ITAB

2022

ANNUAL & SUSTAINABILITY REPORT

ITAB Shop Concept AB

CONTENTS

This Annual & Sustainability Report 2022 is in all respects a translation of the Swedish original Annual & Sustainability Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

ITAB IS RETHINKING RETAIL TOGETHER WITH OUR CUSTOMERS

ITAB creates in-store experiences that meet consumers demands for improved experience in the physical environment and bridges the gap between the online and offline worlds. By designing the complete customer journey to contain engaging store design, lighting solutions and technology that helps influence buying behaviour, ITAB supports retailers to sales uplifts, improved efficiency and lower costs.

At ITAB we help retailers turn consumer brand experience into physical reality with our know-how, unique solutions and ecosystem of partners. Our offering includes a broad range of solutions and services in interior fixtures, retail lighting and in-store technology.

The main customer groups include Grocery, Home Improvements, Fashion, Consumer Electronics, Cafés & Service stations, Pharmacy, and Health & Beaty. Europe is our primary geographic market with 89 percent of sales.

PRODUCTION FACILITIES

15
LOCATIONS

IN 12
COUNTRIES

ITAB OPERATIONS

24
COUNTRIES

EMPLOYEES

2,847

2022 FIGURES

6,868 MSEK
NET SALES

403 MSEK
OPERATING PROFIT

5.9%
OPERATING MARGIN

2022 IN BRIEF

Stable market demand and implemented price increases contributed to a positive sales and earnings trend for ITAB Group in 2022, despite rapidly rising prices for raw materials and energy. Efforts to reduce working capital requirements resulted in strong cash flow for the year.

IMPROVED EARNINGS AND CASH FLOW DESPITE OPERATIONAL CHALLENGES

The currency-adjusted growth for the Group amounted to 8 percent in 2022, of which organic growth accounted for 6 percent. Earnings was positively impacted by the sales increase enabled by implemented price increases and currency effects. At the same time, high prices for raw materials and shipping, as well as rapidly rising inflation, interest rates and energy prices, negatively impacted the gross margin for the year. Efforts to reduce the working capital requirements in the Group resulted in a strong cash flow in the second half of the year with reduced inventory levels and accounts receivable.

SIGNIFICANT EVENTS IN 2022

The acquisition of Checkmark, one of the leading suppliers of technology solutions in areas such as checkouts in the Nordic region, at the start of the year further strengthened ITAB's market position. See Note 5 for more information.

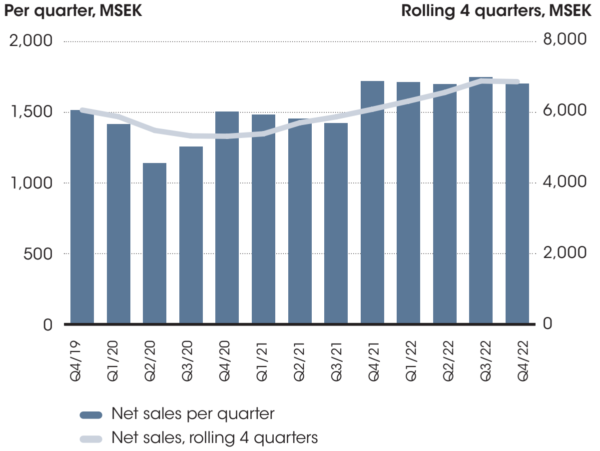
In the beginning of March, ITAB decided to discontinue its operations in Russia. The process of discontinuing the operations in a controlled manner is under way and the Russian subsidiary was recognised as Discontinued Operations in accordance with IFRS 5 as of the interim report for the third quarter (refer to Note 5). Sales in Russia accounted for approximately 2.5 percent of the Group's total annual sales. The Group's other operations comprise Continuing Operations.

The Board adopted new financial targets during the year, focused on sustainable growth, increased profitability and capital efficiency. Read more on page 12.

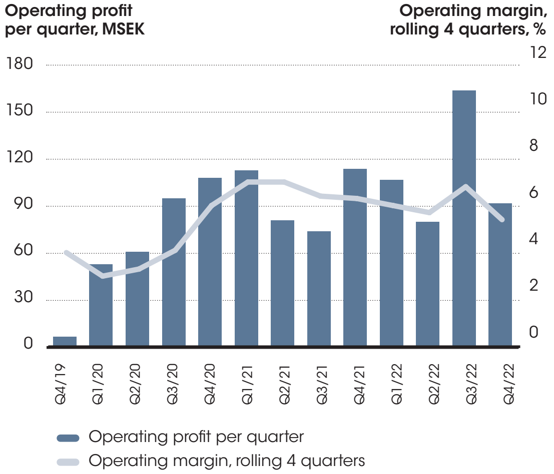
ITAB GROUP IN FIGURES [1]	2022	2021
Net sales, MSEK	6,868	6,087
Currency adjusted sales growth, %	8	19
Operating profit excl. non-recurring items, MSEK	443	382
Operating profit, MSEK	403	216
Operating margin (EBIT margin), %	5.9	3.6
Profit after financial items, MSEK	348	147
Profit margin, %	5.1	2.4
Proft after tax,MSEK	243	95
Cash flow from operating activities [2], MSEK	542	-165
Cash conversion [2], %	80	N/A
Return on equity [2], %	6.0	4.0
Interest-bearing net debt excl. lease liabilities [3], MSEK	399	609
Equity/assets ratio [2], %	48	46
Average number of employees [2]	2,847	2,930
Per share data		
Earnings per share before and after dilution, SEK	0.78	0.50
Dividend per share, SEK	0.50 [4]	-
Equity per share [2], SEK	13.81	12.17

[1] All figures refer to Continuing Operations unless otherwise stated.
[2] Including Discontinued Operations.
[3] Comparative figure for 2021 has not been restated related to Discontinued Operations.
[4] Pursuant to the Board of Directors' proposed dividend for the 2022 financial year.

NET SALES



OPERATING PROFIT AND OPERATING MARGIN
(adjusted for non-recurring items)



Q1

Currency-adjusted sales increased by 12 percent, of which the acquisition of Checkmark during the quarter contributed by 1 percent and the organic growth was 11 percent as a result of price increases and healthy underlying demand. Profit was positively impacted by the sales increase, while shortages of components and rapidly rising prices for raw materials, shipping and energy negatively impacted the gross margin. During the quarter, a decision was made to discontinue ITAB's operations in Russia.

1,716 MSEK
NET SALES

86 MSEK
OPERATING PROFIT

-59 MSEK
CASH FLOW

Q2

Currency-adjusted sales increased by 12 percent, of which Checkmark contributed 2 percent and organic growth was 10 percent. Most of the Group's sales increase comprised price increases to offset the continued rising costs for input goods. However, the price adjustments did not fully offset the relatively high costs for input goods and rising inflation. Unfavourable product and customer mix had a negative effect on margins. At the end of the quarter, new long-term and expanded credit agreements totalling approximately MEUR 150 were signed.

1,700 MSEK
NET SALES

63 MSEK
OPERATING PROFIT

-4 MSEK
CASH FLOW

Q3

Currency-adjusted sales increased by 17 percent, of which Checkmark contributed 2 percent and organic growth was 15 percent. Most of the sales increase was attributable to implemented customer price increases. Demand for Retail Tech and lighting solutions increased during the quarter, which had a positve impact on earnings. Price adjustments were in better balance with increased costs.

1,750 MSEK
NET SALES

163 MSEK
OPERATING PROFIT

136 MSEK
CASH FLOW

Q4

Currency-adjusted sales declined by 6 percent, of which Checkmark contributed 2 percent and organic growth was -8 percent. Stable demand, price adjustments, currency effects, and more favourable customer and product mix had a positive effect on gross margin, while inflation and operating costs continued to rise. Strong cash flow in the quarter.

1,702 MSEK
NET SALES

91 MSEK
OPERATING PROFIT

469 MSEK
CASH FLOW

STRONG CASH FLOW AND IMPROVED EARNINGS DESPITE A CHALLENGING 2022

Stable market demand and implemented price increases during 2022 contributed to a positive earnings trend and strengthened cash flow for ITAB Group despite a surrounding world characterised by a great deal of uncertainty. This entailed in operational challenges and economic uncertainty for our customers and thereby also for ITAB.

UNIQUE SOLUTIONS STRENGTHEN OUR MARKET POSITION

In 2022 ITAB Group entered into several new agreements with both existing and new customers in various retail sectors in all of our geographic markets for both new stores and upgrades of existing stores. An increasing number of customers are noticing our unique, customised solutions that save energy, reduce stock losses, increase operational efficiency, and improve consumer experience. All customer groups reported increased sales, and Central Europe was the largest contributor to the Group's sales increase. Of ITAB's three product areas, sales in Retail Technology and Lighting performed especially well during the year.

Total currency-adjusted growth amounted to 8 percent in 2022, of which organic growth accounted for 6 percent and the acquisition of Checkmark at the beginning of the year contributed by 2 percent.

POSITIVE EARNINGS TREND AND STRONG CASH FLOW

Adjusted for non-recurring items, operating profit amounted to MSEK 443 (382) in 2022, with an operating margin of 6.4 percent (6.3). Corresponding profit after financial items increased by 24 percent to MSEK 388 (313). Non-recurring items had only a marginal impact on the second half of the year since the first phase of the One ITAB transformation was completed in 2022. Our reported profit after financial items increased by 137 percent to MSEK 348 (147). It is especially gratifying to highlight our strong cash flow in the fourth quarter of MSEK 469 as a result of our efforts to reduce working capital requirements.

Our margin-strengthening measures including price adjustments, continual review of the cost structure and a beneficial product mix with increased sales of our technical solutions, services and energy-efficient lighting solutions

"We improve in-store experiences, store efficiency, sales uplifts, and reduce product loss"

were the main factors underlying our improved earnings during the year. Our assessment continues to be that we have achieved a balance in relation to the cost increases we encountered during the year, but we are continuing to adjust our pricing when necessary on an ongoing basis.

FOLLOW-UP OF OUR FINANCIAL TARGETS

The Board adopted new financial targets for the Group in conjunction with the financial statements for 2021 (see page 12). The targets are measured as an average over a business cycle, but it is still gratifying to note that we made positive progress towards all of these targets over the past year. Our currency-adjusted net sales increased by 8 percent in 2022, which was well in line with the target of 4–8 percent in sales growth, while the EBIT margin increased from 3.6 to 5.9 percent, compared with the EBIT margin target of 7–9 percent. Our share of cash conversion during the year amounted to 80 percent, compared with the target of >80 percent. We are hereby continuing to focus on sustainable growth, increased profitability and capital efficiency over time. The dividend policy stipulates that at least 30 percent of the profit after tax is to be distributed over time and based on our strong financial position, the Board decided to propose a dividend of SEK 0.50 per ordinary share for 2022, which corresponds to close to 65 percent of the profit for the year.

FOCUS IN 2023

Our goal is to strengthen our customers' competitiveness with unique and competitive solutions for reduced energy consumption, increased operational efficiency and reduced stock losses in stores. To achieve this we are developing our operations and invest in the transition to become the leading solution provider in the retail sector. Our ambition is to continue increasing the proportion of services and solutions and to further strengthen our digital offerings. To this end we recently launched our own unique Onred technology platform for retailers that connects and enhances retail experiences. This unified software platform connects ITAB's suite of digital and physical solutions, from self-service order points and Click & Collect lockers to automated gates and vision fraud detection.

As an important part of the strategic direction, we have also strengthened our ecosystem of partners that complements the Group's portfolio of innovative solutions. The new long-term partnerships with Rapitag, Signatrix, and Theroy+Practice help drive added value to retailers through cutting-edge technology and Artificial Intelligence (AI) solutions for improved in-store experiences, store efficiency, sales uplifts and higher conversion rates, and loss-prevention.

We are working continually on strengthening our earnings trend through adapted price increases and cost-saving measures. The current economic trend, with high inflation and rising interest-rate levels, leads to uncertainty and makes our customers more cautious, and at present we see signs of a market downturn. We are following the situation closely and will implement measures if needed. At the same time, the current market situation and our strengthened financial position give us opportunities to grow further through strategic acquisitions. Our new capabilities and a future joint information landscape will support ITAB's new operating model in order to further streamline operations in the next three to four years and make the Group more scalable and flexible for a changing world.

IN CONCLUSION

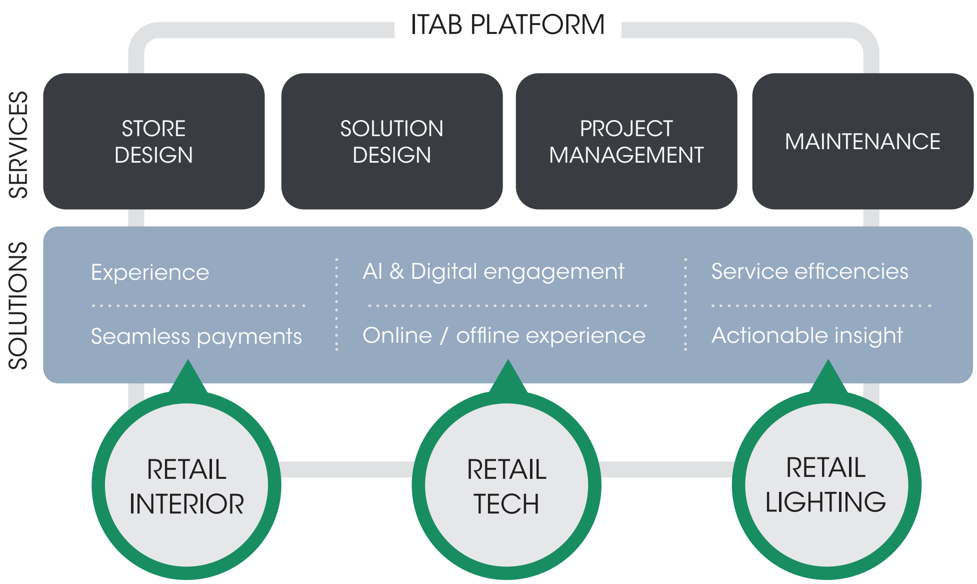
We at ITAB have continued to strengthen our customers' competitiveness during 2022 despite operational challenges. I would like to extend my sincere thanks to all of our customers and partners for their continued confidence in us – and to all of our employees for their many fine contributions in an eventful and challenging year.

