%**

Tax items recognised in other comprehensive income	2017	2016
Deferred tax on cash flow hedges	-1	-1
Deferred tax on hedging of net investments	2	0
Deferred tax on pension obligations	1	1
	2	**0**

Changes in deferred tax The Group	2017	2016
At the start of the year	23	-5
Acquisitions	-3	27
Items recognised in other comprehensive income	1	1
Translation differences	2	-2
Recognised in profit for the year	10	2
AT THE CLOSE OF THE YEAR	**33**	**23**

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

The Group	Receivables 2017	Receivables 2016	Liabilities 2017	Liabilities 2016
Non-current assets	7	10	50	49
Inventory	9	10	2	1
Current receivables	4	4	-	-
Provisions for pensions and similar obligations	4	4	0	3
Losses carried forward[1)]	75	64	-	-
Untaxed reserves	-	-	17	24
Other	6	9	3	0
	105	**101**	**72**	**77**

[1)] Of the deferred tax assets for losses carried forward recognised in the balance sheet, there is a deficit deduction of SEK 56 million, the utilisation of which is subject to time restrictions. Of this, SEK 12 million matures in 2022, SEK 8 million matures in 2023, SEK 18 million matures in 2025 and the remaining SEK 18 million matures in 2026-2027. The Group has losses carried forward equivalent to nominal SEK 132 million, which is not recognised as a deferred tax asset. This is partially an effect of current value calculation, partially the fact that certain losses carried forward are not deemed able to be utilised within the next 5 years. For a small proportion of these losses carried forward, there are restrictions as regards utilisation per year, but no time limits.

Parent Company	2017 Receivables	2016 Receivables
Losses carried forward	14	16
	14	16

NOTE 17. EARNINGS PER SHARE

The Group	2017	2016
Earnings per share before dilution		
Net Profit for the period that is attributable to the Parent Company's shareholders, SEK millions	318.8	241.2
Average number of outstanding ordinary shares	102,383,430	102,076,876
EARNINGS PER SHARE BEFORE DILUTION, SEK PER SHARE	**3.11**	**2.36**
Earnings per share after dilution		
Net Profit for the period that is attributable to the Parent Company's shareholders, SEK millions	318.8	241.2
Net interest expenses after tax on convertible debentures, SEK millions	5.6	2.9
Adjusted profit, SEK millions	**324.4**	**244.1**
Number of outstanding shares as per the closing day	102,383,430	102,383,430
Adjustment for assumed conversion of convertible debentures	2,552,004	2,552,004
Number of shares after dilution	**104,935,434**	**104,935,434**
EARNINGS PER SHARE AFTER DILUTION, SEK PER SHARE	**3.09**	**2.33**
ACTUAL NUMBER OF SHARES AT YEAR-END		
before dilution, shares	102,383,430	102,383,430
after dilution, shares	104,935,434	104,935,434

At the AGM on 11 May 2016, a decision was adopted to split the company's shares 3:1, which means that each current share is divided into three shares of the same type. The record date for the share split was 27 May 2016. The number of shares before the split amounted to 33,906,410, while after the split the number of shares amounted to 101,719,230. All comparative figures have been updated with the split. The number of shares has subsequently increased by 664,200 shares to a total of 102,383,430 as of 31 December 2016. This increase is a result of the completion and registration with the Swedish Companies Registration Office of a conversion of ITAB convertible loan KV3B 2012/2016. During the period, the company has repurchased 1,287,018 convertible bonds of KV3B.

The Group has two outstanding convertible debenture schemes. In the first scheme, which runs during the period 1 July 2014 to 30 June 2018, conversion to a maximum of 602,004 Class B shares can take place during the period 1 to 11 June 2018 at a subscription price of SEK 49.83. In the second scheme, a subscription for convertible shares for employees was carried out during June 2016. The scheme runs during the period 1 July 2016 to 30 June 2020 and conversion to a maximum of 1,950,000 Class B shares can take place during the period 1 to 12 June 2020 at a subscription price of SEK 86.00. The total number of shares after full dilution will then be 104,935,434.

SHARE CAPITAL TREND

Year	Transaction	Change in share capital (SEK thousands)	Total share capital (SEK thousands)	Total no. of shares	Nominal value per share (SEK)
1987	Forming of company	50	50	500	100
1997	New share issue	50	100	1,000	100
1998	New share issue	8,500	8,600	86,000	100
2004	Bonus issue	8,600	17,200	172,000	100
2004	20:1 split	-	17,200	3,440,000	5
2004	New share issue	16,281	33,481	6,696,200	5
2006	New share issue	1,500	34,981	6,996,200	5
2007	2:1 split	-	34,981	13,992,400	2.5
2008	New share issue	725	35,706	14,282,400	2.5
2008	Conversion	0	35,706	14,282,500	2.5
2009	Conversion	9	35,715	14,285,940	2.5
2010	Conversion	0	35,715	14,285,952	2.5
2012	Conversion	6,668	42,383	16,953,205	2.5
2014	2:1 split	-	42,383	33,906,410	1.25
2016	3.1 split	-	42,383	101,719,230	0.417
2016	Conversion	277	42,660	102,383,430	0.417

NOTE 18. INTANGIBLE ASSETS

2017 Group	Balanced development expenses	Patents and other intellectual property rights	Goodwill	TOTAL
Accumulated acquisition values				
At the start of the year	150	60	1,436	1,646
Acquisition of subsidiaries, see Note 5	-	10	102	112
New acquisitions and adjustment of goodwill from acquisitions, 2016	18	5	3	26
Reclassifications	-	2	-	2
Translation differences for the year	-	3	35	38
	168	**80**	**1,576**	**1,824**
Accumulated depreciation according to plan				
At the start of the year	-34	-15	-	-49
Depreciation according to plan for the year	-15	-7	-	-22
Translation differences for the year	-	-1	-	-1
	-49	**-23**	**-**	**-72**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**119**	**57**	**1,576**	**1,752**

2016 Group				
Accumulated acquisition values				
At the start of the year	140	23	623	786
Acquisition of subsidiaries, see Note 5	-	35	813	848
Additions	10	1	-	11
Translation differences for the year	-	1	0	1
	150	**60**	**1,436**	**1,646**
Accumulated depreciation according to plan				
At the start of the year	-20	-11	-	-31
Depreciation according to plan for the year	-14	-3	-	-17
Translation differences for the year	-	-1	-	-1
	-34	**-15**	**-**	**-49**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**116**	**45**	**1,436**	**1,597**

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

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

Impairment testing for goodwill

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

The recoverable value for this unit has been determined based on the value in use, which consists of the present value of the estimated projected cash flow. The estimate of projected cash flow is based on an assessment of expected growth in accordance with a cautious starting point in the forecasts prepared by the management for the coming four years. The forecasts are based on experience from previous years, but with consideration for future expected developments. Average growth in the organisation 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 EBITDA margin is an important assumption on which the company management bases its assessment. When assessing impairment in 2017, a figure of 9.5% is used for 2019-2020 and 9.0% for 2021 and onwards. Average interest rates have been assumed at the same levels as the outcome for 2017. The forecast cash flows have been converted to present value using a discount rate of 9.54% (9.45%) before tax, which corresponds to 7.5% (7.5%) after tax.

The discount factor, WACC, has been determined through the Capital Asset Pricing Model (CAPM). As a part of the discount factor, a risk-free rate of interest corresponding to the yield on ten-year government bonds has been used, with an addition for the equity market's average risk premium. Required return is also affected by the debt/equity ratio at optimal capital structure. From a historical perspective, the risk-free interest can be deemed to be low, which has been taken into consideration in the calculation. The risk premium for 2017 has been raised slightly, which produces a slightly higher outcome from the discount rate before tax compared to 2016.

