

Frukt & Grönt

Interim Report Q2 2024

ITAB Shop Concept AB (publ)

12th July 2024

Agenda

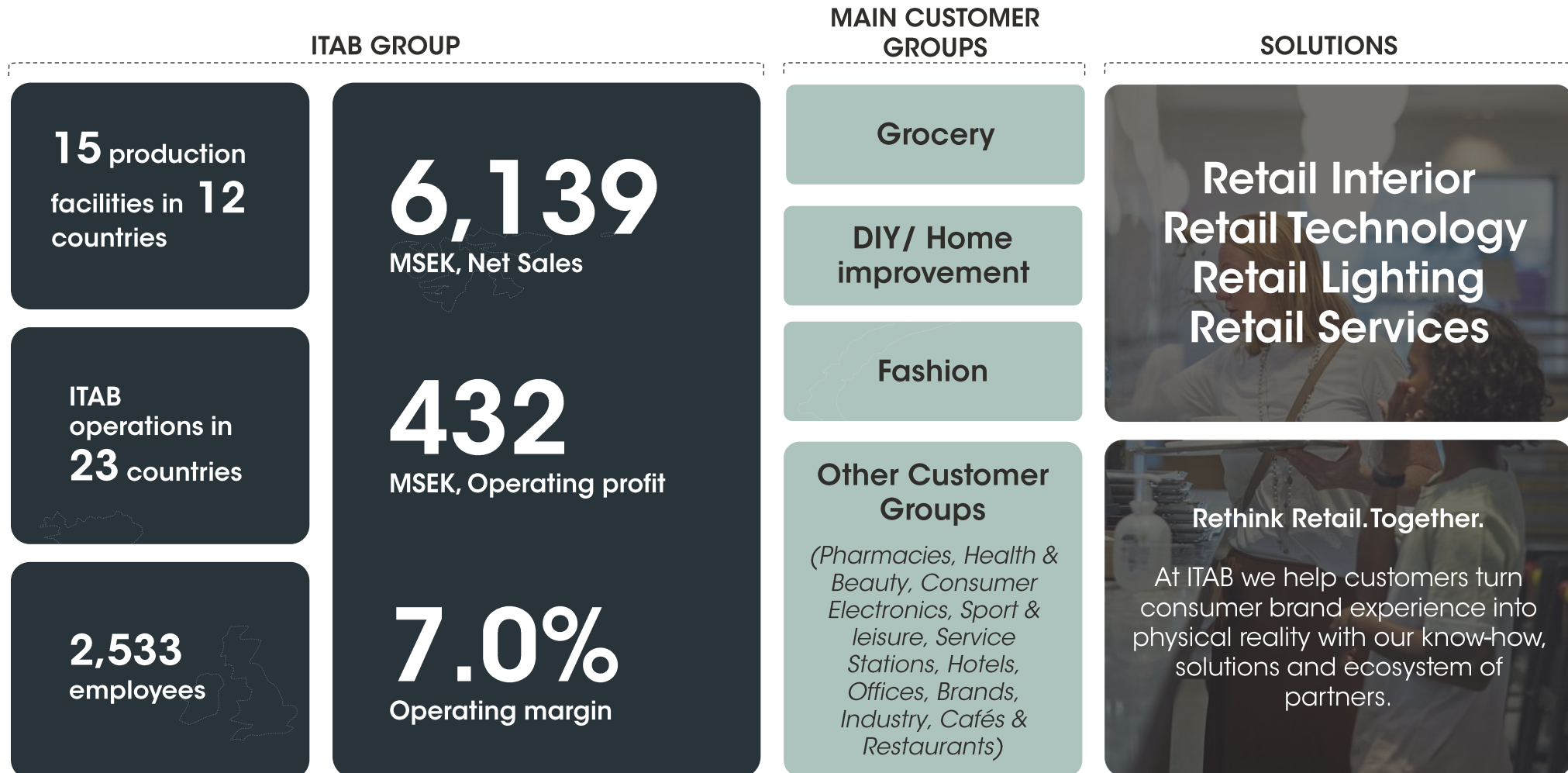
- ▶ Introduction to ITAB Group
- ▶ Retail in Transformation
- ▶ Interim Report Q2 2024
- ▶ Questions & Answers

ITAB



Introduction to ITAB Group

ITAB at a glance in 2023



Numbers refer to the Financial Year 2023.

