

Frukt & Grönt

Interim Report Q1 2024

ITAB Shop Concept AB (publ)

14th May 2024

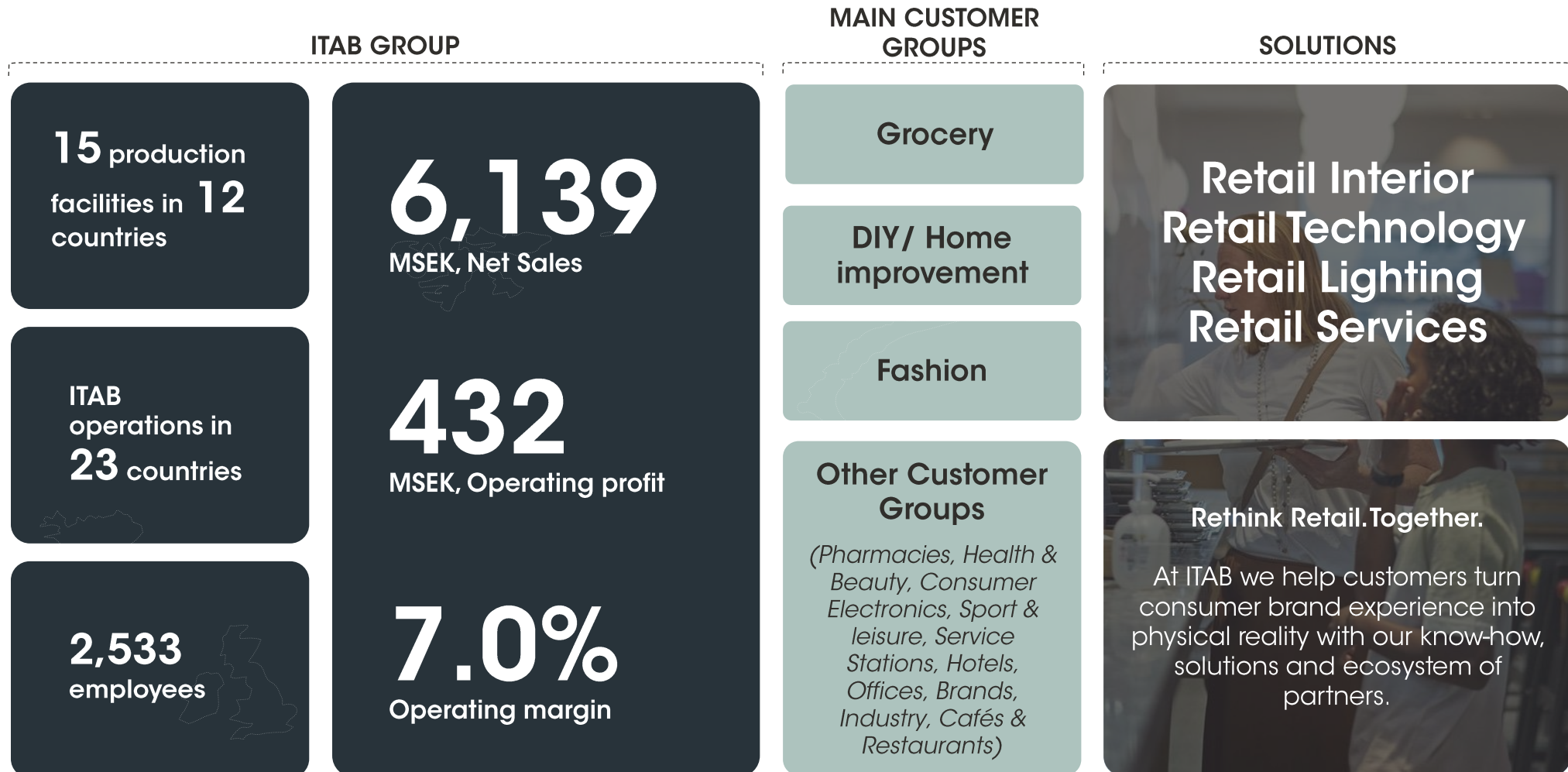
Agenda

- ▶ Introduction to ITAB Group
- ▶ Retail in Transformation
- ▶ The leading Solution Provider
- ▶ The Growth Opportunity
- ▶ Interim Report Q1 2024
- ▶ Questions & Answers



Introduction to ITAB Group

ITAB at a glance in 2023



Numbers refer to the Financial Year 2023.

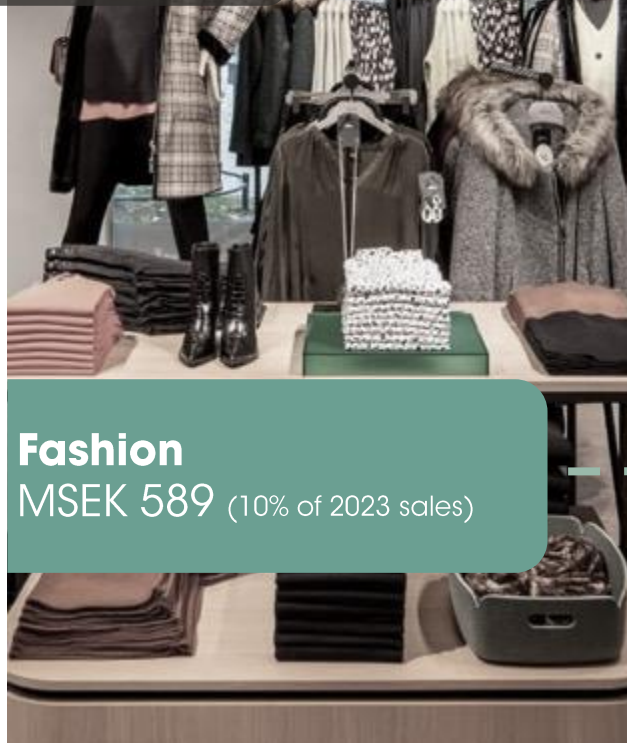
Leader in Europe with global reach ...



Grocery
MSEK 3,226 (53% of 2023 sales)



Home improvement
MSEK 769 (13% of 2023 sales)



Fashion
MSEK 589 (10% of 2023 sales)



Other
MSEK 1,555 (24% of 2023 sales)
























Note: Numbers refer to Financial Year 2023.

