

ITAB

INTERIM REPORT JANUARY - JUNE 2018

Q2

APRIL-JUNE 2018

- ▶ Net sales amounted to SEK 1,554 million (1,552)
- ▶ Operating profit amounted to SEK 83 million (99)
- ▶ Profit after financial items amounted to SEK 64 million (84)
- ▶ Profit after tax amounted to SEK 45 million (64)
- ▶ Earnings per share amounted to SEK 0.43 (0.59)
- ▶ Cash flow from operating activities amounted to SEK 136 million (127)
- ▶ The company's net debt was SEK 2,175 million (1,943)

JANUARY-JUNE 2018

- ▶ Net sales amounted to SEK 3,035 million (3,072)
- ▶ Operating profit amounted to SEK 173 million (210)
- ▶ Profit after financial items amounted to SEK 139 million (183)
- ▶ Profit after tax amounted to SEK 101 million (138)
- ▶ Earnings per share amounted to SEK 0.94 (1.29)
- ▶ Cash flow from operating activities amounted to SEK 246 million (99)
- ▶ The company's net debt was SEK 2,175 million (1,943)

IMPORTANT EVENTS JANUARI-JUNE 2018

- ▶ Agreement entered with one of Sweden's fastest growing low price chain for delivery of shop concepts.
- ▶ Agreement entered into regarding delivery of digital systems in Spain.
- ▶ During Q1 2018 the Group has been positively impacted with a net effect of SEK 15 million due in part to the sale of a property and structuring work in Belgium. During Q2 2018, final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million.



ITAB's Endless Aisle makes it possible to combine shopping in-store and online at the same time. For smaller shops close to the city centre, Endless Aisle makes it possible to offer a larger product range to the consumer.

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CEO ULF ROSTEDT'S COMMENTS

The retail sector is changing, particularly the non-food segment, with the focus on fashion being cautious in several markets. During the first half of the year, we have analysed the market situation carefully based on our position and our offer, in order to adapt the Group to future circumstances. 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 shopping experience of the future.



SECOND QUARTER

During the second quarter, sales developed on a par with the same period last year. Currency-adjusted sales fell by 3%. There is still a certain amount of caution on several markets, particularly among major non-food chains in Scandinavia. In our opinion, the market is more volatile than before and it is difficult to adapt to this in the short term.

Above all, results have been adversely affected by the sales trend within lighting as well as by our unit in France. This, along with the trend within raw materials, has had a negative impact on profits. We are not satisfied with developments in recent times, particular with regard to profits. A series of measures have been implemented in order to adapt the cost situation in the Group to the prevailing market situation. We have implemented a cost rationalisation programme. We began to see the effects of this during the first quarter, although it has had less impact during the second quarter. The programme is continuing with the aim of optimising the cost structure.

The work regarding capital efficiency has continued during the second quarter, which has had a positive impact on cash flow.

JANUARY-JUNE

During the first half of the year, sales decreased by 1% compared to the same period last year. Currency-adjusted sales fell by 3%. The first half of the year has been challenging in many ways. There is currently a great deal of change in the retail sector, and several chains are adopting a cautious approach. We have conducted a series of marketing activities during the period in the form of product development and sales initiatives. These have been intended to strengthen ITAB's position in the shops of the future, and have resulted in increased sales costs in the short-term.

FUTURE MARKET CONDITIONS ACCORDING TO ANALYSIS

At the start of the year, and with the assistance of a renowned global analysis company, we have conducted extensive market analysis of all the European markets in which we currently operate. This study shows that the European market will grow by around 3% per year over the coming years. The market outside of Europe is generally expected to grow more. In Europe, investments will primarily grow within the food sector and the construction and home

furnishings sector, whereas investments in fashion are going to decrease.

The market analysis has been divided into sectors and conducted on the basis of ITAB's offer and market presence, and is not applicable as a general analysis of the market. According to the analysis, the food sector will grow in the region of 3% in future years, while DIY will grow by 10-15%. Within electronics as well as sport and leisure, developments are expected to remain unchanged, while fashion and other areas are expected to decline in future years.

At present, around 70% of ITAB's operations are within the food sector and DIY. Approximately 7% of sales are within electronics and sport and leisure, while 17% are within fashion and the remainder within other sectors.

The study also shows that renovations and re-profiling will increase in all sectors, while the number of square metres per shop will decrease. The omnichannel experience, i.e. the combination of shops and e-commerce, is becoming increasingly important for the continued profitability and survival of retail chains.