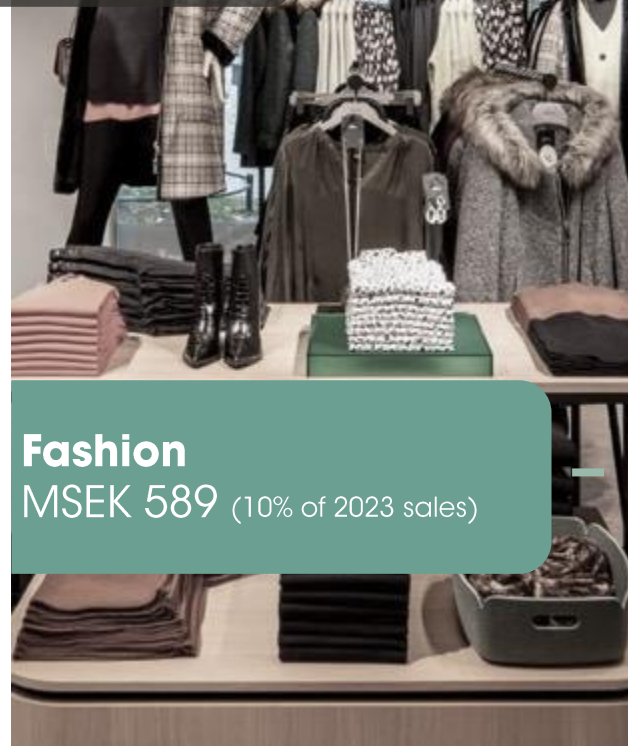
Leader in Europe with global reach ...



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)



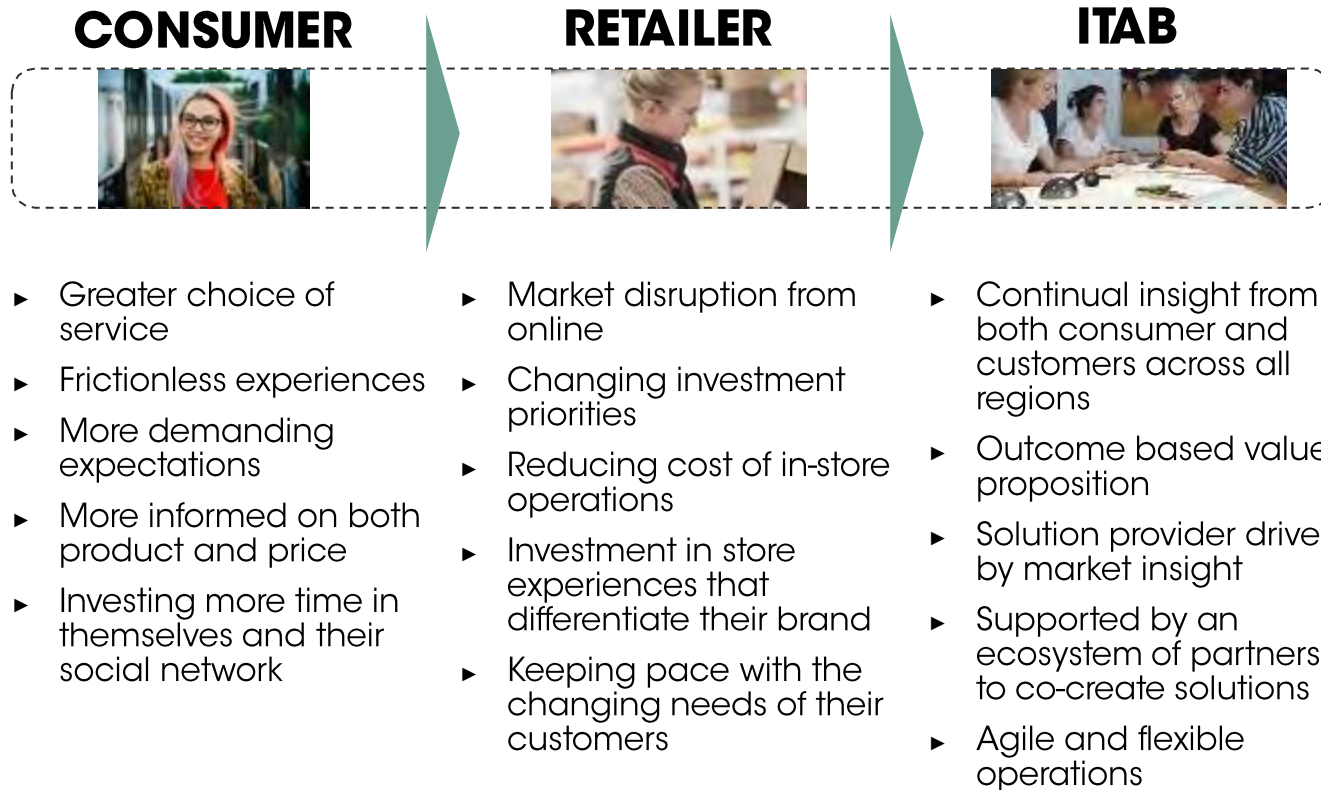
Note: Numbers refer to Financial Year 2023.

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



Retail in Transformation

Changing consumer expectations drive transformation in retail ...