Jönköping, March 2023

Andréas Elgaard
President & CEO
ITAB Shop Concept AB

ITAB'S VALUE PROPOSITION HELP STRENGTHEN RETAILERS

Changes in the retail market in recent years have been driven by new consumer behaviour and expectations. To keep up with developments and to better understand future demand, requires in-depth knowledge of the end consumer. ITAB's portfolio of solutions and services supports the retail sector to meet their challenges of today and to take full advantage of new opportunities for the future.



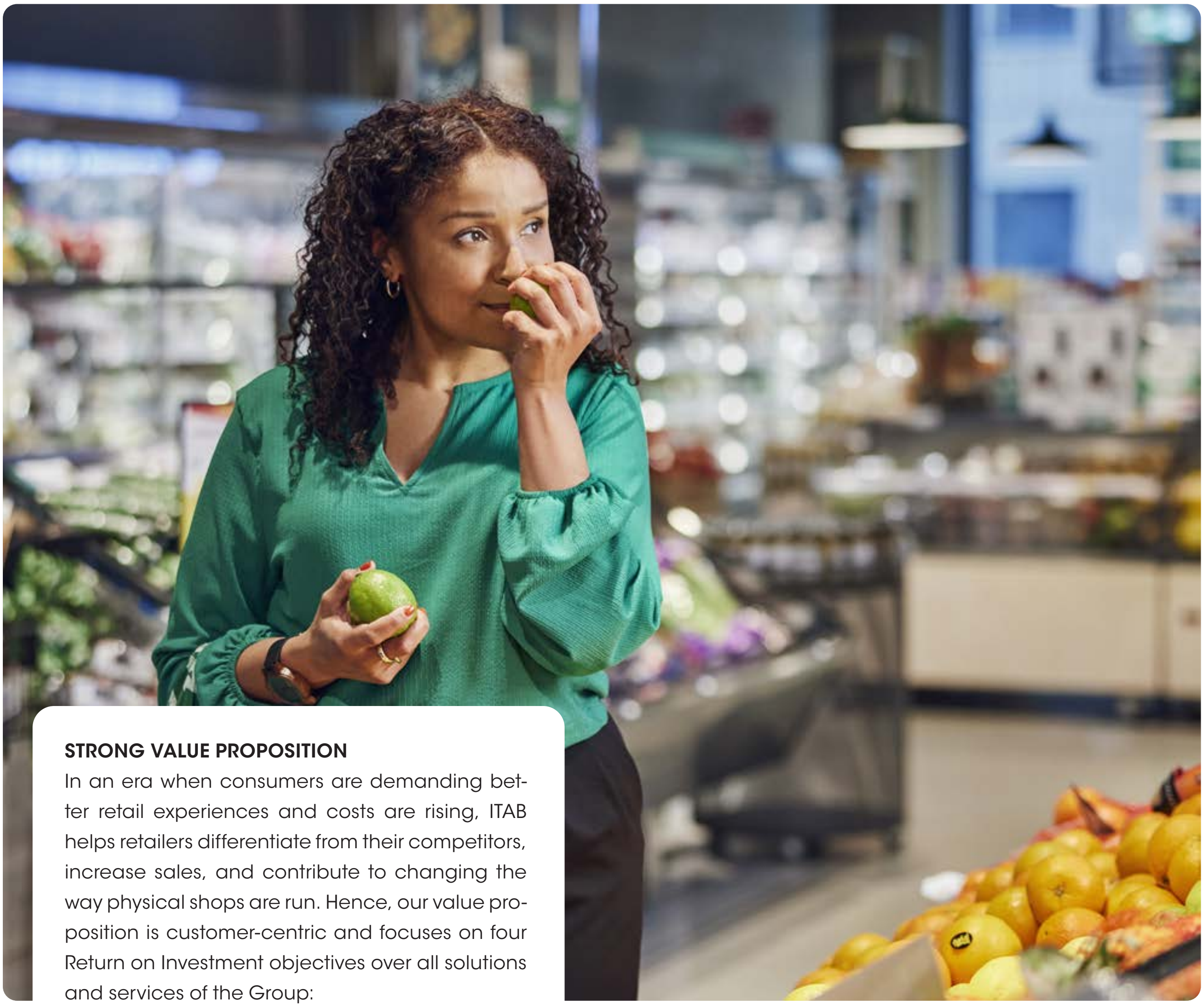
RETHINK RETAIL. TOGETHER.

ITAB's mission is to help customers turn consumer brand experience into physical reality with our know-how, solutions and ecosystem of partners. Together with the Group's customers, we create effective solutions that contribute to versatile and inspirational experiences. The offering includes solution design, customised shop fittings, checkouts, consumer flow solutions, professional lighting systems, and digitally interactive solutions for the physical store.

CONSUMERS AT THE HEART OF EVOLUTION

With consumers having more choice and greater expectations on experience and convenience, it is getting harder for retailers to keep up with a consumer who expects their varying needs to be met every time, 24/7. In addition, disruption has come from new competitors, new channels and new business models. In order to remain relevant for their consumers, retailers must bridge the gap between the online and physical store worlds.

By truly understanding the consumer’s behaviour and market challenges and by being able to share these insights and experiences across all parts of the Group, ITAB is the best partner to help retailers find the right solutions to convert their brand strategy into a physical store/meeting place with a clear and rapid Return on Investment.



STRONG VALUE PROPOSITION

In an era when consumers are demanding better retail experiences and costs are rising, ITAB helps retailers differentiate from their competitors, increase sales, and contribute to changing the way physical shops are run. Hence, our value proposition is customer-centric and focuses on four Return on Investment objectives over all solutions and services of the Group:

- **DESIRED CONSUMER BRAND EXPERIENCE**
  Translating aspirations of the retailer's brand into a physical store experience, driving consumer footfall and retention.
- **INCREASED CONVERSIONS AND SALES**
  Delivering a store format, department or range experience that influences consumer buying behaviour.
- **IMPROVED OPERATIONAL EFFICIENCIES AND SERVICE**
  Creating a seamless consumer journey that increases throughput and improves service levels.
- **REDUCED OPERATIONAL COSTS**
  Improving the consumer journey's efficiency to influence retailers' operating models and reduce costs.

The successful store concept must stand out by offering an attractive, personalised, and frictionless consumer journey and experiences that meet the expectations and remain relevant, and links both online and in the physical store.

CUSTOMISED SOLUTIONS FOR IMPROVED OPERATIONAL EFFICIENCY FOR RETAILERS

An increasing number of retailers are discovering ITAB's unique, customised solutions that save energy, reduce stock losses, increase operational efficiency, and improve consumer interactions and experiences in store. The Group's product areas are: *Retail Interior* – with customised shop fittings; *Retail Technology* – with checkouts, consumer flow solution, and digitally interactive solutions; *Retail Lighting* – with professional and energy efficient lighting systems; and *Services* – with store and solution design, project management, and maintenance.

ITAB today has our own operations in 24 countries with some 2,850 employees. The Group has 15 production facilities in 12 countries, mainly focusing on production and assembly of shop fittings, checkouts, gates, and lighting solutions.

STRATEGY TO MEET RETAILERS' CHALLENGES NOW AND IN THE FUTURE

The core of the strategy is to evolve ITAB's operations to a more solution-based and agile business model. This is built on the Group's shared knowledge base and its success in delivering innovative solutions. At the same time, ITAB's management, operational and cost structures are re-aligned in accordance with the strategy.

SEVEN STRATEGIC PRIORITIES

The One ITAB strategy, launched in spring 2020, identified seven strategic priorities to streamline and help drive growth and change in the Group. Specific goals and detailed action plans for each priority were developed, and since then a large number of activities have been successfully implemented and targets met to realise plans and achieve set goals as quickly and efficiently as possible.

The priorities were phased to support the needs of the Group's operations: firstly, to *stabilise* and strenghten our earnings and financial position; secondly, to *build & invest* in new fundamental and distinguishing capabilities; and thirdly, to enter our *expansion* phase.

The Stabilise-phase was completed according to plan in mid-2022, with substantial savings in purchasing, sales, administration, and fixed costs for production. Following the successful recapitalisation and rights issue completed in March 2021, the financial position of the Group is strong. The measures implemented have made it possible for ITAB to remain strong in a time of significant external disruptions.

FOCUS ON NEW CAPABILITIES AND EXPANSION

The stable foundation is now enabling investments in new capabilities and expansion to make ITAB even stronger going forward.

STRATEGIC PRIORITIES

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.

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.

EMPOWERING PEOPLE AND 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.

DEVELOPING AN 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.

EXPANDING OUR 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.

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.

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.

The ambition is to continue increasing the proportion of services and solutions, and to further strengthen the Group's digital offerings. At the same time, the current market situation and strengthened financial position give ITAB opportunities to also grow further through strategic acquisitions in order to strenghten the market position, The Group is evaluating potential acquisition targets on a regular basis.

STRONG ECOSYSTEM OF PARTNERS
As an important part of the strategic direction, ITAB has a strong ecosystem of partners that complements the Group's portfolio of innovative solutions. As examples, the long-term partnerships with Rapitag, Signatrix, and Theroy+Practice in the beginning of 2023 help drive added value to retailers through cutting-edge technology and Artificial Intelligence (AI) solutions. The aim is to improve in-store experiences, store efficiency, sales uplifts, and conversion rates, and loss-prevention. ITAB Group has also launched its own unique Onred technology platform for retailers that enhances retail experiences in stores. Onred connects ITAB's suite of digital and physical solutions, from self-service order points and Click & Collect lockers to automated gates and vision fraud detection.

The Group's new capabilities and a joint information landscape will support ITAB's new operating model in order to further streamline operations in the next three to four years and make ITAB more scalable and flexible for a changing world.

FINANCIAL TARGETS FOCUSED ON SUSTAINABLE GROWTH & PROFITABILITY

As part of the strategic development of ITAB, new financial targets for the Group were established in 2022. The focus is on sustainable growth, increased profitability and capital efficiency. The targets are measured as an average over a business cycle, but the Group made positive progress towards all of the targets over 2022.

4-8%
SALES GROWTH

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.
Outcome for 2022: 8 percent.

7-9%
EBIT MARGIN

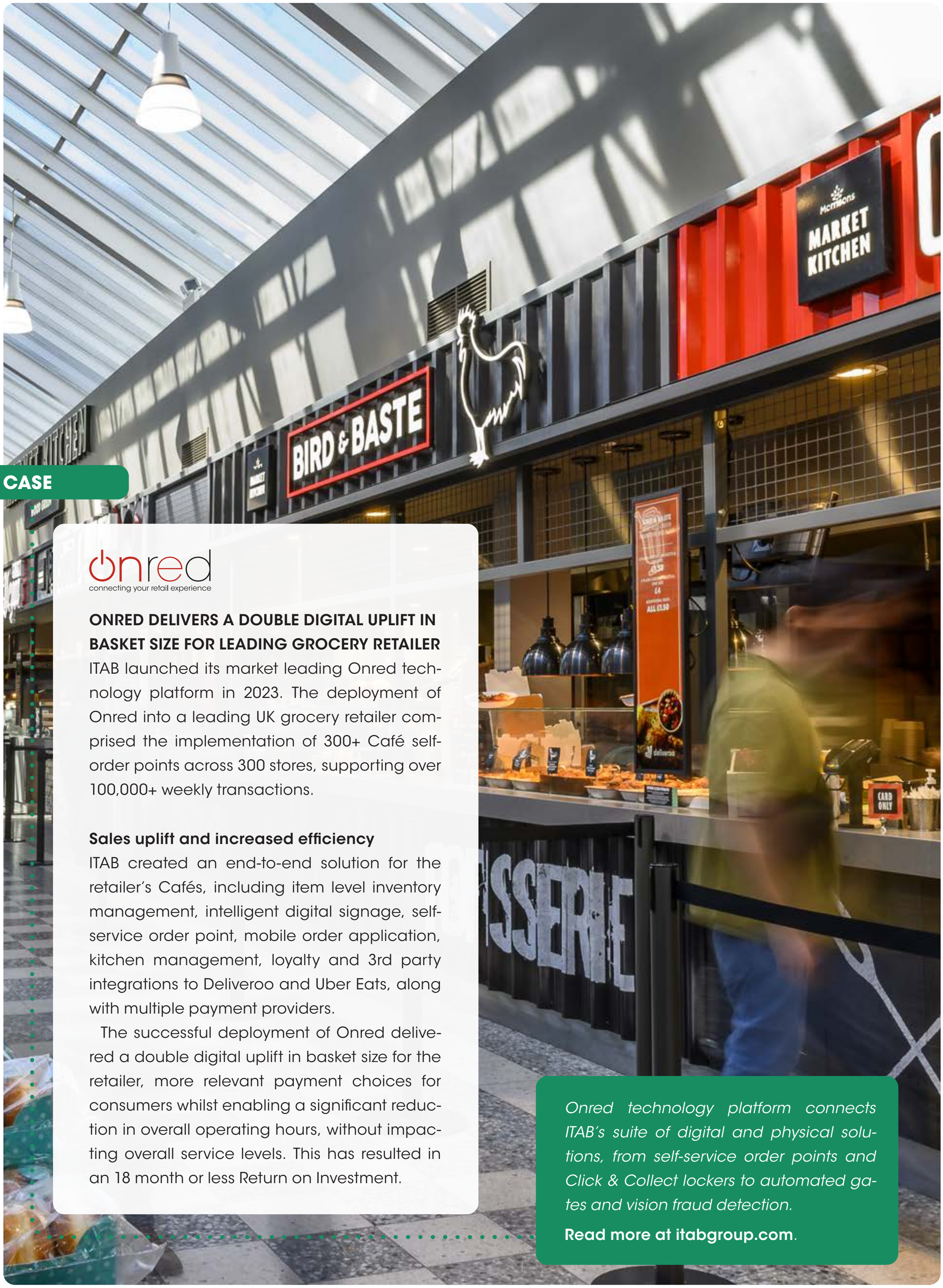
EARNINGS
Average EBIT margin (operating profit in relation to net sales) of 7–9 percent over a business cycle.
Outcome for 2022: 5.9 percent.