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

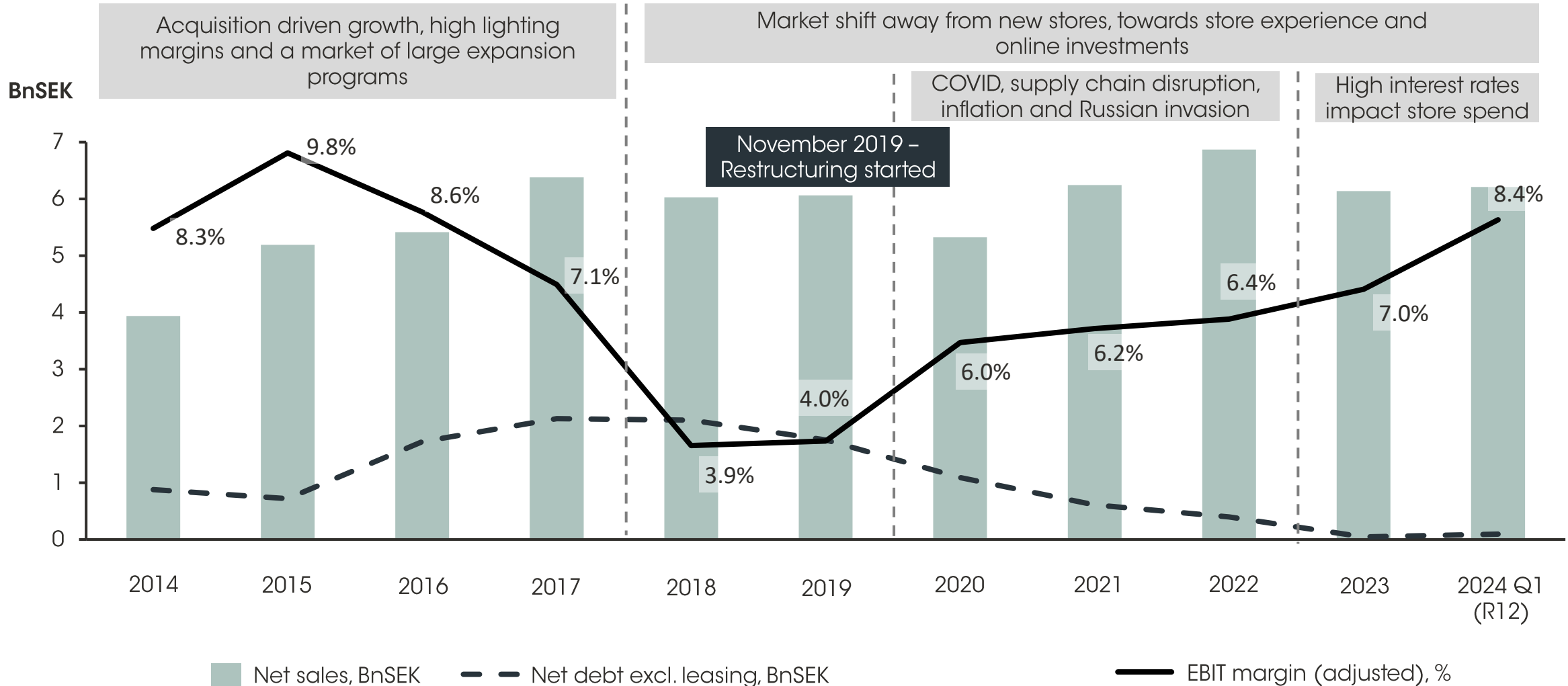


Retail in Transformation



ITAB Group 2014-2024

Net sales, Net debt and EBIT margin (adjusted) development for ITAB Group



Changing consumer expectations drive transformation in retail ...



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



Rethink Retail. Together.

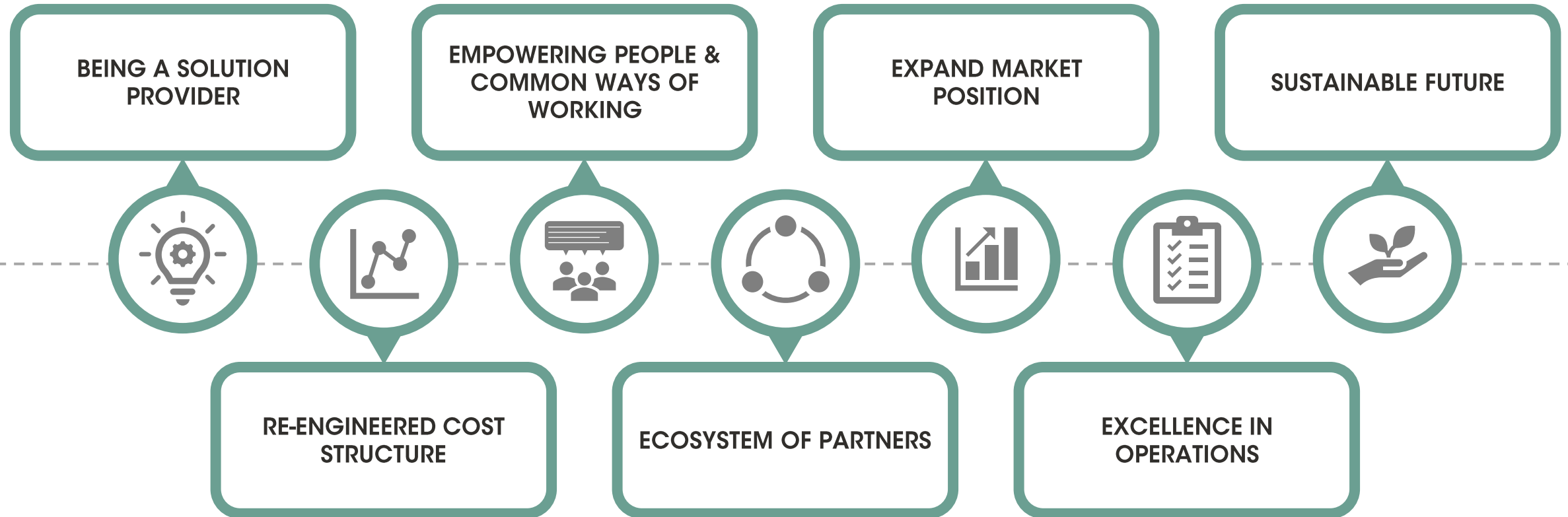
The leading Solution Provider

Doughnuts
5 pack
Made by us
55p each

RIGHT HERE

MORRISONS
Making it
FRESH IN STORE

One ITAB strategy focuses on transforming ITAB into the leading Solution Provider with differentiating capabilities



