

Annual General Meeting

ITAB Shop Concept AB (publ)

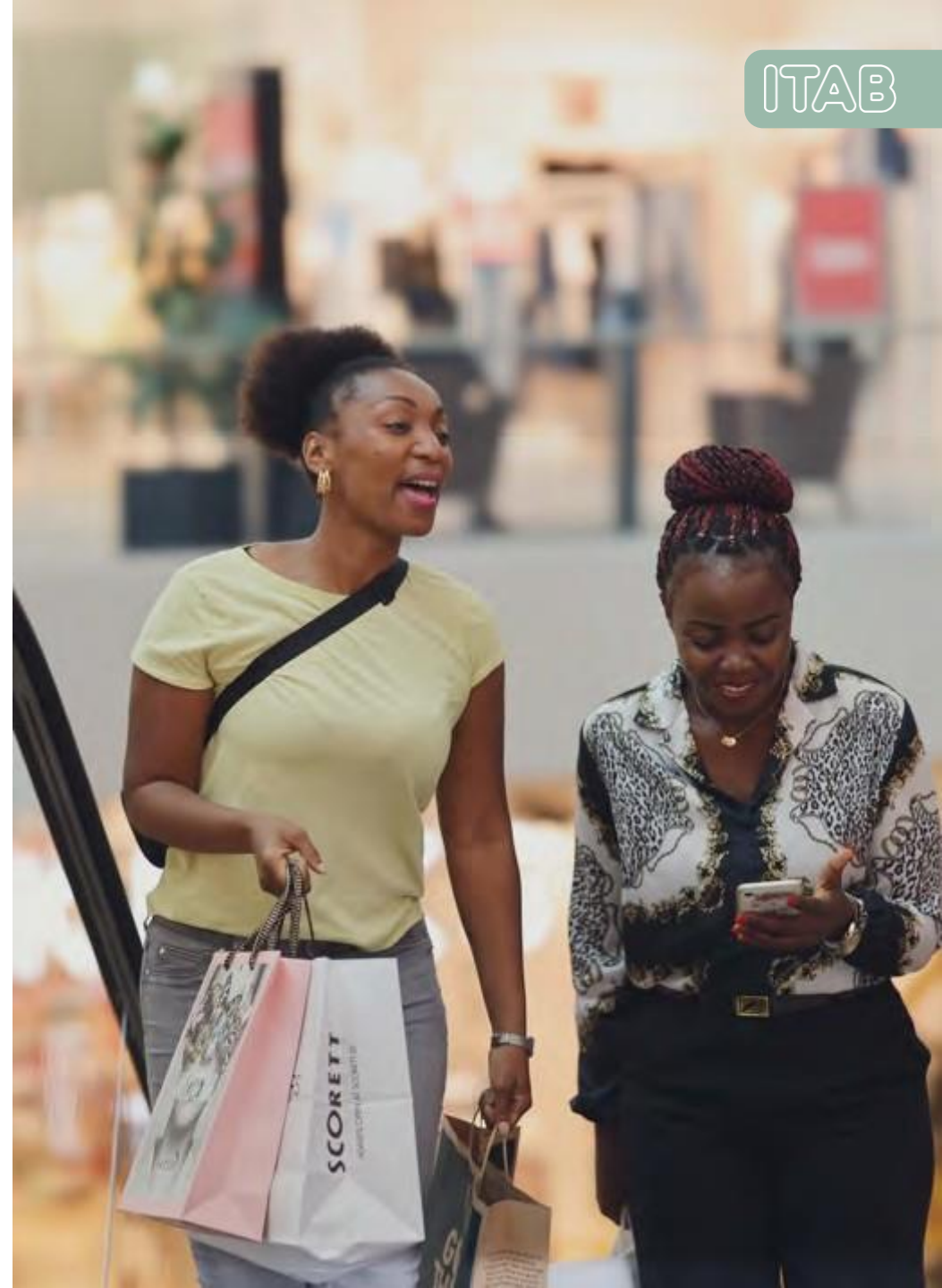
May 10th 2023



TODAY'S AGENDA

- ▶ Introduction to ITAB
- ▶ Retail in transformation
- ▶ The growth opportunity
- ▶ The leading solution provider
- ▶ Financial summary 2022 and Q1 2023
- ▶ Questions & answers

ITAB



Introduction to ITAB

2 MEN
1 WOMEN
CHILDREN
0 WOMEN
HOMEWARE
CAFÉ

We are what we create together with our customers...



Leader in Europe with global reach...

Grocery

SEK 3,700m (54% of 2022 sales)

Home improvement

SEK 1,000m (14% of 2022 sales)

Fashion

SEK 700m (11% of 2022 sales)

Other

SEK 1,500m (21% of 2022 sales)



Note: All figures are approximative and refer to full year 2022.

