

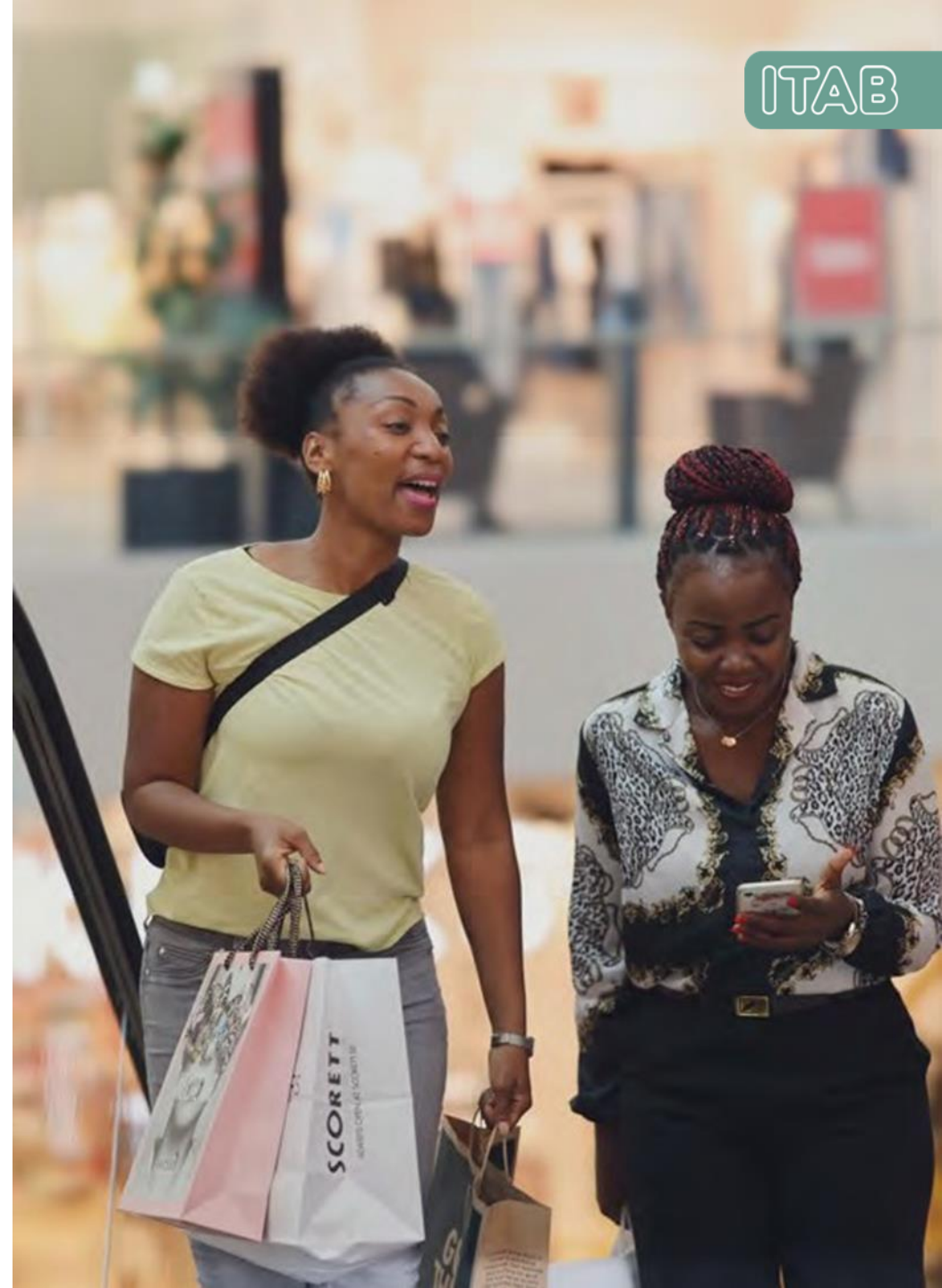
YEAR-END REPORT 2023

ITAB Shop Concept AB (publ)

February 7th 2024

Agenda

- ▶ Introduction to ITAB Group
- ▶ Retail in Transformation
- ▶ The leading Solution Provider
- ▶ The Growth Opportunity
- ▶ Year-End Report 2023
- ▶ Questions & Answers



Introduction to ITAB Group

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

MSEK 3,200 (53% of 2023 sales)

Home improvement

MSEK 800 (13% of 2023 sales)

Fashion

MSEK 600 (10% of 2023 sales)

Other

MSEK 1,600 (24% of 2023 sales)



Carrefour

ICA

Morrisons
Since 1899

TESCO

coop

IKEA

coop
BYGG

LEROY MERLIN

BRICOMAN

wilko

TOKMANNI

H&M

UNI
QLO

C&A

PANDORA™

expert



COSTA
COFFEE

CIRCLE K

APOTEK♥

clas ohlson

XXL

Note: All figures are approximative and refer to full year 2023.