>80%
CASH CONVERSION

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.
Outcome for 2022: 80 percent.

>30%
PROPORTION OF PROFIT AFTER TAX

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.
Proposal for 2022: 64 percent.



CASE

onred
connecting your retail experience

ONRED DELIVERS A DOUBLE DIGITAL UPLIFT IN BASKET SIZE FOR LEADING GROCERY RETAILER

ITAB launched its market leading Onred technology platform in 2023. The deployment of Onred into a leading UK grocery retailer comprised the implementation of 300+ Café self-order points across 300 stores, supporting over 100,000+ weekly transactions.

Sales uplift and increased efficiency

ITAB created an end-to-end solution for the retailer's Cafés, including item level inventory management, intelligent digital signage, self-service order point, mobile order application, kitchen management, loyalty and 3rd party integrations to Deliveroo and Uber Eats, along with multiple payment providers.

The successful deployment of Onred delivered a double digital uplift in basket size for the retailer, more relevant payment choices for consumers whilst enabling a significant reduction in overall operating hours, without impacting overall service levels. This has resulted in an 18 month or less Return on Investment.

Onred technology platform connects ITAB's suite of digital and physical solutions, from self-service order points and Click & Collect lockers to automated gates and vision fraud detection.

Read more at itabgroup.com.

STRONG MARKET POSITION IN EUROPE

ITAB's market position and potential for growth are based on close, long-term collaborations with customers and business partners. The primary geographic market is Europe with 89 percent of the Group's sales. Grocery is the largest customer group with 54 percent.

ITAB's customers include several of Europe's largest retail chains and brand owners within both the grocery and the specialist trade sectors, including international and national chains and brands. The customers include Albert Heijn, Asda, Axfood, Bricoman, C&A, Carrefour, Celesio, Circle K, Clas Ohlson, Conad, Coop, Costa, Dixon, Dollarstore, Edeka, Elon, Etos, Eurospin, Finiper, H&M, Homebase, ICA, IKEA, John Lewis, Jumbo, Kesko, LeClerc, Leroy Merlin, Lidl, LuLu, Majid Al Futtaim, Metro Group, Morrisons, Norges-Gruppen, Pandora, Prisma, Polestar, Real, Rema, Rewe, Rimi, Tesco, Tiger, Uniqlo and Waitrose. The single largest customer accounts for approximately 10 percent of the Group's total net sales.

25%

NORTHERN EUROPE

Northern Europe includes the Nordic countries and it is ITAB's largest geographic area. The sales trend over the last few years have been fairly stable in Grocery and Home Improvements, while demand in Fashion has declined.

22%

SOUTHERN EUROPE

Following the acquisition of Cefla Retail Solutions in 2021, Southern Europe is now ITAB's second-largest geographic area, mainly comprising Italy, France and Spain. Stable market demand in Grocery and most other customer groups during recent years.

21%

CENTRAL EUROPE

Central Europe includes Germany, the Netherlands, the Czech Republic, Belgium, Hungary, Switzerland and Austria. Positive sales trend over the last few years, primarily in Grocery and Fashion.

13%

UNITED KINGDOM & IRELAND

The markets in United Kingdom & Ireland have been characterised by increasing uncertainty during recent years, mainly due to Brexit and the pandemic. Consequently, demand has been more cautious than in ITAB's other geographic markets.

8%

EASTERN EUROPE

Eastern Europe, including the Baltic States, Poland, Romania, Slovakia, Bulgaria and Slovenia, has had a positive sales development in Fashion and Home Improvements over the last few years. However, the sales trend in 2022 was more cautious.

11%

REST OF THE WORLD

Rest of the World comprises all countries outside of Europe, with North America, Australia, China, Argentina and Saudi Arabia accounting for more than 50 percent of sales. Stable demand in most customer groups during recent years.

The overall market for ITAB is fragmented with a number of both national and international manufacturers and suppliers to the European retail sector. These companies are either specialised in one or more product and service areas, or offering a wide range of products and services for retailers in several of ITAB's product areas and in most geographic markets. ITAB is today the market leader in checkouts for retailers in Europe, and one of Europe's largest suppliers of shop fitting concepts, customer guidance, and retail lighting solutions.

GROCERY

The Group's largest customer group mainly comprises grocery retailers and food stores.

54%

HOME IMPROVEMENTS

The customer group refers primarily to DIY, furniture and home furnishings stores.

14%

FASHION

This customer group includes stores selling ready-to-wear clothing and shoes, etc.

11%

OTHER CUSTOMER GROUPS

Other customer groups include pharmacies, health & beauty, consumer electronics, sport & leisure, service stations, hotels, offices, brands, industry, cafés and restaurants.

21%

DIFFERENTIATING STORE EXPERIENCES FOR SALES UPLIFT

ITAB co-creates modern store experiences together with its customers through an iterative design process. The Group's customised shop fittings are aimed at improving the display of products, and improve efficiency in the store – with the help of innovative solutions and environmentally friendly materials.

With a focus on designing for people, ITAB's store design approach enables the customers to co-create differentiating store experiences alongside ITAB through an iterative process. Through strong know-how and retail industry experience, the Group's solution designers are able to share and leverage ideas to help maximise the Return on Investment irrespective of the customer's specific product offering or target consumers. The aim is always to improve the consumer joureney, increase efficiency, prevent stock losses, and reduce costs – and to ultimately result in increased sales and conversions.

INTEGRATED SERVICE MODEL

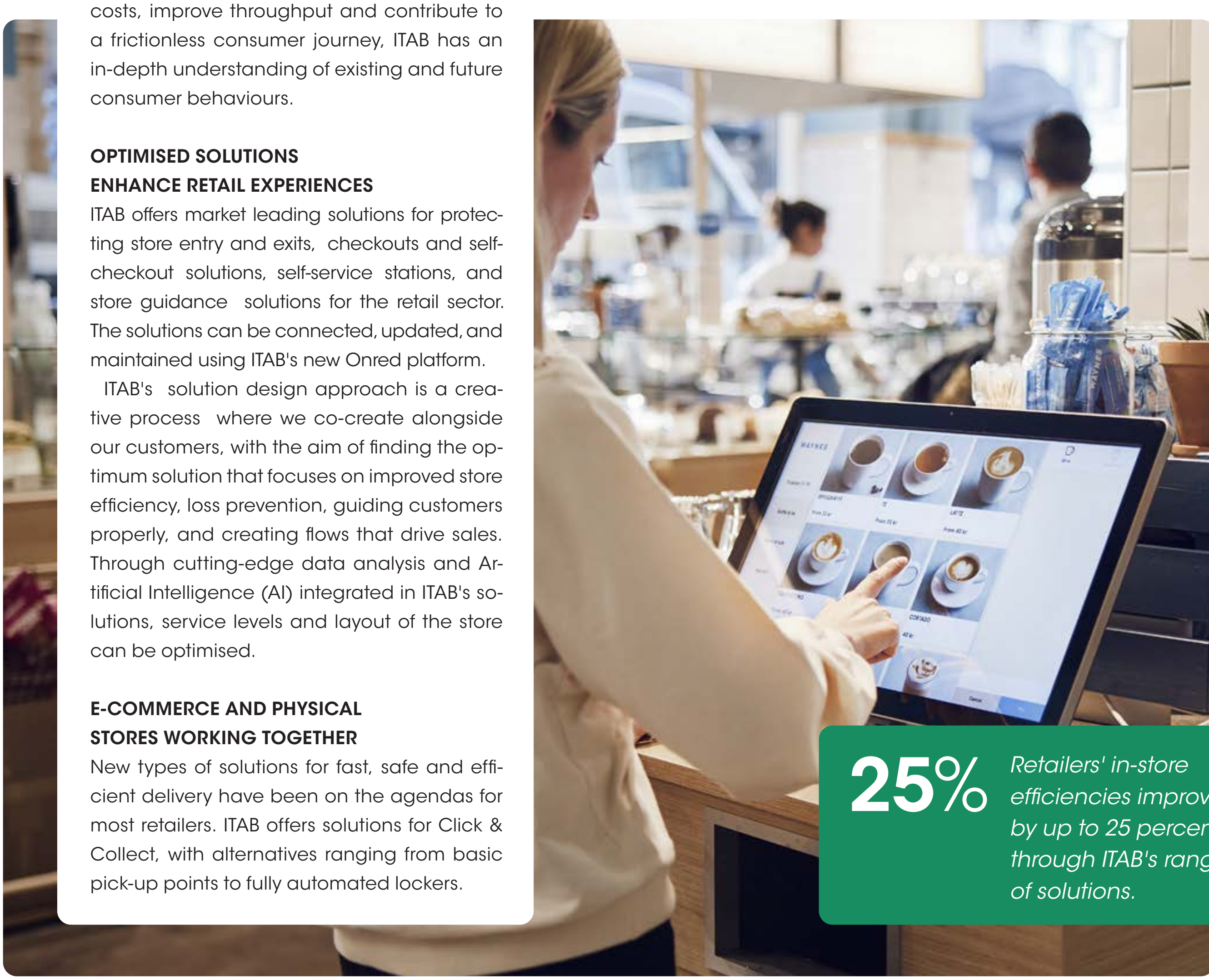
ITAB is able to maintain a high level of service through an integrated service model that spans the entire value chain - from standard shelving to specialist fittings, and covering different types of interactive and merchandising aids in between.

ITAB's commitment to our customers encompasses both the Group's own production facilities, and our external suppliers and manufacturers. In addition, the Group also offers a comprehensive service portfolio, helping to improve the life cycle of the products sold and installed - thereby reducing waste and costs for the customers over time.

MARKET LEADING TECHNOLOGY SOLUTIONS FOR RETAIL

ITAB offers a cutting-edge suite of digital and physical technology solutions, from self-service order points, checkouts, and in-store guidance to automated gates, vision fraud detection, and Click & Collect lockers. These solutions can now be connected through ITAB's unified software platform – Onred. The Group's market leading solutions create frictionless consumer journeys and experiences.

Optimising consumer flows and service levels are important factors in attracting consumers to the physical store. To create the best solutions that reduce the store's operating costs, improve throughput and contribute to a frictionless consumer journey, ITAB has an in-depth understanding of existing and future consumer behaviours.



OPTIMISED SOLUTIONS ENHANCE RETAIL EXPERIENCES

ITAB offers market leading solutions for protecting store entry and exits, checkouts and self-checkout solutions, self-service stations, and store guidance solutions for the retail sector. The solutions can be connected, updated, and maintained using ITAB's new Onred platform.

ITAB's solution design approach is a creative process where we co-create alongside our customers, with the aim of finding the optimum solution that focuses on improved store efficiency, loss prevention, guiding customers properly, and creating flows that drive sales. Through cutting-edge data analysis and Artificial Intelligence (AI) integrated in ITAB's solutions, service levels and layout of the store can be optimised.

E-COMMERCE AND PHYSICAL STORES WORKING TOGETHER

New types of solutions for fast, safe and efficient delivery have been on the agendas for most retailers. ITAB offers solutions for Click & Collect, with alternatives ranging from basic pick-up points to fully automated lockers.

25% *Retailers' in-store efficiencies improve by up to 25 percent through ITAB's range of solutions.*

SUSTAINABLE LIGHTING SOLUTIONS FOR IMPROVED ENERGY EFFICIENCY

In line with increased knowledge about the way light affects people, lighting has become an increasingly central part of the store concept. During refurbishments and new construction, energy efficiency is also increasingly important. ITAB develops, manufactures and sells complete professional lighting systems, light planning, and light services.

Energy consumption represents a large proportion of a store's total costs. Energy efficiency is thus central to the development of ITAB's lighting products and systems. With rising energy prices and requirements for sharply reducing CO_2 emissions and on using recyclable materials, ITAB sees great opportunities to collaborate closely with the Group's customers to add substantial value in the transition to more economic and sustainable solutions.

KEY FOCUS WHEN DEVELOPING LIGHTING SOLUTIONS

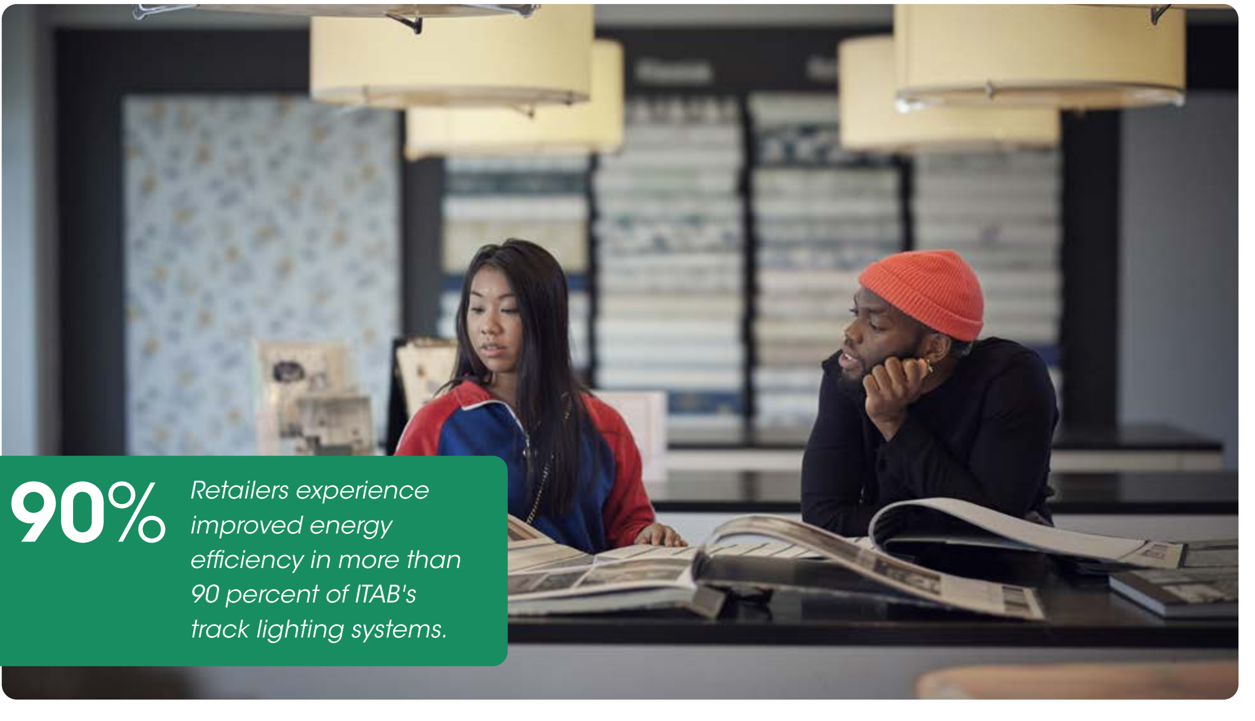
As well as lighting being a critical element of store design, the importance of light for our well-being is gaining increasing focus in the design of physical environments and has a major impact on purchasing decisions and the work environment of store staff. Consumer behaviour and the well-being of employees are thus our key focus when developing lighting solutions.