ACTIONS TO ADAPT THE GROUP TO THE PREVAILING SITUATION

Based on the analysis, we have commenced the work by focusing on selected areas. We will develop our work within cross-selling and the cultivation of new customers. New customers have mainly been added within the food sector as well as construction and home furnishings. In Scandinavia in particular, they have opted to utilise a larger proportion of our offer. We can see considerable potential in the fact that several of our existing customers will also be doing so alongside renovation and reprofiling activities in future. Work has also commenced aimed at implementing internal adaptations in order to cope with this sales trend. We will be working more intensively to position ITAB as a brand for the shops of the future.

We will focus efforts on moving closer to several of the major e-commerce companies, which are indicating that they will be establishing physical shops in future in order to get closer to the consumer. Alternative market areas that could be relevant for us in future will also be evaluated.

The rationalisation work is continuing in our production facilities in order to increase our flexibility and efficiency. This will be an

important factor in coping with future demands for rapid deliveries.

A PARTNER FOR THE FUTURE

Initiatives are continuing relating to our position in the shops of the future. Over recent years, ITAB has made considerable investments in product development and initiatives aimed at ensuring that the organisation will be well prepared for the developments that are taking place in the retail sector. The shop experience is becoming more interactive, with the focus being placed on the consumer experience. There is considerable interest in our digital offer, which links the physical shop with its e-commerce solution, among both national and international chain stores. Increased digitalisation in the physical shop is driving forward our sales and development.

FUTURE PROSPECTS

We are still witnessing a cautious attitude on several markets. The change in the sector means that the market is difficult to assess in the short term, although at present we see no indications other than that sales, as in previous years, are expected to be lower at the start of the year before increasing during the second half of the year. We are monitoring market developments closely and adapting to the prevailing conditions to the best of our ability. We are also continuing to monitor the trend in steel prices, exchange rate fluctuations, the general political situation and the general development of the retail sector, which can change our conditions in the market.

Jönköping 11 July 2018

A handwritten signature in black ink that reads "Ulf Rostedt". The signature is written in a cursive, flowing style.

*Ulf Rostedt,
Managing Director & CEO
ITAB Shop Concept AB*

SUMMARY Q2

- ▶ Net sales increased by 0.1% to SEK 1,554 million (1,552)
- ▶ Operating profit decreased by 16% to SEK 83 million¹⁾ (99)
- ▶ Profit after financial items decreased by 24% to SEK 64 million¹⁾ (84)
- ▶ Earnings per share decreased by 27% to SEK 0.43 (0.59)

1) During Q2 2018, final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million.

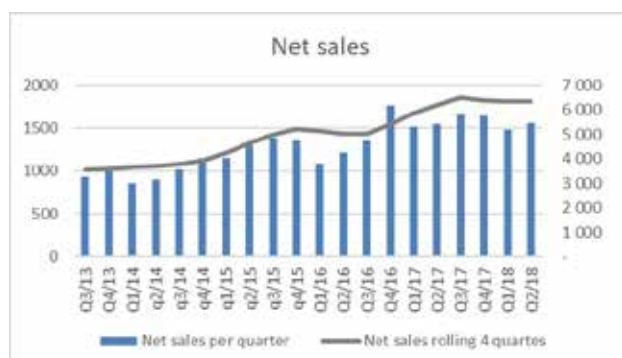
SUMMARY Q1-Q2

- ▶ Net sales decreased by 1% to SEK 3,035 million (3,072)
- ▶ Operating profit decreased by 18% to SEK 173 million²⁾ (210)
- ▶ Profit after financial items decreased by 24% to SEK 139 million²⁾ (183)
- ▶ Earnings per share decreased by 27% to SEK 0.94 (1.29)

2) During Q1 2018 the Group has been positively impacted with a net effect of SEK 15 million due in part to the sale of a property and structuring work in Belgium. During Q2 2018, final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million.

IMPORTANT EVENTS Q1-Q2

- ▶ During the first quarter, ITAB has entered into an agreement to supply digital systems to Consum in Spain. This agreement will run for two years and cover approximately 500 stores, and has an estimated value of SEK 60 million. This agreement is strategically important for ITAB, as it is the largest installation to date within the digital initiative regarding improved consumer experience. It is also an important step in the initiative relating to the cross-selling of ITAB's product portfolio in Southern Europe. Consum is one of Spain's five largest supermarket chains and has around 700 stores.
- ▶ During the second quarter, ITAB has signed an agreement with DollarStore in Sweden with an estimated value of SEK 100 million per year. ITAB will supply shop fittings, lighting, checkouts and entrance systems. The agreement also includes installation and project management. DollarStore is one of Sweden's fastest growing low price chains with 70 stores in Sweden and is now expanding at a rate of around 30 stores a year. The agreement is in line with the efforts made by ITAB on cross-selling to both new and existing customers.