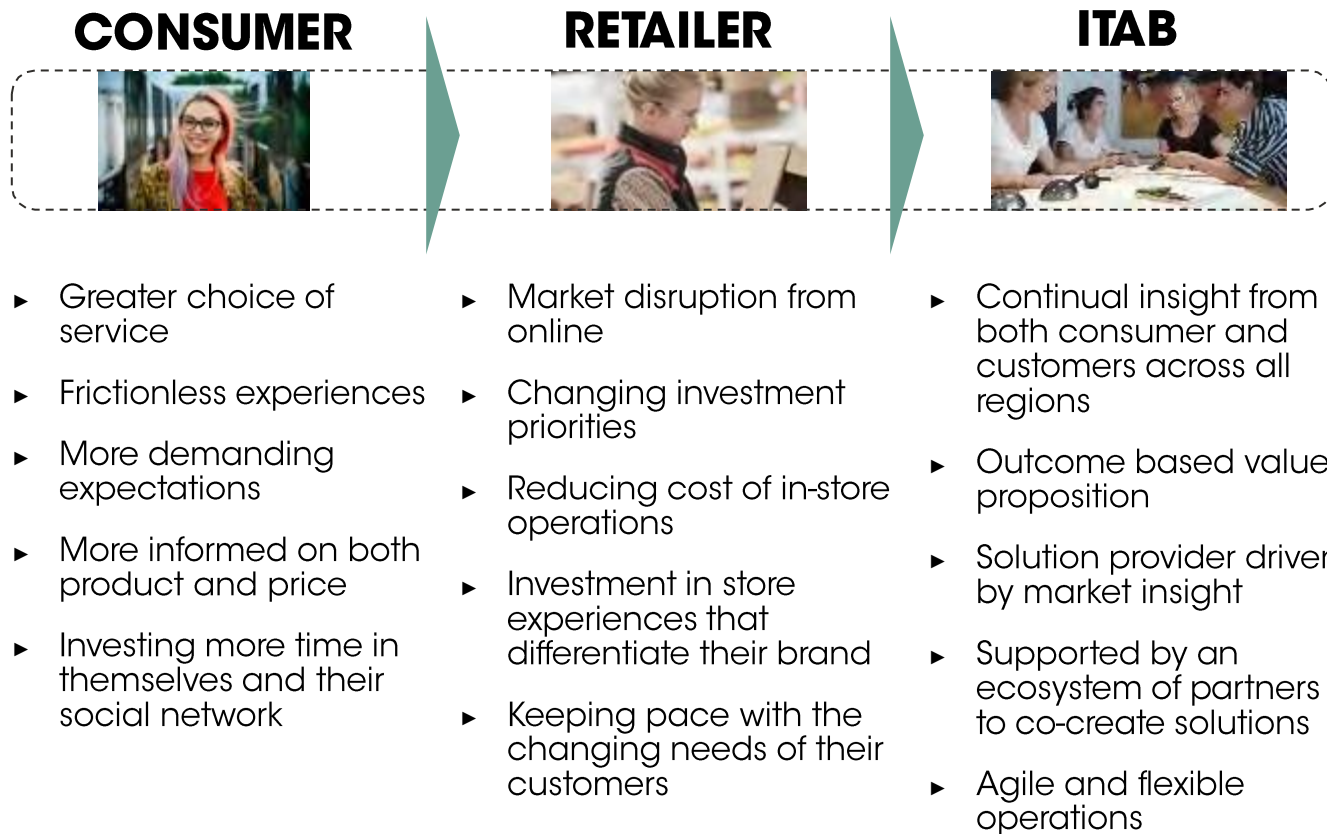
ITAB co-creates solutions with retailers to help reach their targeted outcome

- ▶ Strategic partner to retailers, delivering retail experiences that drive measurable results and 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 2,500 employees in 24 countries and 15 production facilities



Retail in Transformation

Changing consumer expectations drive transformation in retail



Creating a cost vs experience dilemma and how to get the best return on capital

Overview of market trends



- ▶ Digitalization
- ▶ Rising interest rates, salary pressures, energy and food inflation
- ▶ Russia's invasion of Ukraine and political uncertainty
- ▶ 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...)

Rethink Retail. Together.

The leading Solution Provider

One ITAB strategy focuses 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

Outcome based value proposition

- ▶ With a focus on a value based outcome 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 influence 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

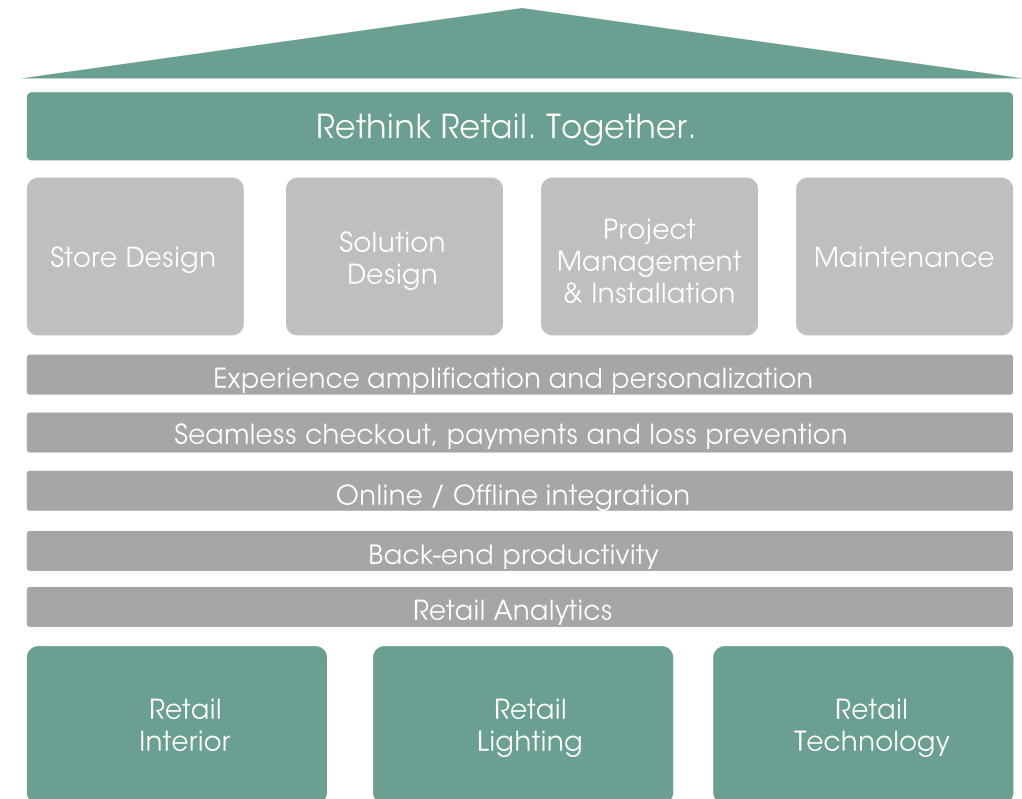
Efficient operating models to help reduce cost instore running costs

As a Solution Provider we will strengthen our position and provide value to the customer