We at ITAB have succeeded to improve our LED spotlights significantly during the past 5 years with substantially lower energy consumption, for the benefit of our customers. An example is the retrofitting of 350 stores for one retail customer in Europe with modern track lights, which saves 33 MWh and reduces CO_2 emissions with 8,300 tons per year for that customer alone.

Shops often use more than one type of lighting to create the right atmosphere. Through its range of lighting solutions, ITAB can be an all-inclusive supplier for retail shops and chains.

SALES TO MORE THAN 90 COUNTRIES

The Group sells and distributes lighting products to more than 90 countries, both through its own companies and through national distributors, in order to provide customers with local support in respect of imports, certification and local service/maintenance.



90% *Retailers experience improved energy efficiency in more than 90 percent of ITAB's track lighting systems.*

RETAIL TRANSFORMATION SERVICES

ITAB's services range from concept creation, store and solution design, project management, manufacturing, and installation to end-to-end maintenance and after-care services.

ITAB understands the importance of an end-to-end service which provides peace of mind and support when needed. The Group's portfolio of services include:

SOLUTION DESIGN

Our Solution Design methodology is used to co-create in-store solutions with our customers that truly deliver value both to the consumers' shopping journey and ensuring a strong Return on Investment for our customers. Solution Design commences with the consumers including data, trends and market analysis of them for all types of solutions. This ensures that our design thinkers are able to develop the end-to-end consumer journey by experiencing through the consumer and retailers lenses. Which in turn provides solutions that are fully measurable and curated to drive measurable results for our partners. This type of approach will deliver benefits in the short and long term and help grow the level of customer relationships.

RETAIL TRANSFORMATION SERVICES

A critical success factor for our customer is our ability to deliver right the first time. Our retail transformation services support our customers with all the implementation services required for the execution of a successful project, including store design and format development, project managment, equipment consolidation and in-store implementation. By offerring this combination of services we can help our customers reduce project timescales and minimise impact on trading and customer disruption.

MAINTENANCE AND AFTER-CARE

ITAB's aim is to always be close to the customers and maintain a long-term relationship even after a project has been completed. Ensuring that our customers' equipment is operating at the highest level with minimal downtime and working together on further developments is a natural continuation in a partnership with ITAB.

CASE

MARKET LEADING CHECKOUTS TO EUROPEAN GROCERY CHAIN

In January 2023, ITAB Group signed a three-year agreement with a leading European grocery chain for the delivery of checkouts, merchandising solutions and services for upcoming new stores and all store refurbishments in multiple countries.

Together with the customer, ITAB has developed a tailored solution for the chain's stores covering the needs of modern consumers as well as improved performance and design of the customer. Ergonomics and function have guided the development.

The right partner for the future

Using ITAB's Solution Design Approach, the Group designed brand new, efficient, and ergonomic solutions for checkouts and merchandising solutions to fulfill the high requirements of the customer. After a sampling process and pilot installations the customer concluded that ITAB is the right partner for the installations and future development of the chain's stores.

Consumer expectations and overall shopping needs are ever-changing, impacting market dynamics and the demands on retailers investment priorities. Through ITAB Solution Design expertise and approach we help the customers to Rethink Retail. Together.

Read more at itabgroup.com.

SUSTAINABILITY REPORT

"Continuous dialogue with all stakeholders and materiality assessments give us direction for the future."

Sustainability is more than just an opportunity for ITAB – it is of strategic importance to us. It is therefore gratifying that 2022 has been another step forward in our sustainability journey and we have been able to establish baselines for some of the key sustainability metrics and advanced some of our goals. For example, nearly 50 percent of the electricity used in 2022 was from renewable sources, which puts us on target to achieve our 2025 goal of 100 percent renewable electricity. In addition, modern lighting solutions from ITAB enable grocery chains and other retailers to substantially lower their own energy consumption.

THE JOURNEY AHEAD

As an integrated and crucial part of all activities in ITAB Group, we will continue the on-going efforts to achieve the goals in our four focus areas in 2023, but it is also a fitting time to take a step back and look at our sustainability program going forward. Accordingly, we will perform a new exhaustive materiality assessment to add to our current one from 2016. There have been fundamental changes in the prerequisites for the retail sector and our own business over the last few years and now is the right time to confirm the direction of our sustainability efforts to ensure that we are focusing our resources in the right areas.

From this assessment a long-term roadmap will be developed which will give us a path to not only achieve net zero carbon emissions but also an overall plan that we can share with our different stakeholders. This will show how we are developing as a company environmentally, but also looking more at our people, our supply chain and the ethics under which we operate, hereby fundamentally changing our company to ensure our due diligence is done and we make the right decisions, for the right reasons, at the right time.

Andréas Elgaard
President & CEO
ITAB Shop Concept AB

ABOUT ITAB'S SUSTAINABILITY REPORT 2022

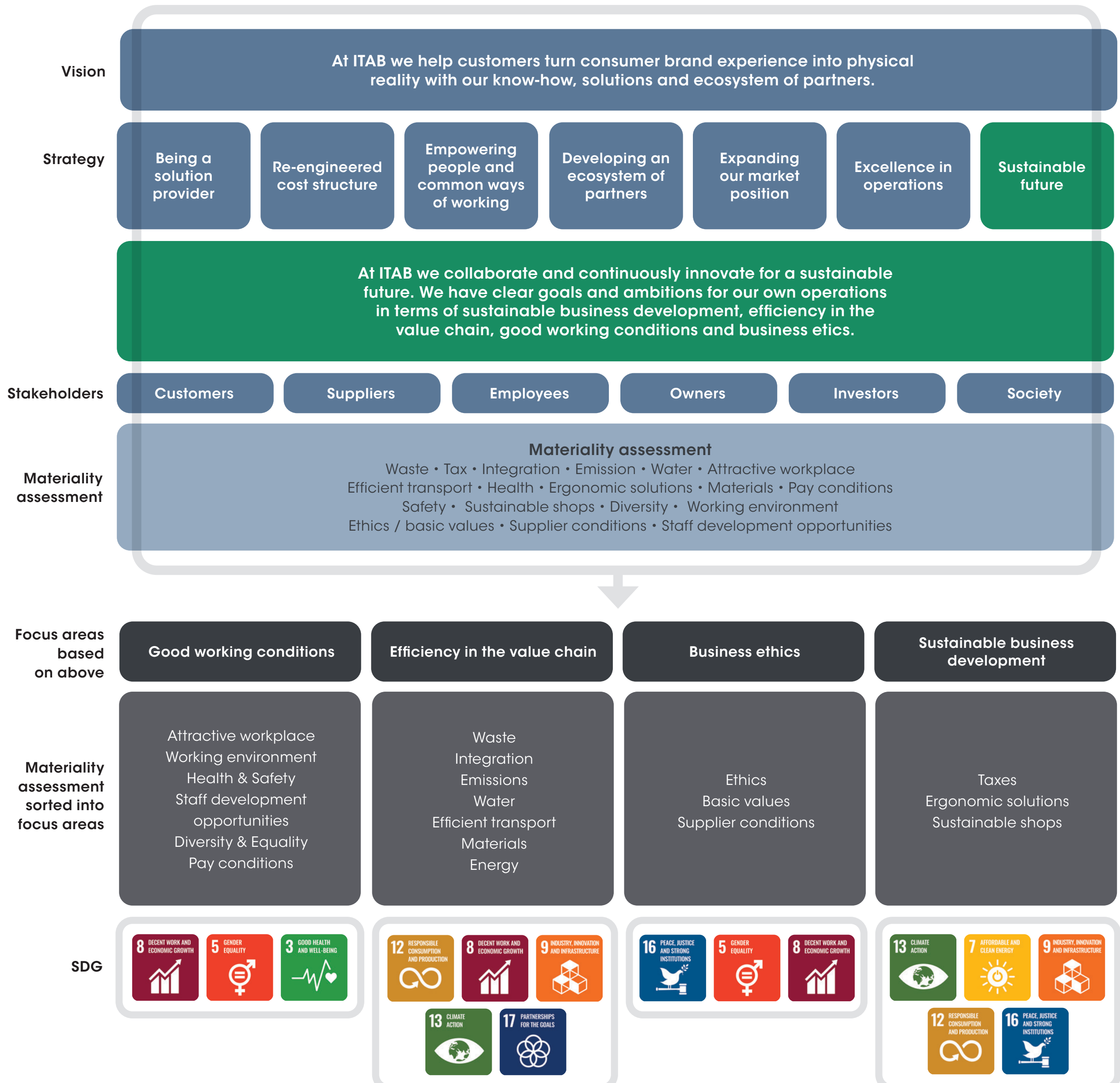
This is ITAB's Sustainability Report for the 2022 financial year and comprises pages 21-31. It encompasses the Group's statutory Sustainability Report as a separate section from the Administration Report. The Sustainability Report covers the Parent Company, ITAB Shop Concept AB (publ), corp. reg. no. 556292-1089, and all entities consolidated in the Group's consolidated accounts as specified on page 80, unless otherwise specified. The Sustainability Report has been prepared in accordance with the provisions of the Annual Accounts Act and has not been externally reviewed.

The Board of Directores for ITAB Shop Concept AB has approved the Sustainability Report in conjunction with the signing of the annual and consolidated financial statement. The auditor's statement in respect of the statutory Sustainability Report can be found on page 30.

SUSTAINABLE BUSINESS FOR THE FUTURE

Sustainability refers to development that meets today's needs without jeopardising the ability for future generations to meet their own needs. Hence – as a proponent of sustainable development, ITAB takes responsibility for the way in which our business reaches its profitability goals. This responsibility spans the entire value chain – from manufacturer and supplier to consumer.

Sustainability is integrated into our business and ITAB supports 2030 Agenda for Sustainable Development and the Sustainable Development Goals ("SDGs") developed to measure the success of the plan. ITAB has, through the vision, strategy, stakeholders, and materiality assessment, identified four main focus areas for the Group's sustainability journey. All four focus areas are linked to one main SDG and support other SDGs shown below.



For ITAB, it is important to maintain an ongoing dialogue with its stakeholders and thereby build a sustainability plan that incorporates their expectations. ITABs stakeholder are:

STAKEHOLDER	DIALOGUE	EXPECTATIONS
Customers	Through Key Account Managers, project managers and customer service channels. Also done between Business unit leaders and customers senior management	• Quality products delivered on time and at a competitive price • Sustainable business
Suppliers	Through Key Account Managers, local procurement buyers and managers, and via the Head of Procurement	• Approved, Preferred and ultimately Partner relationships. • Payment within agreed payment terms • Sustainable business
Employees	Continuous dialogue in the day-to-business. Appraisals. Safety committees. Intranet communications	• Attractive workplace • Good working environment • Health & Safety • Staff development and career opportunities • Diverse and equal workplace • Pay conditions • Sustainable business
Owners / Investors	Policies. Board meetings. General Meetings of Shareholders. Investor meetings	• Return on Investment • Transparent reporting • Sustainable business
Society	Contact with local governments. Internet	• Compliance with all laws in all jurisdictions • Sustainable business • Correct taxes paid in the right jurisdictions

REPORTING AND FOLLOWING UP

Reporting on how well ITAB's sustainability work is proceeding takes place in line with Global Reporting Initiatives' (GRI) guidelines for sustainability reporting. ITAB has developed several Key Performance Indicators (KPIs) for regular following up and reporting of the sustainability work. The KPIs are reported quarterly by each commercial company to the Parent Company, and are followed up in ITAB's Sustainability Council, in which all the Group functions are represented. The KPI's and the goals are shown through the four focus areas on the following pages.

BRONZE 2022 ecovadis Sustainability Rating

Our annual performance is measured by an external company, EcoVadis. EcoVadis are an independent provider of business sustainability ratings, intelligence, and collaborative performance improvement tools for global supply chains. In April 2022 ITAB was given a bronze medal with a score of 50/100. ITAB has developed a road map to deliver the sustainability objectives, and this will be reflected in the score received from EcoVadis over the coming years.

ITAB's tool for internal control is based on the COSO framework. This is a framework for evaluating a company's internal control over financial reporting. The framework streamlines the work on the internal control. The internal audit programme has been revised during the year, primarily on the basis of business risks. The internal audit now also covers the following up of the sustainability programme and the Code of Conduct. ITAB regularly reviews and evaluates internal checks in all subsidiaries, which provides reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances.

SUSTAINABILITY RISKS

ITAB is continuing to work on reducing the risks as regards environmental and social issues in the value chain. The assessment of sustainability risks is an important part of the work on the materiality analysis and forms the basis for the sustainability programme and the priorities as regards our sustainable goals. The Group's latest exhaustive Materiality Assessment was completed in 2016. As there has been significant changes in the business and market development since then, in 2021 we reviewed our customers' ESG reports and their goals and aligned our short-term goals with those. These have acted as a bridge for us to deliver a new exhaustive materiality assessment update which will be completed in 2023 and this will build upon the last assessment and reflect the changes in the business since the latest assessment.