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

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

2017 Group	Buildings	Machinery	Equipment	Construction in progress	Total
Accumulated acquisition values					
At the start of the year	661	859	411	55	1,986
Acquisitions, subsidiaries	20	0	1	0	21
Additions	9	49	41	88	187
Sales and disposals	-1	-159	-94	0	-254
Reclassifications	2	-1	1	-4	-2
Translation differences for the year	14	8	1	-3	20
	705	**756**	**361**	**136**	**1,958**
Accumulated depreciation according to plan					
At the start of the year	-234	-581	-306	-	-1,121
Sales and disposals	0	148	91	-	239
Depreciation according to plan for the year	-18	-64	-35	-	-117
Translation differences for the year	-6	-7	-1	-	-14
	-258	**-504**	**-251**	**-**	**-1,013**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**447**	**252**	**110**	**136**	**945**

2016 Group	Buildings	Machinery	Equipment	Construction in progress	Total
Accumulated acquisition values					
At the start of the year	488	706	363	15	1,572
Acquisitions, subsidiaries	119	85	14	1	219
Additions	8	60	34	79	181
Sales and disposals	-13	-17	-13	-1	-44
Reclassifications	35	0	5	-40	0
Translation differences for the year	24	25	8	1	58
	661	**859**	**411**	**55**	**1,986**
Accumulated depreciation according to plan					
At the start of the year	-214	-524	-285	-	-1,023
Sales and disposals	6	16	11	-	33
Depreciation according to plan for the year	-14	-54	-26	-	-94
Translation differences for the year	-12	-19	-6	-	-37
	-234	**-581**	**-306**	**-**	**-1,121**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**427**	**278**	**105**	**55**	**865**

Parent Company	2017 Equipment	2016 Equipment	2016 New construction in progress
Accumulated acquisition values			
At the start of the year	11	5	5
Additions	3	2	-
Sales and disposals	-	-1	-
Reclassifications	-	5	-5
	14	**11**	**-**
Accumulated depreciation according to plan			
At the start of the year	-4	-4	-
Depreciation according to plan for the year	-1	-1	-
Sales and disposals	-	1	-
	-5	**-4**	**-**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**9**	**7**	**-**

NOTE 20. PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2017	2016
Opening recognised value	2,211	1,267
Business combinations[1)]	11	983
Company start-ups	-	4
Shareholder contribution to subsidiaries [2)]	8	6
Impairment and revaluations for the year [3)]	-60	-49
CLOSING RECOGNISED VALUE	**2,170**	**2,211**

1) Acquisition of participations in ITAB Pikval AB from subsidiaries within the Group, as well as acquisition of holdings without a controlling influence in ITAB Pikval Group OY. 2016 acquisition of La Fortezza SpA, MB Shop AB, ITAB Pikval Group OY and ITAB Shop Products France.

2) Shareholder contribution in 2017 has been made to the subsidiaries ITAB Shop Concept Hungary LCC, SEK 2 million, ITAB Guidance AB, SEK 4 million, ITAB Shop Concept Nässjö AB, SEK 1 million, ITAB Pharmacy Concept AB, SEK 1 million. Shareholder contribution in 2016 has been made to the subsidiaries ITAB Pharmacy Concept AB, SEK 2 million and ITAB Guidance AB, SEK 4 million.

3) During 2017, the participations in La Fortezza have been revalued since the acquisition by SEK -49 million. Other impairments during 2017 are ITAB Pikval AB, SEK -6 million, ITAB Baltic SIA, SEK -2 million, ITAB Shop Concept Hungary LCC, SEK -2 million and GWS Group Ltd, SEK -1 million.
In 2016, the shares have been written down in ITAB Shop Concept Belgium N.V., SEK -27 million, GWS Group Ltd, SEK -20 million, and ITAB Pharmacy Concept AB, SEK -2 million.

PARTICIPATIONS ARE HELD IN THE FOLLOWING GROUP COMPANIES

	Corp. reg. no.	Registered office	Country	No. of shares	Holding	2017 Book value	2016 Book value
ITAB Shop Concept Lithuania AB	233393310	Kaunas	Lithuania	635,350	100%	20	20
ITAB Baltic SIA	50003567701	Riga	Latvia	100	100%	1	3
ITAB Eesti OÜ	10994786	Tallinn	Estonia	400	100%	-	-
ITAB Germany GmbH	HRB 61998	Cologne	Germany	2	100%	17	17
ITAB Harr GmbH	HRB 29025	Malschwitz	Germany	-	100%	-	-
ITAB Prolight Germany GmbH	HRB 80620	Cologne	Germany	1	100%	-	-
D&L Lichtplanung GmbH [4)]	HRB 11839	Menden	Germany	5	100%	-	-
D.Lindner Lichttechnische Grosshandlung GmbH [4)]	HRB 5072	Menden	Germany	1	100%	-	-
GWS Group Ltd.	3284213	Gravesend	England	3,544,684	100%	0	1
ITAB Holding B.V.	32082085	Woundenberg	The Netherlands	180	100%	36	36
ITAB Den Bosch B.V	61775185	Hertogenbosch	The Netherlands	180	100%	-	-
ITAB Konsult AB	556554-1520	Jönköping	Sweden	1,000	100%	-	-
ITAB Shop Products Finland OY	1569393-8	Villähde	Finland	1,165	100%	26	26
ITAB Pharmacy Concept AB	556603-8245	Stockholm	Sweden	40,000	100%	23	22
ITAB Sintek AB	556313-1456	Stockholm	Sweden	35,000	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	150	100%	-	-
ITAB Butikkinnredninger AS	935500419	Oslo	Norway	50	100%	-	-
ITAB Prolight AS	911973235	Oslo	Norway	30	100%	-	-
KB Design AS	913275438	Oslo	Norway	34	100%	-	-
ITAB Lindco AS	929240227	Oslo	Norway	1,000	100%	-	-
ITAB Pharmacy concept AS	828716352	Sandefjord	Norway	5,000	100%	-	-
Reklamepartner Graphics AS	979895909	Vinterbro	Norway	100	100%	-	-
ITAB Shop Concept Belgium N.V	0413.792.003	Antwerp	Belgium	279,295	100%	56	56
ITAB Shop Concept CZ a.s	255 68,663	Blansko	Czech Republic	2,210	100%	277	277
ITAB Czech Republic, s.r.o [4)]	283 13,518	Boskowice	Czech Republic	-	0%	-	0
ITAB Shop Concept A/S	19353443	Herning	Denmark	11,000	100%	9	9
ITAB Kiinteistö Oy	0719064-4	Järvenpää	Finland	77,000	100%	18	18
ITAB Shop Concept Jönköping AB[5)]	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	2
ITAB Shop Concept Hungary LLC	24685113-2-43	Budapest	Hungary	1	100%	0	0
ITAB Ukraine LLC	37102073	Kiev	Ukraine	1	100%	0	0
ITAB Guidance AB	556065-3866	Jönköping	Sweden	10,000	100%	13	9
ITAB Shop Products A/S	13769893	Taastrup	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	1,200,000	100%	-	-
ITAB Interiors Ltd	1112808	Hemel Hempstead	England	550	100%	-	-
ITAB Prolight UK Ltd	2208416	Hemel Hempstead	England	350,000	100%	-	-
Nordic Light Group AB	556306-5373	Skellefteå	Sweden	1,000	100%	377	377
Nordic Light AB	556203-5161	Skellefteå	Sweden	130,000	100%	-	-
ITAB Prolight AB	556673-8877	Borås	Sweden	1,000	100%	-	-
Skelack AB	556641-2259	Skellefteå	Sweden	6,000	100%	-	-
Piri Technology AB	556812-9893	Skellefteå	Sweden	1,000	100%	-	-
Nordic Light Group Development AB	556511-7800	Skellefteå	Sweden	2,000	100%	-	-
Nordic Light Group (HK) Co Ltd	759628	Hong Kong	Hong Kong	20,000	100%	-	-
Nordic Light (Suzhou) Investment (HK) Co Ltd.	875186	Hong Kong	Hong Kong	-	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	1,500	100%	-	-
Nordic Light South America SpA	71.936 / 49.962	Santiago	Chile	100	100%	-	-
Nordic Light Brasil Design E Comercio de luminarias LTDA	13.253.209/0001-09	Sao Paolo	Brazil	49,645	100%	-	-
Nordic Light India Private Ltd	U74900KA2014F-TC073090	Bangalore	India	10,000	100%	-	-
ITAB Shop Products France[4)]	817,964,984	Jouy e Moutier	France	4,500	100%	4	4
MB Shop Design AB[4)]	556549-1643	Hillerstorp	Sweden	1,981	100%	106	106
Projektfinans i Småland AB	556758-6630	Hillerstorp	Sweden	1,000	100%	-	-
Pulverlacken i Hillerstorp AB	556672-7854	Hillerstorp	Sweden	1,000	91%	-	-
Träspecialisten i Anderstorp AB	556906-6094	Anderstorp	Sweden	1,000	100%	-	-
ITAB Finland Holding Oy[4)]	2447365-4	Vantaa	Finland	10,494	100%	28	28
ITAB Shop Concept Finland Oy	1882702-2	Jyväskylä	Finland	28,000	100%	-	-
ITAB Pikval AB	556046-4389	Stockholm	Sweden	1,000	100%	5	-
La Fortezza Sp[4)]	FI - 462981	Scarperia	Italy	20,900,000	100%	801	849
Competences S.r.L	BO-423431	Pianoro	Italy	11,000	100%	-	-
La Fortezza Contract S.r.L	BO-419359	Pianoro	Italy	50,000	100%	-	-
La Fortezza Alser S.a.S	438699225	Jouy e Moutier	France	1,490,000	100%	-	-
La Fortezza Asia Sdn Bhd	396959-A	Kuala Lumpur	Malaysia	600,000	90%	-	-
La Fortezza Equipamento Iberica S.L.	B85907236	Barcelona	Spain	19,000	100%	-	-
La Fortezza Est AO	1057747369723	Stupino	Russia	2,780,000	100%	-	-
La Fortezza Middle East DMCC	JLT5135	Dubai	UAE	1	100%	-	-
La Fortezza Portugal Unipessoal, LdA	513102930	Lisbon	Portugal	1	100%	-	-
La Fortezza Sudamericana S.A.	30-68703602-2	Buenos Aires	Argentina	5,645,921	85%	-	-
SIA ITAB Shop Concept Latvia	40103175540	Riga	Latvia	2,845	100%	49	49
SIA ITAB Finance	40103466377	Riga	Latvia	2,845	100%	1	2
SIA ITAB Production Latvia	40103296365	Riga	Latvia	2,845	100%	51	50
AO ITAB Shop Concept Russia	1057811914808	St Petersburg	Russia	100	100%	0	0
TOTAL						**2,170**	**2,211**