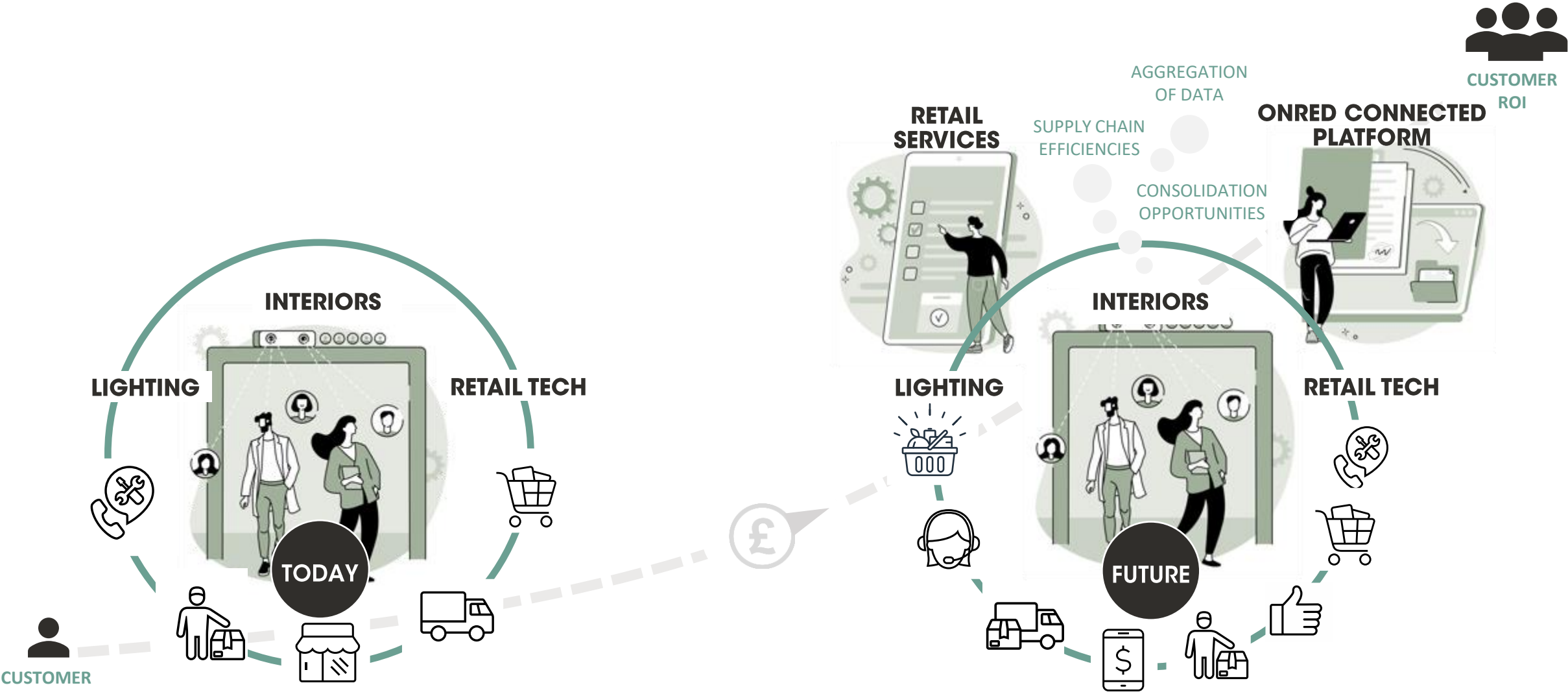
The solution provider approach is delivering a wider and more relevant portfolio of products and services to customers, driving:

- ▶ 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 in re-occurring revenue streams

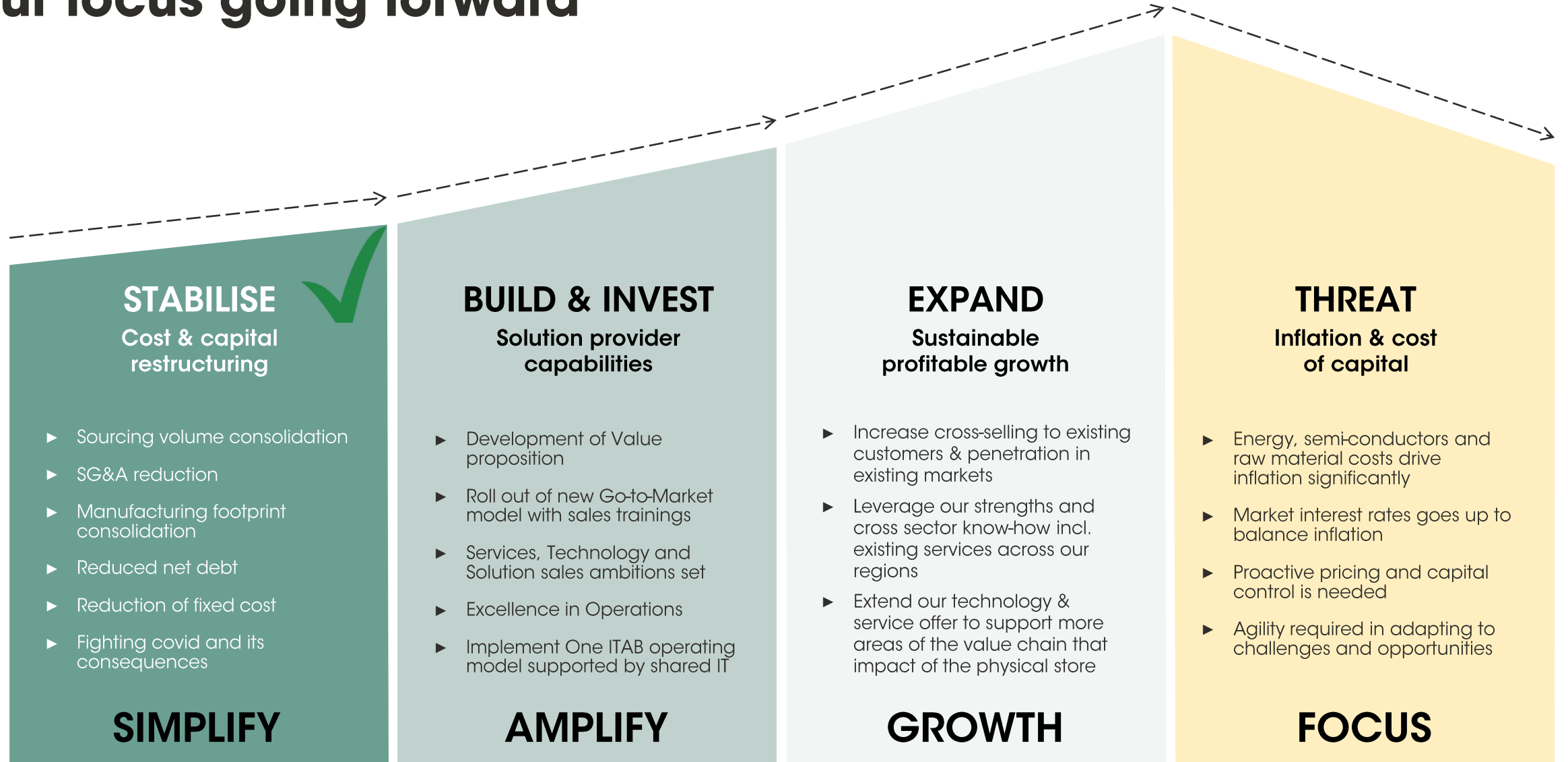
Providing the link into the future position of retail which is becoming data-driven generation led by personalised and data driven experience.