ITAB strategy to position for growth, be a solution provider and leverage the scale of one

Market Position and Expansion

Focus on large European retail customers and following them into the world. Cross-sell products at existing customers and penetrate geographical white spots with focus on customers in grocery, convenience, service stations, pharmacy, DIY / home improvement (Apparel maintained)

Solution provider way-to-play / value proposition

- Help customers turn consumer brand experience into physical reality
- Delivering measurable results for customers in in-store experience, sales, efficiency, service and running costs
- Co-creating together with consumers and retailers
- Customize, bundle and integrate own and partner services, equipment and software into solutions



Differentiating capabilities



Market insight and knowledge management



Consultative solution selling



Outcome based Solution Design



Agile operations / Operational Excellence



Ecosystem partnering

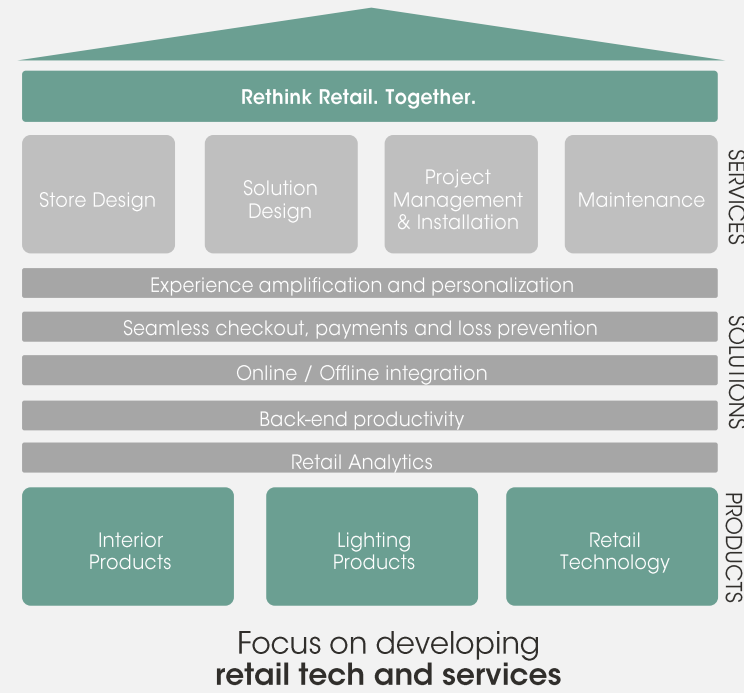


Modular product design



Diligent pricing

Portfolio of Offerings



Being a Solution Provider

Common ways-of-working / One Company capabilities

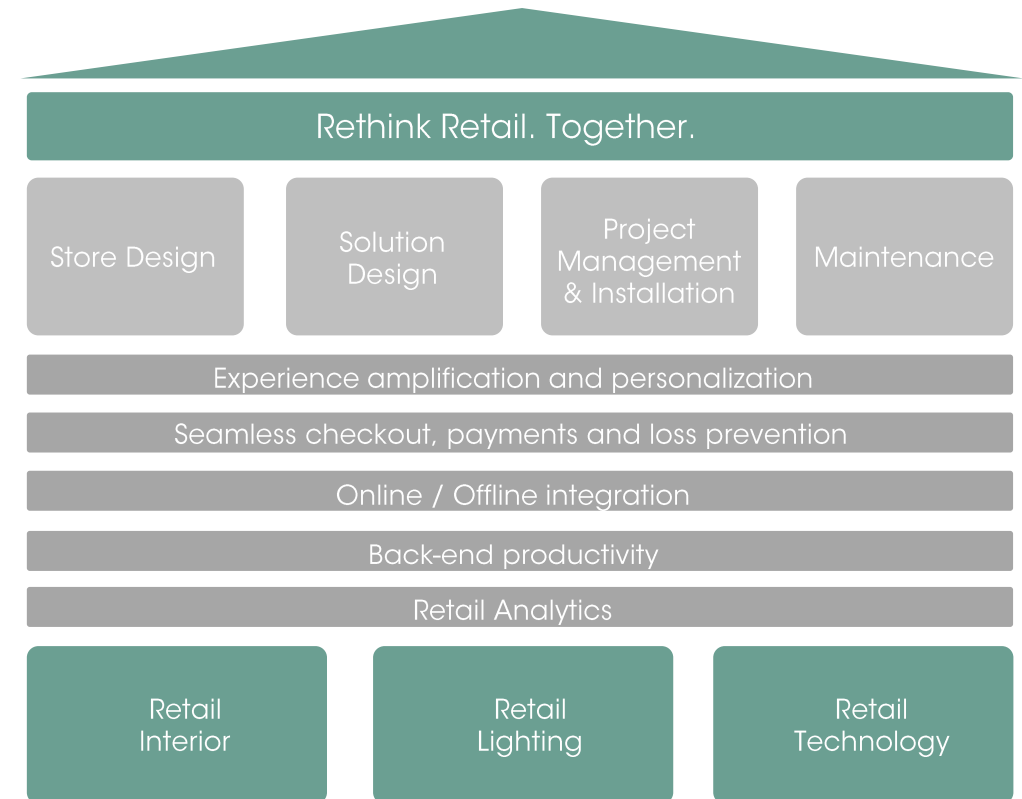
- End-to-end processes
- Organization
- IT, information and financial infrastructure
- Governance / KPIs and Decision Forums

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.