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



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

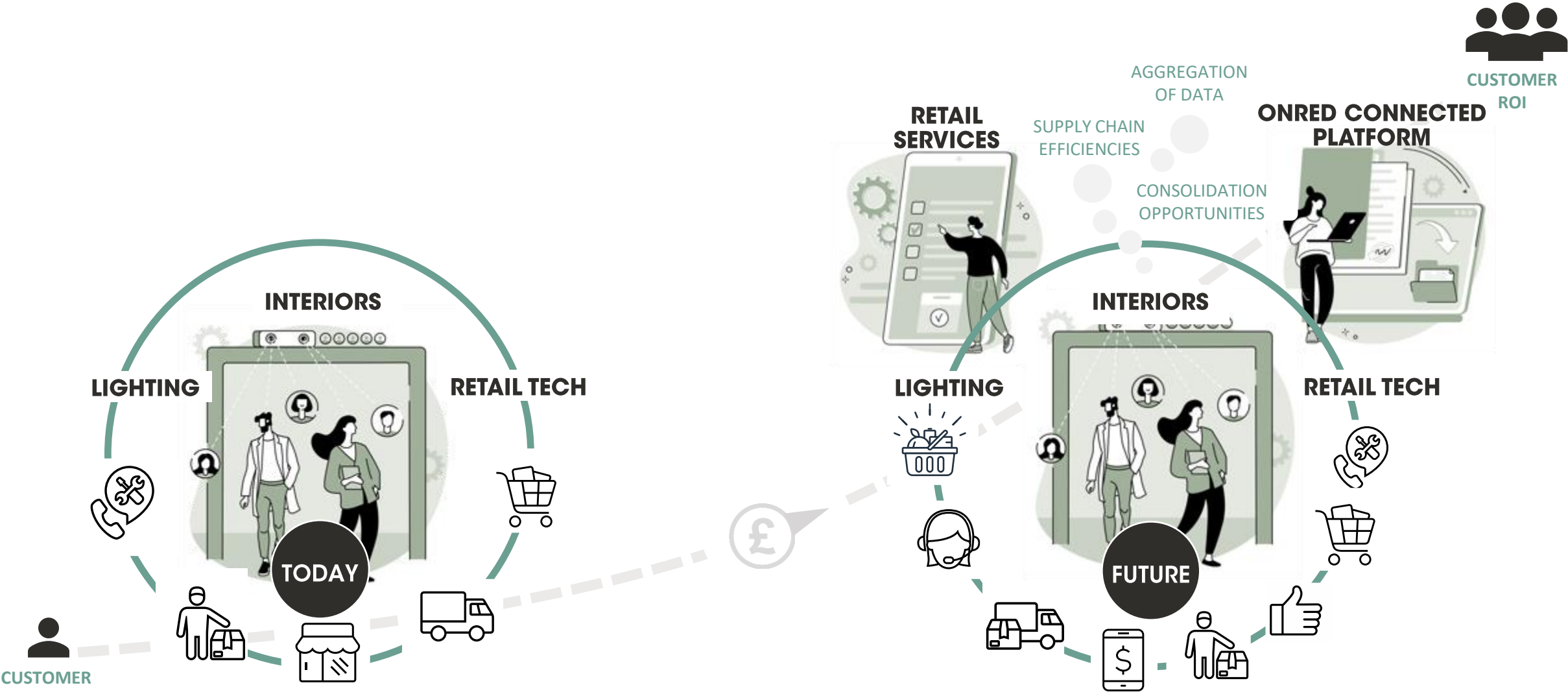
Seamless consumer journeys that increase throughput and service