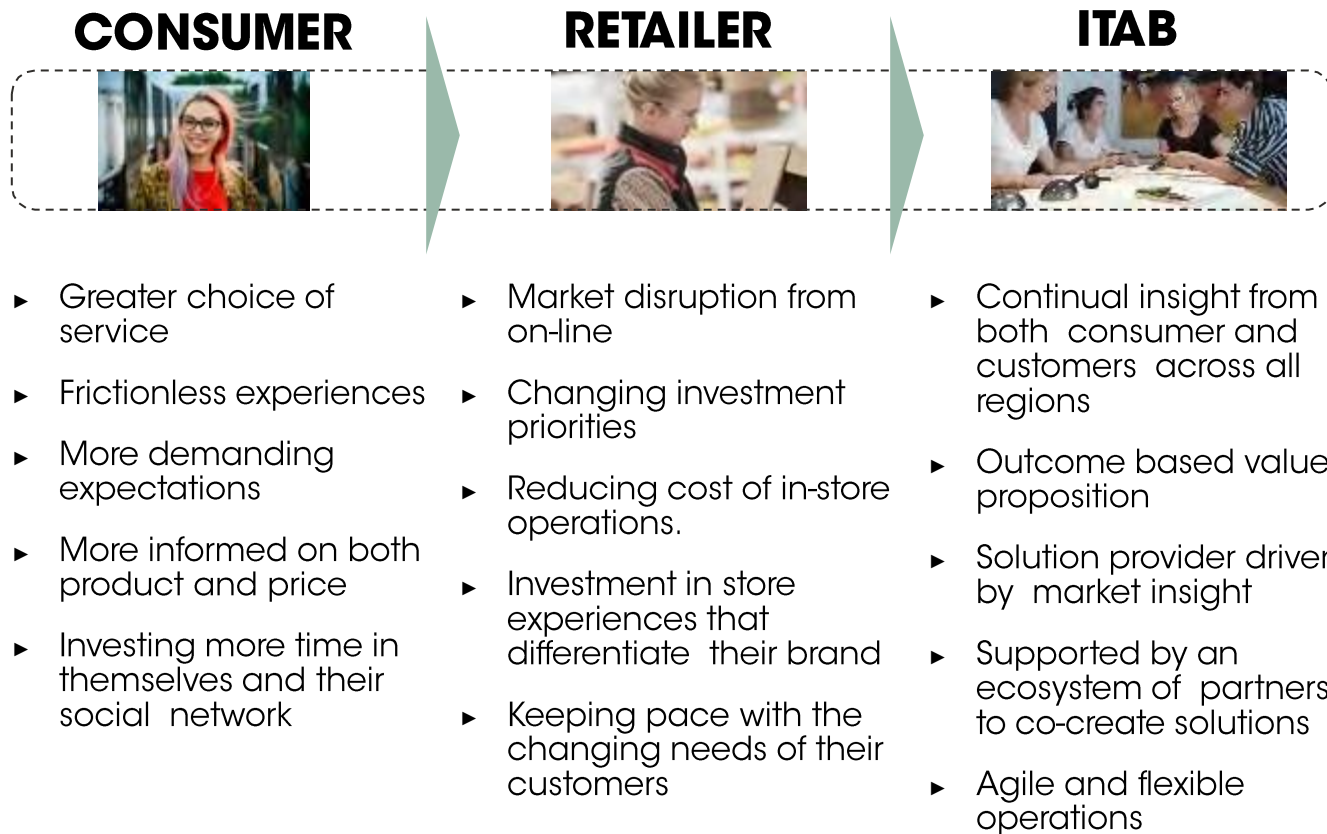
ITAB CO-CREATES SOLUTIONS WITH RETAILERS TO HELP REACH THEIR TARGETED OUTCOME

- ▶ Strategic partner to retailers, delivering retail experiences that drive measurable results that deliver return of investment
- ▶ Value adding services range from concept creation, manufacturing and installation of complete interior equipment through to end-to-end maintenance and after-care services
- ▶ Support multiple retailing sectors with focus on Grocery, Home Improvement and Fashion
- ▶ Operations span some 2,900 employees in 24 countries and 15 production facilities



Retail in Transformation

CHANGING CONSUMER EXPECTATIONS DRIVES TRANSFORMATION IN RETAIL



CREATING A COST VS EXPERIENCE DILEMMA & HOW TO GET THE BEST RETURN ON CAPITAL

OVERVIEW OF MARKET TRENDS



- ▶ Digitalization
- ▶ Rising interest rates, salary pressures, energy and food inflation
- ▶ Covid-induced supply chain disruptions and Ukraine War
- ▶ Climate change



- ▶ Shopping across channels, more online and home delivery
- ▶ Seeking immersive and frictionless experiences
- ▶ Conscious of price, time well spent and being less loyal
- ▶ Preferring local, domestic and eco-friendly



- ▶ Price investments, streamlined assortments, shift to private label
- ▶ Invest in online channel and discount store formats
- ▶ Decouple themselves from traditional supply chains reducing reliance
- ▶ Improve store experience and deliver cost efficiency
- ▶ Seek alternative revenue streams (advertising, insight, charging...)

AS RETAIL EVOLVES TECHNOLOGY AND DATA WILL PLAY A BIGGER PART ALSO IN THE PHYSICAL ENVIRONMENT

Generation 01

Traditional informal and Fragmented



- ▶ Traditional local, often family owned and small independent stores
- ▶ Limited distribution and wholesaler controlled trade

Generation 02

Chain Concentration



- ▶ Traditional small retailers being pushed out
- ▶ Store-based chains dominate
- ▶ Scale-based economics with power SKU's and national supply chains

Generation 03

Omnichannel



- ▶ Online taking share from stores
- ▶ Store space optimization
- ▶ In-store experience and operational cost improvements

Generation 04

Algorithm-driven Marketplaces



- ▶ Scaled online and in-store platforms, retail ecosystems and social media driven commerce
- ▶ Alternative in-store revenue streams, e.g. advertising and insight
- ▶ Data-driven assortment and dynamic pricing

Generation 05

Mass Personalisation & Ad Media



- ▶ Personalization at scale, segment of one
- ▶ Big data effectively leveraged.
- ▶ Omnichannel advertising
- ▶ Friction-free store experiences

RETHINK RETAIL.TOGETHER.

The leading Solution Provider



ONE ITAB STRATEGY FOCUS ON TRANSFORMING ITAB INTO THE LEADING SOLUTION PROVIDER WITH DIFFERENTIATING CAPABILITIES

BEING A SOLUTION PROVIDER

Our strategic vision is to develop a solution based business model, building on the Group's shared knowledge base and our success in delivering innovative solutions.



EMPOWERING PEOPLE & COMMON WAYS OF WORKING

Through clear KPIs, common ways of working and access to the right Information at the right time, our people will be able to make good business decisions. Our aim is to make all ways of working parallel, collaborative, cross functional and transparent.



EXPAND MARKET POSITION

Our main differentiator today is our know-how, our customer relations, and our comprehensive portfolio, which is unique in the market. We will build on these strengths and make them a reality in all our regions, thereby expanding our market position.



SUSTAINABLE FUTURE

At ITAB, we collaborate and continuously innovate for a sustainable future. We have clear goals and ambitions for our own operations in terms of sustainable business development, efficiency in the value chain, good working conditions and business ethics.



RE-ENGINEERED COST STRUCTURE

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

ECOSYSTEM OF PARTNERS

Building a robust ecosystem of partners will enable us both to deliver the complete solutions required by our customers, and to reduce our supplier numbers to drive out complexity and improve predictability.



EXCELLENCE IN OPERATIONS

Excellence in operations means that we take pride in "first time right" and "in the agreed time," and use Lean methodologies when we design our common ways of working. We will continue to focus on reducing lead times, improving quality and eliminating waste in our business.



ITAB IS WELL POSITIONED TO HELP RETAILERS RETHINK RETAIL, AND IMPROVE THEIR BUSINESS

Out-come based value proposition

- ▶ With a focus on a value based out-come we can deliver measurable results to our customers
- ▶ Starting with the consumer to understand their evolving needs and how they shop across different sectors
- ▶ Coupled with understanding the retailer challenges and investment priorities
- ▶ ITAB uses its retail insights, store know-how, solutions and leading best practice with proven return on investment
- ▶ Utilizing our breadth of solutions to create consumer journeys that influencing buying behavior



Desired Consumer Brand Experience

Improving the physical store experience, driving footfall and consumer retention



Increased Sales & Conversion

Creating an experience that influences consumer buying behaviour



Improved Efficiencies & Service

Seamless consumer journeys that increase throughput and service



Reduced Operational Cost

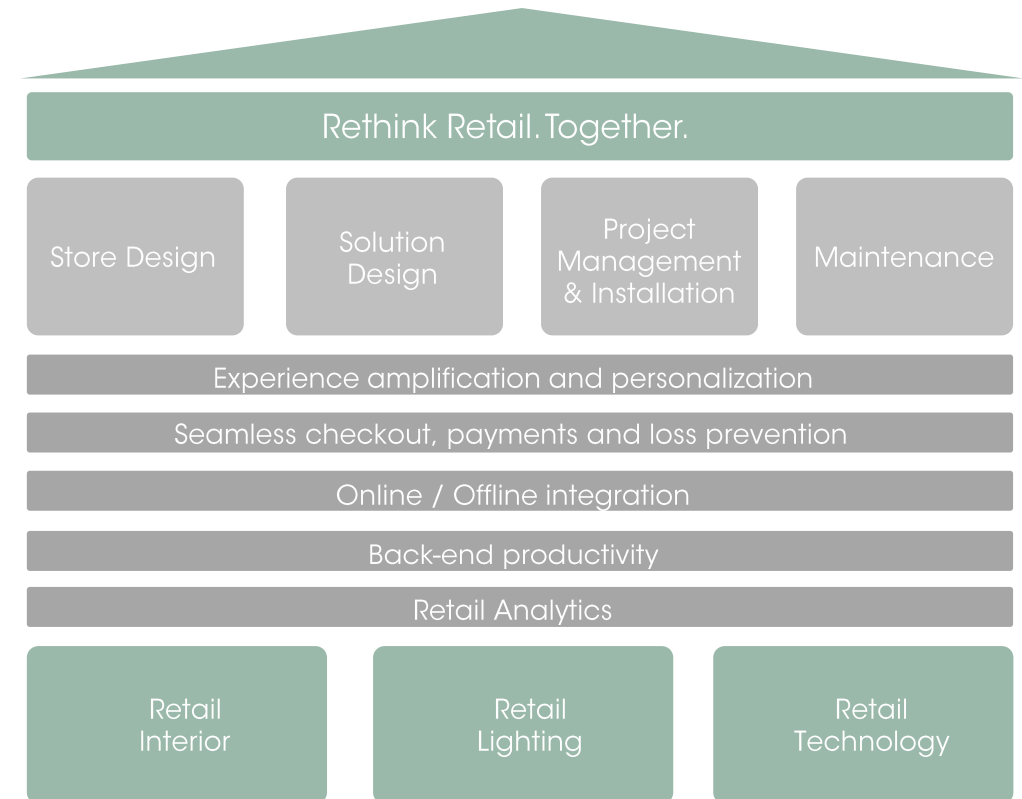
Efficient operating models to help reduce cost instore running costs