In addition to the above companies, the subsidiaries owned shares in dormant companies. In total, the Group comprised 93 legal companies at the end of 2017.

4) D&L Lichtplanung GmbH and D. Lindner Lichttechnische Grosshandlung GmbH have been acquired during 2017. The Czech company ITAB Czech Republic, s.r.o has been wound up during 2017. In 2016, the subsidiaries La Fortezza SpA, MB Shop Design AB and ITAB Finland Holding Oy have been acquired and ITAB Shop Products France has been started up, see Note 5.

5) During 2018, ITAB Shop Concept Jönköping AB has changed its name to ITAB Shop Products AB.

NOTE 21. FINANCIAL ASSETS AND LIABILITIES

Time analysis of financial assets	2017 Due	2017 Not due	2017 Total	2016 Due	2016 Not due	2016 Total
Accounts receivables, not written down						
less than 30 days old	108	937	1,045	156	846	1,002
31-60 days old	44	-	44	67	-	67
more than 60 days old	65	-	65	31	-	31
Accounts receivables written down						
more than 60 days old	24	-	24	35	-	35
Deduction for reserves	-24	-	-24	-35	-	-35
TOTAL ACCOUNTS RECEIVABLES	**217**	**937**	**1,154**	**254**	**846**	**1,100**
Other financial assets	-	90	90	-	108	108
BOOK VALUE, FINANCIAL ASSETS EXCL. CASH AND CASH EQUIVALENTS	**217**	**1,027**	**1,244**	**254**	**954**	**1,208**

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.

Change in provision for uncertain accounts receivables	2017	2016
Opening balance	35	12
Acquisitions/sales of operations	-	21
Increase in provision via the income statement	1	6
Utilised reserve due to ascertained customer losses	-9	-2
Reverse provisions	-4	-2
Translation differences for the year	1	0
CLOSING BALANCE	**24**	**35**

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

The Group	2017	2016
Maturity date		
within 1 year	1,918	1,960
between 1 and 3 years	792	647
between 3 and 5 years	680	435
after 5 years	120	182
	3,510	**3,224**

Parent Company	2017	2016
Maturity date		
within 1 year	978	1,338
between 1 and 3 years	654	429
between 3 and 5 years	672	241
after 5 years	113	165
	2,417	**2,173**

CHANGE IN LIABILITY ATTRIBUTABLE TO FINANCING OPERATIONS IN THE GROUP'S CASH FLOW

	2016	Cash flow	Items that do not affect the cash flow: Acquisitions	Translation difference	Fair value	2017
Non-current financial receivables	-6	-2				-8
Derivative receivables	-11				11	0
Non-current liabilities to credit institutions [1)]	800	511				1,311
Current liabilities to credit institutions as well as overdraft facility [1)]	1,119	-327	79	17		888
Convertible debenture loan	185				3	188
Derivative liabilities	34				-6	28
TOTAL NET LIABILITY FROM FINANCING OPERATIONS	**2,121**	**182**	**79**	**17**	**8**	**2,407**

[1)] Acquisitions during 2017 have been financed through newly arranged credit facilities totalling EUR 18 million.
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 debt 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.

INFORMATION ABOUT RECOGNISED VALUE PER CATEGORY AND FAIR VALUE PER CLASS

VALUATION HIERARCHY

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

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

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

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

DERIVATIVE INSTRUMENTS

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

CONDITIONAL PURCHASE SUM

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

INFORMATION ABOUT RECOGNISED VALUE PER CATEGORY AND FAIR VALUE PER CLASS

The Group 2017	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			8		8	8
Accounts receivable			1,154		1,154	1,154
Other receivables			82		82	82
Cash and cash equivalents [2]			285		285	285
TOTAL FINANCIAL ASSETS			**1,529**		**1,529**	**1,529**
Financial liabilities						
Liabilities to credit institutions				1,676	1,676	1,676
Convertible debenture loan				188	188	195
Overdraft facilities				523	523	523
Derivative liability (level 2)	28				28	28
Conditional purchase sum (level 3)		169			169	169
Advance payments from customers				11	11	11
Accounts payable				676	676	676
Other liabilities				121	121	121
Accrued expenses, financial liability				5	5	5
TOTAL FINANCIAL LIABILITIES	**28**	**169**		**3,200**	**3,397**	**3,404**
2016						
Financial assets						
Financial non-current assets			6		6	6
Accounts receivable			1,100		1,100	1,100
Derivative receivables (level 2)	11				11	11
Other receivables			91		91	91
Cash and cash equivalents [2]			404		404	404
TOTAL FINANCIAL ASSETS	**11**		**1,601**		**1,612**	**1,612**
Financial liabilities						
Liabilities to credit institutions				1,269	1,269	1,269
Convertible debenture loan				185	185	195
Overdraft facilities				650	650	650
Derivative liability (level 2)	34				34	34
Conditional purchase sum (level 3)		233			233	233
Advance payments from customers				22	22	22
Accounts payable				641	641	641
Other liabilities				115	115	115
Accrued expenses, financial liability				4	4	4
TOTAL FINANCIAL LIABILITIES	**34**	**233**		**2,886**	**3,153**	**3,163**
Parent Company						
2017						
Financial assets						
Receivables, Group companies			1,037		1,037	1,037
Cash and cash equivalents [2]			0		0	0
TOTAL FINANCIAL ASSETS			**1,037**		**1,037**	**1,037**
Financial liabilities						
Liabilities to credit institutions				1,397	1,397	1,397
Convertible debenture loan				188	188	195
Overdraft facilities				543	543	543
Accounts payable				3	3	3
Liabilities to Group companies				20	20	20
Conditional purchase sum (level 3)		148			148	148
Other liabilities				2	2	2
Accrued expenses, financial liability				5	5	5
TOTAL FINANCIAL LIABILITIES		**148**		**2,158**	**2,306**	**2,313**
2016						
Financial assets						
Receivables, Group companies			623		623	623
Cash and cash equivalents [2]			0		0	0
TOTAL FINANCIAL ASSETS			**623**		**623**	**623**
Financial liabilities						
Liabilities to credit institutions				928	928	928
Convertible debenture loan				185	185	195
Overdraft facilities				723	723	723
Accounts payable				5	5	5
Liabilities to Group companies				25	25	25
Conditional purchase sum (level 3)		228			228	228
Other liabilities				6	6	6
Accrued expenses, financial liability				3	3	3
TOTAL FINANCIAL LIABILITIES		**228**		**1,875**	**2,103**	**2,113**