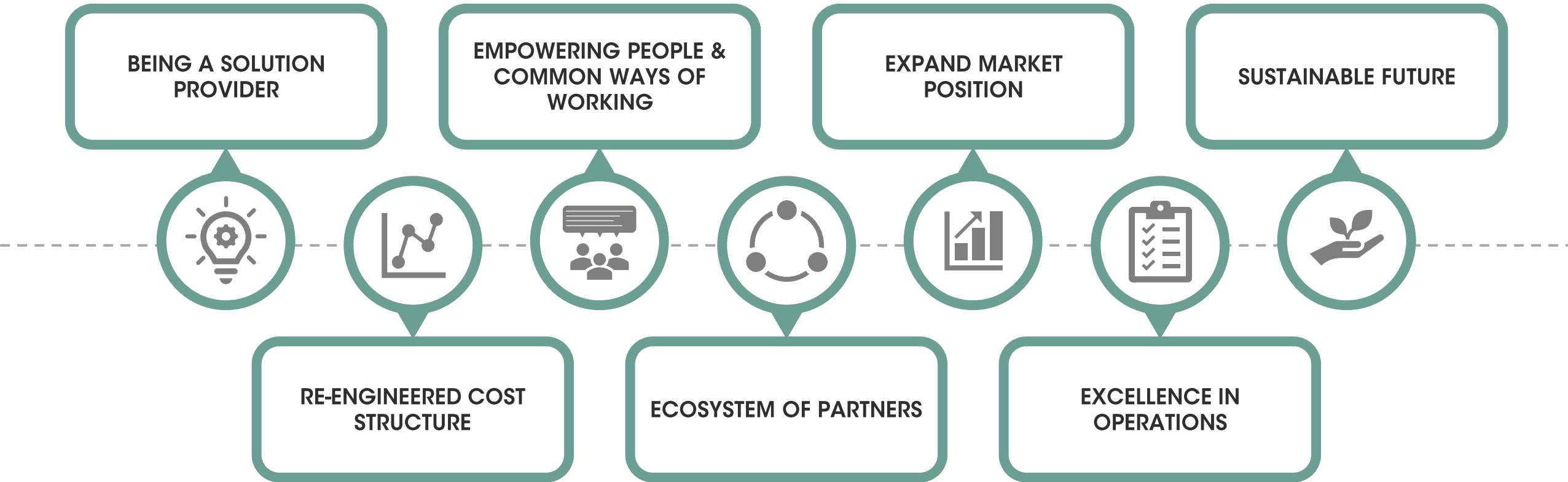
Reduced Operational Cost

Efficient operating models to help reduce cost instore running costs

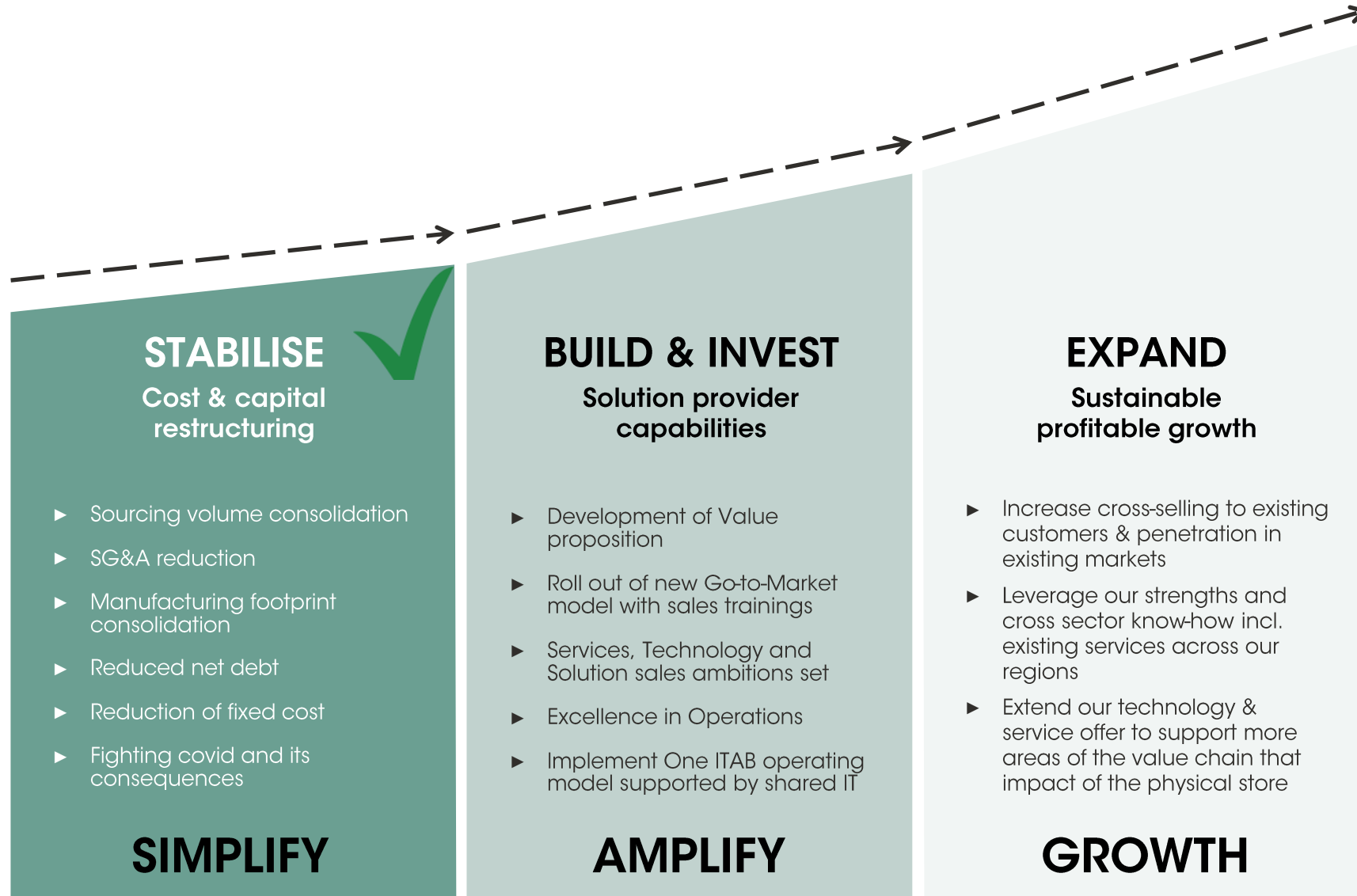
Supporting our growing influence on the consumer journey and retail operations