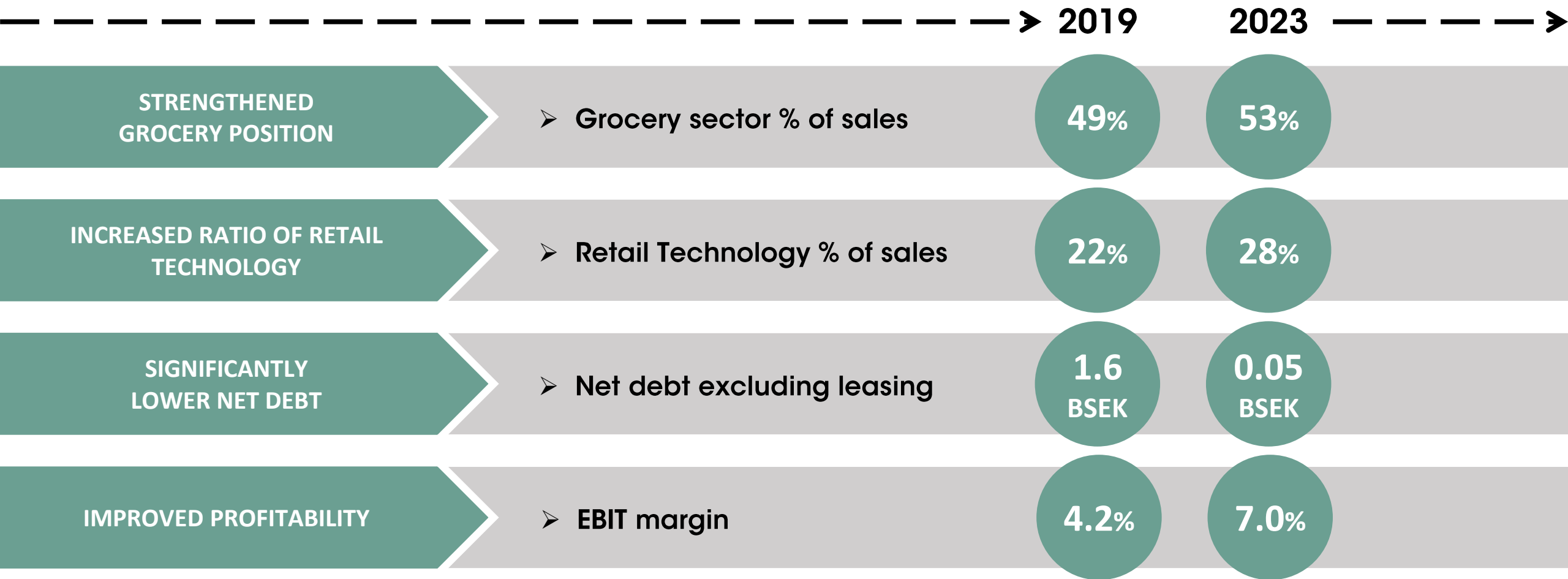
Supporting our growing influence on the consumer journey and retail operations



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

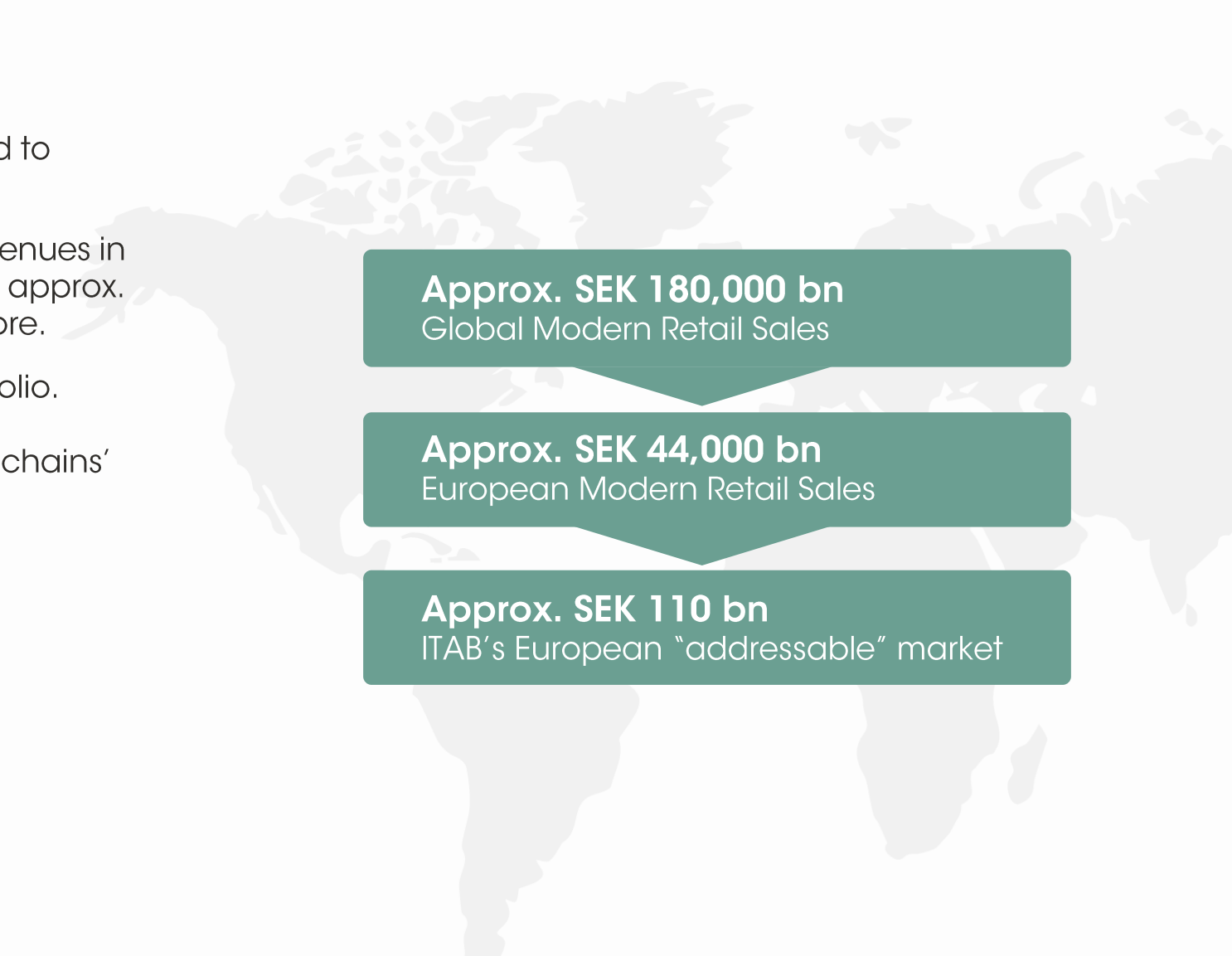
The European modern retail market is estimated to **SEK 44,000 bn** in stores and online.