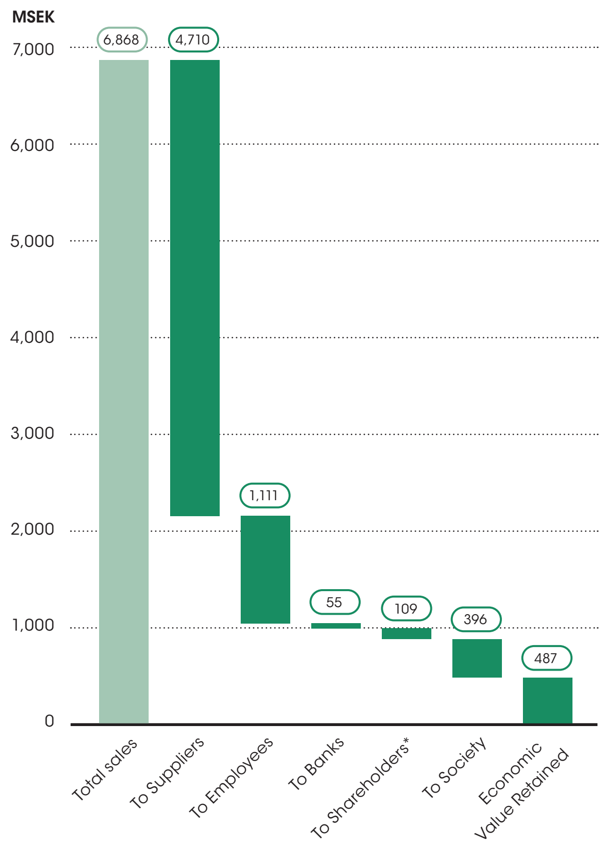
The materiality assessment is done by understanding the context of the organisation and identifying the actual and potential impacts that we have, or could have as a business. Both positive and negative impacts on the economy, human rights, the environment and people are assessed alongside of impacts from waste, material use, to name a few. After that the significance of the impacts are risk assessed, a final prioritisation is done with input from our stakeholders.

ITAB has operations in some markets that are associated with a raised sustainability risk. Issues relating to occupational health and safety, working conditions and corruption are particularly important from a risk perspective. Consequently, ITAB has defined high-, medium-, and low-risk countries. For high-risk countries a higher level of scrutiny is required as defined within our Procurement Procedures as well as the Supplier Code of Conduct and Sustainable Procurement Policy.

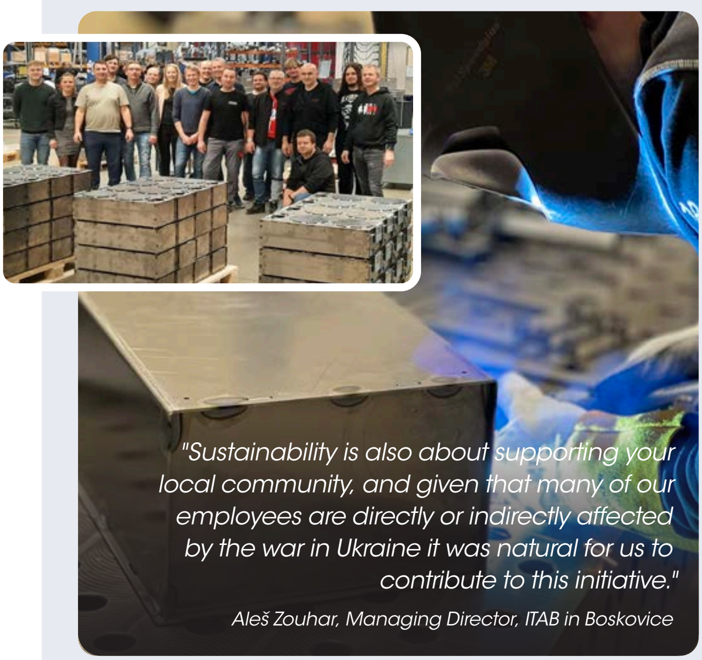
ECONOMIC VALUE GENERATED AND DISTRIBUTED TO STAKEHOLDERS

Economic value is a measure that shows the value we create through all of our operations and then the allocation of that value through our stakeholders. Our stakeholders are made up of our suppliers, employees, banks, owners, and society. The graph shows the distribution of the economic value for 2022.

ECONOMIC VALUE GENERATED 2022



*As proposed by the Board of Directors.



HEATING STOVES FOR UKRAINE

In the fall of 2022, a Swedish manufacturer of farming machinery, Väderstad AB, designed a heating stove to support war torn Ukraine. This design was released for all metal fabricators in Sweden to use freely, and – with the help of our suppliers providing steel, pipes and components for free – ITAB is proud to support this initiative.

Our facilities in Stadsbygd in Norway, Boskowice in Czech Republic and Vilnius in Lithuania have each produced 96 of the heating stoves. Our employees from all across the sites were involved in the final assembly of the stoves, including administrative and sales personnel.

In early January 2023, the facilities then liaised with the Swedish Business Association in Ukraine to ensure delivery of the 288 stoves to the people in need.

GOOD WORKING CONDITIONS

People are central to everything we do at ITAB, the employees are our principal asset. We believe in taking meaningful action to be a responsible employer that attracts, retains and develops talent. ITAB aims to offer a pleasant and attractive workplace characterised by good working conditions, equal opportunities and a safe and healthy environment.

ITAB's Code of Conduct ("CoC") lays down the fundamentals for all employees to respect human rights in line with international conventions. This includes a zero-tolerance policy for forced labour, child labour and work carried out through the use of coercion or threats of violence. Through our supply chain, there were no reported cases of child or forced labour in 2022. The CoC also places value on diversity amongst our employees and we do not tolerate discrimination based on gender, marital status, ethnicity or national origin, sexual orientation, gender identity, religion, age or disability. During 2022 the ITAB CoC has been reviewed and revised and will be rolled out through the organisation in 2023. The complete CoC can be downloaded at itabgroup.com.

In the 2021 Sustainability Report ITAB committed to three short-term targets and one long-term goal in the Good Working Conditions work. These goals were derived from our own materiality assessment and a detailed examination of our customers' ESG reports and their goals.

EQUALITY AND DIVERSITY

ITAB is striving to achieve a better balance between men and women, as this generates a pleasant working environment and a more dynamic workplace. ITAB is constantly working to provide support to recruiting managers to ensure a professional process in line with local legislation as well as support for the objective of guaranteeing diversity among the candidates

On average through 2022, 27 percent of the workforce was female, and women in senior management reached 23 percent, which was above the set target of 20 percent. A new target for women in senior management has now been set to further reflect our aim for continuous improvement.

HEALTH & SAFETY ("H&S")

Within ITAB Group, each company is responsible for ensuring a safe workplace that complies with local laws and regulations. In order to apply similar standards across the Group, ITAB has developed a H&S Framework and has started deploying it locally. Employees are represented in internal bodies responsible for H&S.

During 2022, ITAB has developed the capability to report a Total Frequency Rate (TFR) for accidents and a Lost Time Severity Rate (LTSR). For 2022 the TFR was 14.06, and the LTSR was 0.25. This reporting now allows ITAB to be benchmarked against other organisations as these are standard H&S calculations. During 2023, ITAB will continue its work of reviewing the safety procedures for those Group companies that report a higher number of accidents. We continue towards our target of zero accidents.

WELL-BEING

In 2022 ITAB committed to determining the baseline of well-being through the organisation. Overall sick leave was 4.88 percent during the year, of which Blue Collar reported 6.69 percent and White Collar 2.48 percent. Over 2023 ITAB will analyse the data and create a plan to improve these figures.

THE GROUP'S EMPLOYEES

The average number of employees in 2022 was 2,847.

- 30 years or younger **13%**
- 31 to 50 years **60%**
- Over 50 years **27%**

- Women **27%**
- Men **73%**

	LONG-TERM GOAL	2023 ACTIVITY
Well-being	Develop programme to support well-being	People and Culture roadmap progression
Accidents	Zero Lost Time accidents	Safety Frame deployment Risk assessment reviews
Women in Senior Management	40-60%	Develop plans to reach new long-term goal

BUSINESS ETHICS

Through ITAB's Code of Conduct ("CoC"), all employees have a clear set of regulations for areas such as business ethics. In 2022 the CoC has been reviewed and revised. This was approved by the Board of Directors in December 2022 and will be rolled out through the organisation in 2023. According to the CoC, ITAB has a zero-tolerance policy regarding all forms of bribery and corruption.

Built on the strong foundation of the previous CoC which was originally issued in the autumn of 2017, the new CoC expands the principles contained within the previous version and lays down details of the newly defined ITAB Whistleblowing Service. The whistleblowing service is an important tool for reducing risks and fostering high business ethics and thereby maintaining customer and public confidence in our operations.

In the 2021 Sustainability Report ITAB committed to four short-term targets and long-term goals in the Business Ethics work. These goals were derived from our own materiality assessment and a detailed examination of our customers' ESG reports and their goals.

CODE OF CONDUCT

ITAB committed to 95 percent of all employees signing the CoC in 2022 and a goal of having 100 percent of all employees sign the CoC from 2023 onwards.

ITAB has achieved a rate of 98 percent in 2022, surpassing the target set. For 2023 there will be an extensive roll out plan of the new version of the CoC, ensuring that all employees, existing and new, sign the new version. The complete CoC can be downloaded at itabgroup.com.

WHISTLEBLOWING

ITAB committed to updating the Whistleblowing policy and process in 2022 and then from 2023 onwards will monitor the whistleblowing process and look at the outcome of the investigated incidents. Training will be given to all employees in a phased roll out through 2023.

AUDITS OF SUPPLIERS IN HIGH-RISK COUNTRIES

ITAB committed to 100 percent of suppliers in high-risk countries being audited and between 2023 and 2025 all suppliers in medium risk countries will be audited.

Early in the 2022 the definition of high, medium and low risk countries was created using the rankings from Transparency.org.

During 2022 a very limited number of suppliers in high-risk countries were contracted by ITAB. This was predominantly for single time purchases often related to installations for our customers in that country. The limited expenditure in these regions meant that it was not practicable for onsite audits to take place for these one-time purchases. ITAB has not completed the short-term goal and has revised this goal to 100 percent Suppliers under Category Management to be audited by the end of 2024.

BUSINESS ETHICS TRAINING IN HIGH-RISK COUNTRIES

ITAB committed to training 100 percent of employees in high-risk countries in 2022 and Ethics training for all employees by 2025. The only high-risk country that is currently operated in by ITAB Group is Argentina. At this time the goal has not been met, however ITAB has conducted Anti-Bribery and Corruption training for senior management across all functions. Group management and Vice Presidents were asked to take part in online training in 2022. All participants passed the training.

	LONG-TERM GOAL	2023 ACTIVITY
Code of Conduct	CoC signed by 100% of all employees	Roll out of new CoC to all employees
Whistleblowing	Monitoring of the whistleblowing process and the reporting of any identified and investigated whistleblowing incidents	Roll out of new process to all ITAB countries in all languages
Audits of Suppliers in High-Risk Countries	100% Suppliers under Category Management to be audited by end 2024	Audit schedule for suppliers Onsite auditing including ESG questions
Business Ethics training in High-Risk Countries	Training for 100% of employees in the Group by 2025	Initiate and roll out training

EFFICIENCY IN THE VALUE CHAIN

Building on the strengths of 2021, this year's focus on improving the efficiency in the value chain for ITAB has been on the processes that build the foundation of an agile and efficient supply chain.

The deployment of the Supplier Code of Conduct, and Sustainable Procurement Policy, has been enhanced with the development and implementation of Supplier Qualification, Supplier Categorisation, and Invitation to Tender Processes.

Within our own facilities, ITAB now has the capability to accurately determine the stationary combustion emissions and process emission allowing ITAB to be able to publish the Scope 1 and 2 greenhouse gas emissions for the first time. With this benchmark established ITAB can now start to deliver against the goal of a 50 percent reduction by 2030.

In the 2021 Sustainability Report ITAB committed to four short-term targets and three long-term goals in the Efficiency in the Supply Chain work. These goals were derived from our own materiality assessment and a detailed examination of our customers' ESG reports and their goals.

ONSITE AUDITS OF PARTNER SUPPLIERS

ITAB committed to auditing 75 percent of partner suppliers in 2022.

The definition of a partner supplier was set early in 2022. One of the criteria was the partner supplier needs to progress through the approved and preferred status and the requirements of these. As such no partner suppliers have been identified as of publication of this report.

SUPPLIER CODE OF CONDUCT ("SCOC")

ITAB committed to having all partner and 80 percent of preferred suppliers signing the new SCoC and the longer-term goal of having 100 percent of partner, preferred and approved suppliers signing the SCoC.

There are currently 79 suppliers on the category managed lists. At present, 90 percent of the category managed suppliers have signed the 2021 version of SCoC.

ENERGY CONSUMPTION

For 2022 ITAB committed to creating a roadmap for achieving green electricity and establishing monitoring in all locations. The goal within energy is to have 100 percent electricity generated from renewable sources by 2025.

Monitoring for all location was completed and a roadmap to achieve the goal by 2025 has been created.

For 2022 ITAB's electrical consumption amounted to 41,157 MWh, of which 46 percent was sustainably generated. This is an increase from 29 percent in 2021 and is a forward progression towards the 2025 goal of 100 percent.

CO_2 EMISSIONS

For 2022 ITAB committed to monitoring scope 1 and 2 emissions and to report the percentage of transport under management to allow us to capture CO_2 information going forward. The longer-term goals were a 50 percent reduction in scope 1 and 2 and a reduction in scope 3 transport.

During 2022 ITAB's scope 1 emissions were 8,611 tonnes of CO_2e. Scope 2 emissions were 7,483 tonnes CO_2e. Now that we have established the baseline year for this activity, we will build a roadmap that will allow us to achieve the committed 50 percent absolute reduction in GHG production by 2030.