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

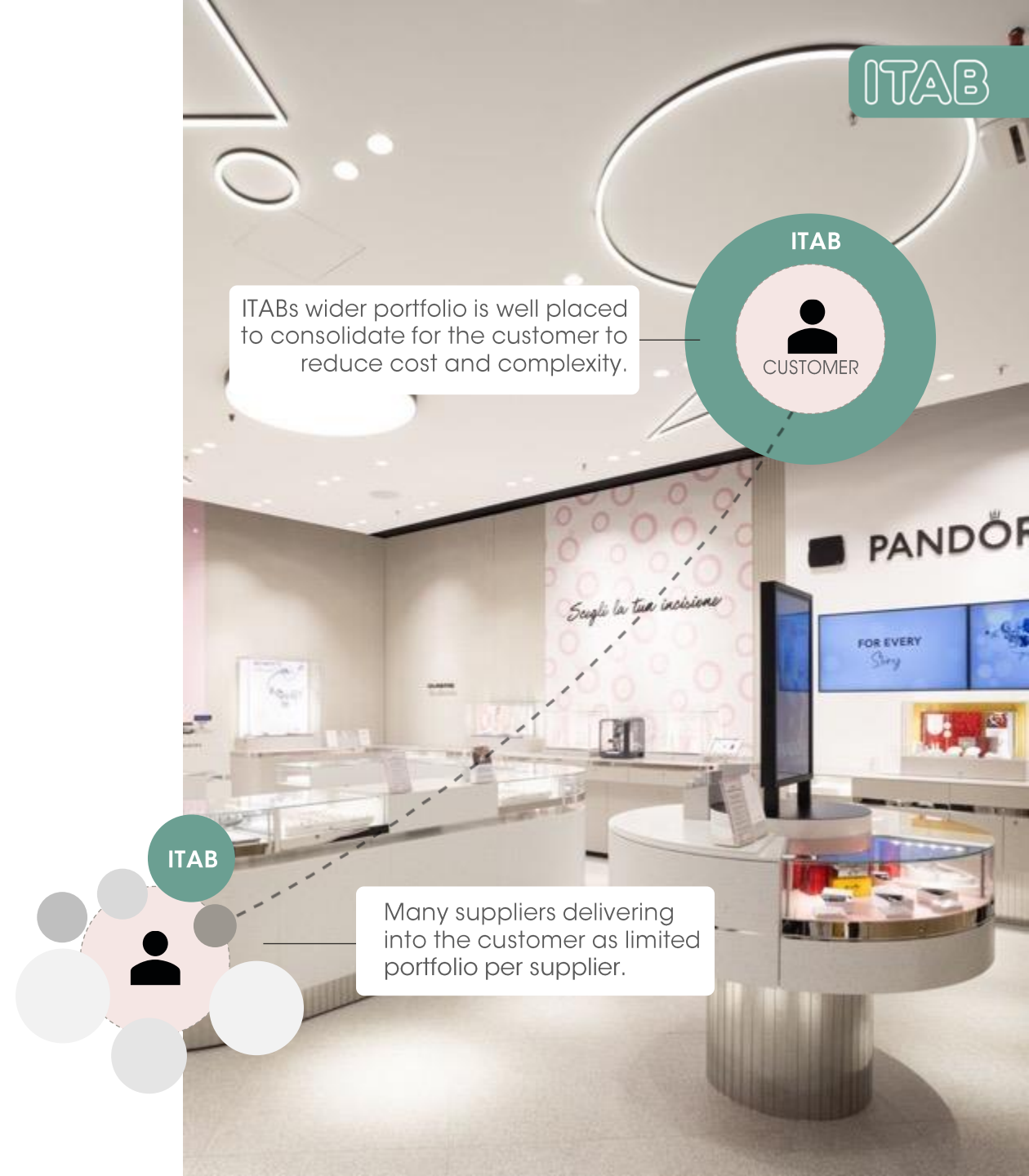


Strategy execution update and our focus going forward



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

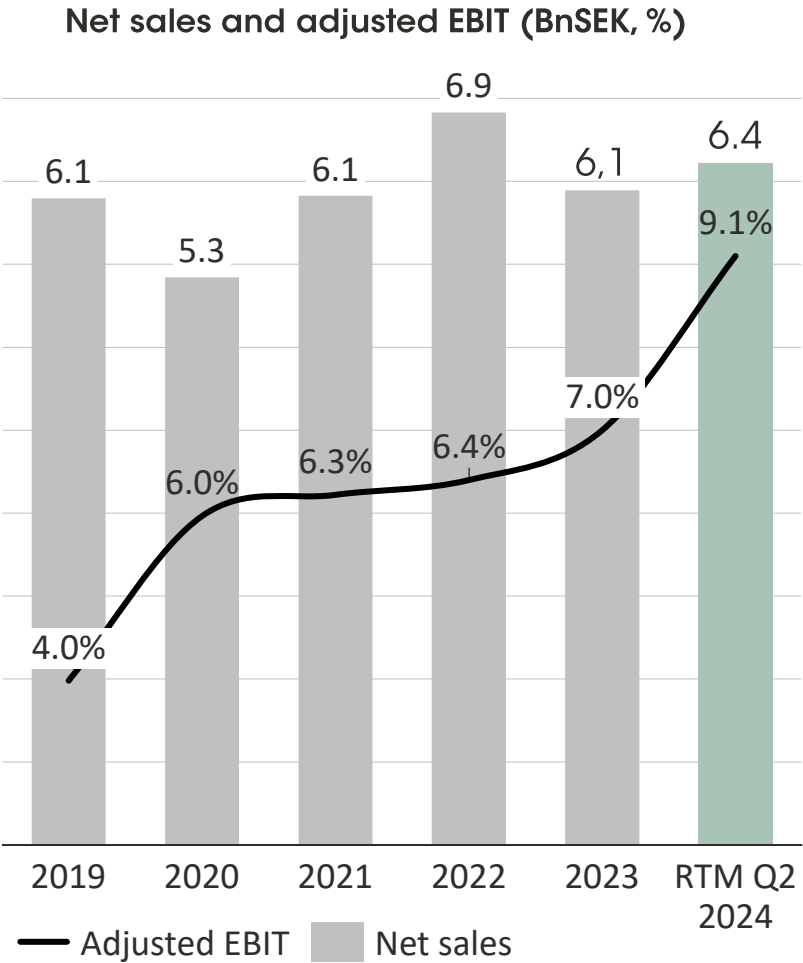


Rethink Retail. Together.

Interim Report Q2 2024

January 1st-June 30th

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

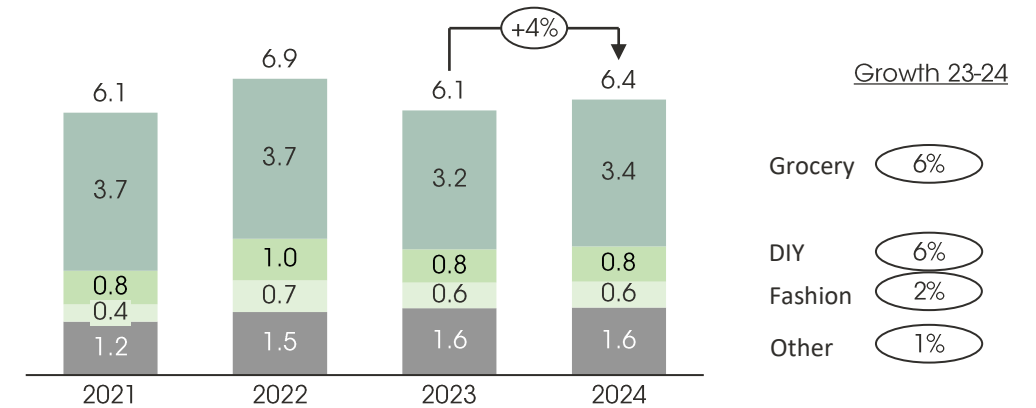


| MSEK | Second quarter | | | Full year | | |
|--------------------------|----------------|---------|------|-----------|-------|------|