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



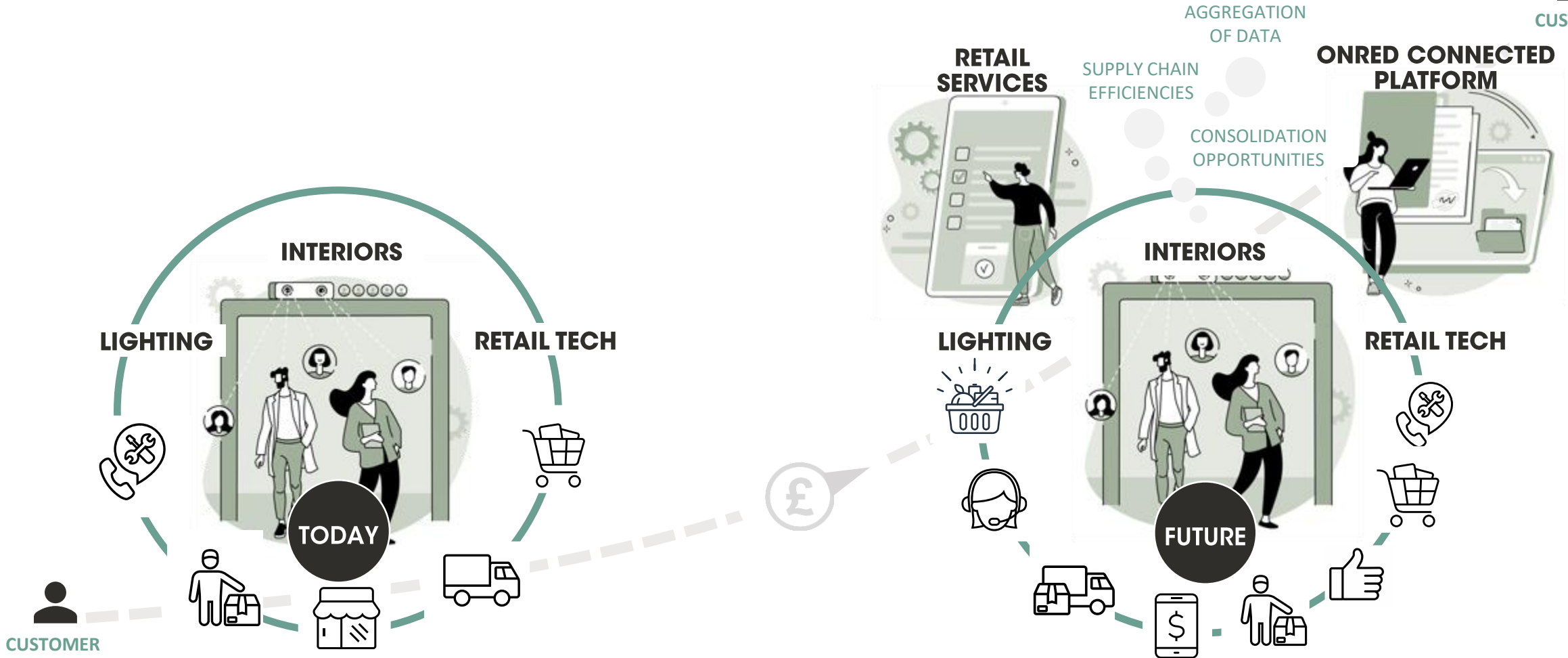
Reduced Operational Cost

Efficient operating models to help reduce cost instore running costs

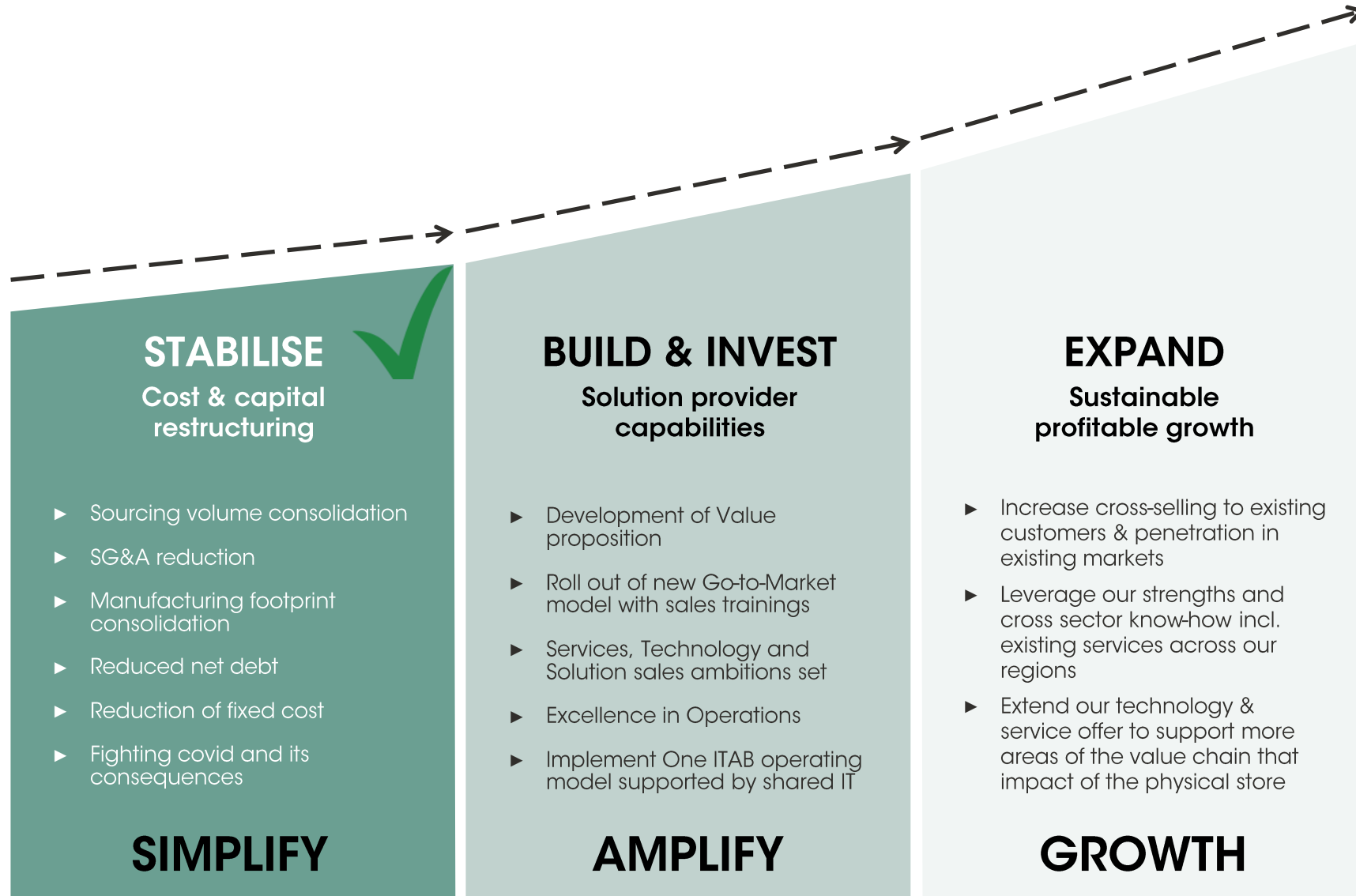
Supporting our growing influence on the consumer journey and retail operations



