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FAQs

ITAB agrees to acquire HMY, aiming to significantly accelerate ITAB's expansion into key markets and complement its offering

Acquisition details and rationale

1. Why has ITAB agreed to acquire HMY?

The intended acquisition of Financière HMY ("HMY") is a strategically and financially attractive opportunity for ITAB Shop Concept AB (publ) ("ITAB").

The intended acquisition will provide a significant increase in scale and relevance to ITAB's customer base, significantly strengthen ITAB's footprint in the Western and Southern European retail markets, as well as provide geographically complementary advantages in especially Spain, France, Turkey and Central and South America.

Furthermore, the broader and complementary combined product offering and geographic reach is expected to create significant cross-selling opportunities to the combined customer base.

2. What is the total Enterprise Value of the acquisition?

ITAB has agreed to acquire 100 per cent of the shares in HMY for a cash consideration of EUR 320 million (approximately SEK 3,613 million¹) on a cash and debt free basis at the option of the shareholders of HMY. The purchase price represents a multiple of 6.4x HMY's adjusted EBITDA for the financial year 2023^{2,3}, and 4.0x after accounting for anticipated pre-tax synergies of EUR 30 million, had such synergies been realized during the financial year 2023⁴.

3. How will the acquisition be financed?

The transaction is intended to be financed through a combination of new debt and equity, consisting of a new EUR 255 million long term credit facility provided by Danske Bank A/S, Danmark, Sverige filial ("**Danske Bank**"), Nordea Bank Abp, filial i Sverige ("**Nordea**") and Swedbank AB (publ) ("**Swedbank**"), and the directed new share issue of approximately SEK 867 million which was carried out on September 25 through an accelerated bookbuilding procedure to Swedish and international institutional investors (the "**Directed Share Issue**"). The Directed Share Issue was carried out with deviation from the shareholders' pre-emptive rights and resolved upon by the Board of Directors of ITAB, partly on the basis of the authorisation granted by the Annual General Meeting held on 15

¹ EUR/SEK FX rate of 11.290 as of 24 September 2024.

² Pre-IFRS 16 (French GAAP reporting); Extraordinary items are booked below EBITDA (total extraordinary result was EUR 9 million for the financial year 2023 and includes the cost of restructuring and exiting business activities); Adjusted EBITDA is defined as EBITDA excluding extraordinary items; Adjusted EBITDA margin is defined as adjusted EBITDA divided by sales.

³ HMY financial information is prepared in accordance with French GAAP and based on HMY's financial reporting which corresponds to HMY's consolidated trial balances.

⁴ Comprises of EUR 20 million in cost synergies and EUR 10 million EBITDA effect from commercial/revenue synergies of EUR 20 million, with full synergy effect expected to be reached by 2027 with gradual materialisation from financial year 2025 onwards.

May 2024, and partly subject to the subsequent approval by an Extraordinary General Meeting intended to be held on or around 21 October 2024.

ITAB's largest shareholders, Acapital ITAB HoldCo AB, Pomona-gruppen, Petter Fägersten, Anna Benjamin, Svolder AB and Stig-Olof Simonsson, together holding approximately 73 per cent of the outstanding shares and votes of ITAB, have expressed their support for the transaction and the Directed Share Issue and have participated in the Directed Share Issue with a total amount of SEK 306 million as well as undertaken to, together with members of the Board of Directors and management of ITAB together holding approximately 1 per cent of the outstanding shares and votes of ITAB, vote in favour of any relevant proposals at the Extraordinary General Meeting referred to above.

4. **Rationale for carrying out a directed share issue?**

The Board of Directors of ITAB has carefully evaluated the possibility of raising the required capital through a rights issue. In this evaluation, the Board of Directors has taken into account several factors, including that ITAB has to secure the necessary financing for the intended acquisition of HMY in close proximity to ITAB granting the binding put option to the shareholders of HMY. Consequently, ITAB would have been compelled to combine a rights issue with a substantial bridge facility. However, the Board of Directors has determined that it would not be feasible to take on such significant short-term debt under the current circumstances. Moreover, in light of prevailing market volatility, the Board of Directors considers it imperative to secure the necessary funds promptly to avoid any financial shortfall or complications, which could jeopardise the intended acquisition of HMY. This underscores the importance of a swift and efficient capital-raising process to ensure the successful completion of the intended acquisition of HMY and to safeguard the interests of ITAB and its shareholders. In this regard, the Board of Directors has concluded that a rights issue would be significantly more time-consuming, and thereby not fulfil the requirements of urgency in this particular situation. Additionally, a rights issue would incur higher total costs for ITAB, primarily due to the need to procure a guarantee consortium and to secure a substantial bridge facility. A rights issue would also expose ITAB to market volatility as set out above, and potentially resulting in a lower subscription price to the disadvantage of ITAB's shareholders. Furthermore, the Board of Directors considers it advantageous that the Directed Share Issue could potentially diversify ITAB's shareholder base with Swedish and international institutional investors, which is also considered to be positive for the share's liquidity. Given these considerations, the Board of Directors has assessed that the Directed Share Issue, with deviation from the shareholders' pre-emptive rights, is in the best interest of ITAB and its shareholders.