| | Q2 2024 | Q2 2023 | Δ | RTM 2024 | 2023 | Δ |
| Net sales | 1,685 | 1,504 | +12% | 6,391 | 6,139 | +4% |
| EBIT | 150 | 91 | +65% | 582 | 432 | +35% |
| EBIT margin, % | 8.9 | 6.0 | | 9.1 | 7.0 | |
| Earnings per share (SEK) | 0.44 | 0.26 | 69% | 1.73 | 1.24 | 40% |
| Operating cash flow | 77 | 213 | -64% | 746 | 810 | -8% |
| Net debt excl. leasing | 199 | 489 | -290 | 199 | 45 | +154 |

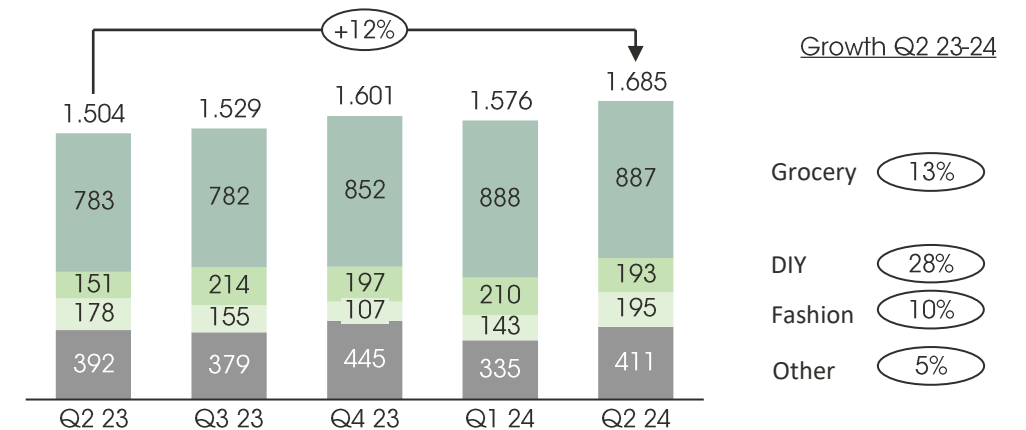
Quarterly growth of 12% in Q2 (4% RTM), driven by Grocery and DIY segments