In 2022 ITAB committed to monitoring the amount of transport under management to allow us to start capturing the CO_2 from transports. At the end of 2022, 67 percent of all transport was under management.

	LONG-TERM GOAL	2023 ACTIVITY
Energy Consumption % renewable **Energy Consumption Absolute**	100 % sustainable sourced electricity	Progress roadmap to achieve 100 % renewable electricity
Emissions **Scope 1 GHG** **Scope 2 GHG** **Scope 3 GHG**	50% reduction in scope 1 & 2 by 2030	1. Identify largest CO_2 producers by factory and process. 2. Identify improvements 3. Implement improvements
Supplier Code of Conduct	SCoC 2021 signed by all local and category managed suppliers	Rollout plan though all local procurement functions

SUSTAINABLE BUSINESS DEVELOPMENT

Sustainable business development means that ITAB Group, with its solution and product portfolio, is developing in-store solutions that support our customers in delivering energy efficient and cost-saving products and solutions that contain increasingly sustainable materials fulfilled with the minimal impact on the environment.

In the 2021 Sustainability Report ITAB committed to one short-term target and long-term goal in the Sustainable Business Development work. This goal was derived from our own materiality assessment and a detailed examination of our customers' ESG reports and their goals.

CARBON ASSESSMENTS

To support our customers in their long-term sustainable goals we committed in the short term to develop a Carbon Dioxide equivalent (CO_2e) assessment service for our customers, and in the long-term building sustainability into the design by using this assessment to help our customers achieve their Carbon Zero goals.

CO_2 reporting is becoming more and more important to our customers and with that in mind ITAB has now partnered with Design Conformity, who provides an independent quality and sustainability design standard for retail display equipment and are able to assess the CO_2e of all the products we design and supply to our customers. On the right is an example of a carbon assessment (Circular Design Certificate).

This Circular Design Certificate shows not only the CO_2e but also the design circularity and electrical efficiency of the product. These metrics combine to give an overall efficiency score.

In 2022 ITAB developed our Sustainability Services which were launched at the EuroShop 2023 retail fair. ITAB has the capability to not only complete the assessment shown but a full range of services, such as engaging with the customer to help design the improvement roadmap in line with their goals, design engagement to increase design circularity and an informed material selection.

By assessing a store's carbon efficiency, targets can be established for phased improvements through iterations of the equipment supplied to our customers. By identifying what equipment can be reused and where new equipment is required, we can design out the carbon impact to ensure that ITAB and our customers can develop further towards a circular economy and sustainable business development.

	LONG-TERM GOAL	2023 ACTIVITY
CO_2e in design	Sustainability in design CO_2e quoted CO_2e installed. Working with our customers to achieve their carbon zero goals	Launch of the Sustainability Services into ITAB markets. Certification of ITAB core retail technology products. CO_2e reduction in all core products that are certified at next design iteration.

REPORT ON EU TAXONOMY OBJECTIVES

To meet the EU's climate and energy targets for 2030 and reach the objectives of the European Green Deal, the EU has created the EU Taxonomy. The aim is to provide a tool to support in directing investments towards sustainable projects and activities.

The taxonomy applies to listed and large public interest companies with more than 500 employees. Companies must report the share of revenue from taxonomy eligible and aligned activities, and the share of operating and capital expenditures. As a listed company, ITAB started to report the taxonomy related KPIs in 2021.

During 2022, ITAB has performed an analysis in several steps to identify taxonomy-eligible and aligned economic activities. The result of the analysis is presented below. The included business in 2022 comprises ITAB's manufacturing of lighting equipment for retailers (NACE code C27.40). The Group's manufacturing of other products and interiors is not eligible under current technical screening criteria as defined in the EU Taxonomy. All taxonomy-eligible revenue and expenditure relate to the objective "climate change mitigation".

Although the Group's lighting manufacturing is eligible under Taxonomy, in 2022 there are no aligned economic activities. The reason is that the lights that ITAB manufactures do not meet the requirements of light sources rated in the highest two populated classes of energy efficiency or controls with daylight and presence sensors.

SPECIFICATION OF DISCLOSURE

Net sales

When determining and allocating the taxonomy-eligible and aligned net sales, operations and underlying products and services were grouped according to economic activities. Thereafter assessments according to the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2), and Article 15(2), of Regulation (EU) 2020/852, were made. 'Taxonomy-non-eligible economic activity' means any economic activity that is not described in the delegated acts adopted in accordance with the articles above.

Operating expenditure

Operating expenditure is defined as the proportion of operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable. The denominator is direct non-capitalized costs that relate to research and development, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-today servicing of items of property plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Capital expenditure

Capital expenditure is defined as the proportion of capital expenditure related to assets or processes associated with economic activities that qualify as any of the following: 1) related to assets or processes that are associated with taxonomy-aligned economic activities; or 2) part of a plan approved by Group management to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned within five years; or 3) related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions. Notably, activities listed in sections 7.3 to 7.6 of Annex I of the Climate Delegated Act, as well as other economic activities listed in the delegated acts referred to in Articles 10(3), 11(3), 12(2), 13(2), 14(2), 15(2) of Regulation (EU) 2020/852 and provided that such measures are implemented and operational within 18 months.

Research and development costs accounted for in the capital expenditure KPI has not been counted as operating expenditure.

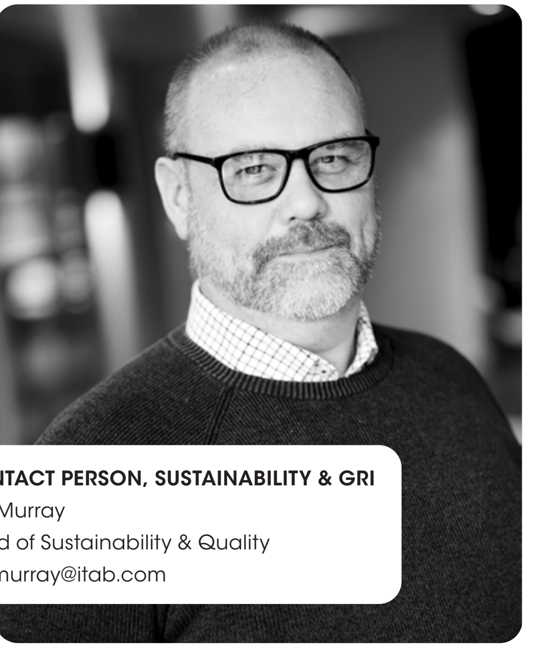
		Proportion of economic activities		
	Total (MSEK)	Eligible under Taxonomy	Not Eligible under Taxonomy	Aligned to Taxonomy
Net Sales	6,868	11%	89%	**0%**
Operating Expenditure	6,207	11%	89%	**0%**
Capital Expenditure	91	9%	91%	**<1%**

GLOBAL REPORTING INITIATIVE (GRI)

ITAB presents its sustainability information with the support of Global Reporting Initiatives' (GRI) standards, core level. The Sustainability Report is prepared annually as a section in the Annual Report. The sustainability information presented has not been reviewed by an external party.

The information in this Sustainability Report is to provide a comprehensive overview of ITAB's work within the framework of social, financial and environmental sustainability. The sustainability information in this report has been defined and delimited on the basis of an analysis of ITAB's most essential issues, and describes the impact both within and outside of the organisation.

GRI's fundamental principles for sustainability reporting form the basis for the preparation of ITAB's GRI report. This includes consideration having been given in order to ensure good reporting quality and to delimit and define the content of the report.



CONTACT PERSON, SUSTAINABILITY & GRI
Jim Murray
Head of Sustainability & Quality
jim.murray@itab.com

This is a translation of the original Auditor's Report in Swedish

THE AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the General Meeting of ITAB Shop Concept AB (publ), corporate reg. no. 556292-1089

ENGAGEMENT AND RESPONSIBILITY

The Board of Directors is responsible for that the statutory Sustainability Report for 2022 on pages 21-31 has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination of the statutory Sustainability Report has been conducted in accordance with FAR's auditing standard RevR 12 *Auditor's report on the statutory Sustainability Report*. This means that our examination of the statutory Sustainability Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINION

A statutory Sustainability Report has been prepared.

Jönköping, 29 March 2023
Ernst & Young AB

Joakim Falck
Authorised Public Accountant

GRI-INDEX

The index below refers to ITAB's Annual Report 2022 including this Sustainability Report. The page references show where mandatory standard information and selected indicators based on the materiality analysis are reported in this report.

GRI CONTENT INDEX

Statement of use: ITAB Shop Concept AB has reported the information cited in this GRI content index for the period 1 January to 31 December 2022 with reference to the GRI Standards.

GRI used: GRI 1: Foundation 2021

DISCLOSURE		REFERENCE	COMMENT/DEVIATION
GRI 2: General Disclosures 2021			
2-1	Organizational details	21, 34, 43, 80	
2-2	Entities included in the organization's sustainability reporting	21, 80	
2-3	Reporting period, frequency and contact point	30, 31	
2-4	Restatements of information		No restatements of information.
2-5	External assurance	23, 30	
2-6	Activities, value chain and other business relationships	8-9, 14-15, 27	
2-7	Employees	25, 70	
2-19	Remuneration policies	37, 45, 71-72	
2-20	Process to determine remuneration	37, 45	
2-22	Statement on sustainable development strategy	10-11, 21	
2-26	Mechanisms for seeking advice and raising concerns	26	
2-27	Compliance with laws and regulations	23, 25	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	22-24	
3-2	List of material topics	22-24	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	24, 52-88	
201-4	Financial assistance received from government	74	
GRI 207: Tax 2019			
207-1	Approach to tax	59	
207-2	Tax governance, control, and risk management	41, 59	
207-3	Stakeholder engagement and management of concerns related to tax	41, 59	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	27	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	27	
305-2	Energy indirect (Scope 2) GHG emissions	27	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	25	
403-2	Hazard identification, risk assessment, and incident investigation	25	
403-4	Worker participation, consultation, and communication on occupational health and safety	25	
403-5	Worker training on occupational health and safety	25	
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	24, 25	

ITAB SHARE

ITAB's Class B shares were registered on Nasdaq First North in 2004, and the shares have been listed in the Mid Cap segment on Nasdaq Stockholm since 2008. In 2022, ITAB shares for approximately MSEK 176 were traded and the share price decreased by 18 percent. On 31 December 2022, ITAB's market capitalisation totalled MSEK 2,399.

MARKET LISTING

ITAB's ordinary shares were registered on Nasdaq First North on 28 May 2004 and have been listed in the Nasdaq Stockholm Mid Cap segment since 2008. ITAB's shares are traded under the ticker ITAB.

THE ITAB SHARE'S PERFORMANCE IN 2022

In 2022, the ITAB share price declined by 18 percent to a final price paid of SEK 11.00 as of 31 December 2022. During the same period, the OMX Stockholm PI declined by 25 percent. The highest and lowest prices paid for the year were SEK 16.00 (closing price on 7 February) and SEK 7.65 (closing price on 29 September), respectively.

ITAB's total market capitalisation at 31 December 2022 amounted to MSEK 2,399. During the year, approximately 15 million ITAB ordinary shares were traded at a total value of MSEK 176. Calculated against the average number of shares outstanding during the year, this corresponds to a turnover rate of 7 percent. Calculated per trading day, an average of approximately 60,000 ITAB shares were traded per day at an average value of approximately MSEK 0.7.

SHARE CAPITAL

On 31 December 2022, the share capital amounted to MSEK 93. The total number shares was 222,500,192, of which 218,100,192 were ordinary shares and 4,400,000 were Class C shares. All ordinary shares entitle the holder to an equal share of ITAB's assets and earnings, and entitle holders to one vote per share at general meetings of shareholders. The Class C shares do not carry the right to any dividend and entitle the holder to 1/10 of a vote each.

DIVIDENDS

ITAB's dividend policy states that dividends over a longer period are to follow the company's results and correspond to at least 30 percent of the company's profit after tax. However, dividends are to be adjusted to the company's investment requirements and any share repurchase program.

The Board of Directors proposes that a dividend of SEK 0.50 (-) per ordinary share be paid for the 2022 financial year. Calculated based on the number of ordinary shares outstanding at the end of the financial year, the proposed dividend amounts to a total of MSEK 109.

OWNERSHIP STRUCTURE

On 31 December 2022, ITAB had 5,181 shareholders. Legal entities, including equity funds, insurance companies and pension funds, etc. in Sweden and abroad owned approximately 80 percent of the total number of shares. Foreign ownership accounted for approximately 28 percent of the total number of shares. The largest shareholders at 31 December 2022 are presented in the table on page 33.

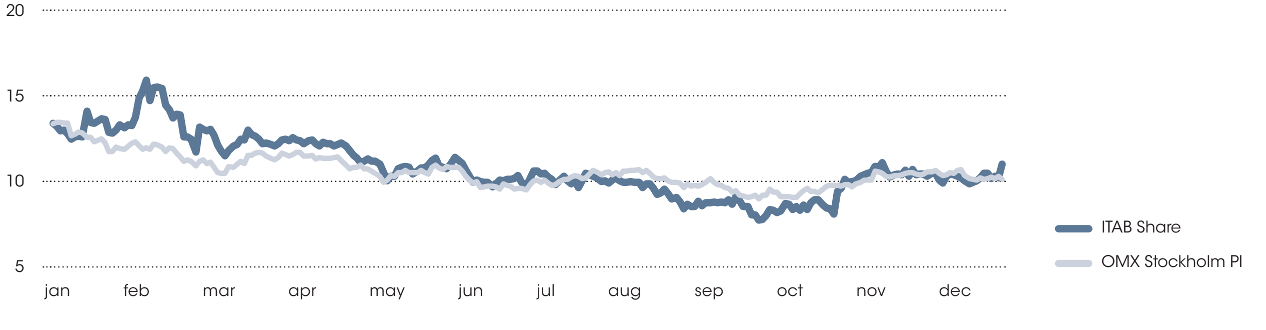
ITAB currently holds no ordinary shares and all 4,400,000 Class C shares in treasury.