AS SOLUTION PROVIDER WE WILL STRENGTHEN OUR POSITION AND PROVIDE VALUE TO THE CUSTOMER

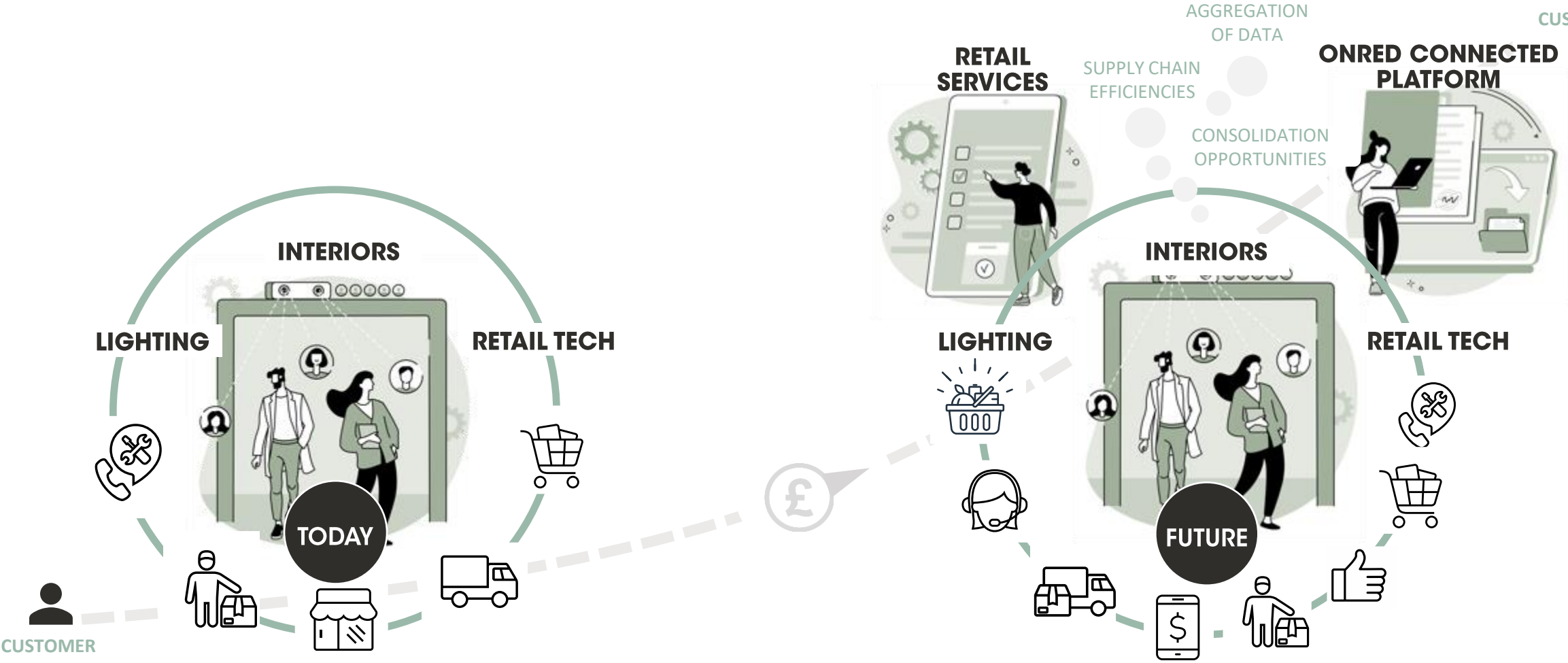
The solution provider approach is delivering a wider and more relevant portfolio of products and services to customers, driving:

- ▶ More strategic partnerships with our customers
- ▶ Increased cross selling and market penetration
- ▶ Utilisation of our growing our retail technology portfolio
- ▶ Growth in services revenues
- ▶ Growth re-occurring revenue streams

Providing the link into the future position of retail which is becoming data-driven generation led by personalised and data driven experience.