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

NOTE 22. LEASING

FINANCIAL LEASING

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

	2017	2016
Plant and machinery		
Accumulated acquisition values		
At the start of the year	82	74
Additions	0	1
Acquisitions/sales of subsidiaries	0	13
Sales and disposals	-8	-7
Translation differences for the year	-1	1
	73	**82**
Accumulated depreciation according to plan		
At the start of the year	-51	-53
Depreciation according to plan for the year	-7	-6
Sales and disposals	8	7
Translation differences for the year	0	1
	-50	**-51**
RECOGNISED VALUE AT THE CLOSE OF THE YEAR	**23**	**31**
Borrowing, financial leasing		
Current portion, maturity date within one year	4	8
Non-current portion, maturity date between one and three years	9	6
Non-current portion, maturity date between three and five years	2	6
Non-current portion, maturity date over five years	0	1
	15	**21**

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

During 2017, the cost for these agreements, excluding consideration for deferred tax, amounted to SEK 8 million (6). Future obligations for financial agreements amount to SEK 15 million (22) and are distributed as follows:

	Nominal value 2017	Current value 2017
Current portion, maturity date within one year	4	4
Non-current portion, maturity date between one and three years	9	9
Non-current portion, maturity date between three and five years	2	2
Non-current portion, maturity date over five years	0	0
	15	**15**

	2016	2016
Current portion, maturity date within one year	8	8
Non-current portion, maturity date between one and three years	6	6
Non-current portion, maturity date between three and five years	7	6
Non-current portion, maturity date over five years	1	1
	22	**21**

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 151 million (128) in 2017, of which rental costs for properties amounted to SEK 122 million (105). There are no significant variable charges or restrictions.

Agreed future payments for operational leases amount to SEK 632 million (599), and are distributed as follows:

	2017	2016
Maturity date within one year	143	135
Maturity date between one and five years	316	294
Maturity date more than five years	173	170
	632	**599**

NOTE 23. INVENTORY

The Group	2017	2016
Raw materials and supplies	528	460
Products in progress	128	114
Finished products and trading goods	506	456
Advance payments for goods	12	6
	1,174	**1,036**

The year's impairment of finished products and trading goods expensed to the year's income totalled SEK 23 million (17, excluding measures in association with restructuring).

NOTE 24. PREPAID EXPENSES AND ACCRUED INCOME

The Group	2017	2016
Prepaid rent and leasing fees	14	12
Prepaid insurance premiums	6	5
Other prepaid expenses	49	47
Accrued income	29	3
	98	**67**

Parent Company	2017	2016
Prepaid insurance premiums	1	1
Prepaid financing expenses	3	3
Other prepaid expenses	15	21
	19	**25**

NOTE 25. SHAREHOLDERS' EQUITY

THE GROUP

Share capital

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

Other contributed capital

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

A convertible debenture loan is a combined financial instrument that is both liability and equity. These are recognised divided into financial liability and equity instrument. This is achieved by deducting the fair value of the financial liability from that which was received when the convertible was issued. The value of the equity instrument is calculated as the difference between the issue payment and the fair value of the financial liability. Equity instruments are recognised as other contributed capital.

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. There have been no divestments in 2017 or 2016. During 2017, a dormant company of little value in the Czech Republic has been deregistered.

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

Translation reserve related to the Parent Company's shareholders	**2017**	**2016**
Opening balance	-14	-28
Translation difference for phased out operations transferred to profit for the year	0	-
Translation difference when translating foreign operations	24	13
Change in fair value of hedges of net investments	-10	1
Tax	2	0
Closing balance	**2**	**-14**

Translation reserve related to holdings without controlling influence		
Opening balance	12	10
Translation differences for the year	-3	2
Closing balance	**9**	**12**

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.

	2017	**2016**
Opening balance	-21	-23
Change in fair value of cash flow hedges	-9	-10
Change in fair value of cash flow hedges transferred to the year's profit or loss	14	13
Tax	-1	-1
Closing balance	**-17**	**-21**
Total other reserves related to the Parent Company's shareholders	**-15**	**-35**
Total other reserves related to non controlling interest	**9**	**12**

Profit brought forward

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

PARENT COMPANY

Share capital

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

Statutory reserve

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

Share premium reserve

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

Profit brought forward

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

NOTE 26. ALLOCATION OF PROFITS

Parent Company	**2017**	**2016**
The following unrestricted profit is at the disposal of the Annual General Meeting:		
Share premium reserve	310	309
Profit brought forward	233	100
Net profit for the year	344	313
TOTAL	**887**	**722**

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

To be paid as dividends to shareholders, SEK per share	1.75	1.75
Number of shares	102,383,430	102,383,430
To be paid as dividends to shareholders in total	179	179
To be carried forward to a new account	708	543
TOTAL	**887**	**722**

NOTE 27. OVERDRAFT FACILITY

The Group	**2017**	**2016**
Granted overdraft facility	927	1,197
Utilised overdraft facility	523	650
Unutilised overdraft facility	**404**	**547**
Parent Company		
Granted overdraft facility	868	1,111
Utilised overdraft facility	543	723
Unutilised overdraft facility	**325**	**388**

The companies in the ITAB Group are affiliated to the Group account system. At the end of the year, ITAB Shop Concept AB had net assets of SEK 224 million (-275) via Group accounts.
Together with the subsidiaries within the Group, the Parent Company's total liability to credit institutions via Group accounts amounted to SEK 505 million (632), i.e. the Parent Company has a claim against subsidiaries totalling SEK 729 million (357).

NOTE 28. CONVERTIBLE DEBENTURE LOAN

The company has two outstanding convertible loans nominally at a total of SEK 197.7 million. Both loans are targeted at the Group's employees at market conditions. The first loan was taken out in June 2014 in which 602,004 convertibles were subscribed for that can be converted to one share at a conversion price of SEK 49.83. The nominal amount is SEK 30 million, which corresponds to 602,004 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 2.0 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 49.83 per share. The loan's nominal amount is SEK 49.83. The information is updated after the split.

The second loan was taken out in June 2016 in which 1,950,000 convertibles were subscribed for, and each convertible can be converted to one share at a conversion price of SEK 86. The nominal amount is SEK 167.7 million, which corresponds to 1,950,000 shares. Transaction expenses that arise in connection with the convertible loan are spread over the term of the loan and expensed as financial expense. The convertible loan will run until 30 June 2020 at an annual interest rate of STIBOR 3 months (minimum 0) plus 2.2 percentage points. During the period 1 June 2020 to 12 June 2020, the convertible debenture can be converted to shares at a conversion rate of SEK 86 per share. The loan's nominal amount is SEK 86.

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	**2017**	**2016**
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	-5	-2
Expected return on management assets	0	-1
RECOGNISED PENSION COSTS, NET	**-4**	**-2**
Recognised provisions per 31 December		
Pension commitments' present value	65	65
Management asset's fair value	-33	-33
RECOGNISED PROVISIONS PER 31 DECEMBER	**32**	**32**
The net amount is distributed between the following countries		
Norway	4	3
Sweden	2	2
Italy	17	18
France	8	8
Other	1	1
OBLIGATIONS RECOGNISED IN THE BALANCE SHEET	**32**	**32**

	2017	**2016**
Change in recognised provision		
Opening net liability	32	5
Transferred provision in association with business acquisitions	-	26
Actuarial gains and losses	4	3
Realignment	0	0
Pension costs, net	-4	-2
RECOGNISED PROVISIONS PER 31 DECEMBER	**32**	**32**

The most important assumptions used for determining commitments for pensions (%)		
Discount factor	1.3-2.3%	1.3-2.1%
Future wage increases	1.0-2.5%	1.0-2.5%
Future pension increases	2.2-2.6%	2.0-2.6%
Expected yield	2.30%	2.10%

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 2017 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 (3).

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 2017, Alecta's surplus in the form of the collective solvency level was 154 per cent (149).

NOTE 30. OTHER PROVISIONS

The Group	2017	2016
Restructuring reserve 1)	12	52
Guarantee fund	3	3
Environmental reserve	1	1
Other provisions	15	15
	31	**71**

1) The restructuring reserve refers to costs in association with the closure of the production unit in Belgium.