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

Our share will depend on geography and portfolio.

ITAB's 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

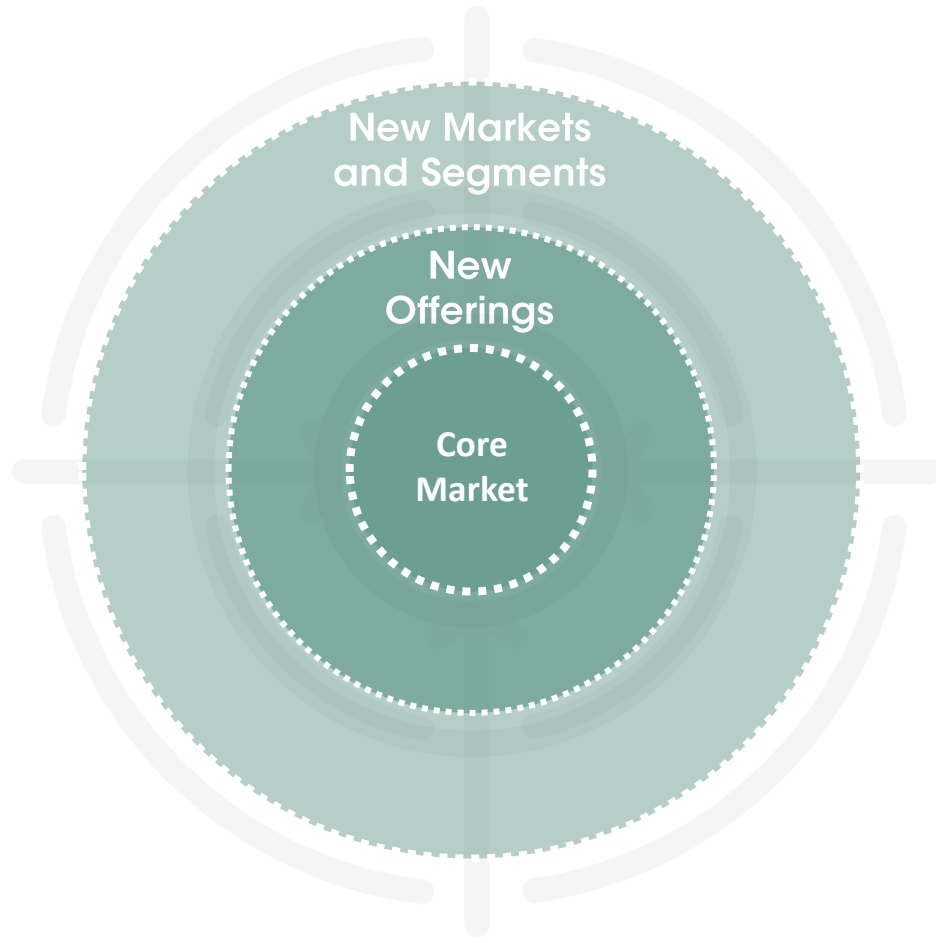


Approx. SEK 180,000 bn
Global Modern Retail Sales

Approx. SEK 44,000 bn
European Modern Retail Sales

Approx. SEK 110 bn
ITAB's European "addressable" market

Our focus is on profitable growth maximizing 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.

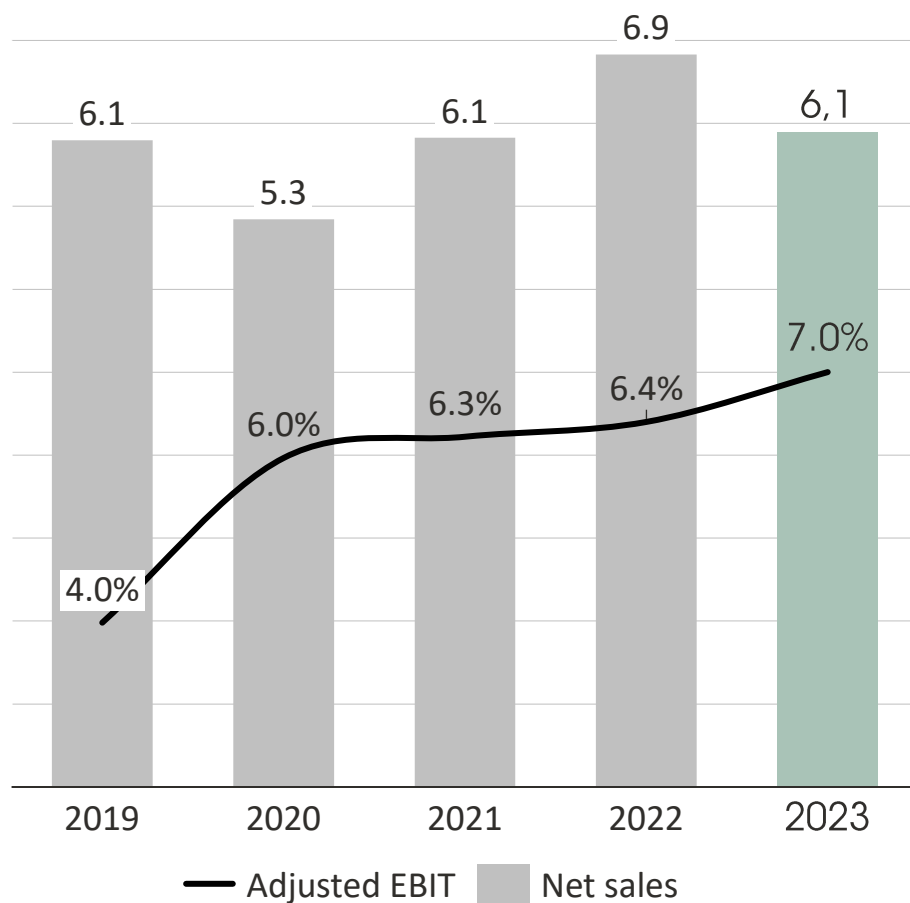
Rethink Retail. Together.