ITAB GROUP IN FIGURES

	3 MONTHS APR-JUN 2018	3 MONTHS APR-JUN 2017	6 MONTHS JAN-JUN 2018	6 MONTHS JAN-JUN 2017	ROLLING 12 MONTHS JUL-JUN 2017/2018	FULL YEAR JAN-DEC 2017
Net sales, SEK m	1,554	1,552	3,035	3,072	6,344	6,381
Operating profit, SEK m*	83	99	173	210	463	500
Operating margin, %	5.3	6.4	5.7	6.8	7.3	7.8
Profit after net financial items, SEK m*	64	84	139	183	388	432
Profit margin, %	4.1	5.4	4.6	6.0	6.1	6.8
Net profit, SEK m	45	64	101	138	292	329
Earnings per share, SEK	0.43	0.59	0.94	1.29	2.76	3.11
Equity per share, SEK	16.15	14.22	16.15	14.22	16.15	16.26
Return on equity, %	10.2	15.9	11.3	17.4	17.5	20.5
Share of risk-bearing capital, %	35.1	33.9	35.1	33.9	35.1	36.1
Cash flow from operating activities, SEK m	136	127	246	99	337	190
Average number of employees	3,382	3,601	3,424	3,590	3,516	3,599

*) During Q1 2018 the Group has been positively impacted with a net effect of SEK 15 million due in part to the sale of a property and structuring work in Belgium. During Q2 of 2018, final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million. During Q4 2017 the Group has been positively impacted with a net effect of SEK 35 million due to the revaluation of the additional purchase price in conjunction with the acquisition of La Fortezza, as well as structural costs.

APRIL-JUNE

Net sales and income

The Group's net sales amounted to SEK 1,554 million (1,552), which is on a par with last year. Currency-adjusted sales fell by 3%. Sales have increased in Scandinavia, NorthEast and Central Europe, although they have fallen in the UK. In Southern Europe, sales are on a par with last year.

Operating profit fell by 16% to SEK 83 million (99). Above all, results have been adversely affected by the sales trend within lighting as well as by ITAB's unit in France. The trend within raw materials has had a negative impact on profits. A series of marketing activities have been conducted during the quarter in the form of product development and sales initiatives. These have been intended to strengthen ITAB's position in the shops of the future, and have resulted in increased sales costs in the short-term. During the quarter, final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million.

Profit after financial items fell by 24% to SEK 64 million (84). Profit after financial items is adversely affected by higher interest costs as a result of increased net debt in conjunction with acquisitions.

Financial position

The net debt was SEK 2,175 million (1,943) the increase is due to the acquisitions made as well as higher capital tied up. The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 759 million (955) on closing day. The equity/assets ratio was 31 % (29). Cash flow from current operations amounted to SEK 136 million (127). The improved cash flow is due to the more effective management of operating capital during the period.

Investments

Consolidated net investments amounted to SEK 47 million (62), of which SEK 2 million (36) can be attributed to corporate transactions during the period. For more information about corporate transactions, see Note 1 on page 11.

Employees

The average number of employees at the end of the period was 3,382 (3,601).

Parent Company

The Parent Company ITAB Shop Concept AB's operations consist primarily of Group-wide functions. The Parent Company's net sales amounted to SEK 16 million (16) and profit after financial items to SEK 298 million (282).

JANUARY-JUNE

Net sales and income

The Group's net sales amounted to SEK 3,035 million (3,072), which is a decrease of 1%. Currency-adjusted sales fell by 3%.

Sales have increased in NorthEast, Central Europe and Southern Europe, although they have fallen in the UK and Scandinavia.

Operating profit fell by 18% to SEK 173 million (210). Profits have been affected by the sales trend and the product mix during the quarter. The market is perceived as being more volatile than previously, it is difficult to adapt the Group in the short term and this is having an adverse effect on profits. The trend within raw materials has had a negative impact on profits. A series of marketing activities have been conducted during the period in the form of product development and sales initiatives. These have been intended to strengthen ITAB's position in the shops of the future, and have resulted in increased sales costs in the short-term. Operating profit includes the sale of a property and structuring work in Belgium, which have had a positive net impact on profit amounting to SEK 15 million. Final negotiations have taken place regarding the purchase sum for La Fortezza, which has had a positive impact on profit of SEK 14 million.

Profit after financial items fell by 24% to SEK 139 million (183). Profit after financial items is adversely affected by higher interest costs as a result of increased net debt in conjunction with acquisitions.

Financial position

The net debt was SEK 2,175 million (1,943) the increase is due to the acquisitions made as well as higher capital tied up. The Group's cash and cash equivalents, including undrawn committed credit facilities, amounted to SEK 759 million (955) on closing day. The equity/assets ratio was 31 % (29). Cash flow from current operations amounted to SEK 246 million (99). The improved cash flow is due to the more effective management of operating capital.