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

The Group 2017	Guarantee fund	Environmental reserve	Restructuring reserve 1)	Other provisions 2)	Total
Opening balance as per 1 Jan 2017	**3**	**1**	**52**	**15**	**71**
The year's provisions	0	0	9	1	10
Utilised provisions	-	-	-50	-2	-52
Translation differences	0	0	1	1	2
Closing balance as per 31 Dec 2017	**3**	**1**	**12**	**15**	**31**
of which, current provisions	**-**	**0**	**5**	**3**	**8**
of which, non-current provisions	**3**	**1**	**7**	**12**	**23**

The Group 2016	Guarantee fund	Environmental reserve	Restructuring reserve 1)	Other provisions 2)	Total
Opening balance as per 1 Jan 2016	**3**	**1**	**-**	**5**	**9**
The year's provisions	0	-	52	-	52
Acquisitions of subsidiaries2)	-	-	-	11	11
Utilised provisions	-	0	-	-1	-1
Closing balance as per 31 Dec 2016	**3**	**1**	**52**	**15**	**71**
of which, current provisions	**-**	**0**	**44**	**3**	**47**
of which, non-current provisions	**3**	**1**	**8**	**12**	**24**

NOTE 31. ACCRUED EXPENSES AND PREPAID INCOME

The Group	2017	2016
Payroll and vacation expenses	115	117
Accrued social security fees, including pension and payroll tax	47	60
Accrued sales commissions	58	47
Accrued service-related expenses	6	4
Accrued interest expenses	5	4
Other accrued expenses	59	36
Prepaid income	5	16
	295	**284**

Parent Company		
Payroll and vacation expenses	6	7
Accrued social security fees, including pension and payroll tax	4	4
Accrued interest expenses	5	3
Other accrued expenses	0	0
	15	**14**

NOTE 32. PLEDGED ASSETS

The Group	2017	2016
Pledges for own liabilities		
Property mortgages	71	73
Business mortgages	185	221
Shares in subsidiaries	1,712	1,781
TOTAL PLEDGED ASSETS	**1,968**	**2,075**

Parent Company		
Pledges for own liabilities		
Shares in subsidiaries	1,334	1,381

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

NOTE 33. CONTINGENT LIABILITIES

The Group	2017	2016
Guarantee undertakings	180	154
Parent Company		
Sureties for subsidiaries	983	478

NOTE 34. RELATED PARTIES TRANSACTIONS

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

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 24 million (23) for the properties in Jönköping and Nässjö were paid in 2017 to Tosito AB, which is under the controlling influence of Stig-Olof Simonsson, former Board member of ITAB. Prepaid rent affects the balance sheet by SEK 6 million (0) and accounts payable by SEK 7 million (0).
- In 2016, purchases at a value of SEK 5 million were made by ITAB Shop Concept Nässjö AB from Arion Sweden AB which, up until December 2016, was owned by Pomona-gruppen AB, of which Chairman of the Board Fredrik Rapp is the CEO.
- Purchases to a total value of SEK 1 million (1) have been made in 2017 by the ITAB companies ITAB Shop Concept Jönköping AB, ITAB Shop Concept Nässjö AB, MB Shop Design AB and ITAB Shop Products Finland Oy from companies in the XANO Group, which are under the controlling influence of board member Anna Benjamin and family.

NOTE 35. EVENTS AFTER THE 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 development of the Group's and the Parent Company's business activities, position and financial results, as well as describing significant risks and uncertainties that the Parent Company and companies within the Group face. The annual accounts and the consolidated accounts have been approved for issue by the Board of Directors on 26 March 2018. 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 7 May 2018.

Jönköping, 26 March 2018

Fredrik Rapp Chairman	Anna Benjamin Board member	Per Borgklint Board member	Petter Fägersten Board member
Sune Lantz Board member	Anders Moberg Board member	Lottie Svedenstedt Board member	Ulf Rostedt CEO

Our audit was submitted on 27 March 2018

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

Opinions

We have carried out an audit of the annual accounts and consolidated accounts for ITAB Shop Concept AB (publ) for 2017. The company's annual accounts and consolidated accounts are included on pages 52-88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2017 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 2017 and its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards (IFRS), 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.

Our opinions in this report regarding the annual accounts and consolidated accounts are compatible with the content of the supplementary report that has been submitted to the Parent Company's Audit Committee in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for our opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in greater detail in the section Auditor's responsibility. We are independent of the Parent Company and the Group according to generally accepted auditing standards in Sweden, and have also complied with our ethical requirements pursuant to these requirements. This means that, to the best of our knowledge and belief, no prohibited services as referred to in Article 5.1 of the Audit Regulation (537/2014) have been supplied to the audited company or, where applicable, to its parent company or its audited companies within the EU.

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

Particularly important areas

Particularly important areas for the audit are those areas that, in our professional judgement, were the most significant for the audit of the annual accounts and the consolidated accounts for the relevant period. These areas were covered within the framework of the audit of, and in our stance on, the annual accounts and the consolidated accounts as a whole, although we are not making any separate statements on these areas. The description below of how the audit was conducted within these areas must be read in this context.

We have satisfied the obligations described in the section Auditor's responsibility in our report on the annual accounts within these areas as well. As a result, audit measures were carried out that have been designed to consider our assessment of risk of material errors in the annual accounts and the consolidated accounts. The results of our audit and the audit procedures that have been carried out to deal with the areas set out below constitute the basis for our auditor's report.

Valuation of goodwill and participations in Group companies

Description of the area

The reported value for goodwill amounts to SEK 1,576 million in the Group's balance sheet as at 31 December 2017, which corresponds to 28% of total assets. Participations in Group companies are reported in the Parent Company's balance sheet at SEK 2,170 million, which corresponds to 67% of total assets. Every year, and when there is an indication of a fall in value, ITAB checks that the recognised value does not exceed the calculated recoverable amount. The recoverable amount is determined for each cash-generating unit by means of a current value calculation of future cash flows. Future cash flows are based on the management's business plans and forecasts and include a number of assumptions, including regarding profit trend, growth, investment needs and discount rate For participations in Group companies, the recoverable amount is determined as fair value or value in use, whichever is the highest.

Altered assessments of the assumptions the management has made in the calculation of the recoverable amount and the assumptions that the Company has applied are therefore very important in the assessment of the need for impairment. We have therefore judged that the recognition of goodwill and participations in Group companies are a particularly significant area of the audit.

A description of the impairment test can be seen from Note 18 "Intangible assets" and in Note 3 "Important estimates and assessments".

How this area was taken into consideration in the audit

In our audit, we have evaluated and tested the company's process for establishing impairment tests, including by evaluating the accuracy of forecasts and assumptions in previous years. With the aid of our valuation specialists, we have assessed the selected discount rate and assumptions regarding long-term growth. We have also examined the company's model and method for implementing impairment tests, and have evaluated the company's sensitivity analysis. We have assessed whether information provided in the annual accounts is appropriate.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts, and can be found on pages 1-51. The Board of Directors and the CEO are responsible for this other information.

Our opinion concerning the annual accounts and consolidated accounts does not encompass this information, and we do not give any verified opinion in respect of this other information.

In conjunction with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information that has been identified above and to consider whether the information, to a significant extent, is incompatible with the annual accounts and consolidated accounts. In this review, we also take into consideration the knowledge we have otherwise acquired during the course of the audit, and assess whether the information appears to contain any material misstatement.

If, based on the work carried out in respect of this information, we come to the conclusion that the other information contains a material misstatement, we are obliged to report this. We have nothing to report in this respect.

Responsibilities of the Board of Directors and CEO

The Board of Directors and CEO are responsible for the annual accounts and the consolidated accounts being prepared and providing a fair view according to the Annual Accounts Act and, as regards the consolidated accounts, according to IFRS as adopted by the EU. The Board of Directors and CEO are also responsible for any internal control they consider necessary to enable the preparation of annual accounts and consolidated accounts that are free of any material misstatement, whether due to fraud or error.

When preparing the annual accounts and the consolidated accounts, the Board of Directors and CEO are responsible for assessing the company's ability to continue operations. Where appropriate, they provide information about conditions that can influence the ability to continue operations and to employ the assumption regarding continued operation. However, the assumption regarding continued operation is not applied if the Board of Directors and the CEO intend to wind up the company, cease operations or have no realistic alternative to implementing one of these options. ▶

- The Board's Audit Committee must monitor the company's financial reporting, without this affecting the Board's other responsibilities and duties.