Year-End Report 2023

January 1st-December 31st

Strong gross margin and improved cash flow despite a challenging market sentiment

Net sales and adjusted EBIT (BnSEK, %)



MSEK	2023	2022	Change
Net sales	6,139	6,868	-11%
EBIT	432	403	+7%
Adjusted EBITDA	686	704	-3%
Adjusted EBIT	432	443	-2%
Adjusted EBT	385	388	-1%
Operating cash flow	810	542	+49%
Net debt excl. leasing	45	399	-354

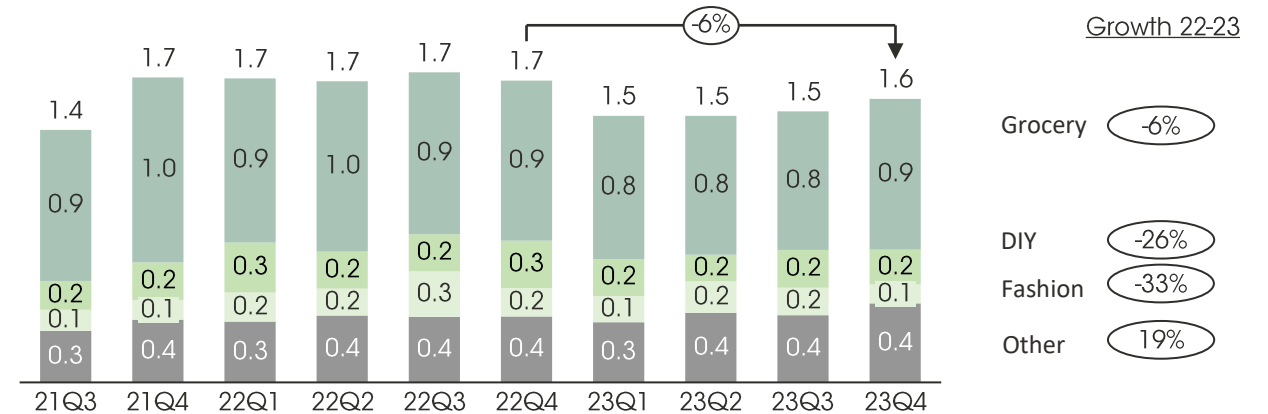
DISCONTINUED OPERATIONS

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" in the Year-End Report for 2023.

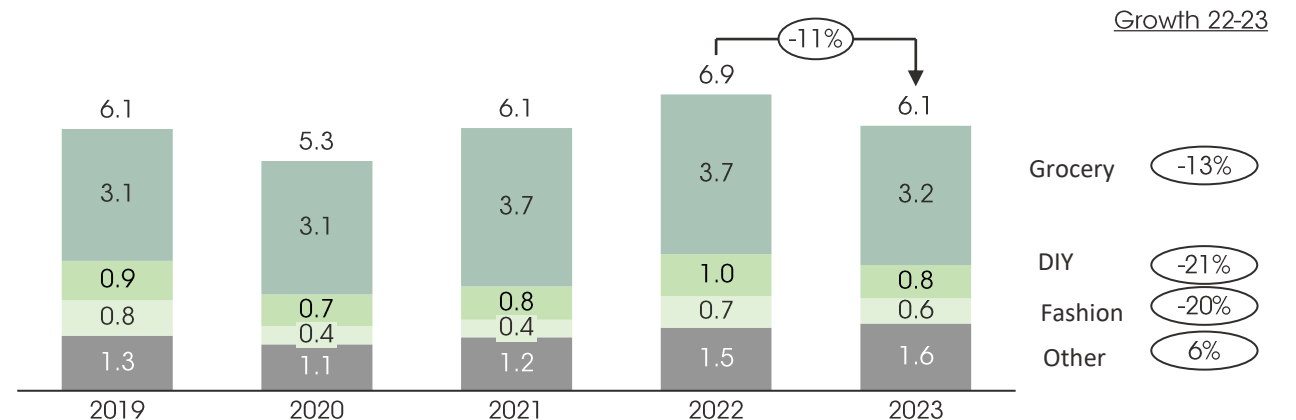
Continued strong growth in loss prevention, while most customer segments overall are in decline

- ▶ Net Sales decreased by 6 percent in Q4, and if adjusting for currency it decreased by 8 percent
- ▶ All sectors except "Other" (which includes our distributors focusing on markets outside of Europe, and growth segments such as Pharmacies) are declining since last year.
- ▶ Continued strong growth in Retail Tech for loss prevention solutions where ITAB are well positioned
- ▶ Although many customers have been hesitant towards capital spend in 2023, we have lately received several large orders for 2024