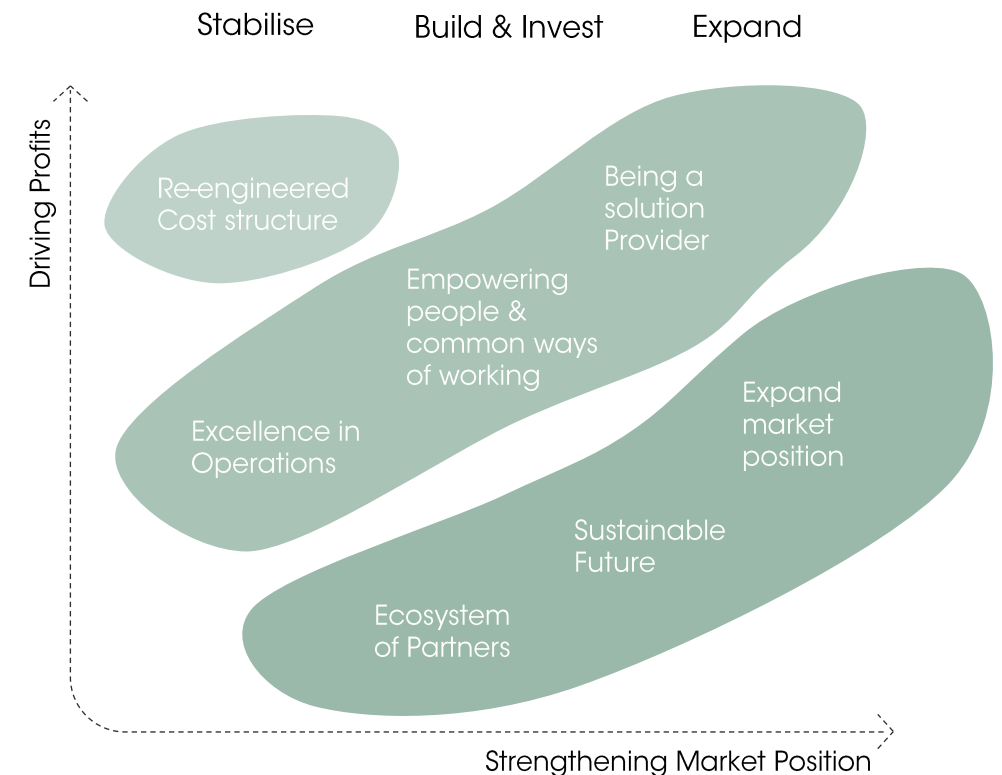
SUPPORTING OUR GROWING INFLUENCE ON THE CONSUMER JOURNEY AND RETAIL OPERATIONS



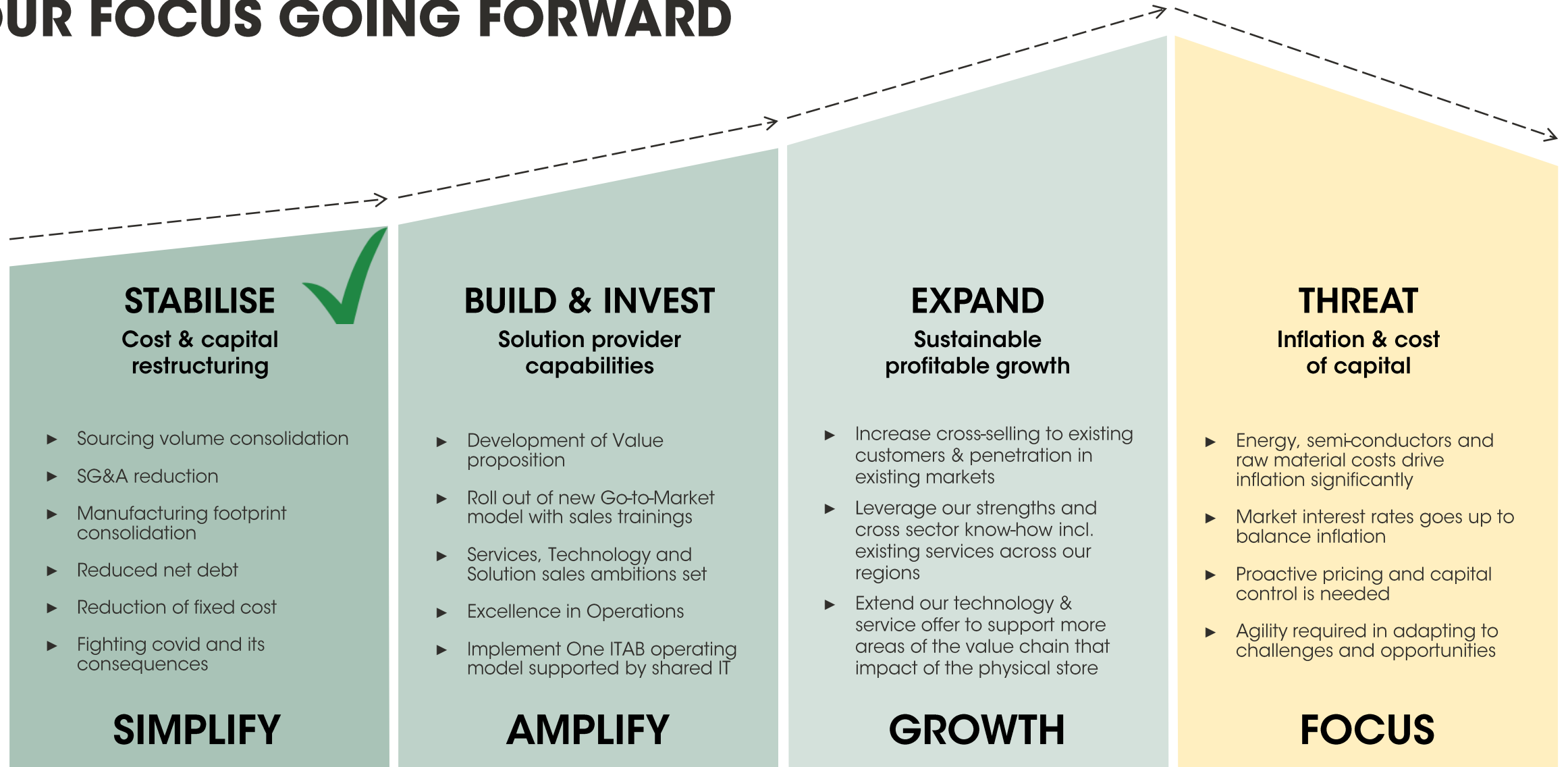
OUR STRATEGY EXECUTION IS SEQUENCED TO DELIVER VALUE AND MITIGATE RISK

One ITAB execution is sequenced to deliver value, mitigate risk and manage resources:

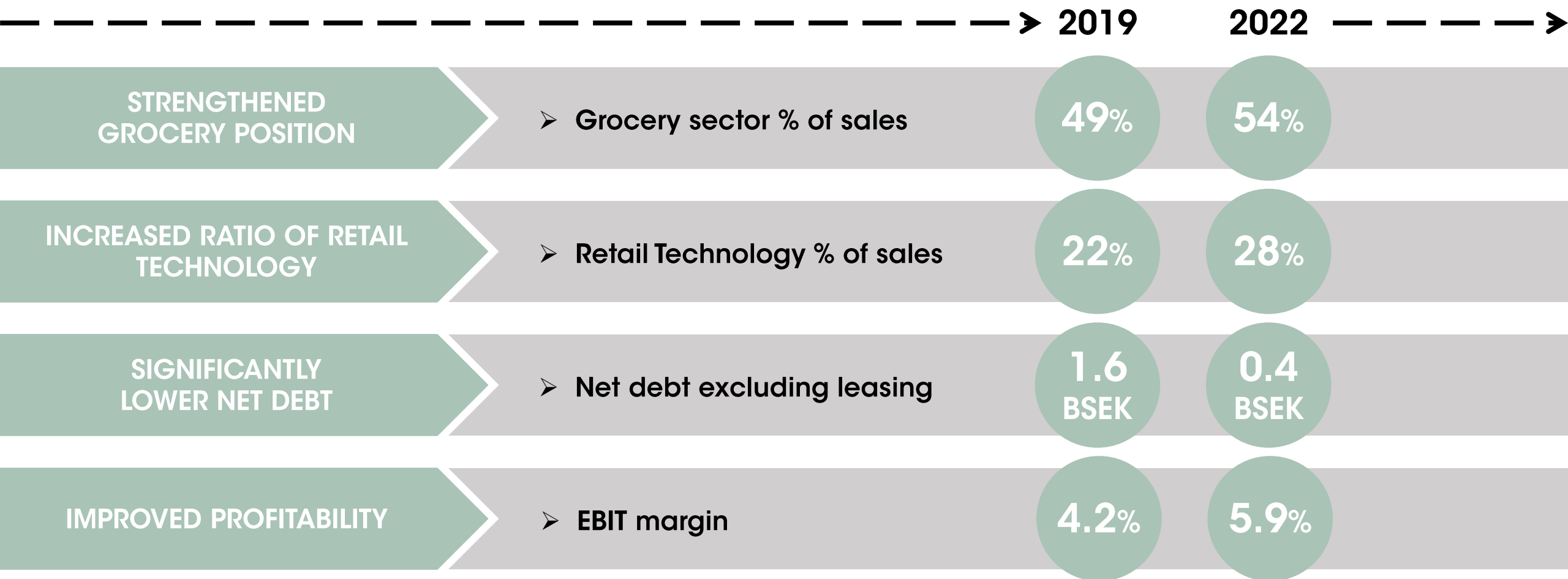
- ▶ *Stabilise* phase focus on securing a solid foundation for change with financial stability and funding of investments, 2020-2022
- ▶ *Build & Invest* focus on creating new capabilities aimed at transforming ITAB to become the leading solution provider, 2021-2023
- ▶ *Expand* leverage the new capabilities and aims at organic and acquired growth, 2022-2026



STRATEGY EXECUTION UPDATE AND OUR FOCUS GOING FORWARD



WE ARE WELL ON OUR WAY



The Leading Solution Provider

The growth opportunity

OUR MARKET IS DRIVEN BY RETAILERS STORE INVESTMENTS, THE OPPORTUNITY FOR ITAB TO GROW IS SUBSTANTIAL

The European modern retail market is estimated to **44.000 BN SEK** in stores and online.

Modern retailers invest c. 3% of revenues in supply chain, stores, online and other. c. 15% of which is estimated to be allocated to in-store.