Auditor's responsibility

Our goals are to obtain reasonable assurance that the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to submit an auditors' report that includes our opinions. Reasonable assurance corresponds to a high level of certainty, but is not a guarantee that an audit carried out according to ISA and generally accepted auditing standards in Sweden will always discover a material misstatement, should one exist. Misstatements can arise due to fraud or error, and are considered to be material if, individually or together, they can reasonably be expected to affect the financial decisions that users make on the basis of the annual accounts and the consolidated accounts.

As part of an audit in accordance with ISA, we employ professional judgement and adopt a professionally sceptical attitude throughout the audit. In addition:

- we identify and assess the risks of material misstatements in the annual accounts and the consolidated accounts, whether these are due to fraud or error, formulate and carry out audit procedures in part on the basis of these risks and obtain audit evidence that is sufficient and appropriate to constitute grounds for our opinions. The risk of not discovering a material misstatement due to fraud is higher than with a material misstatement due to error, as fraud can entail collusion, falsification, intentional omissions, incorrect information or the disregarding of internal control.
- we acquire an understanding of that part of the company's internal control that is important for our audit, in order to formulate audit procedures that are appropriate with regard to the circumstances, but not to express our opinion on the effectiveness of the internal control.
- we evaluate the appropriateness of the accounting principles that are used and the reasonableness of the Board of Directors' and the CEO's estimates in the accounts and associated information.
- we draw a conclusion regarding the suitability of the Board of Directors and the CEO using the assumption regarding continued operation in the preparation of the annual accounts and the consolidated accounts. We also draw a conclusion, based on the collected audit evidence, as to whether there is any significant uncertainty factor in relation to such incidents or circumstances that can lead to significant doubt regarding the company's ability to continue operations. If we conclude that a significant uncertainty factor exists, we have to draw attention in the Auditors' report to the information in the annual accounts regarding the significant uncertainty factor or, if such information is insufficient, to modify our opinion on the annual accounts and the consolidated accounts. Our conclusions are based on the audit evidence that is obtained up until the date of the Auditors' report. However, future incidents or circumstances can mean that a company is no longer able to continue operations.
- we evaluate the overall presentation, the structure and the content of the annual accounts and the consolidated accounts, including the information, and whether the annual accounts and the consolidated accounts represent the underlying transactions and incidents in a manner that provides a fair view.
- we obtain sufficient and appropriate audit evidence in respect of the financial information for the units or the business activities within the Group, in order to give our opinion regarding the consolidated accounts. We are responsible for controlling, monitoring and executing the Group audit. We are solely responsible for our opinions.

We have to notify the Board of Directors about matters such as the planned scope and focus of the audit as well as when it will be conducted. We also have to provide information about significant observations during the audit, including any significant deficiencies within internal controls that we have identified.

We also have to supply the Board of Directors with a statement indicating that we have complied with relevant ethical requirements in respect of independence, and list all relationships and other circumstances that could feasibly affect our independence, as well as associated counter-measures where applicable.

Of the areas that are communicated to the Board of Directors, we establish which of these have been of most significance regarding the audit of the annual accounts and the consolidated accounts, including which are judged to constitute the most important risks of material misstatements and which therefore represent particularly significant areas for the audit. We describe these areas in the auditor's report except when laws or other statutes prevent the communication of information about an issue.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts, we have also performed an audit of the administration of the Board of Directors and CEO of ITAB Shop Concept AB (publ) for the 2017 financial year, as well as of the proposed appropriations of the company's profit or loss.

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.

Basis for our opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in greater detail in the section Auditor's responsibility. We are independent of the Parent Company and the Group according to generally accepted auditing standards in Sweden, and have also complied with our ethical requirements pursuant to these requirements.

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

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. In the event of a proposed dividend, this includes an assessment of whether the dividend is justifiable bearing in mind the demands that the nature, scope and risks of the company's and the Group's operation place on the size of the Parent Company's and the Group's equity, solvency requirement, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's business. This includes continually assessing the company's and the Group's financial situation, as well as ensuring that the company's organisation is designed so that the accounts, the administration of funds and the company's finances in general are controlled in a secure manner. The CEO must take care of the day-to-day administration in accordance with the Board of Directors' guidelines and instructions, as well as implement the measures that are necessary to ensure that the company's accounts are completed in compliance with the law and that the administration of funds is handled in a satisfactory manner.

Auditor's responsibility

Our goal as regards the audit of the administration, and hence our opinion concerning discharge from liability, is to obtain audit evidence in order to judge, with reasonable assurance, whether any member of the Board of Directors or the CEO in a significant respect:

- has conducted any action or been guilty of any negligence that could give rise to an obligation to pay compensation to the company.
- has acted in some other way in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Our goal as regards the audit of the proposed appropriations of the company's profit or loss, and hence our opinion concerning this, is to judge, with reasonable assurance, whether the proposal is compatible with the Swedish Companies Act.

Reasonable assurance corresponds to a high level of certainty, but is not a guarantee that an audit carried out according to generally accepted auditing standards in Sweden will always discover actions or negligence that could give rise to an obligation to pay compensation to the company, or that the proposed appropriation of the company's profit or loss is not compatible with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we employ professional judgement and adopt a professionally sceptical attitude throughout the audit. The review of the administration and the proposed appropriations of the company's profit or loss are based primarily on the audit of the accounts. The execution of any additional audit procedures is founded on our professional judgement on the basis of risk and materiality. This means that we focus the review on such measures, areas and circumstances that are significant for the operation, and where deviations and infringements would be of particular importance for the company's situation. We analyse and assess decisions that have been taken, decision-making data, implemented measures and other circumstances that are relevant for our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined 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.

Ernst & Young AB Box 7850, 103 99 Stockholm, was appointed ITAB Shop Concept AB (publ)'s auditor by the Annual General Meeting on 9 May 2017. ITAB Shop Concept AB (publ) has been a public-interest entity since 28 May 2004.

Jönköping, 27 March 2018
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 states that there should be three decision-making organs in the company: the general meeting, the board and the managing director. There must also be a control body, an auditor, that is appointed by the annual general meeting. The Act specifies the duties of each body and the responsibility of the individuals included in the company's bodies.

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

CORPORATE GOVERNANCE IN ITAB

ITAB Shop Concept AB (publ) is a Swedish registered limited liability company, whose overall ambition is to create long-term value for shareholders and other stakeholders. The ITAB share is listed on NASDAQ OMX Nordic in the Mid Cap segment.

The information requirements that ITAB consequently has to fulfil are set out in the "issuer regulations" issued by the Stock Exchange. This Corporate Governance Report describes ITAB's corporate governance, management and administration as well as internal controls regarding financial reporting.

This corporate governance report is not part of the Directors' Report. The report is examined by the company's auditor in accordance with the Annual Accounts Act, see separate statement attached to this Corporate Governance Report on page 95.

SHAREHOLDERS

At the end of 2017, the number of shareholders in ITAB amounted to 4,293 (4,925). Institutional ownership made up 6.20 per cent of the votes and 18.29 per cent of the capital. The ten largest shareholders accounted for 91.66% of the votes and 75.45% 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. Petter Fägersten controls 17.24 per cent of the capital and 52.61 per cent of the votes. Pomona-gruppen holds 29.49 per cent of the capital and 29.32 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.

ANNUAL GENERAL MEETING 2017

ITAB's 2017 Annual General Meeting was held on Tuesday 9 May. Attending the Meeting were 97 shareholders representing 88.83 per cent of the votes and 67.07 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 1.75 per share, for a total of SEK 179.2 million.
- Re-election of board members Anna Benjamin, Petter Fägersten, Sune Lantz, Anders Moberg, Fredrik Rapp and Lottie Svedenstedt, and election of Per Borgklint.
- Fredrik Rapp was elected Chairman of the Board.
- Anders Rudgård (Chairman), Fredrik Rapp and Johan Storm were elected to the Nomination Committee.
- 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.

ANNUAL GENERAL MEETING 2018

ITAB's 2018 Annual General Meeting will be held on Monday 7 May at 4 pm in ITAB's premises at Instrumentvägen 2 in Jönköping. Further information can be found on page 101.

NOMINATION COMMITTEE

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

At the 2017 AGM, shareholders who jointly represent more than 80 per cent of the votes in ITAB appointed a Nomination Committee comprising Anders Rudgård as Chairman and Fredrik Rapp and Johan Storm as members.