Investments

Consolidated net investments/divestments amounted to SEK 37 million (105), of which SEK 2 million (54) can be attributed to corporate transactions during the period. For more information about corporate transactions, see Note 1 on page 11. A property in Belgium has been sold during 2018.

Employees

The average number of employees at the end of the period was 3,424 (3,590).

Parent Company

The Parent Company ITAB Shop Concept AB's operations consist primarily of Group-wide functions. The Parent Company's net sales amounted to SEK 32 million (31) and profit after financial items to SEK 236 million (329).

OTHER DISCLOSURES

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 during primarily the third but also the fourth quarter.

The quarterly sales and earnings are presented in the diagrams on page 3.

Risks and uncertainties

The Group's significant risks and uncertainties include business risks and financial risks. The Group's significant financial risks are more fully discussed in Note 4 on page 70 of the 2017 Annual Report.

ITAB's business risks are associated with our own operations, customers and suppliers, as well as other external factors. Some of the most significant business risks are summarised on page 55 and 41 of the 2017 Annual Report.

No further significant risks have been identified.

Convertible debenture loan 2014/2018

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

Convertible debenture loan 2016/2020

On 11 May 2016, the Annual General Meeting of ITAB Shop Concept AB decided to approve the Board's proposal to issue a maximum of 1,950,000 convertibles with a maximum total nominal value of SEK 275,000,000 with a term from 1 July 2016 to 30 June 2020. The level of interest in the convertible programme was considerable – approximately 440 employees in 13 countries decided to participate, and the issue was oversubscribed by more than 50 percent. Employees of the ITAB Group 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.

Accounting policies

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

The new standards IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, are being applied as from 1 January 2018. The Group will not recalculate comparative figures for the 2017 financial year, in accordance with the standards' transitional rules. None of these standards have had any significant impact on the Group's financial performance and position. See information in the 2017 Annual Report and Note 2.

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

Estimates and judgements

The preparation of the interim report requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. However, the actual results may ultimately differ from those estimates and judgements. The critical judgements and sources of uncertainty in the estimates used in the preparation of this interim report are the same as in the most recent annual report.

Financial assets and liabilities

ITAB has derivative financial instruments measured at fair value. The derivative instruments consist of foreign exchange forward contracts and interest rate swaps used for hedging purposes.

All derivative instruments are categorised as Level 2 and the fair value is measured using discounted future cash flows according to the terms and due dates of the contracts where all variables, such as discount rates and exchange rates, are obtained from market listings for calculations.

Additional considerations are recognised as financial liabilities and are categorised as Level 3. These are based on each contract's parameters which are mainly linked to the anticipated performance of the acquired companies over the next few years. The additional considerations have

been recognised at estimated fair value and are re-measured through the income statement.

Recognised value is considered to constitute a reasonable estimate of the actual value of all financial assets and liabilities. No financial assets or financial liabilities have been transferred between the valuation categories and the same valuation techniques have been used throughout the year. Otherwise refers to the most recent annual report.

Related party transactions

ITAB has not entered into any related party transactions that have significantly affected the company's financial position and results.

Next reporting date

The interim report for the period January through September 2018 will be presented on the 26 October 2018.

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

We, the undersigned, declare that the half-yearly report for the period 1 January 2018 - 30 June 2018 provides a fair and true view of the Parent company's and Group's business activities, position and financial results and describes significant risks and uncertainties that the companies within the Group face.

Jönköping 11 July 2018

Anders Moberg
Chairman of the Board

Anna Benjamin
Board member

Per Borgklint
Board member

Petter Fägersten
Board member

Sune Lantz
Board member

Fredrik Rapp
Board member

Lottie Svedenstedt
Board member

Ulf Rostedt
Managing Director & CEO

KEY FIGURES

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

Key ratios are defined below. Further definitions and reconciliations can be found on page 53 in the annual report 2017.

DEFINITIONS

Share of risk-bearing capital

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

Return on equity

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

Return on capital employed

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

Return on total capital

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

Equity per share

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

Cash flow from operating activities per share

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

Earnings per share, basic

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

Earnings per share, diluted

Net profit for the period 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 expenses in relation to financial expenses.

Operating margin

Operating profit in relation to net sales.

Equity/assets ratio

Equity in relation to total capital.

Total Capital, Balance sheet total

Total Equity and Liabilities.

Profit margin

Profit after financial items in relation to net sales.

Average number of employees

Number of worked hours divided by normal annual working time.