CUSTOMER ROI



Strategy execution update and our focus going forward



The leading Solution Provider

2 MEN
1 WOMEN
CHILDREN
0 WOMEN
HOMEWARE
CAFÉ

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

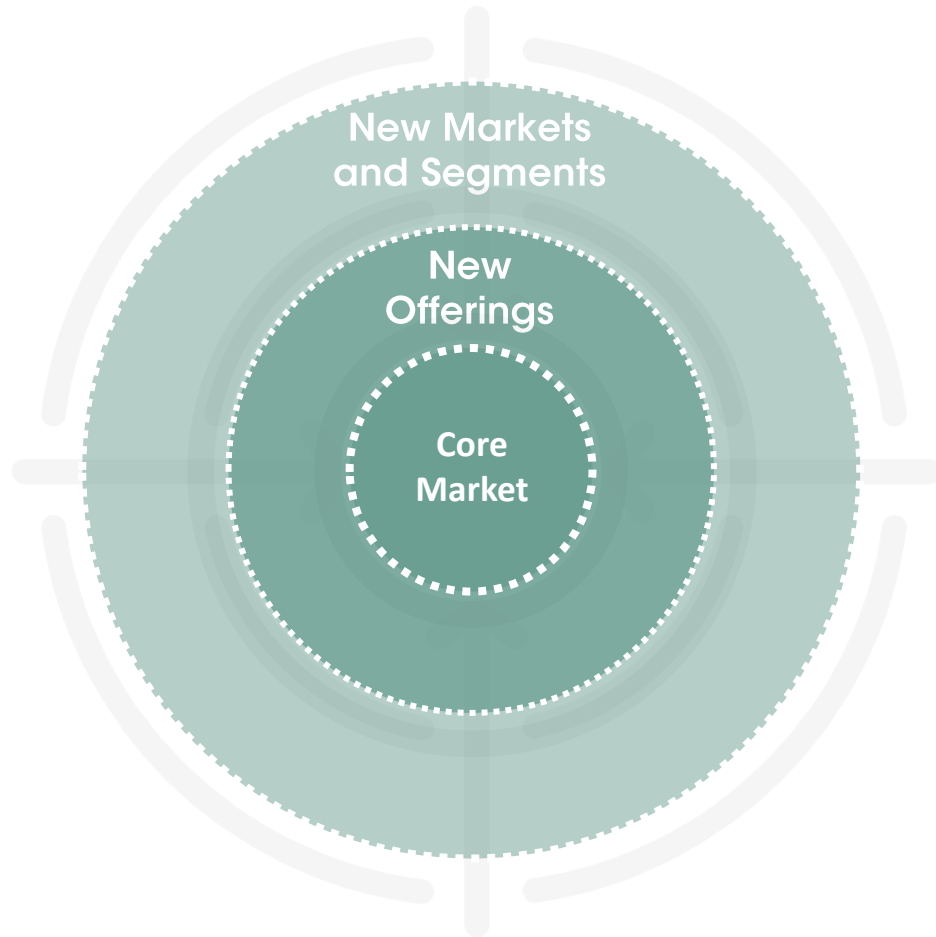


Approx. SEK 180,000 bn
Global Modern Retail Sales

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

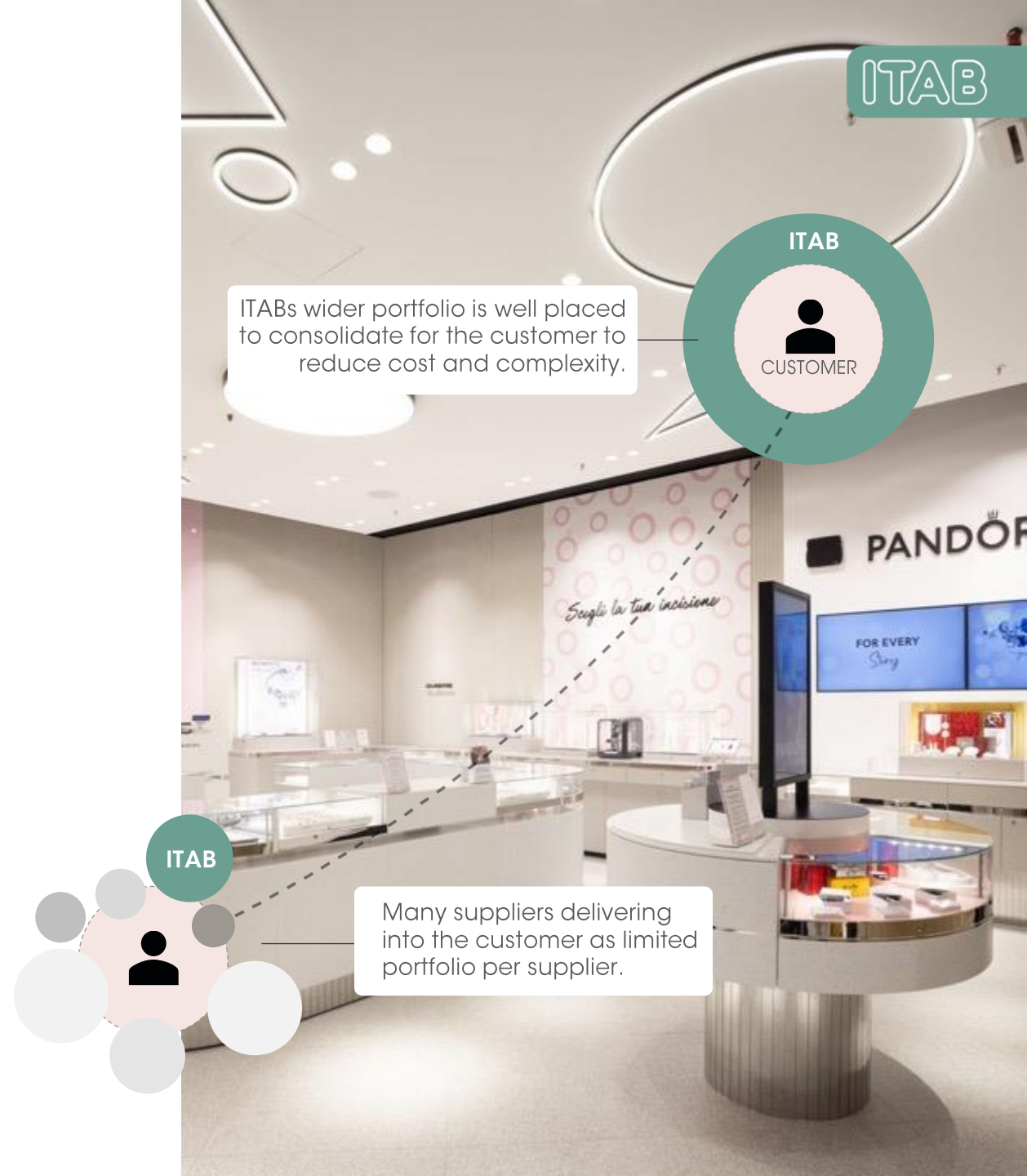
- ▶ Retail tech solutions e.g. OnRed platform, mobile checkout, online/offline integration, smart shelves/inventory.
- ▶ Services within tech solution integration, logistics, installation and maintenance.