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

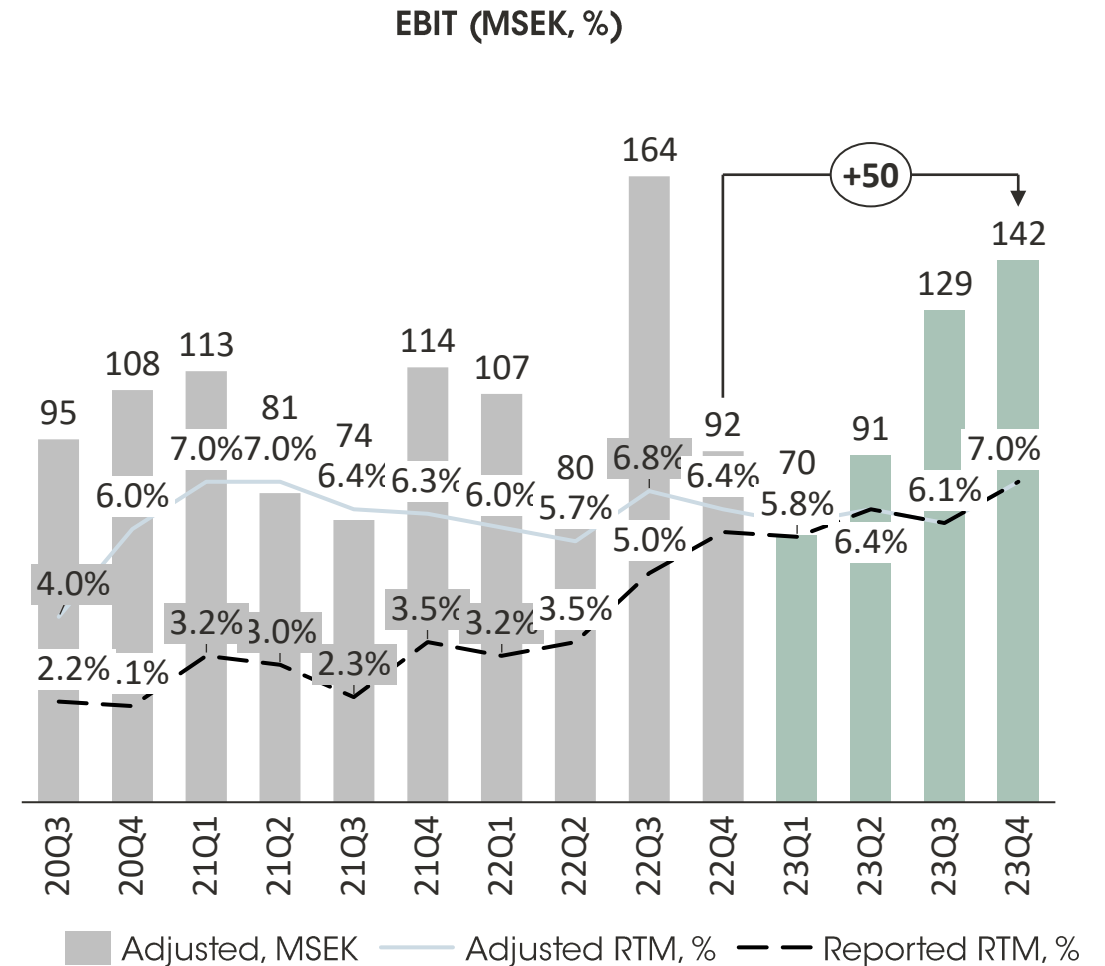


Net sales RTM (BnSEK), and % split by sector



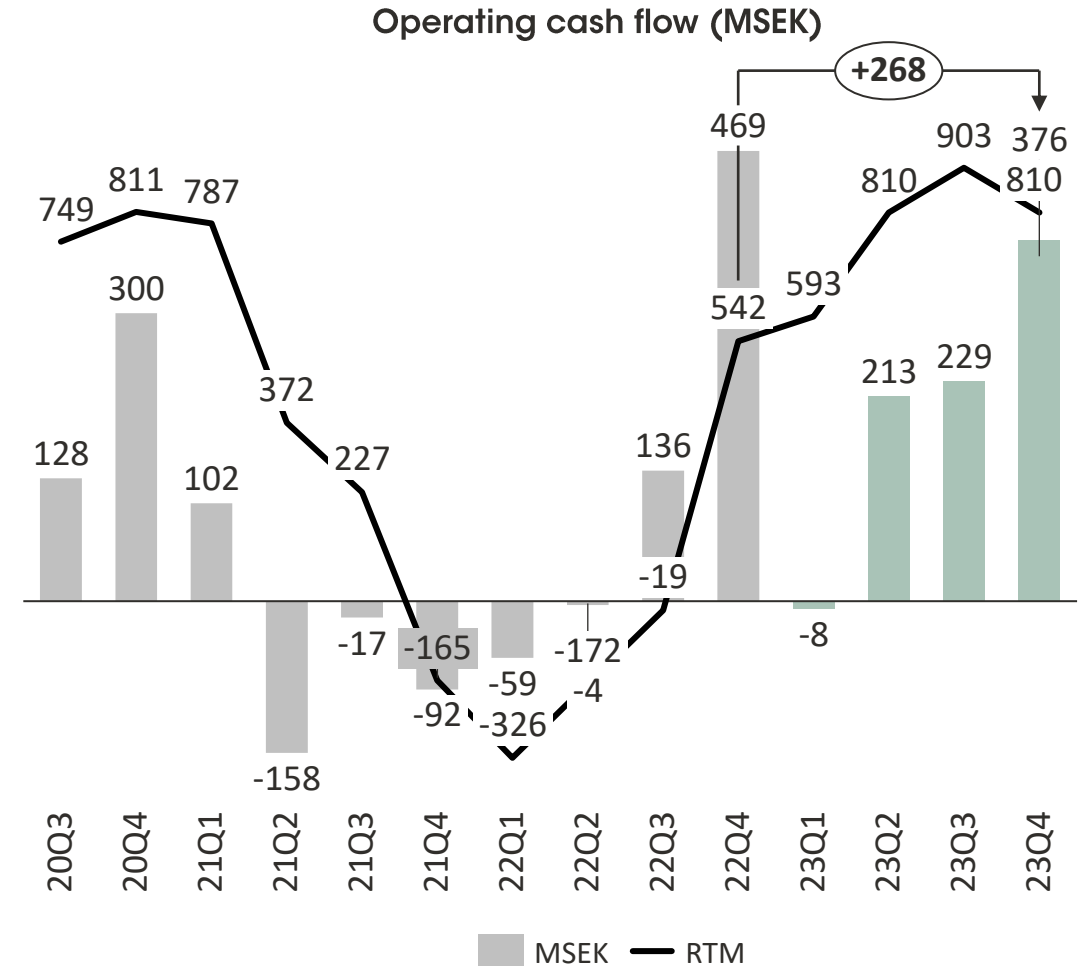
Gross margin continues to improve in Q4, mitigating the effect of lower sales