- ▶ Quarterly growth of 12 percent (no currency effect) where we experience a stabilizing market environment and continued focus on loss prevention and store efficiency to mitigate cost increases
- ▶ Most of our geographical markets are experiencing growth but especially Northern and Eastern Europe
- ▶ Loss Prevention (e.g. Smart Gates) is still showing growth, but it is our Self-Service solutions and Interior products that are mainly driving sales growth in Q2, together with our Conventional Checkouts
- ▶ Onwards we see that customer spend is still not normalized, and the political landscape in Europe brings some uncertainty

Net sales per RTM, BnSEK

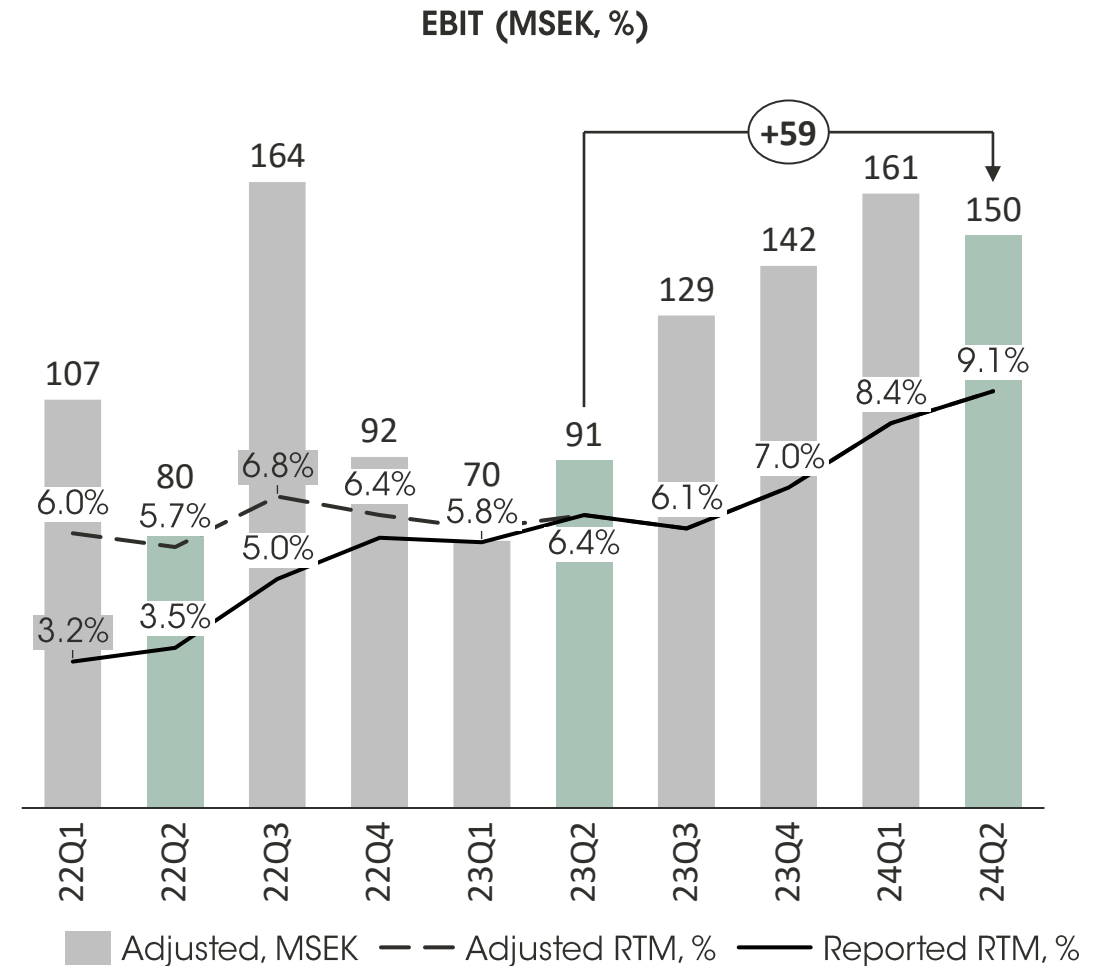


Net sales per quarter, MSEK



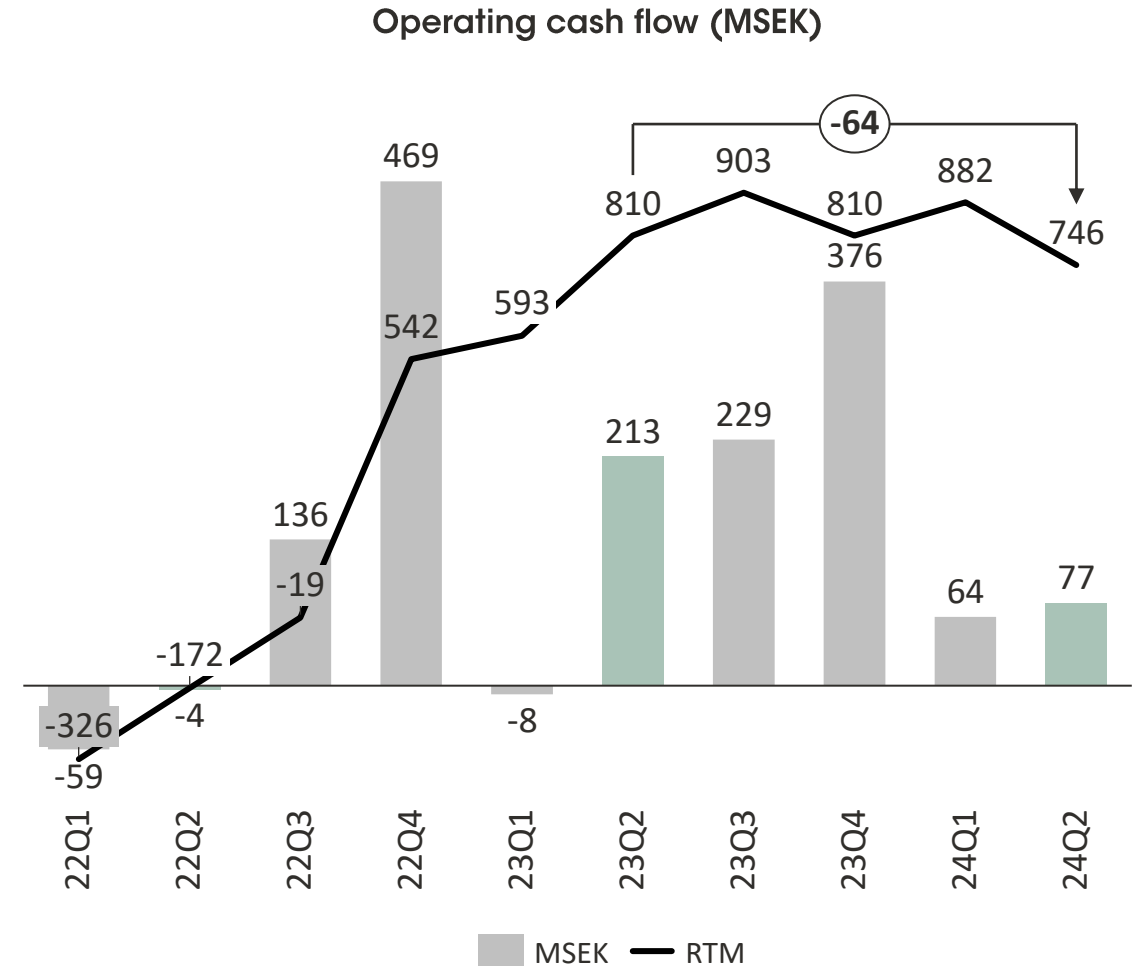
Continued strong profitability with EBIT of 9.1% RTM, driven by technology leadership & increased demand

- ▶ Reported EBIT of MSEK 150 (91), is underpinned by a favorable product mix and higher utilization of our factories driven by growth in the Interior segment (Grocery and DIY)
- ▶ After a historically strong first quarter followed by a good second quarter, the EBIT margin of 9,5 percent is our highest margin for the first half of any year so far
- ▶ We continue to be successful within Loss Prevention, and now also see margin impact from growth in Self-service solutions, as well as a higher demand of Interior solutions & Conventional Checkouts
- ▶ We see clear benefits of cost initiatives executed in 2023, and continue to refine our ways of working and organisational structure to further improve our cost efficiency and build new capabilities in line with our strategy