Expand to new markets and segments

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

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



Interim Report Q1 2024

January 1st-March 31st

Increased sales in Q1 2024

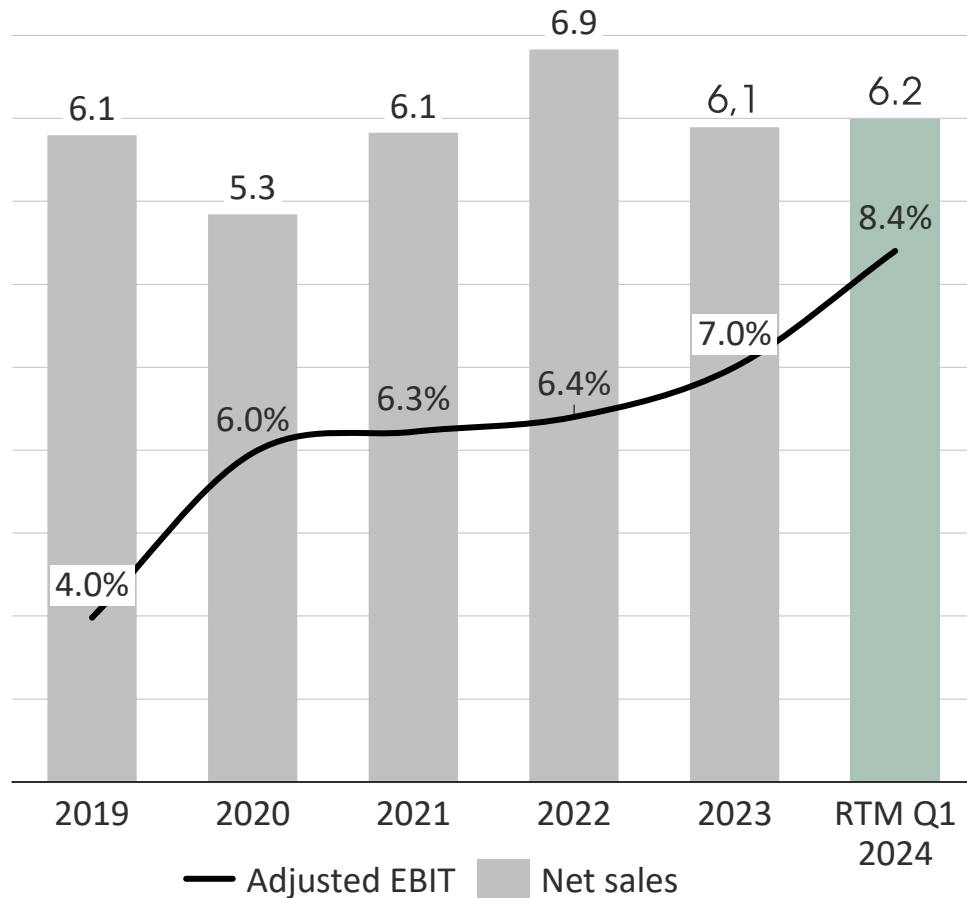
ITAB signed a number of new customer contracts in spring 2024, including the delivery and installation of:

- ▶ **7,200 self-checkouts** to the stores of a leading grocery chain in multiple countries in Europe – total value is estimated at approximately MEUR 16 in 2024
- ▶ **Customised interiors, checkouts and fitting rooms** for the refurbishment of existing stores and in upcoming new stores over three years for a leading fashion chain in Europe – total value is estimated at approximately MEUR 16
- ▶ **Entrance and exit gates** to a leading grocery chain aimed at improving loss-prevention measures in the stores across Europe – total value is estimated at at least MEUR 8 over three years



Continued strong profitability improvement, low debt, and positive cash flow development

Net sales and adjusted EBIT (BnSEK, %)