THE GROUP

INCOME STATEMENT - SUMMARY

(SEK million)	3 MONTHS APR-JUN 2018	3 MONTHS APR-JUN 2017	6 MONTHS JAN-JUN 2018	6 MONTHS JAN-JUN 2017	ROLLING 12 MONTHS JUL-JUN 2017/2018	FULL YEAR JAN-DEC 2017
Net sales	1,554	1,552	3,035	3,072	6,344	6,381
Cost of goods sold	-1,113	-1,110	-2,160	-2,178	-4,534	-4,552
Gross profit	441	442	875	894	1,810	1,829
Selling expenses	-295	-263	-578	-525	-1,124	-1,071
Administrating expenses	-79	-83	-153	-160	-298	-305
Other operating income and expenses	16	3	29	1	75	47
Operating profit	83	99	173	210	463	500
Financial income	0	3	1	3	3	3
Financial expenses	-19	-18	-35	-30	-78	-71
Profit after financial items	64	84	139	183	388	432
Tax expenses	-19	-20	-38	-45	-96	-103
NET PROFIT FOR THE PERIOD	45	64	101	138	292	329
Net profit for the period attributable to:						
Parent Company shareholders	44	60	96	131	284	319
Non-controlling interests	1	4	5	7	8	10
Depreciation/amortisation for the period	35	35	70	68	141	139
Tax expense for the period amounts to	29%	24%	27%	25%	25%	24%
Earnings per share						
basic, SEK	0,43	0,59	0,94	1,29	2,76	3,11
diluted, SEK	0,43	0,58	0,93	1,27	2,75	3,09
Average number of outstanding shares ¹⁾						
basic (thousands)	102,383	102,383	102,383	102,383	102,383	102,383
diluted (thousands)	104,333	104,935	104,333	104,935	104,333	104,935

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

STATEMENT OF OTHER COMPREHENSIVE INCOME - SUMMARY

(SEK million)	3 MONTHS APR-JUN 2018	3 MONTHS APR-JUN 2017	6 MONTHS JAN-JUN 2018	6 MONTHS JAN-JUN 2017	ROLLING 12 MONTHS JUL-JUN 2017/2018	FULL YEAR JAN-DEC 2017
Net profit for the period	45	64	101	138	292	329
Other comprehensive income:						
Items that will not be reclassified to the income statement						
Revaluation of defined-benefit pension commitments	-	-	-	-	-4	-4
Tax on items that will not be reclassified	-	-	-	-	1	1
	-	-	-	-	-3	-3
Items that may be reclassified to the income statement						
Translation differences	-1	-12	75	-8	104	21
Hedging of net investments, net	12	-1	4	-4	-2	-10
Cash flow hedges, net	9	-1	5	4	6	5
Tax on items that may be reclassified	-5	1	-2	0	-1	1
	15	-13	82	-8	107	17
Total other comprehensive income after tax	15	-13	82	-8	104	14
Comprehensive income for the period	60	51	183	130	396	343
Comprehensive income for the period attributable to:						
Parent Company shareholders	56	51	170	128	378	336
Non-controlling interests	4	0	13	2	18	7

STATEMENTS OF FINANCIAL POSITION - SUMMARY

(SEK million)	2018 30-JUN	2017 30-JUN	2017 31-DEC
Assets			
Non-current assets			
Goodwill	1,664	1,449	1,576
Other intangible assets	177	163	176
	1,841	1,612	1,752
Property, plant and equipment	968	842	945
Deferred tax assets	105	100	105
Financial non-current assets	8	6	8
Total non-current assets	2,922	2,560	2,810
Current assets			
Inventories	1,191	1,114	1,174
Current receivables	1,355	1,302	1,388
Cash and cash equivalents	342	419	285
Total current assets	2,888	2,835	2,847
TOTAL ASSETS	5,810	5,395	5,657
Equity and liabilities			
Equity attributable to Parent Company's shareholders	1,653	1,456	1,664
Non-controlling interests	132	114	120
Deferred tax liabilities	65	75	72
Other non-current liabilities	1,744	1,587	1,558
Current liabilities	2,216	2,163	2,243
TOTAL EQUITY AND LIABILITIES	5,810	5,395	5,657
Interest-bearing net debt represents	2,175	1,943	2,130
of which convertible debenture loans make up	190	187	188

STATEMENT OF CHANGES IN EQUITY - SUMMARY

(SEK million)	Share capital	Other contributed capital	Other reserves ^{*)}	Profit brought forward	Attributable to the Parent Company's shareholders	Attributable to non-controlling interests	Total equity
SHAREHOLDERS' EQUITY 1 JAN 2017	43	315	-35	1,189	1,512	122	1,634
Net profit for the period				131	131	7	138
Other comprehensive income			-3	0	-3	-5	-8
COMPREHENSIVE INCOME JAN-JUN 2017			-3	131	128	2	130
Dividend				-179	-179	0	-179
Acquisition of non-controlling interests				-5	-5	-9	-14
SHAREHOLDERS' EQUITY 30 JUN 2017	43	315	-38	1,136	1,456	115	1,571
Net profit for the period				188	188	3	191
Other comprehensive income			23	-3	20	2	22
COMPREHENSIVE INCOME JUL-DEC 2017			23	185	208	5	213
SHAREHOLDERS' EQUITY 31 DEC 2017	43	315	-15	1,321	1,664	120	1,784
Net profit for the period				96	96	5	101
Other comprehensive income			74	0	74	8	82
COMPREHENSIVE INCOME JAN-JUN 2018			74	96	170	13	183
Dividend				-179	-179	0	-179
Acquisition of non-controlling interests				-2	-2	-1	-3
SHAREHOLDERS' EQUITY 30 JUN 2018	43	315	59	1,236	1,653	132	1,785

* Other reserves comprise a translation reserve and a hedging reserve.