Our share will depend on geography and portfolio.

ITAB market is stemming from a share of store chains' investments, and driven by:

- ▶ Store population, number and size
- ▶ Expansion programme
- ▶ Refurbishment rate
- ▶ Refurbishment spend per sqm
- ▶ Maintenance spend

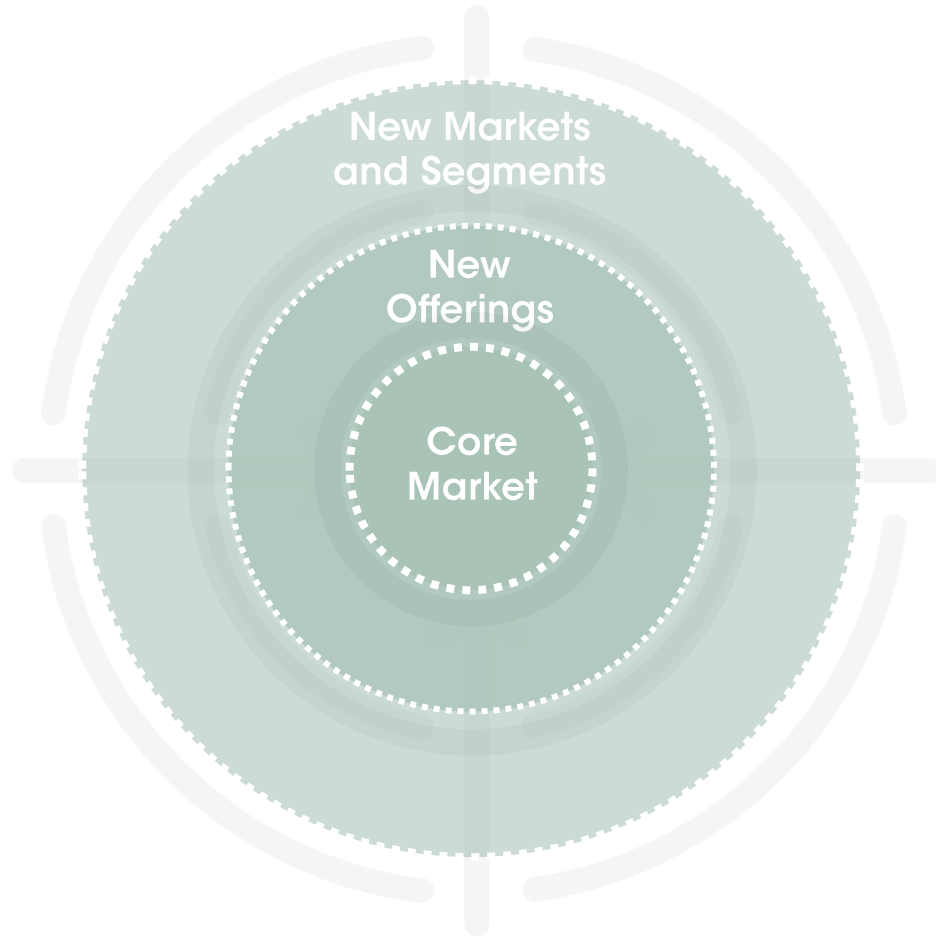


c. 180.000 SEK BN
Global Modern Retail Sales

c. 44.000 SEK BN
European Modern Retail Sales

c. 110 SEK BN
ITAB's European "addressable" market

OUR FOCUS IS ON PROFITABLE GROWTH MAXIMISING OUR KNOW-HOW AND EXPERTISE



Penetrate core market

- ▶ Cross-sell existing products and services portfolio to existing customer base.
- ▶ Gain new customers in focus segments grocery, home improvements and fashion.

Expand with new offerings

- ▶ Retail tech solutions e.g. OnRed platform, mobile checkout, online/offline integration, smart shelves/inventory.
- ▶ Services within tech solution integration, logistics, installation and maintenance.

Expand to new markets and segments

- ▶ White spots in Eastern and Southern Europe.
- ▶ Distribution into regions outside of European footprint.

PENETRATE OUR CORE MARKET FURTHER TO EXISTING CUSTOMERS

ITAB currently has untapped potential in cross-sell the existing portfolio to the existing customer base

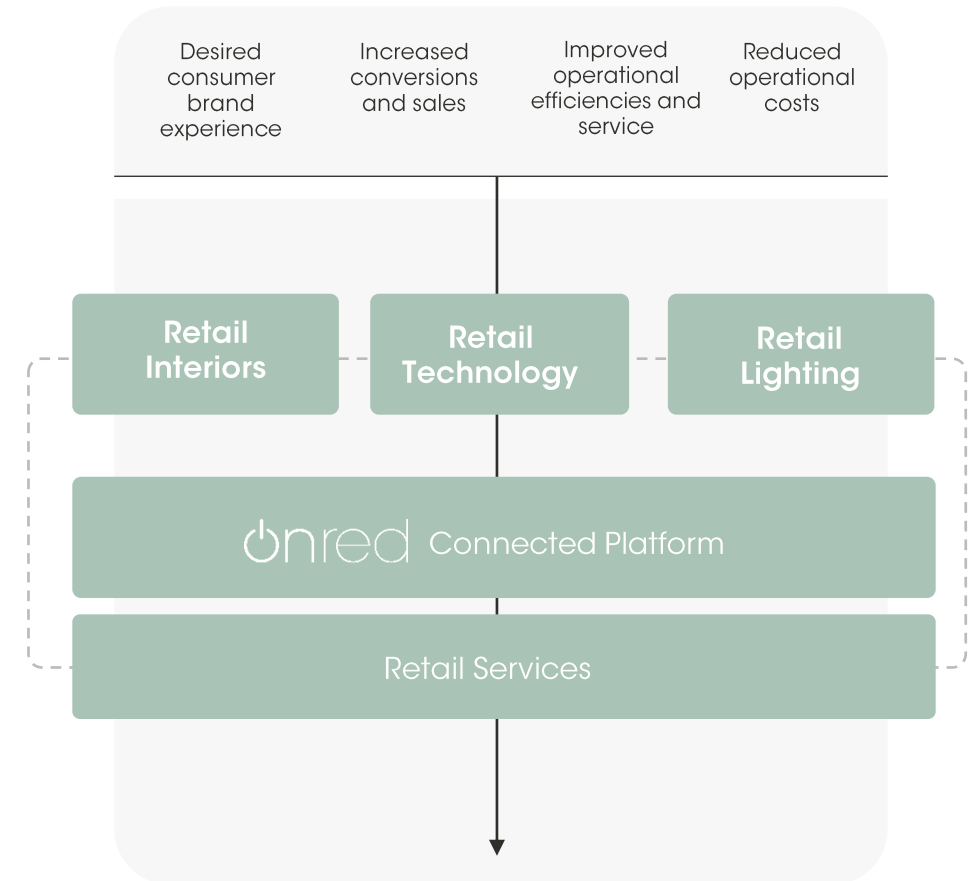
Macro economic issues are creating opportunities:

- ▶ Price-conscious consumers driving discount formats
- ▶ Rising energy and labor costs in-store
- ▶ Increase in product loss

All creating potential growth through ITAB existing portfolio:

- ▶ Discount store formats
- ▶ Self-checkout
- ▶ Loss prevention solutions
- ▶ Energy efficient lighting solutions

There is also an opportunity to drive a wider adoption installation, consolidation and reuse/recycle services as customers refurbish selected areas of stores



EXPAND OUR OFFERINGS TO MEET OUR CUSTOMERS DILEMMAS

Expanding our Retail Technology and Services portfolio to further expand our capabilities to support our customers in positively influencing buying behaviour and driving more efficient store operating models. We will do this in three areas:

- Solution Design services to leverage our know how and scale co-creation capability with our customers
- Introduce our OnRed platform to deliver one technology platform for customer experience delivery
- Build our services competence across our businesses to address more of the retailers value chain

This direction will provide the link into wider expansion opportunities and also driving further possibilities in-terms of pillars of growth.