5. **What is a binding put option agreement?**

For local regulatory reasons in France, the transaction is structured as ITAB granting a binding put option to the shareholders of HMY, by which ITAB agrees to acquire HMY at the option of the shareholders of HMY. HMY is owned by funds affiliated with LBO France and certain employees of HMY. The intended acquisition is conditional upon signing of a final and definitive share purchase agreement between ITAB and the shareholders of HMY, following an information and consultation procedure with the employee representative body of HMY.

6. **Are there any conditions to closing and when is the transaction expected to be completed?**

The transaction is conditional upon signing of a final and definitive share purchase agreement between the parties, following an information and consultation procedure with the employee representative body of HMY, necessary regulatory approvals as well as other customary closing conditions. In addition, the intended acquisition is subject to approval by the relevant competition authorities as well as other customary closing conditions. Closing is expected to occur during the end of the fourth quarter 2024 or beginning of the first quarter 2025, and the purchase price is to be paid in connection therewith.

7. **What are the expected synergies from this transaction?**

The transaction is expected to result in potential annual synergies of EUR 30 million⁵ which comprises of EUR 20 million in cost synergies and EUR 10 million EBITDA effect from commercial/revenue synergies of EUR 20 million. Full synergy effect is expected to be

⁵ 23 per cent of aggregated EBITDA for the actual financial year 2023.

reached by 2027 with gradual materialisation from financial year 2025 onwards. The synergies are expected to come from increased internal efficiency, combined procurement and cross-selling, especially of Retail Technology and Brands & Retail products. One-off integration costs are estimated to be approximately EUR 21 million (SEK 240 million⁶) over 3 years.

8. **How does the acquisition fit into ITAB's long-term strategy?**

The intended acquisition of HMY supports ITAB's 'One ITAB' strategy which focuses on meeting its customers' changing needs and support them in creating differentiated store experiences and more efficient store operations, building on its existing strengths and creating new revenue streams for growth in its core European market.

Target details

1. **Can you provide a brief history of HMY?**

HMY was formed from the merger of Hermès-Métal (founded in 1960 in Monéteau, France) and Yudigar (founded in 1978 in Zaragoza, Spain) in 1998. HMY is owned by funds affiliated with LBO France and certain employees of HMY.

2. **What are HMY's key products and services?**

HMY is a leading European player in retail solutions and services, providing the physical infrastructure inside a store including equipment and furniture, shelving and storage, checkout solutions, ceiling / wall coverings, lighting and visual communication.

3. **Who are HMY's customers?**

HMY serves a broad range of local and global customers in more than 160 countries, across Food, DIY and Brands & Retail. HMY has approximately 3,400 customers (of which the top 15 customers accounted for approximately 41 per cent of the revenue for the financial year 2023).

4. **Where does HMY operate?**

HMY has 50 sales offices globally and eight manufacturing facilities in Spain, France, Turkey and Brazil. It is a leader in Spain and France, with South Europe and West Europe accounting for 75 per cent of revenue for the financial year 2023; HMY also displays strong growth prospects in geographies such as the Middle East and South America.

5. **Why is HMY entering into the transaction now?**

ITAB and HMY are leading players in a large, fast-growing and highly fragmented market. There is a significant growth opportunity for the combined business to navigate changes in this dynamic market by leveraging a broader portfolio.

The current management and shareholders of HMY unanimously agree that the transaction is an exciting opportunity for HMY's next phase of growth.

6. **How has HMY performed financially in recent years?**

For the financial year 2023, HMY had sales of approximately EUR 541.2 million (SEK 6,110 million⁷), an adjusted EBITDA of approximately EUR 50.3 million (SEK 568 million⁸), an adjusted EBITDA margin of approximately 9.3 per cent^{9,10}.