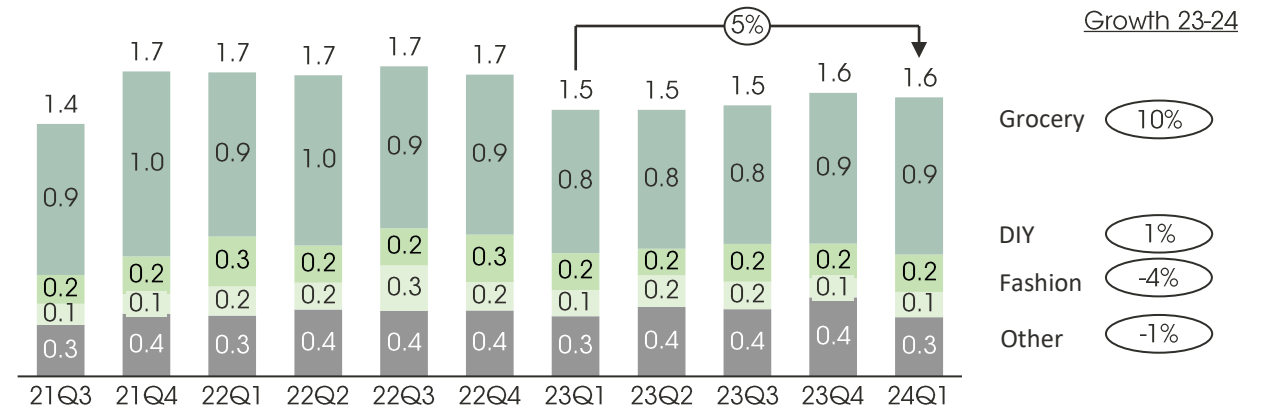


MSEK	RTM @ 31 Mars 2024	2023	Change
Net sales	6,210	6,139	+1%
EBIT	523	432	+21%
Adjusted EBITDA	771	686	+12%
Adjusted EBIT	523	432	+21%
Adjusted EBT	469	385	+22%
Operating cash flow	882	810	+9%
Net debt excl. leasing	96	45	+51

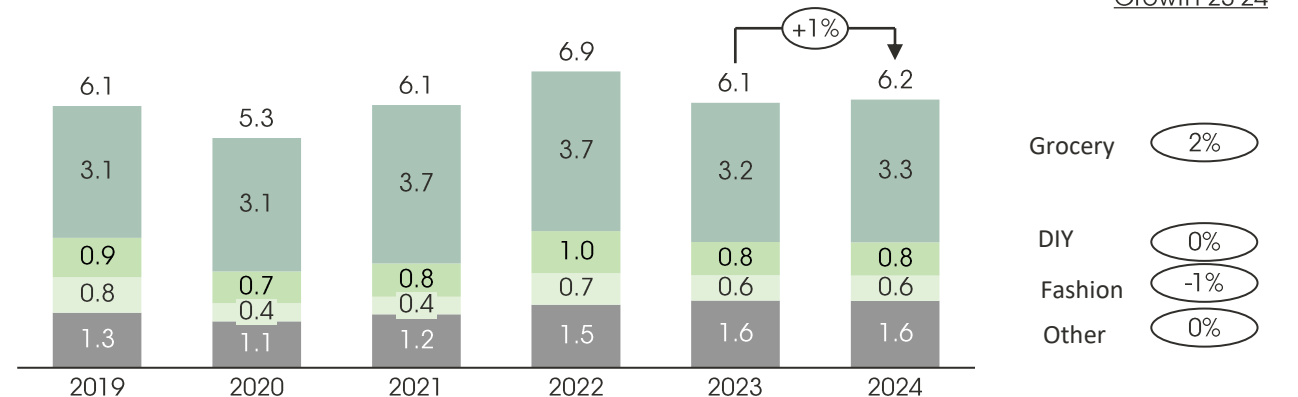
Modest growth of 5% in Q1, driven by Grocery segment and our portfolio in Retail Technology

- ▶ Quarterly growth of 5% where we experience a stabilizing market environment and continued focus on loss prevention and store efficiency to mitigate cost increases
- ▶ Growth drivers includes Grocery segment and our offering within Loss Prevention (e.g. Smart Gates), Self-Checkouts and other self-service solutions, as well as bespoke interior
 - Bespoke interior solutions has still not returned to historic levels, but customers are again returning to discussions about consumer- and store experience which could drive this segment onwards

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



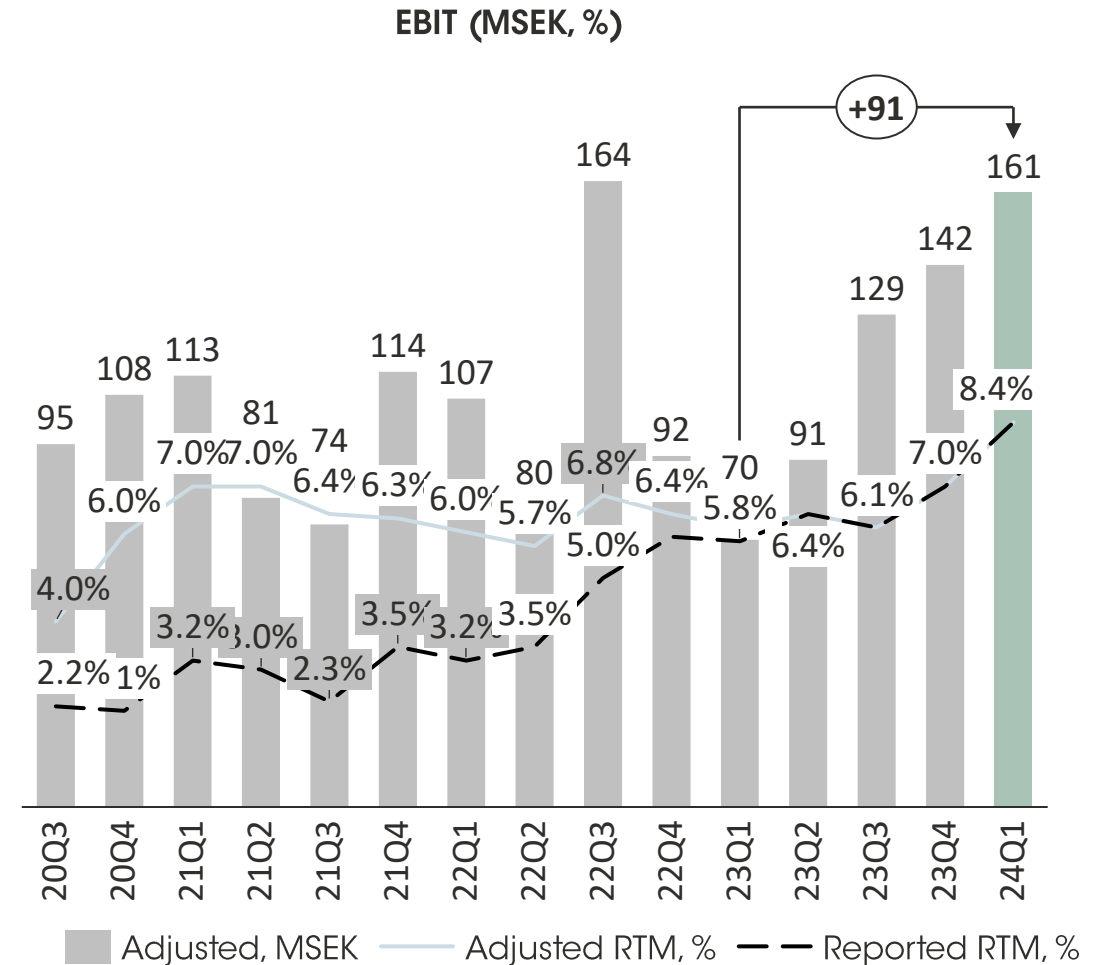
Net sales RTM (BnSEK), and % split by sector