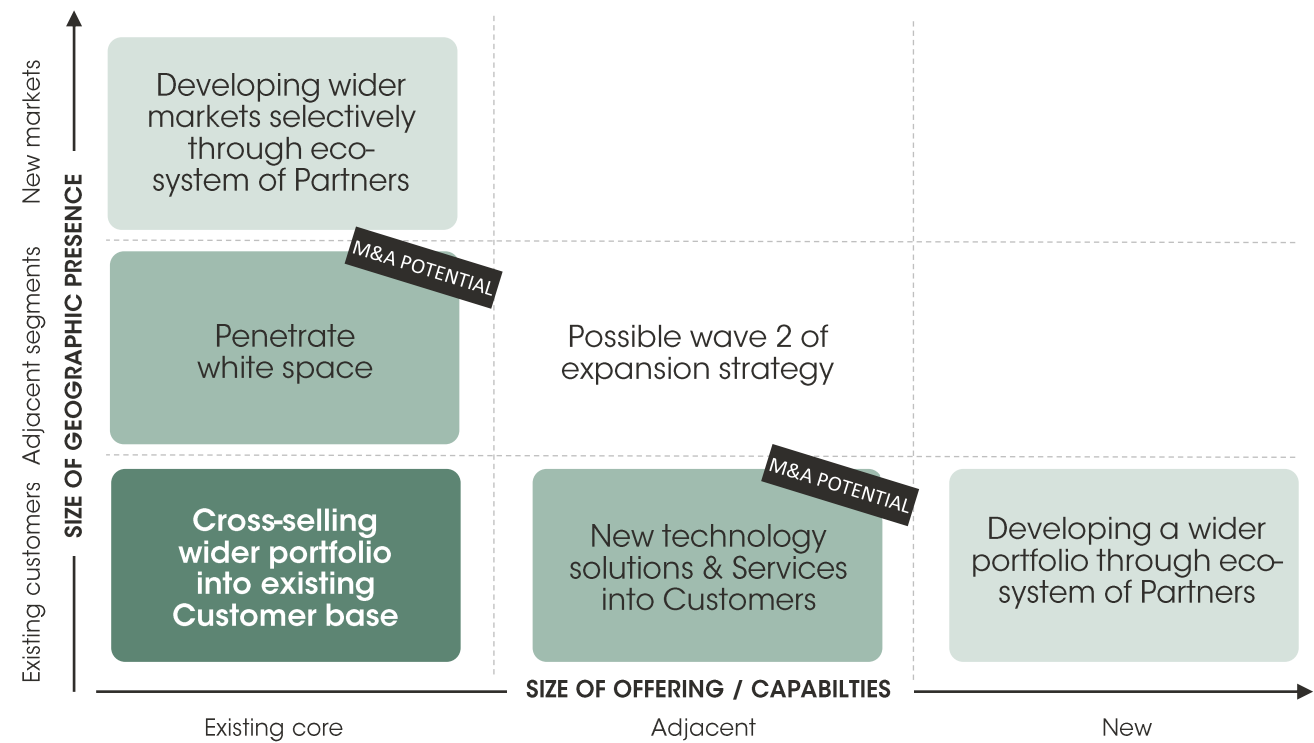
EXPAND OUR MARKET IN EUROPE THROUGH CONSOLIDATION & INCREASE PRESENCE IN AMERICA AND ASIA-PACIFIC

- ▶ Opportunity to gain market share by further consolidation of current European market presence
- ▶ Opportunity to scale ITAB further in both south-west Europe and eastern Europe
- ▶ Retail focus on reducing cost and protecting stores against loss have created significant opportunities within Retail Technology and Lighting also in America and Asia-Pacific
- ▶ Expand our growth with key customers in Asia-Pacific with consultative solution selling capabilities



SUMMARY OF GROWTH OPPORTUNITY ACROSS CUSTOMERS AND GEOGRAPHIES

Growth opportunity will follow a detailed growth strategy including evaluating growth option potentials, investments and roadmap.

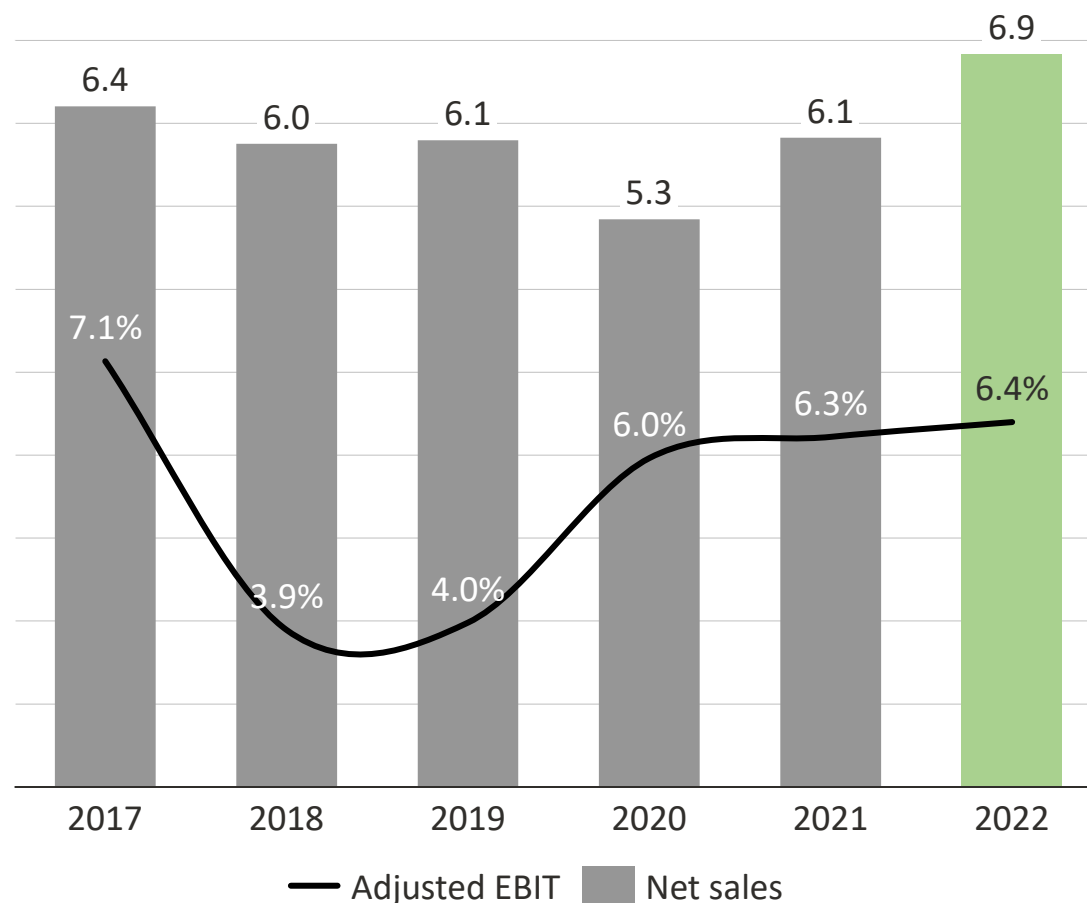


RETHINK RETAIL. TOGETHER.