Strong RTM cash flow (MSEK 746) driven by both profitability improvement and higher capital efficiency

- ▶ Cash flow for Q2 at MSEK 77 due to strong profitability and stable working capital
- ▶ RTM yearly operating cash flow amounts to MSEK 746, mainly due to profitability but also improved capital efficiency (working capital has decreased by MSEK 100 since June 2023)
- ▶ Inventory continues to be on a more normalized level and is lower than in June 2023, despite higher volumes
- ▶ Our focus on capital efficiency will continue



Main takeaways from Q2 2024

Strong sales and earnings trend so far in 2024

- ▶ Increased sales in several of the Group's product areas and markets – with continued strong demand for our loss prevention and self-service solutions, and increasing interest in refurbishment of stores and our conventional checkouts
- ▶ Continued strong gross margin in combination with the increase in sales and improved capacity utilisation at our production facilities contributed to 9.5 percent in EBIT margin – the highest margin reported for the first half of any financial year so far
- ▶ A number of new customer agreements signed – the favourable and more balanced product and customer mix contribute to a continued strong gross and EBIT margin
- ▶ Our strong gross margin and efforts to reduce the inventory levels and working capital continue to affect our cash flow positively, while an increase in accounts receivable due to higher sales have had a negative impact in the second quarter
- ▶ We continue to focus on our underlying earnings improvement by transforming and modernizing ITAB, and aim to actively participate in the expansion and consolidation of the market



Questions & Answers