STATEMENTS OF CASH FLOWS - SUMMARY

(SEK million)	3 MONTHS APR-JUN 2018	3 MONTHS APR-JUN 2017	6 MONTHS JAN-JUN 2018	6 MONTHS JAN-JUN 2017	ROLLING 12 MONTHS JUL-JUN 2017/2018	FULL YEAR JAN-DEC 2017
Operating profit	83	99	173	210	463	500
Interest paid and received, tax paid and adjustments for items not included in the cash flow	-12	-29	-73	-85	-145	-157
Cash flow from operating activities before changes in working capital	71	70	100	125	318	343
Change in working capital						
Change in inventories	28	-15	29	-91	-5	-125
Change in operating receivables	8	-13	84	-49	82	-51
Change in operating liabilities	29	85	33	114	-58	23
Cash flow from operating activities	136	127	246	99	337	190
Investing activities						
Acquisition of companies and businesses, note 1	-2	-36	-2	-54	-49	-101
Other net investments	-45	-26	-35	-51	-178	-194
Cash flow after investing activities	89	65	209	-6	110	-105
Financing activities						
Paid dividend to shareholders	-179	-179	-179	-179	-179	-179
Paid dividend to non-controlling interests	0	-1		-1	1	0
Cash flow from other financing activities	155	183	10	218	-26	182
Cash flow for the period	65	68	40	32	-94	-102
Cash and cash equivalents at the start of the period	270	365	285	404	419	404
Translation differences on cash and cash equivalents	7	-14	17	-17	17	-17
Cash and cash equivalents at the end of the period	342	419	342	419	342	285
Cash flow from operating activities per share	1.32	1.23	2.40	0.96	3.30	1.86

KEY RATIOS

	3 MONTHS APR-JUN 2018	3 MONTHS APR-JUN 2017	6 MONTHS JAN-JUN 2018	6 MONTHS JAN-JUN 2017	ROLLING 12 MONTHS JUL-JUN 2017/2018	FULL YEAR JAN-DEC 2017
Operating margin, %	5.3	6.4	5.7	6.8	7.3	7.8
Profit margin, %	4.1	5.4	4.6	6.0	6.1	6.8
Share price at end of period, SEK	35.50	75.25	35.50	75.25	35.50	51.75
Basic earnings per share, SEK	0.43	0.59	0.94	1.29	2.76	3.11
Diluted earnings per share, SEK	0.43	0.58	0.93	1.27	2.75	3.09
Cash flow from operating activities per share, SEK	1.32	1.23	2.40	0.96	3.30	1.86
Number of shares at the end of the period	102,383,430	102,383,430	102,383,430	102,383,430	102,383,430	102,383,430
Balance sheet total, SEK m	5,810	5,395	5,810	5,395	5,810	5,657
Interest-bearing net debt, SEK m	2,175	1,943	2,175	1,943	2,175	2,130
Equity attributable to the Parent Company's shareholders, SEK m	1,653	1,456	1,653	1,456	1,653	1,664
Equity per share, SEK	16.15	14.22	16.15	14.22	16.15	16.26
Equity/assets ratio, %	30.7	29.1	30.7	29.1	30.7	31.5
Portion of risk-bearing capital, %	35.1	33.9	35.1	33.9	35.1	36.1
Return on equity, %	10.2	15.9	11.3	17.4	17.5	20.5
Return on capital employed, %	7.6	10.3	8.1	11.0	8.4	12.4
Return on total capital, %	5.6	7.5	6.0	7.9	8.1	9.0
Interest coverage ratio, multiple	4.6	6.3	5.0	7.5	6.4	7.8
Net investments, SEK m	47	62	37	105	227	295
Net investments (excl. business acquisitions), SEK m	45	26	35	51	178	194
Average no. employees	3,382	3,601	3,424	3,590	3,516	3,599