Financial Summary 2022 & Q1 2023

DURING 2022, ADJUSTED EBIT GREW 16% AND OUR OPERATING CASH FLOW SIGNIFICANTLY IMPROVED

Net sales and adjusted EBIT (SEK billion, %)



SEK million	2022	2021	Change
Net sales	6,868	6,087	+13%
Adjusted EBITDA	704	645	+9%
Adjusted EBIT	443	382	+16%
Adjusted EBT	388	313	+24%
Operating cash flow ¹⁾	542	-165	N/A
Net debt excl. leasing ²⁾	399	609	-210

¹⁾ Including Discontinued Operations.

²⁾ Comparative periods have not been restated related to Discontinued Operations.

DISCONTINUED OPERATIONS

As of the Interim Report for the third quarter 2022, ITAB's Russian operations are recognised as Discontinued Operations in accordance with IFRS 5. Other operations comprise Continuing Operations. Comments and figures pertain to Continuing Operations, unless otherwise stated. Comparative figures in the consolidated income statement have been restated. For more information, refer to "Discontinued Operations" and "Accounting policies" in the Year-End Report.

MAIN TAKEAWAYS FROM 2022

- ▶ Sales growth of 13%, coming from most markets and customer groups but especially Grocery
- ▶ Adjusted EBIT of MSEK 443 (382). Reported EBIT of MSEK 403 (216) is significantly up due to the limited impact of non-recurring costs after closing the restructuring phase of our transformation in Q2
- ▶ Price increases in better balance with cost increases, and we have seen continued success with our Retail Technology and Retail Lighting solutions that further improves gross margin
- ▶ Operational cash flow of MSEK 542 (-165), which improved substantially in Q4 signalling a shift towards more normalised levels of operating capital
- ▶ Positive development for all the Group's financial targets
- ▶ Acquisition of Checkmark in Finland and decision to discontinue the Group's operations in Russia
- ▶ Uncertainties in the world continues to affect our operating environment
- ▶ Proposal for a dividend of SEK 0.50 per ordinary share for 2022



OUR FINANCIAL TARGETS – SUSTAINABLE PROFITABLE GROWTH AND CAPITAL EFFICIENCY

GROWTH

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

4-8%

Sales growth

EARNINGS

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

7-9%

EBIT-margin

CAPITAL EFFICIENCY

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

>80%

Cash conversion

DIVIDEND POLICY

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

>30%

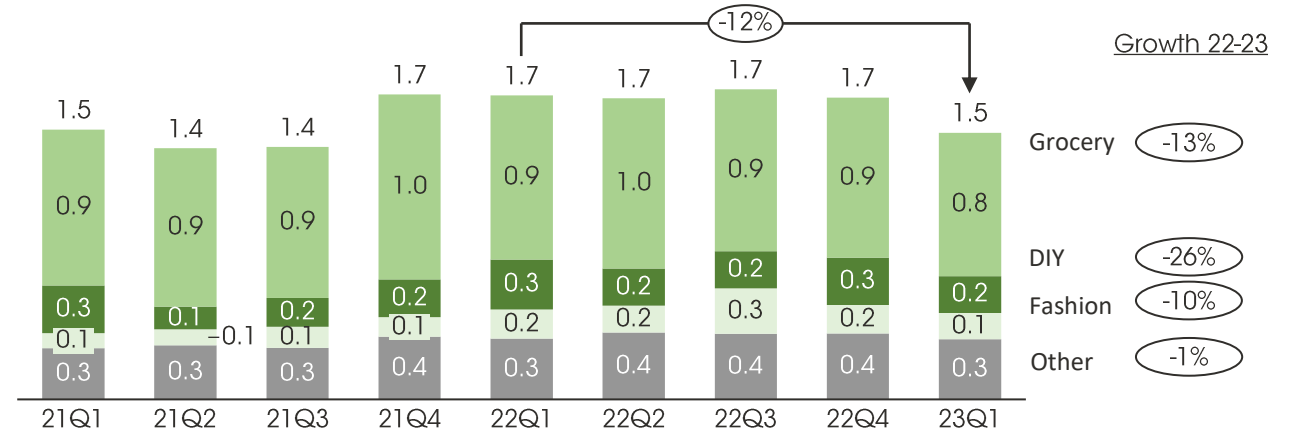
Proportion of profit after tax

Note: ITAB's financial targets refer to the average performance over a business cycle.

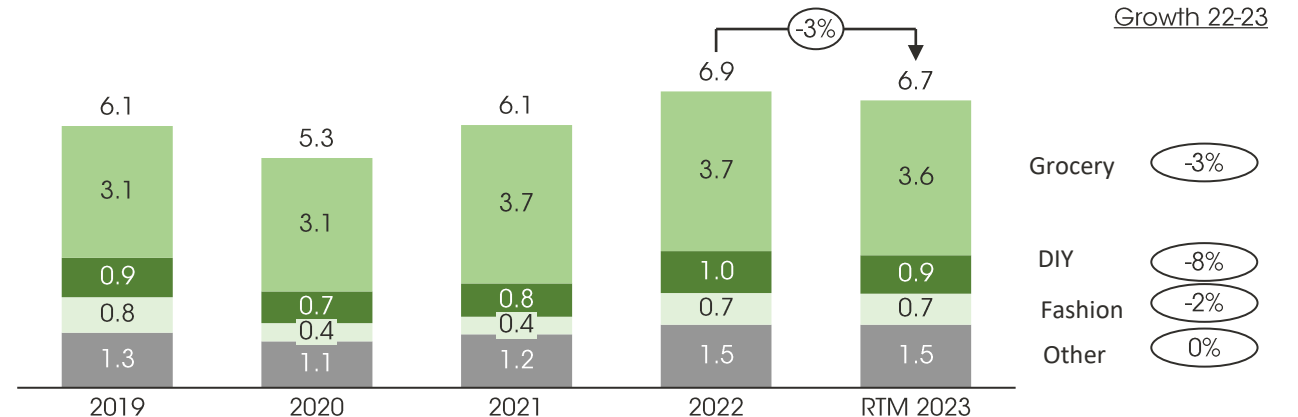
Q1 GROWTH IN RETAIL TECHNOLOGY SOLUTIONS DID NOT MITIGATE NEGATIVE NET SALES DEVELOPMENT

- ▶ Continued strong growth in Retail Tech loss preventing solutions where ITAB are well positioned
- ▶ Net Sales decreased by 12% in Q1, and if adjusting for currency it decreased by 15%
- ▶ Many customer sectors are declining but especially DIY
- ▶ Some customers continue to be hesitant towards investments in new stores and upgrades of existing stores due to the economic development