Historically, this is ITABs strongest Q1 result with EBIT of 10.2%, driven by gross margin and technology leadership

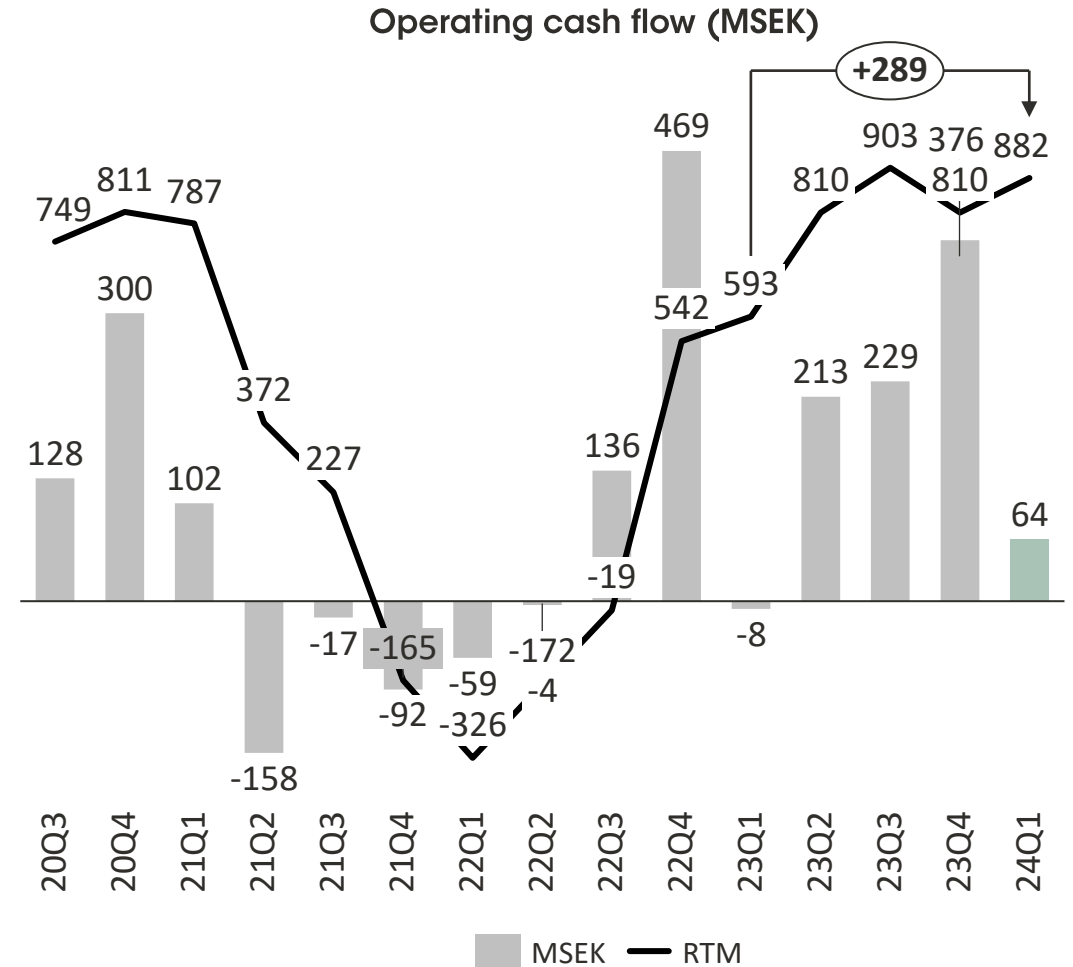


- ▶ Reported EBIT of MSEK 161 (70), is underpinned by a favorable product mix and generally increasing margins across portfolio and geographies
- ▶ Although we continue to be successful within Loss Prevention, we now also see margin impact from growth in self-service solutions, as well as a higher demand of interior solutions especially within Grocery
- ▶ Above product mix development, combined with a higher capacity utilization at our largest factories, as well as full effect from our efforts to lower costs during 2023, is the foundation of our performance improvement. We will continue to refine our ways of working and organisational structure to further improve cost efficiency



Strong RTM cash flow (MSEK 882) driven by profitability improvement and higher capital efficiency

- ▶ Cash flow for Q1 at MSEK 64 impacted by strong profitability, but also negatively by higher levels of working capital (mainly AR) required to support our sales growth
- ▶ RTM yearly operating cash flow amounts to MSEK 882, driven by significantly improved operating capital, as well as profitability
- ▶ Inventory continues to be 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 Q1 2024

2024 begins with historically strong earnings

- ▶ Increased sales in combination with continued strong gross margin contribute to the highest EBIT margin to date for the first quarter in any year for ITAB
- ▶ A number of new customer agreements signed – with continued strong demand for our loss prevention solutions and increasing interest in self checkouts and refurbishment of stores
- ▶ A favourable and more balanced product and customer mix contribute to a continued strong gross and EBIT margin
- ▶ Strong gross margin and efforts to reduce the working capital continue to have a positive impact on cash flow
- ▶ The outcome for the quarter confirms that our long-term plan works – and our focus over the next two to three years is on finishing the final part of the strategy to transform and modernise ITAB and to actively participate in the expansion and consolidation of the market



Questions & Answers

ITAB

RETHINK RETAIL. TOGETHER.