QUARTERLY FINANCIAL STATEMENTS AND KPIs

(SEK million)	2018 APR-JUN	2017 APR-JUN	2018 JAN-MAR	2017 JAN-MAR	2017 OKT-DEC	2016 OKT-DEC	2017 JUL-SEP	2016 JUL-SEP
Net sales	1,554	1,552	1,481	1,520	1,641	1,766	1,668	1,353
Cost of goods sold	-1,113	-1,110	-1,047	-1,068	-1,198	-1,327	-1,176	-958
Gross profit	441	442	434	452	443	439	492	395
Selling expenses	-295	-263	-283	-262	-290	-294	-256	-195
Administrating expenses	-79	-83	-74	-77	-78	-89	-67	-55
Other operating income and expenses	16	3	13	-2	43	-3	3	2
Operating profit	83	99	90	111	118	53	172	147
Financial items	-19	-15	-15	-12	-19	5	-22	-4
Profit after financial items	64	84	75	99	99	58	150	143
Tax expenses	-19	-20	-19	-25	-19	-28	-39	-35
NET PROFIT FOR THE PERIOD	45	64	56	74	80	30	111	108
Net profit for the period attributable to:								
Parent Company shareholders	44	60	52	71	79	21	109	104
Non-controlling interests	1	4	4	3	1	9	2	4
Operating margin, %	5.3	6.4	6.1	7.3	7.2	3.0	10.3	10.9
Basic earnings per share, SEK	0.43	0.59	0.51	0.70	0.77	0.21	1.05	1.01
Diluted earnings per share, SEK	0.43	0.58	0.51	0.68	0.76	0.20	1.06	1.00
Return on equity, %	10.2	15.9	12.1	18.4	19.7	5.8	28.8	29.4
Equity per share, SEK	16.15	14.22	17.36	15.47	16.26	14.77	15.09	14.40
Cash flow from operating activities per share, SEK	1.32	1.23	1.08	-0.27	1.76	2.39	-0.86	0.57
Share price at end of period, SEK	35.50	75.25	36.90	71.00	51.75	81.25	63.75	79.00

PARENT COMPANY

INCOME STATEMENT - SUMMARY

(SEK million)	3 MTHS APR-JUN 2018	3 MTHS APR-JUN 2017	6 MTHS JAN-JUN 2018	6 MTHS JAN-JUN 2017	FULL YEAR JAN-DEC 2017
Net sales ¹⁾	16	16	32	31	74
Cost of goods sold	-4	-5	-7	-8	-15
Gross profit	12	11	25	23	59
Selling expenses	-8	-10	-15	-17	-31
Administrating expenses	-10	-10	-18	-19	-37
Other operating income and expenses	1	-2	-1	-6	-7
Operating profit	-5	-11	-9	-19	-16
Profit from participations in Group companies	360	305	366	359	346
Financial income and expenses	-57	-12	-121	-11	-45
Profit after financial items	298	282	236	329	285
Year-end appropriations	-	-	-	-	61
Profit before tax	298	282	236	329	346
Tax expenses for the period	-	-	-	-	-2
NET PROFIT FOR THE PERIOD	298	282	236	329	344
STATEMENT OF OTHER COMPREHENSIVE INCOME					
Net profit for the period	298	282	236	329	344
Other comprehensive income	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	298	282	236	329	344

BALANCE SHEET - SUMMARY

(SEK million)	2018 30-JUN	2017 30-JUN	2017 31-DEC
Non-current assets			
Property, plant and equipment	10	9	9
Financial assets	2,217	2,276	2,228
Deferred tax assets	14	16	14
Total non-current assets	2,241	2,301	2,251
Current assets			
Current receivables	1,182	934	1,002
Cash and bank balance	0	0	0
Total current assets	1,182	934	1,002
TOTAL ASSETS	3,423	3,235	3,253
Equity			
Restricted equity	50	50	50
Non-restricted equity	944	872	887
TOTAL EQUITY	994	922	937
Non-current liabilities	1,549	1,396	1,357
Current liabilities	880	917	959
TOTAL EQUITY AND LIABILITIES	3,423	3,235	3,253

1) 100% of the parent company's net sales comes from subsidiary.

Not 1

2018

Acquisition of non-controlling participations, 2018

The MB Shop Design group, which comprised three wholly-owned and one part-owned company (91%), was acquired in May 2016. In April 2018, the remaining 9% of the part-owned company Pulverlacken i Hillerstorp AB was acquired. The purchase sum amounted to SEK 1.5 million, as well as a supplementary purchase sum of a further max. SEK 1.5 million based on the company's performance between 2018-2019. In the event of acquisitions, the entity theory is applied, which means that all assets and liabilities as well as income and expenses are included in their entirety, including for part-owned subsidiaries, at the time of the initial acquisition, which is why no additional goodwill is linked to the acquisition. The difference between valued holdings without a controlling influence prior to acquisition and the purchase price is recognised directly in equity attributable to the Parent Company's shareholders at SEK -2 million.