Net sales per quarter (SEK billion), and % split by sector

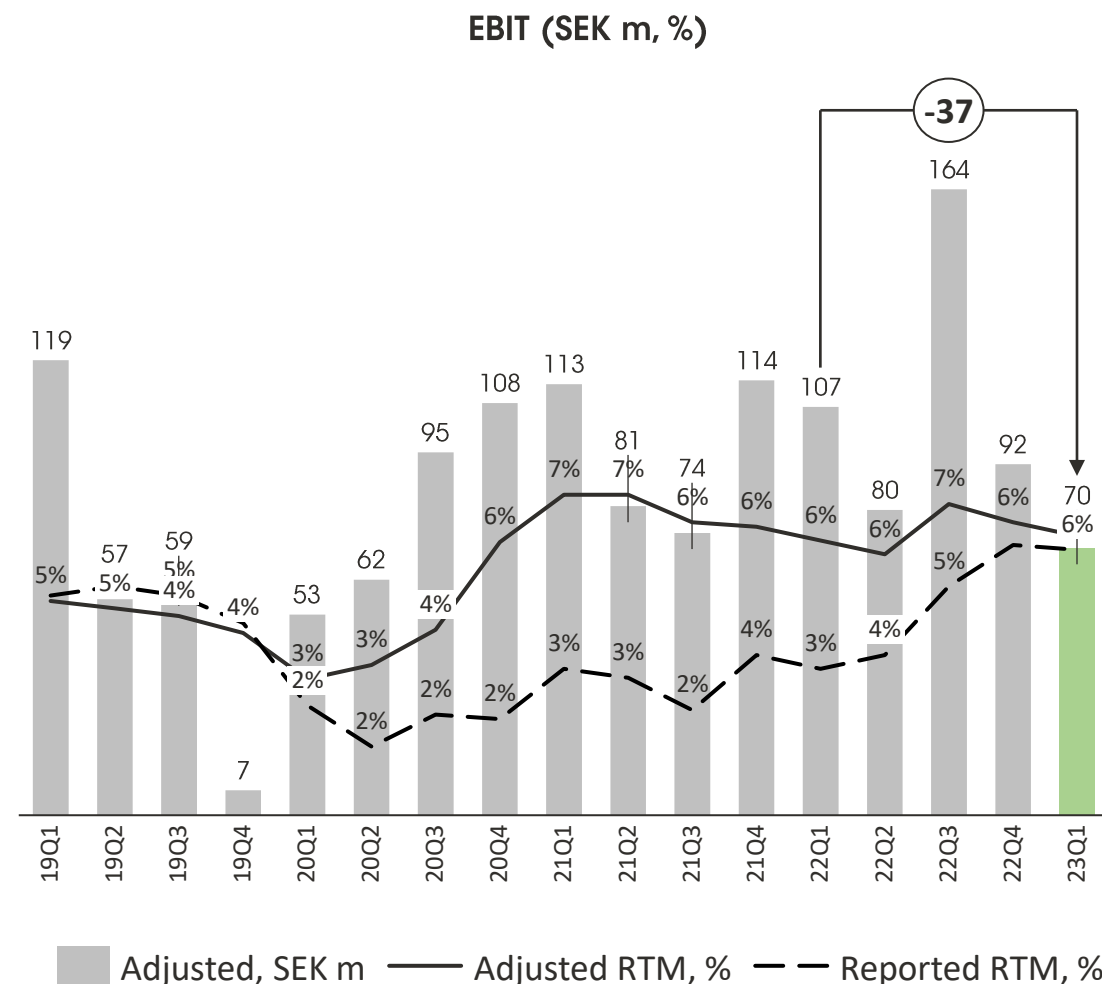


Net sales RTM (SEK billion), and % split by sector



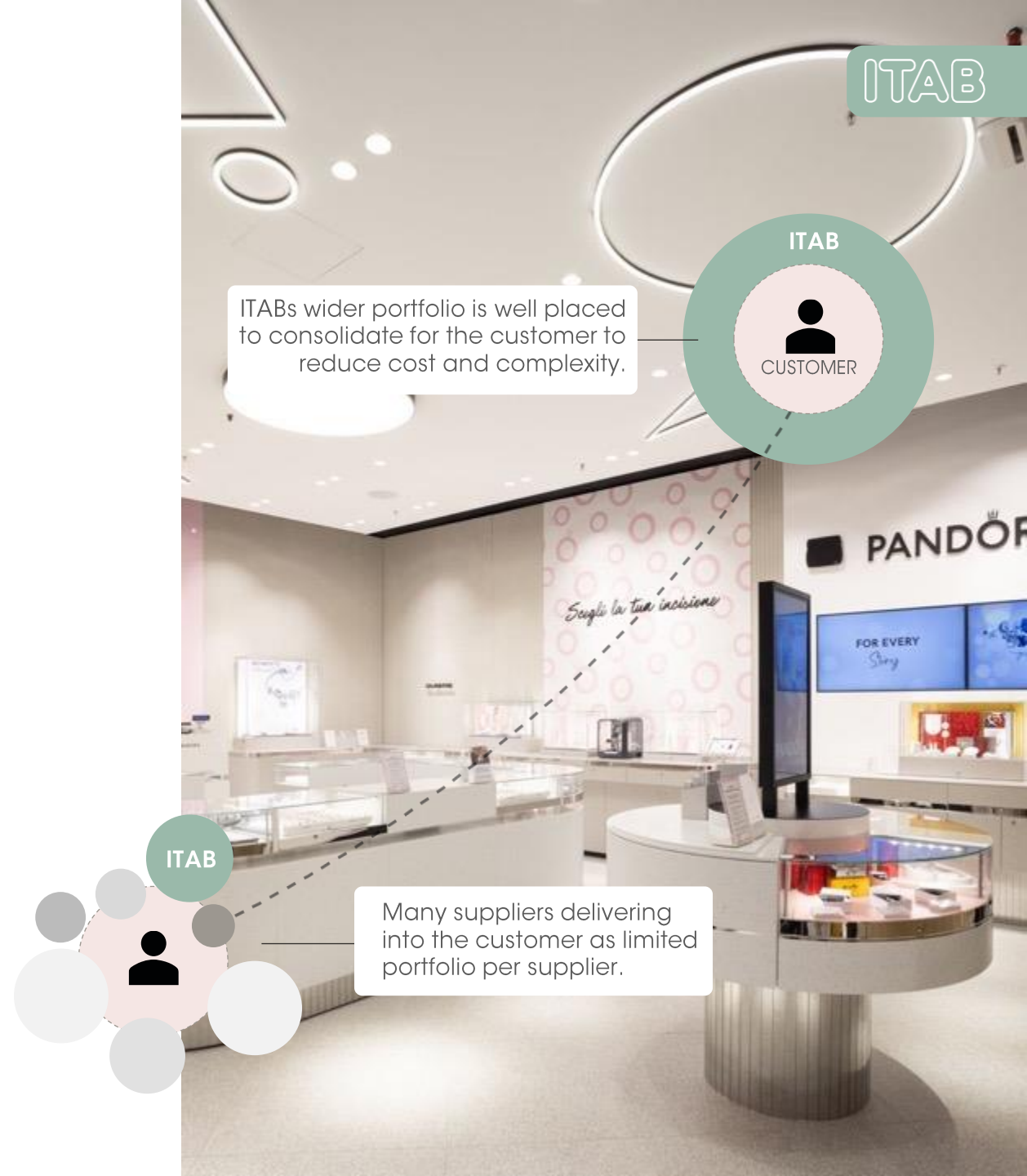
Q1 GROSS MARGIN CONTINUES TO IMPROVE, WHILE RESULT IS UNDER PRESSURE DUE TO LOWER SALES

- Our growth in loss prevention solutions continues, also improving our gross margin, driven by our technology leadership in this segment as well as a favourable market outlook
- Adjusted EBIT somewhat behind last year, negatively impacted by lower volumes and cost from our participation at Euroshop. Reported EBIT of MSEK 70 (86), have had a positive development in recent quarters as we completed the restructuring phase of our transformation in Q2 last year
- Customers continues to evaluate investments carefully driven by the economic turbulence globally



TRENDS IN CURRENT MARKET UNDERPIN AREAS OF GROWTH WHERE ITAB IS WELL POSITIONED

- ▶ Retailers are consolidating supply chain to reduce cost
- ▶ Continued shift in store investments from new store programs to smaller refurbishment projects to drive shorter ROI
- ▶ Use of retail technology to increase consumer self-service, reduce loss and improve experience
- ▶ Energy efficient lighting to reduce in store operating costs and support the reduction in carbon emissions
- ▶ Adoption of wider differentiating experience with suppliers to support the reduction of operating costs



Questions & Answers