The Nomination Committee's task ahead of the 2018 AGM is to propose a Chairman of the Board and other Board members, as well as fees and other remuneration for Board assignments for each of the Board members. In the assessment of the Board's evaluation and in its proposals, the Nomination Committee will pay particular attention to the demand for diversity and breadth in the Board, as well as endeavour to achieve an even gender distribution. The Nomination Committee will also submit proposals regarding the choice of auditor and fees for the auditor.

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

THE BOARD OF DIRECTORS

The tasks of the Board of Directors are to manage the company's affairs on behalf of the shareholders. According to ITAB's Articles of Association, the Board of Directors must comprise at least three and at most eight members. According to the Code, deputies will not be appointed to those members elected by the Annual General Meeting. ITAB's Board of Directors currently comprises seven ordinary members. Fredrik Rapp (Chairman), Anna Benjamin, Per Borgklint, Petter Fägersten, Sune Lantz, Anders Moberg and Lottie Svedenstedt. A more detailed presentation of the Board members can be found on page 96.

The Board members elected by the AGM include individuals representing ITAB's major shareholders as well as independents (see table on page 95). 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 seven Board meetings during 2017, all 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 2017 also covered the following:

1. **7 February.** Year-end report 2016, report from the Audit Committee in which the auditors' overall observations during the audit of the 2016 accounts were presented, evaluation of the Board's work in 2016. The Audit Committee's account for the internal audit.
2. **9 May.** Interim report, three months, conditions ahead of Annual General Meeting.
3. **9 May.** Statutory Board meeting.
4. **12 July.** Half-yearly report.
5. **13-14 September.** Group strategy.
6. **1 November.** Interim report, nine months. The Audit Committee's account for the internal audit.
7. **7 December.** Budget 2018.

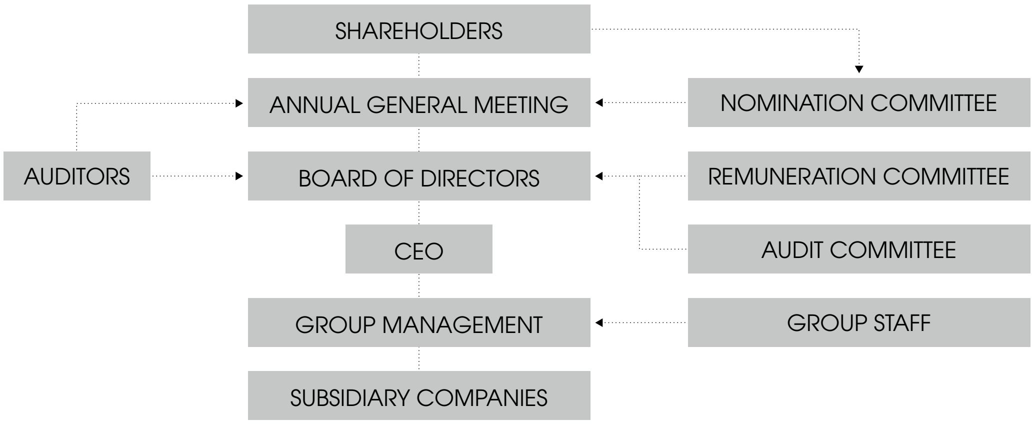
AUDIT COMMITTEE

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), Per Borgklint and Sune Lantz.

During 2017, 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. ▶

CORPORATE GOVERNANCE



REMUNERATION COMMITTEE
The Remuneration Committee's primary tasks are preparing the Board's decisions on issues regarding remuneration principles, remunerations and other terms of employment for corporate management, monitoring and evaluating ongoing schemes and schemes concluded during the year regarding variable remuneration to corporate management, as well as monitoring and evaluating the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting, as well as current remuneration structures and remuneration levels in the company. ITAB's Remuneration Committee has also been tasked with preparing issues regarding remuneration and other employment terms for CEOs in other companies in the Group.

ITAB's Remuneration Committee comprises the Board members Fredrik Rapp (Chairman of the Committee), Anders Moberg and Lottie Svedenstedt.

The Remuneration Committee has held one minuted meeting with all members present regarding remunerations in 2017.

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 2017 Annual General Meeting and related to the term up to and including the 2018 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 2017.

PRINCIPLES FOR THE REMUNERATION OF MANAGERIAL EMPLOYEES, INCENTIVE PROGRAMMES
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 2017 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 six 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.
At the 2014 and 2016 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.

The risk map has been updated during the year, which forms the basis for a revised internal audit programme. In addition to the business risks, the internal controls have focused on formalities, procedures and processes linked to the updated risk map.

FINANCIAL REPORTING
All subsidiaries submit monthly reports concerning economic outcomes, in accordance with the Group's internal finance manual. The reporting is consolidated and constitutes the basis for quarterly reports and operative follow-up. This operational follow-up is carried out in accordance with an established structure where incoming orders, invoicing, liquidity, profit, capital binding and other key figures of importance for the Group are collated and form the basis for analysis and measures by the management and controllers at various levels. Other important, Group-wide parts of the internal control include business plans and the annual forecast process. For communication with external parties, the Group has an information policy intended to ensure that all information obligations are complied with, correctly and in full.

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

Executives at various levels of the company are in turn responsible within their respective areas.

Responsibilities and authorisation are defined in CEO instructions, instructions concerning attestation rights, manuals and other policies and procedures.

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

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

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

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

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

THE COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEES AT THE END OF 2017

Name	Commissions	Remunerations Committee	Audit Committee	Independent in relation to the company and corporate management	Independent in relation to major shareholders	Participation in Board meetings[3]	Participation in Remuneration Committee[3]	Participation in Audit Committee	Board fee incl. committee remuneration (SEK)
Fredrik Rapp	Chair	Chair	-	Yes	No [1]	7 (7)	1 (1)	-	340,000
Anna Benjamin	Board member	-	Chair	Yes	No [1]	7 (7)	-	2 (2)	190,000
Per Borgklint	Board member	-	Board member	Yes	Yes	4 (5)	-	1(1)	180,000
Petter Fägersten	Board member	-	-	No[4]	No[1]	7 (7)	-	-	150,000
Sune Lantz	Board member	-	Board member	Yes	No [2]	7 (7)	-	2 (2)	180,000
Anders Moberg	Board member	Board member	-	Yes	Yes	6 (7)	1 (1)	-	180,000
Lottie Svedenstedt	Board member	Board member	-	Yes	Yes	7 (7)	1 (1)	-	180,000
									1,400,000

1) Fredrik Rapp, Petter Fägersten and Anna Benjamin, via their own holdings and holdings through companies, controlled more than ten per cent of the shares or votes in ITAB, which is why they are 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 1 Remuneration Committee meeting.
4) By virtue of his former employment in subsidiaries in the ITAB Group, Petter Fägersten is judged to be dependent in relation to the company and the company management.

More information about the Board and corporate management is provided on pages 96-97.

Jönköping, 26 March 2018

Fredrik Rapp
Chairman

Anna Benjamin
Board member

Per Borgklint
Board member

Petter Fägersten
Board member

Sune Lantz
Board member

Anders Moberg
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

Assignments and division of responsibility

The Board of Directors is responsible for the Corporate Governance Report for 2017 on pages 92-95 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the examination

Our examination has been conducted in accordance with FAR's statement RevU 16 Auditor's examination of the Corporate Governance Report. This means that our examination of the Corporate Governance Report has a different focus and a significantly reduced scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination provides a sufficient basis for our opinion.

Opinion

A Corporate Governance Report has been prepared. Information pursuant to Chapter 6, Section 6, subsection 2, points 2–6 in the Annual Accounts Act, as well as Chapter 7, Section 31, subsection 2 of the same Act, is compatible with the annual accounts and the consolidated accounts.