FURTHER INFORMATION

ITAB's website, itabgroup.com, is continuously updated with information about price trends, changes in ownership, etc

SHARE PERFORMANCE 2022

Share prise, SEK



THE ITAB ORDINARY SHARE [1]	2022	2021	2020	2019	2018
Share price at year-end, SEK	11.00	13.42	11.75	10.84	9.66
Market capitalisation at year-end, MSEK	2,399	2,927	1,203	1,110	989
Dividend, SEK	0.50 [3]	0.00	0.00	0.00	0.00
Payout ratio of net earnings	64% [3]	–	–	–	–
Average number of shares outstanding before dilution, thousand	218,100	191,396	102,383	102,383	102,383
Average number of shares outstanding after dilution, thousand	219,558	191,396	102,383	102,383	102,383
Number of shares outstanding at year-end, thousand	218,100	218,100	102,383	102,383	102,383
Number of shareholders at year-end	5,181	5,308	4,341	4,369	4,351
Highest share price during the year, SEK	16.00	19.90	14.69	20.52	36.66
Lowest share price during the year, SEK	7.65	10.50	4.77	6.84	8.40
Dividend yield [2]	4.5% [3]	–	–	–	–
Earnings per share, SEK	0.78	0.50	-0.21	1.17	0.88
Equity per share, SEK	13,81	12.17	15.69	17.07	15.61

[1] All data refer to ITAB's ordinary shares listed on Nasdaq Stockholm.
[2] Dividend divided by share price at year-end.
[3] Pursuant to the Board of Directors' proposed dividend for the 2022 financial year.

LARGEST SHAREHOLDERS AT 31 DECEMBER 2022

	Number of			
Shareholder	Ordinary shares	Class C shares	Shares (%)	Votes (%)
Aeternum Capital AS	54,304,496		24.41	24.85
Pomona-gruppen AB	37,945,397		17.05	17.36
Petter Fägersten, with companies and family	24,720,262		11.11	11.31
Anna Benjamin, with companies and family	14,208,693		6.39	6.50
Svolder AB	12,332,953		5.54	5.64
Stig-Olof Simonsson, with companies	10,392,410		4.67	4.76
Öhman Funds	5,846,510		2.63	2.68
Försäkringsaktiebolaget Avanza Pension	4,609,775		2.07	2.11
Kennert Persson	3,842,200		1.57	1.59
Third AP Fund	3,000,000		1.35	1.37
Other Shareholders – total	47,257,496	4,400,000 [4]	23.21	21.83
Total	**218,100,192**	**4,400,000**	**100.00**	**100.00**

[4] All Class C shares are held in treasury by ITAB Shop Concept AB.

DISTRIBUTION OF SHARES AT 31 DECEMBER 2022

		Number of		Proportion of	
Share holding	Number of Shareholders	Ordinary shares	Class C shares	Shares (%)	Votes (%)
1-1,000	3,309	825,862		0,37	0,38
1,001-5,000	1,086	2,658,127		1.19	1.22
5,001-10,000	312	2,295,384		1.03	1.05
10,001-50,000	340	7,881,658		3.54	3.61
50,001-100,000	54	3,875,024		1.74	1.77
100,001-	80	200,564,137	4,400,000 [5]	92.13	91.97
Total	**5,181**	**218,100,192**	**4,400,000**	**100.00**	**100.00**

[5] All Class C shares are held in treasury by ITAB Shop Concept AB.

FINANCIAL INFORMATION

CONTENTS

ITAB Shop Concept AB (publ)
Parent Company: ITAB Shop Concept AB
Registered Limited Liability Company
Corp. reg. no.: 556292-1089
Domicile: Jönköping
Address: Box 9054, SE-550 09 Jönköping, Sweden

ITAB Shop Concept AB develops, manufactures, sells, and installs complete store concepts for retail chain stores.

ADMINISTRATION REPORT WITH CORPORATE GOVERNANCE REPORT

The Board of Directors and the Chief Executive Officer (CEO) of ITAB Shop Concept AB (publ), corp. reg. no. 556292-1089, based in Jönköping, hereby submit the annual accounts and consolidated accounts for the 1 January to 31 December 2022 financial year. The subsequent Corporate Governance Report, Income Statements, Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Cash-flow Statements and Notes are integral components of the Annual Report and were reviewed by the company's auditors. Pursuant to the Swedish Annual Accounts Act, the statutory Sustainability Report can be found on pages 21-31.

OPERATIONS

ITAB Shop Concept develops, manufactures, sells and installs complete store concepts for retail chain stores. The comprehensive offering includes solution and store design, customised concept fittings, checkouts, customer-flow solutions, professional lighting systems, and digitally interactive solutions for physical stores. Customers include leading retailers in Europe operating in the global market. ITAB has operating subsidiaries in Argentina, Chile, China, the Czech Republic, Denmark, Dubai, Estonia, Finland, France, Germany, Hong Kong, India, Italy, Latvia, Lithuania, Malaysia, the Netherlands, Norway, Poland, Spain, Sweden, the United Kingdom and the USA. The Group's operations in Russia are being discontinued (see below).

Working in close collaboration with the customer, ITAB contributes its experience and expertise to the customer's specific needs and requests. Business operations are founded on long-term business relationships and delivery reliability, in combination with streamlined production resources. ITAB is today the market leader in checkouts for retailers in Europe, and one of Europe's largest suppliers of shop fitting concepts and lighting systems.

Discontinuation of operations in Russia

ITAB decided at the beginning of March 2022 to discontinue its operations in Russia due to the Russian regime's invasion of Ukraine. The Group has a production facility and sales offices in Russia with a total of some 130 employees. Total sales in Russia amounted to approximately MSEK 170 in 2022, corresponding to about 2.5 percent of ITAB's total annual sales.

The process of discontinuing the Russian operations is under way, and the aim is for this to be done in a controlled manner for our employees, customers and partners. Given that the Group's operations in the Russian subsidiary ITAB Rus JSC are being discontinued and it was deemed highly probable that the discontinuation will be completed and that it otherwise fulfilled the stated criteria during the third quarter of 2022, this company was recognised as Discontinued Operations in accordance with IFRS 5 as of the interim report for the third quarter of 2022. For more information, see Note 2 Accounting policies and Note 5. Other operations comprise Continuing Operations.

Consequently, comments and figures in this Administration Report pertain to Continuing Operations, unless otherwise stated. Comparative figures for consolidated profit and loss items for 2021 have been restated related to Discontinued Operations.

COMMENTS ON THE GROUP'S PERFORMANCE IN 2022

Stable demand in the market and price increases during the year had a positive impact on the earnings development and strengthened cash flow despite a business environment that was characterised by a great deal of uncertainty. This entailed operational challenges and economic uncertainty for the Group's customers and therefore also ITAB. During the year, the Group entered into several new agreements with both existing and new customers in various areas of the retail sector in all of our geographic markets concerning both new stores and upgrades of existing stores. ITAB's unique, customised solutions that save energy, reduce stock loss, increase operational efficiency and improve in-store customer experiences strengthened the Group's market position in 2022. Of ITAB's three product areas, sales in Retail Technology and Retail Lighting were the strongest. All customer groups reported increased sales, and Central Europe was the largest contributor to the sales increase in 2022 in geographic terms. The acquisition of Checkmark in Finland, which is one of the leading suppliers of technology solutions in areas such as checkouts in the Nordic region, at the beginning of the year further strengthened ITAB's market position.

SALES AND PROFIT

The Group's net sales rose by 13 percent to MSEK 6,868 (6,087). Currency-adjusted sales increased by 8 percent, with organic growth of 6 percent and the acquisition of Checkmark during the beginning of the year contributing 2 percent.

Organic growth during the year was mainly due to implemented price increases and stable underlying demand in most of the Group's geographic markets and customer groups. The shortages of raw materials and certain components as well as global logistics disruptions continued to impact ITAB's delivery capacity and had a certain negative impact on net sales, with postponed deliveries of customer projects in the first half of the year. Sales were strongest geographically in Central Europe (+22 percent), Northern Europe (+14 percent) and Rest of the World (+65 percent), while sales in United Kingdom & Ireland declined (-12 percent). Sales growth was largest in Fashion (+81 percent) and Home Improvements (+25 percent) but sales to Grocery (+1 percent) and Other customer groups (+18 percent) also increased overall during the year.

The Group's operating profit amounted to MSEK 403 (216). Profits for the year were impacted by non-recurring items of MSEK -40 (-166), mainly pertaining to restructuring costs attributable to transformation work under the One ITAB strategy. Operating profit excluding these non-recurring items totalled MSEK 443 (382), corresponding to an operating margin of 6.4 percent (6.3). EBITDA excluding non-recurring items of MSEK -30 (-157) totalled MSEK 704 (644).

Profit was positively impacted by the sales increase enabled by implemented price increases and currency effects. Shortages of certain electronic components and rapidly rising prices for raw materials, shipping and energy as well as lockdowns in China due to the COVID-19 pandemic at the start of the year negatively impacted the gross margin for the financial year. The current economic trend, with high inflation and higher interest-rate levels as well as rising electricity prices and a challenging energy situation, could lead to a cautious approach among our customers in terms of future investments and we see signs of a downturn in our markets in Europe. This is something we need to adapt to and, if necessary, take further measures to protect the gross margin and earnings.

Profit after financial items increased to MSEK 348 (147). Current financial expenses were lower year-on-year, partly due to changed loan terms and the discontinuation of interest rate swaps that affected costs. Due to the refinancing carried out on 30 June 2022, financial expenses during the year were charged with a fee for early repayment of loans and the remainder of the accrued financing costs for previous loan agreements of approximately MSEK 7. Profit after tax increased to MSEK 243 (95).

Guidance concerning One ITAB

On 10 July 2020, ITAB issued guidance regarding an earnings improvement and its total restructuring costs upon the implementation of the first phase of the Group's One ITAB strategy and transformation. The aim of this phase was to stabilise and strengthen the Group's earnings and financial position, partly through savings in purchasing, sales and administration, and fixed costs for production. Based on the conditions prevailing at that time, the guidance indicated an underlying annualised EBITDA improvement of MSEK 270–330 (compared with EBITDA of MSEK 516 for 2019) once this phase of the One ITAB transformation is fully implemented, which was expected to take place in the middle of 2022. The total restructuring costs ▶

▶ for One ITAB in the 2020–2022 financial years were estimated at MSEK 275–325.

In mid-2022, we communicated that the first phase of the One ITAB transformation had been completed in accordance with our guidance. The measures taken have largely had the intended effect in terms of cost savings. Adjusted for non-recurring items, EBITDA amounted to MSEK 704 at the end of 2022. At the same time, the Group has managed challenges including supply chain disruptions, component shortages and cost increases due to the COVID-19 pandemic, all of which had a negative effect on earnings. Additional estimated annualised savings are expected to be realised in 2023, mainly in the form of lower rental costs for discontinued production facilities. The measures implemented have made it possible for ITAB to remain strong in a time of significant external disruptions and are now enabling investments in new capabilities to make ITAB even stronger going forward.

CASH FLOW, FINANCING AND LIQUIDITY

Cash flow from operating activities including Discontinued Operations amounted to MSEK 542 (-165). Cash flow in the beginning of the year was negatively impacted by an increase in inventories with the aim of satisfying customer needs despite disruptions to the supply of raw materials and component shortages combined with longer lead times. At the same time, rising raw material prices have impacted the value of inventories. Efforts to reduce the working capital requirements achieved results in the second half of the year with reduced inventory levels. The Group's operations will continue to focus on this during the next quarters in order to further normalise the situation.

Net debt excluding lease liabilities amounted to MSEK 399 (609). Net debt including lease liabilities amounted to MSEK 1,080 (1,239).

The Group's cash and cash equivalents, including granted unutilised credits, amounted to MSEK 1,449 (746) on the balance sheet date on 31 December 2022. The equity/assets ratio including Discontinued Operations was 48 percent (46).

New long-term and expanded credit agreements

On 30 June 2022, ITAB signed new long-term, expanded agreements with Nordea Bank and Swedbank concerning credit facilities for the Group totalling approximately MEUR 150. This corresponds to an increase of approximately MEUR 40 compared with the previous level. The agreements pertain to both bank loans and operating credits and extend for three years, with an option for an extension of an additional one plus one year. The new bank loan is a so-called unsecured bank loan, and upon repayment of the previous loans on 7 July 2022, all of the ITAB companies' previously pledged shares and corporate mortgages were thus released by Nordea Bank and the Swedish Export Credit Corporation. Thereafter, ITAB has no pledged shares (refer also to Note 32).

INVESTMENTS

The Group's net investments amounted to MSEK 150 (103), of which MSEK 66 (40) is attributable to corporate acquisitions during the year. For more information about corporate acquisitions and divestments, see Note 5.

DATA PER SHARE

Earnings per share including Discontinued Operations before and after dilution totalled SEK 0.78 (0.50). Equity per share amounted to SEK 13.81 (12.17).

EMPLOYEES

The average number of employees for the year was 2,847 (2,930), of which 132 employees in Discontinued Operations. For more information, refer to Note 8.

PARENT COMPANY

The Group's Parent Company, ITAB Shop Concept AB, does not conduct any operational activities. Its operations mainly comprise Group management and support functions for the Group. The Parent Company's net sales pertain to revenue from subsidiaries and amounted to MSEK 174 (171). Profit after financial items amounted to MSEK -57 (-13), including dividends from subsidiaries of MSEK 31 (46). Impairment of shares and receivables from subsidiaries had an impact of MSEK -91 (-51). Of this impairment, MSEK -88 pertained to the revaluation of intra-Group assets in Russia. Net divestments/investments totalled MSEK 0 (0).

Due to the refinancing carried out on 30 June 2022, financial expenses for the financial year were charged with a fee for early repayment of loans and the remainder of the accrued financing costs for previous loan agreements of approximately MSEK 7 during the second quarter.

ACQUISITIONS

On 28 February 2022, the ITAB Group acquired, through its Finnish subsidiary ITAB Finland Holding Oy, all shares in Oy Checkmark Ltd. Checkmark is one of the leading suppliers of retail technology solutions for checkouts and store guidance for retailers in the Nordic region. The acquisition further strengthens ITAB's market position and creates opportunities for a broader product and solution offering for new and existing customers as well as providing distinct synergies.