- ▶ Our growth in loss prevention solutions continues, further improving our gross margin, driven by our technology leadership in this segment as well as a favourable market outlook
- ▶ Reported EBIT of MSEK 142 (92), is underpinned by a favorable product mix and generally increasing margins across portfolio. Q4 can be summarized with an EBIT margin of 8.9%, which is very strong also in a historical context for ITAB
- ▶ To strengthen our earnings performance further, we have during the year continuously adopted our cost related to production, administration and sales. Sustainable cost savings to lower our fixed cost base have been implemented.



Strong RTM cash flow (MSEK 810) driven by profitability improvement and declining operating capital in Q4

- ▶ Cash flow for Q4 at MSEK 376
- ▶ RTM yearly operating cash flow amounts to MSEK 810, driven by significantly improved operating capital, as well as profitability
- ▶ Inventory on a more normalized level
- ▶ Our initiatives and actions to reduce operating capital continues to materialise, and our strong focus will continue onwards to increase our capital efficiency



Main takeaways from Year-End Report 2023

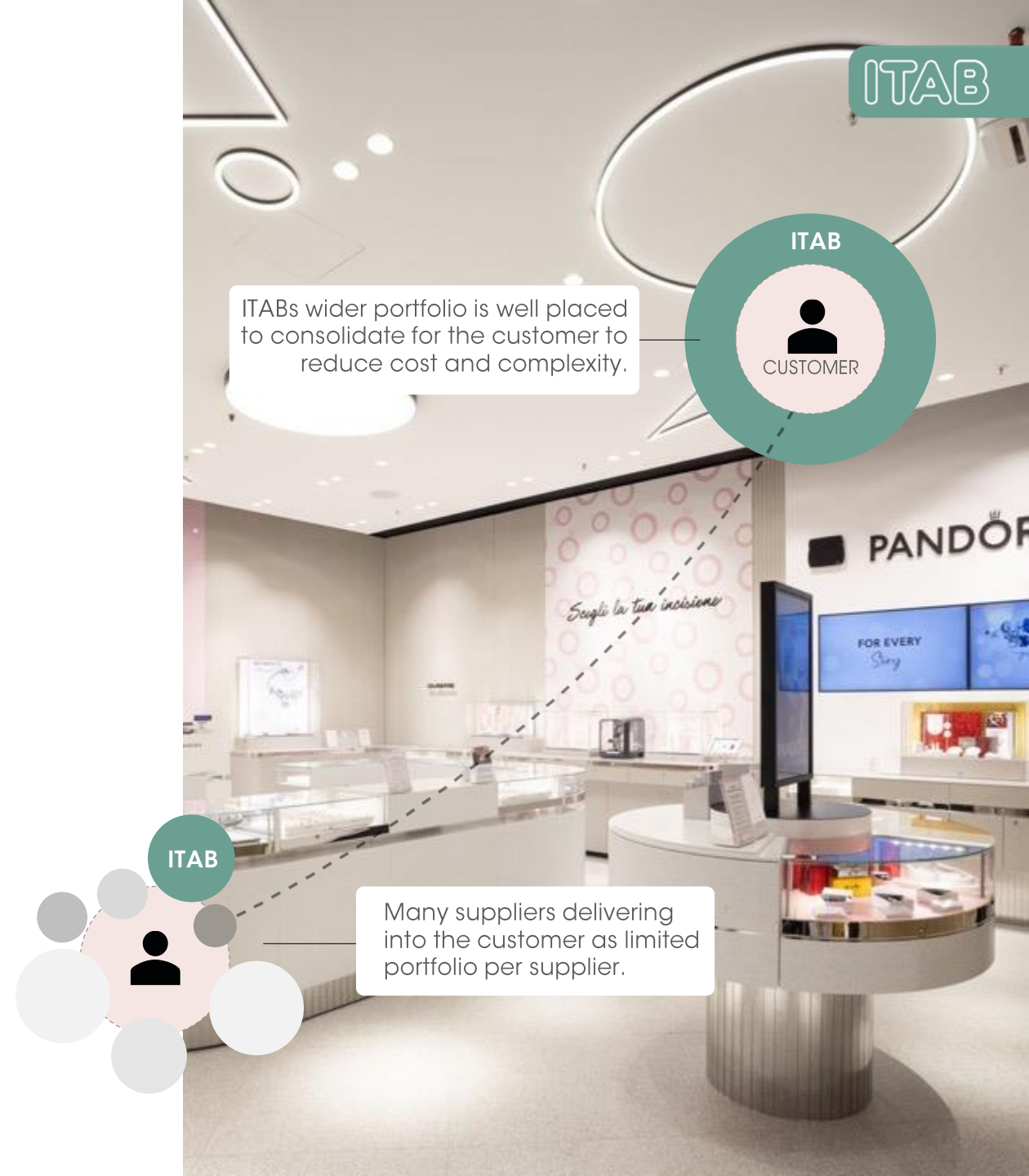
High profitability and strong cash flow in the fourth quarter despite a challenging market

- ▶ In total, currency adjusted sales decreased by 15 percent in 2023
- ▶ Signs of recovery in the market in the fourth quarter – with increasing interest in investments in refurbishments of stores and continued strong demand for our loss prevention solutions
- ▶ EBIT margin for the Group increased to 7.0 percent (5.9) despite approximately MSEK 700 in lower sales
- ▶ A beneficial product mix and increased efficiency from measures to lower costs strengthened our profit margins, while lower sales and capacity utilization in our production facilities had a negative impact
- ▶ The strong gross margin and efforts to reduce the working capital had a positive impact on the cash flow for the year – amounting to MSEK 810
- ▶ Proposal for a dividend of SEK 0.75 (0.50) per ordinary share for 2023



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