Financial performance in 2023 was resilient, driven by stable steel price combined with increased pass through of raw material prices and lower fixed costs.

Sales growth amounted to approximately -6.9 per cent for the financial year 2023, approximately 20.2 per cent for 2022 and approximately 30.5 per cent for 2021.

7. **What is the culture like at HMY? What are their values? Are the cultures complementary?**

HMY shares a similar focus on people and culture as ITAB, with a complementary set of skills to support future market developments.

⁶ EUR/SEK FX rate of 11.290 as of 24 September 2024.

⁷ EUR/SEK FX rate of 11.290 as of 24 September 2024.

⁸ EUR/SEK FX rate of 11.290 as of 24 September 2024.

⁹ Pre-IFRS 16 (French GAAP reporting); Extraordinary items are booked below EBITDA (total extraordinary result was EUR 9 million for the financial year 2023 and includes the cost of restructuring and exiting business activities); Adjusted EBITDA is defined as EBITDA excluding extraordinary items; Adjusted EBITDA margin is defined as Adjusted EBITDA divided by sales.

¹⁰ HMY financial information is prepared in accordance with French GAAP and based on HMY's financial reporting which corresponds to HMY's consolidated trial balances.

Path to integration

1. **When will integration efforts begin?**
Integration efforts are expected to begin immediately post transaction closing. The businesses will remain independent before this point.
2. **What will happen to HMY's name and brand?**
HMY will continue to operate under its existing brand. The combined business will explore brand integration strategies over time. Any changes will be communicated well in advance.
3. **What changes will occur in the combined group's operations as a result of the acquisition?**
It is our priority that our operations continue to support execution with our customers. We will assess potential groupwide synergies post transaction closing.
4. **Are there any expected dissynergies or overlaps between the two companies as a result of the transaction?**
The transaction is expected to result in very limited overlap geographically given HMY's strength in Spain, France and Central and South America. The product portfolio is also complementary with HMY being differentiated through its Brand & Retail segment, and ITAB through its retail technology offering.

For investors

1. **How will the intended acquisition impact ITAB's financial position?**
The combined company would have aggregated annual sales amounting to approximately EUR 1.1 billion (SEK 12.5 billion¹¹) including estimated run-rate synergies, with an adjusted EBITDA margin pre IFRS-16 (illustrative) of approximately 11.6 per cent, during the financial year 2023 (on a full year combined basis)¹² compared to 8.7 per cent for ITAB stand alone¹³.

Miscellaneous

1. **Who can I contact if I have more questions about the transaction?**
For investors, refer enquiries to our Head of Investor Relations, Mats Karlqvist (+46 70 660 31 32).
2. **How will updates about the transaction be communicated?**
Regular updates will be provided through ITAB Group website www.itabgroup.com

Jönköping, 26 September 2024

ITAB Shop Concept AB (publ)

For further information, please contact:

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¹¹ EUR/SEK FX rate of 11.290 as of 24 September 2024.

¹² Adjusted EBITDA margin pre IFRS-16 (illustrative) defined as the sum of (i) reported EBITDA for HMY (French GAAP reporting, hence pre-IFRS 16) of SEK 568 million, with extraordinary items booked below EBITDA (total extraordinary result was EUR 9 million for the financial year 2023 and includes the cost of restructuring and exiting business activities), (ii) reported EBITDA for ITAB of SEK 686 million minus depreciation of right of use assets of SEK 136 million minus interest on lease expenses of SEK 14 million, and (iii) EUR 30 million of estimated annualized synergies.

¹³ Adjusted EBITDA margin pre IFRS-16 (illustrative) defined as reported EBITDA for ITAB of SEK 686 million minus depreciation of right of use assets of SEK 136 million minus interest on lease expenses of SEK 14 million.

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Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in ITAB have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in ITAB may decline and investors could lose all or part of their investment; the shares in ITAB offer no guaranteed income and no capital protection; and an investment in the shares in ITAB is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Share Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Nordea, Swedbank and Macquarie Capital will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in ITAB.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in ITAB and determining appropriate distribution channels.

At ITAB we help customers turn consumer brand experience into physical reality with our know-how, solutions, and ecosystem of partners. We co-create with our customers, efficient retail solutions that deliver convenient and inspiring consumer experiences. The offer includes consultative design services, customized interiors, checkout systems, consumer guidance solutions, professional lighting systems and interactive digital solutions for the physical store. ITAB has annual sales of approximately SEK 6.4 billion and approximately 2,500 employees. ITAB's share is listed on Nasdaq Stockholm.