2017

Acquisition of the D. Lindner companies

During July 2017, through subsidiaries, ITAB acquired the companies D&L Lichtplanung GmbH and D. Lindner Lichttechnische Grosshandlung GmbH, which have their registered offices in Menden, Germany. 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 sector 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 continuing 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 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 amounted 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. In the event of acquisitions, the entity theory is 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.

All the acquisitions in 2017 have impacted on net investments for the year in the cash flow in the amount of SEK 60 million. Net investments for 2017 also include paid additional cash and cash equivalents from the acquisitions of the La Fortezza Group, the Pikval Group and the MB Shop Design Group from 2016, as well as the JPD companies from 2015, totalling SEK 41 million.

Not 2

Revenue from contracts with customers

The Group has opted to apply IFRS 15, Revenue from Contracts with Customers, as from 1 January 2018, prospective transition. Due to 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 have not experienced any material effects from the implementation of IFRS 15. Revenue recognition takes place when the Group satisfies a performance commitment by transferring promised goods and the customer gains control of the asset. This normally takes place on delivery in accordance with applicable delivery terms. In the event of concept sales where a service assignment is included, revenue recognition for the projects takes place over time. The time for revenue recognition, both at a specific point and over time, corresponds with the previous accounting principles.

IFRS 15 stipulates extended disclosure requirements. During 2018, ITAB will further develop how the information can be displayed most fairly.

Note 3

Pledged assets and contingent liabilities

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

ITAB IN BRIEF



ITAB'S BUSINESS CONCEPT

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

GEOGRAPHIC PRESENCE

- Market presence
- ITAB Offices/Production
- La Fortezza Offices/Production

ABOUT ITAB

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

Customers include the major players throughout most of Europe. Business operations are founded on long-term business relationships and delivery reliability in combination with streamlined production resources. ITAB is now a leader in the market for retail checkouts in Europe, as well as being one of Europe's largest suppliers of shop fittings and lighting systems.

ITAB has operations in approx. 30 countries and approx. 20 production facilities in Europe and China. ITAB also has a network of partners across large parts of Europe. Working in close collaboration with the customer, ITAB contributes its experience and expertise to the customer's specific

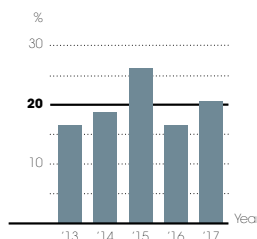


▲ ITAB Shop Concept is a leader in the market for retail checkouts in Europe and is also one of Europe's largest suppliers of shop fittings and lighting systems.

ITAB'S FINANCIAL TARGETS

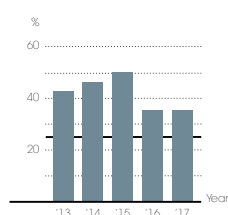
RETURN ON EQUITY

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



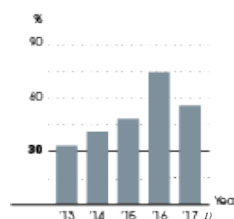
RISK-BEARING CAPITAL

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



DIVIDENDS

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



SHARE INFORMATION

- ▶ LISTING
Nasdaq Stockholm
Mid Cap list
- ▶ TICKER SYMBOL
ITAB B
- ▶ TRADING LOT
1 share
- ▶ SECTOR CLASSIFICATION
Industrial Goods
& Services
- ▶ ISIN CODE
SE0008375117
- ▶ SHARE PRICE ON
THE BALANCE SHEET DATE
SEK 35.50 (75.25)

ITAB'S BUSINESS GOALS

▶ GOALS

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

▶ REALISATION

Sales increased by about 18% in 2017. Over the past five years, average growth was about 13% per year.

▶ GOALS

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

▶ REALISATION

ITAB retained its leading position in Europe during 2017. ITAB is one of the leading players in Europe and now also has local market presence in Southern Europe. As part of its work of following major customers into new markets, ITAB also has operations in the Asia, South America and the USA.

▶ GOALS

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

▶ REALISATION

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

STRATEGIC DIRECTION

▶ LONG-TERM BUSINESS RELATIONS

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

▶ COMPETENCE, COMMITMENT AND BUSINESSLIKE APPROACH

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

▶ END-TO-END SOLUTIONS

ITAB will offer end-to-end solutions with responsibility for the entire process from concept, design, project management and construction to production, logistics and installation.

▶ MARKET EXPERTISE AND INNOVATIVE ABILITIES

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

▶ HIGHLY EFFICIENT AND FLEXIBLE PRODUCTION RESOURCES

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

▶ EXPANSION ON SELECTED MARKETS

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

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.



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FINANCIAL INFORMATION

Interim report Jan-Sep 2018	26 October 2018
Year-end report 2018	5 February 2019