Jönköping, 27 March 2018
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, Svenska Handbollförbundet, etc. Board member of Ages Industri AB (publ), PrimeKey Solutions AB, Segulah AB, Nordic Flow group AB etc.
Shareholding in
ITAB Shop Concept AB:
6,480,000 Class A shares
23,711,448 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, INEV and XANO Industri AB
Shareholding in
ITAB Shop Concept AB:
Class B: 10,870,620 shares

PER BORGKLINT
(born 1972)
Board member since 2017
Degrees: Graduate in business administration, Jönköping School of Economics.
Principal work experience:
Senior Vice President, Chief Innovation Officer and Head of Business Unit Media, Ericsson. CEO, Net 1. CEO, Canal Plus Nordic and CEO, Versatel, as well as various managerial positions within Tele2.
Commissions:
No other assignments.
Shareholding in
ITAB Shop Concept AB:
No holding in ITAB

PETTER FÄGERSTEN
(born 1982)
Board member since 2016
Degrees: Economics and Finance, Jönköping International Business School
Principal work experience:
CEO and Head of Marketing ITAB Shop Concept Jönköping
Commissions: Board member of AGES Industri AB, XANO Industri AB, Industrievolution AB, Ravingatan AB, Skanditape AB, Övre kullen AB, etc.
Shareholding in
ITAB Shop Concept AB:
Class A: 15,686,400 shares
Class B: 1,966,374 shares

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, Miljöbyggarna Entreprenad i Linköping AB, Industri Evolution Sverige AB, etc., and Board member of XANO Industri AB
Shareholding in
ITAB Shop Concept AB:
Class B: 629,880 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: Chairman of the Board of Byggmax AB. Board member of Bergendahl & Son AB, Hema B.V, ZetaDisplay AB, Boconcept A/S and Stichting INGKA Foundation
Shareholding in
ITAB Shop Concept AB:
Class B: 900,000 shares
(endowment policy)

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 Boards of MiL Institute, Tillväxt Helsingborg Foundation. Board member of Byggmax AB, Gullberg & Jansson AB, Helsingborgs IF, MiL Foundation, Swedavia AB and INR Nordic AB
Shareholding in
ITAB Shop Concept AB:
Class B: 60,000 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: 238,950 shares
Convertibles corresponding to Class B shares: 12,648 shares and 60,042 shares

MIKAEL GUSTAVSSON
(born 1964)
Deputy CEO since 2008 and member of the Group management. Employed 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: 106,000 shares
Convertibles corresponding to Class B shares: 12,648 shares and 60,042 shares

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: 89,820 shares
Convertibles corresponding to Class B shares: 12,648 shares and 60,042 shares

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 2017 and includes, where relevant, holdings via companies, spouses and minors.

GLOBAL REPORTING INITIATIVE (GRI)

ITAB presents its sustainability information with the support of Global Reporting Initiatives' (GRI) standards, core level. The sustainability report is prepared annually and forms part of ITAB's annual report. The sustainability information presented in the annual report for 2017 has not been reviewed by an external party.

All in all, the information in the annual report will provide a good picture of ITAB's work within the framework of social, financial and environmental sustainability. The sustainability information in the report has been defined and delimited on the basis of an analysis of ITAB's most essential issues, and describes the impact both within and outside of the organisation.

GRI's fundamental principles for sustainability reporting form the basis for the preparation of ITAB's GRI report. This includes consideration having been given in order to ensure good reporting quality and to delimit and define the content of the report.

▶ **CONTACT PERSON, GRI**
Samuel Wingren, CFO
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GRI INDEX

The index below indicates where mandatory standard information and selected indicators from the materiality analysis are reported in the annual report.

Description		Page	Comment/Deviation
Organisation			
102-1	Name of the organisation	54	
102-2	Brands, products and services	2-3, 28-37	
102-3	Location of the head office	17,102	
102-4	Countries where the organisation has operations	2-3, 17, 38-39	
102-5	Ownership structure and corporate form	10-13	
102-6	Markets on which the organisation is active	2, 21-23, 72-73	
102-7	Size of the organisation	2,6-7, 58, 60	
102-8	Information about employees	48-51, 73-75	
102-9	Information about the supplier chain	44-45, 49	
102-10	Significant changes to the organisation during the accounting period	54, 71-72	
102-11	Application of the precautionary principle	44-45, 46	
102-12	External regulations, principles or standards that the organisation follows		Nothing relevant in this respect
102-13	Membership of external organisations		Nothing relevant in this respect
Strategy			
102-14	Statement by the CEO	8-9	
Ethics and integrity			
102-16	Values, principles and ethical guidelines	14,43	
Governance			
102-18	Controlling the organisation	92-95	
Stakeholders			
102-40	Stakeholders	40-41	
102-41	Collective agreement	48-49	Number of employees associated with collective agreements is not specified as a percentage
102-42	Identification and selection of stakeholders	40-41	
102-43	Methods for stakeholder dialogue	40-41	
102-44	Important issues raised by stakeholders	40-41	
Accounting profile			
102-45	Business units included in the financial statements	74-75	
102-46	Process for defining content and limitations of aspects	40-41	
102-47	List of significant identified aspects	41	
102-48	Effect of amended information that has been submitted in previous reports and explanations for this		No report has been submitted previously.
102-49	Significant differences compared to previous reporting		No report has been submitted previously.
102-50	Accounting period	98-99	
102-51	Date of most recently submitted report	98-99	
102-52	Accounting cycle	54, 98	
102-53	Contact person for issues relating to accounting	98-99	
102-54	Account in accordance with selected GRI level	98-99	
102-55	GRI Index	98-99	
102-56	Policy and practice for external examination of accounts	98-99	
Management approach			
103-1	Explanation of material aspects and limitations	40-49	
103-2	Sustainability control	40-49	
103-3	Evaluation of sustainability control	40-49	
Specific information			
205-3	Measures that have been implemented due to incidents of corruption	46	
302-1	Energy consumption in the organisation	44-45	Energy consumption is not specified in exact figures. ITAB's goal is to develop a Group-wide system for data collection.
308-1	Percentage of new suppliers that are screened using environmental criteria	44	
403-2	Extent of injuries, work-related illness, lost working days, absence and the total number of work-related fatal accidents per region	48-49	
404-2	Programme for further development and learning for employees	48-49, 50-51	
405-1	Composition of Board of Directors and management with regard to gender, age group and other diversity indicators	48-49, 73-75	
414-1	Percentage of new suppliers that are screened using social criteria	49	

WELCOME TO THE 2018 ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Monday 7 May 2018 at 4 pm in ITAB's premises at Instrumentvägen 2 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 Monday 30 April 2018, and must notify the company of their intention to participate in the Meeting not later than 4 pm on Monday 30 April 2018 to ITAB SHOP CONCEPT AB, C/O Euroclear Sweden AB, "Årsstämma", Box 191, 101 23 Stockholm. It is also possible to submit the information by phone on +46 (0)8-402 92 16 or via the form at www.itabgroup.com. The notification must have been received by the company not later than Monday 30 April 2018. Shareholders whose shares are registered in the names of trustees must have their shares re-registered temporarily in their own names in plenty of time before Monday 30 April 2018 to be eligible to participate in the Meeting.

DIVIDENDS

The Board of Directors is proposing a dividend of SEK 1.75 per share for the 2017 financial year.The record date will be Wednesday 9 May 2018. Subject to the Meeting's approval of the proposal, it is expected that dividends will be remitted by Euroclear Sweden AB on Tuesday 15 May 2018.

NOMINATION COMMITTEE

At the 2017 AGM, a Nomination Committee was appointed comprising Anders Rudgård as Chairman, Fredrik Rapp and Johan Storm. The Nomination Committee's task for the 2018 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 published on the company's website, www.itabgroup.com, in conjunction with the notice being published there.

FINANCIAL STATEMENTS FOR 2018

Interim report, January - March	7 May
Annual General Meeting 2018	7 May
Interim report, January - June	11 July
Interim report, January - September	26 October
Year-end report 2018	5 February 2019
Annual Report 2018	March/April 2019
Annual General Meeting 2019	May 2019

▶ Download or order copies of the financial statements on ITAB's website (www.itabgroup.com).

GLOSSARY

AirFlow
A new advance within Checkout Arena, the system means that when the consumer picks the product in the shop, it is registered immediately.

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

Checkout Arena
ITAB's concept for the checkout arena.

Click & Collect
Means that the consumer orders goods in-store or online, before collecting their order from an unmanned collection point.

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

Endless Aisle
Means that you can order products on a digital display in the shop, and the goods are then sent to the shop's collection system or directly to your home.

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.

FashionFlow
A self-checkout system specially designed for the fashion industry.

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.

PIRI
A system offering entirely new control of the shop environment, with lighting, sound and images integrated in a wireless network.

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

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

BRANDLY Photography: Patrik Svedberg and others. | Printing: Vettertryck

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