Checkmark had annual sales of approximately MEUR 12 and 44 employees at the time of closing. Closing took place immediately and the acquisition was consolidated in the Group as of 1 March 2022.

See Note 5 for information about acquisitions in the 2022 financial year.

SUSTAINABILITY REPORT

ITAB works consciously with the Group's environmental, social and financial responsibility as part of meeting the ambitions of the Paris Agreement and the UN Sustainability Development Goals (SDGs). Through its sustainability efforts, ITAB wants to contribute to sustainable development that the planet can manage while at the same time securing favourable social conditions, profitability and long-term financial growth. In dialogue with its stakeholders, ITAB has identified material sustainability issues – areas where the Group can make a difference linked to its customer offering and own operations. ITAB also takes into account the risks that are associated with its own operations and the world in which the Group operates. By doing so, ITAB creates a strong and resilient company that contributes to the necessary transition of society. ITAB's sustainability efforts are focused on four prioritised sustainability targets: Good Working Conditions, Business Ethics, Efficiency in the Value Chain and Sustainable Business Development.

ITAB has prepared a separate Sustainability Report for 2022 in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act that can be found on pages 21-31 of this Annual Report. ITAB's Sustainability Report is also available on the company's website, itabgroup.com. The Group does not pursue any reporting activities according to the Swedish Environmental Code in the Parent Company or any of the Swedish subsidiaries.

As of 1 January 2022, ITAB is eligible to disclose certain information about its operations in accordance with the EU Taxonomy for sustainable investments. The ITAB Group presents this information for 2022 in the Sustainability Report on page 29.

The company's auditors review the sustainability reporting to the extent required to make statements regarding the preparation of the statutory Sustainability Report, but do not otherwise review the sustainability data.

RESEARCH AND DEVELOPMENT

The Group companies carry out continuous product development – partly in collaboration with customers and partly in-house – to develop new products and improve existing products. Most of the Group's product development relates to self-checkout and lighting products as well as digital solutions for physical stores. In 2022, MSEK 18 (2) was capitalised as development expenditure and recognised as intangible assets. Amortisation of development costs totalling MSEK 20 (19) was charged to earnings.

SHARE AND OWNERSHIP STRUCTURE

ITAB's shares were admitted to trading on the First North exchange in 2004. Since July 2008, the company's ordinary shares have been listed on Nasdaq Stockholm. On 31 December 2022, the total number of shares amounted to 222,500,192, of which 218,100,192 were ordinary shares and 4,400,000 were Class C shares, which are held by ITAB Shop Concept AB. All ordinary shares entitle the holder to an equal share of ITAB's assets and earnings, and entitle holders to one vote per share at general meetings of shareholders. The Class C shares do not carry the right to any dividend and entitle the holder to 1/10 of a vote each. The Articles of Association stipulate no limitations on the number of votes each shareholder may cast at a general meeting.

The 2022 Annual General Meeting (AGM) resolved to authorise the Board of Directors, on one or more occasions, and with or without deviation from the shareholders' preferential rights, to decide on a new issue of shares up to a maximum of 10 percent of the company's outstanding shares. The purpose of the authorisation to decide on a new share issue is to increase the company's financial flexibility and to give the company opportunities for corporate acquisitions.

Based on the authorisation from the AGM, the Board of Directors resolved on 14 December 2022 on a directed cash issue of 4,400,000 Class C shares. Moreover, the Board of Directors resolved to immediately repurchase all 4,400,000 Class C shares. The purpose of the issue and repurchase was to secure delivery of ordinary shares to the employees in the ITAB Group who participate in the 2022 performance-based incentive programme (LTIP 2022) that was adopted by the AGM on 10 May 2022 by ITAB later converting the Class C shares to ordinary shares. Refer to Note 8 for information about the long-term incentive programme.

Pursuant to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to disclose information concerning certain circumstances that may affect opportunities to take over the company through a public takeover bid pertaining to shares in the company. ITAB's creditors are entitled to terminate granted credit facilities if the company's shares are delisted from Nasdaq Stockholm, or in the event of a public takeover bid if the bidder secures a holding of more than 30 percent of the number of shares in the company or controls at least 30 percent of the votes in the company. In other respects, the company has not entered into any significant agreements with suppliers or employees that would take effect or change or cease to apply or stipulate payment of financial compensation should the control of the company change due to a public offer for the shares in the company.

At 31 December 2022, Aeternum Capital AS held 24.4 percent of the shares and 24.9 percent of the votes, Pomona-gruppen AB held 17.1 percent of the shares and 17.4 percent of the votes, and Övre Kullen AB held 11.1 percent of the shares and 11.3 percent of the votes in ITAB. No other shareholder had any direct or indirect holdings in the company that represented more than one tenth of the total number of votes. On 31 December 2022, ITAB had 5,181 (5,308) shareholders.

Further information about ITAB's shares, share price development and ownership structure as of 31 December 2022 is presented in the section "ITAB share" on pages 32-33.

Repurchases of own shares

The 2022 AGM resolved to authorise the Board to make decisions on the acquisition and conveyance of own shares. The authorisation is intended to give the Board increased leeway in its work with the company's capital structure and, if deemed appropriate, to enable share-based incentive programmes for the Group's employees or the acquisition of businesses through payments with the company's shares. The Board of Directors shall, on one or more occasions, be able to make such decisions ahead of the 2023 AGM. For repurchased treasury shares, all rights associated with the shares cease to apply until the shares are reissued.

Aside from the repurchase of newly issued Class C shares resolved on by the Board of Directors on 14 December 2022 in accordance with the above, no repurchase of shares took place in 2022.

At 31 December 2022, ITAB held no repurchased ordinary shares and all 4,400,000 Class C shares in treasury.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board shall prepare proposals for guidelines for remuneration to senior executives at least every four years, or before that if there is a need for significant adjustments, and present the proposal for resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by an AGM. The guidelines shall promote the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability. The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The level of remuneration for individual executives must be based on factors such as position, competence, experience and performance. Additionally, a general meeting of shareholders may – irrespective of these guidelines – resolve on, among other things, share-based or share price-based remuneration.

The current guidelines for remuneration and other employment conditions for senior executives were adopted by the 2021 AGM in accordance with the Board's proposal. The guidelines are presented in full in Note 8 on pages 70-73.

The Board of Directors has no intention to propose any amendments to the guidelines for remuneration of senior executives ahead of the AGM in 2023.

Remuneration Report 2021

ITAB's Remuneration Report 2021 provides an overview of how the guidelines for remuneration to senior executives, as adopted by the 2021 AGM, have been applied during the year. The Remuneration Report was adopted by the 2022 AGM and is available on ITAB's website, itabgroup.com.

DIVIDEND POLICY AND DIVIDENDS 2022

Over a longer period, dividends should follow the company's results 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 programme.

The Board of Directors proposes that the 2023 AGM pay a dividend of SEK 0.50 (-) per ordinary share for the 2022 financial year. Calculated based on the number of ordinary shares at the end of the financial year, the proposed dividend amounts to a total of MSEK 109.

Statement by the Board regarding the proposed dividend

The proposed dividend constitutes 6.2 percent of the Parent Company's equity and 3.6 percent of the Group's equity attributable to the Parent Company shareholders. After payment of the proposed dividend, the equtiy/assets ratio is reassuring against the background that the company's and the Group's operations continue to be conducted with profitability. Liquidity in the company and the Group is deemed to be able to be maintained on a continued reassuring level.

The Board's opinion is that the proposed dividend is justifiable in relation to the requirements the Group operations' nature, scope, and risks place on the Group's equity and the Group's needs for consolidation, liquidity and position in general, and that the dividend does not prevent the Parent Company or the other Group companies from meeting their short- and long-term obligations or to complete required investments. The proposed dividend can thus be defended with regard to what is stated in Chapter 17, Section 3, Paragraphs 2-3 of the Swedish Companies Act (precautionary rule).

RISKS AND UNCERTAINTIES

Risk is defined as an uncertainty that an event will occur, which could impact ITAB's capacity to achieve the objectives it has set. Risks are inherent to all operations and must be managed efficiently. ITAB's risk management is aimed at avoiding, preventing and limiting risks that adversely impact its operations.

ITAB performs an overall risk assessment annually, through which the company identifies and assesses risks that are detrimental to the attainment of ITAB's goals. The identified risks are assessed based on the following two criteria:

- The probability that the risk will occur
- The consequences for ITAB if the risk scenario should occur

ITAB's Group management identifies conceivable events that could impact the company's operations. These events are evaluated and a number of control activities established (risk-limiting measures) with the aim of managing and counteracting the identified risks. For each identified risk, a corresponding activity to counteract, limit, control and manage the risk concerned is then developed. An assessment of the efficiency of control activities is to be performed annually. The Group CFO is responsible for presenting the results of the assessment to the Audit Committee and the Board.

The risks, uncertainties and important circumstances that are deemed significant for the Group's operations and future development are described below. The risks relate to ITAB's operations, industry and markets, and further include operational risks, legal risks, regulatory risks, risks related to corporate governance and tax risks. The financial risks are managed by the finance policy adopted by the Board of Directors. A more detailed account of the Group's significant financial risks can be found in Note 4.

Risks related to ITAB's operations, industry and markets

ITAB is exposed to risks related to changes in the retail market, geopolitical circumstances and macroeconomic factors

ITAB offers shop solutions and concepts to customers operating in the retail industry and ITAB's operations are therefore affected by changes in the retail market, especially in Europe, but also in other parts of the world, such as USA, China and Argentina. In the last decade, the retail market has been affected by the growth of online shopping and its impact on consumer preferences and behaviours. There has been a transition in large parts of the retail market from large, solely physical stores to smaller stores with digital elements and interconnection with online stores. Changing consumer preferences and behaviours entail that ITAB's current and future customers require that ITAB can offer new types of solutions and concepts, which in turn places demands on, among other things, ITAB's project management and production. As an example, in recent years, ITAB's production facilities have had to be transformed from mainly working with large volumes and fewer orders for the roll-out of completely new stores to having a more flexible production with more, but smaller, orders for more project-based purchases. The fact that consumers are increasingly ▶

- expecting and demanding that ITAB's customers, especially larger retail chains, take responsibility for the entire supply chain from a sustainability perspective entails that ITAB's customers are increasingly demanding sustainable manufacturing processes, good working conditions and sustainable choices of materials and raw materials. It is crucial for ITAB to be able to predict and adapt to the changing preferences and behaviours of consumers, and in turn customers, in a timely manner, in order to be able to retain its current customers and attract new customers.

The demand for ITAB's solutions, products and services is affected by general macroeconomic factors and other factors, including recession, high inflation, deflation, rising interest-rate levels, higher energy prices, general domestic and international political conditions, general weakness in retail markets and changes in consumer purchasing power and preferences. Any uncertainties regarding future economic prospects that affects consumer spending habits, including pandemics, could have an adverse effect on consumer purchases in the retail sector, particularly in physical stores, which could affect ITAB's customers and in turn adversely affect ITAB's operations, financial position and operating profit.

Changes in the political situation, wars or armed conflicts in the regions or countries where ITAB operates, or political decisions affecting an industry or country, could materially impact the sales of ITAB's shop solutions, products and services or costs for ITAB. ITAB's net sales primarily derive from sales to customers established in Europe. ITAB's suppliers of metal, which is an important raw material for ITAB's operations, are found mainly in Italy, Sweden and the Czech Republic, and ITAB's production is primarily conducted in Scandinavia and Central Europe. Examples of such changes are political instability between major countries, such as between USA, Russia and China, which has resulted in an increase of trade barriers in the form of increased tariffs in recent years, and Russia's invasion of Ukraine in 2022 and the sanctions and other measures by the outside world against Russia due to this. There is a risk that wars and armed conflicts, sanctions and political decisions may prevent or limit ITAB's opportunities to conduct its operations and market its solutions, products and services. Wars, political upheaval, changes in laws due to political agendas, such as regarding environment, taxation, local labour hiring requirements, and other factors, such as trade barriers, sanctions and customs duty, could thus adversely affect ITAB's profit.

ITAB is exposed to risks related to the implementation of the Group's strategy

As described in the section "ITAB is exposed to risks related to changes in the retail market, geopolitical circumstances and macroeconomic factors", the retail market in which ITAB operates has changed over the past decade, among other things, through the growth of online shopping and its impact on consumer preferences and behaviours. It is crucial for ITAB to be able to predict and adapt to the changing preferences and behaviours of consumers, and in turn customers, in a timely manner, in order to be able to retain its current customers and attract new customers.

To meet the changing market, ITAB has developed the One ITAB strategy, including a transformation plan, which focuses on changing ITAB's operations so that the Group can successfully meet the changing retail market by focusing on improving flexibility in production and delivery, increasing internal efficiency and improve the organisational structure. The successful implementation of One ITAB and the Group's future strategies depends, among other things, on ITAB's ability to predict the developments in the retail market and meet customer demand in the market in which it operates as well as its ability to change ITAB's organisations and processes where necessary. If ITAB is unable to successfully implement the One ITAB strategy or future strategies for continued profitable growth, this may entail that the strategy work instead burdens the Group's operating profit and that ITAB fails to adequately adapt to the changing market, which in turn could have an adverse effect on ITAB's operations, brand, reputation and profit as well as ITAB's ability to maintain its market share and competitiveness.

ITAB is exposed to competition

ITAB's markets are competitive and fragmented in such a way that ITAB competes directly with other companies that offer shop solutions and concepts as well as with companies that provide such products and services that ITAB provides and develops, for example, entrance and exit systems, checkouts and lighting, and digital solutions for physical stores, such as digital queuing systems in physical stores. There are several known competitors to ITAB in both existing and new markets. In addition, there may be other competitors, products or services that aim to meet the same needs that ITAB meets and that are not yet known to ITAB. The fact that ITAB's markets are fragmented and that there are a range of different companies that directly or indirectly compete with ITAB means that ITAB's customers may, without any major obstacles, turn to any of ITAB's competitors if ITAB's solutions or pricing and lead times do not meet customer expectations. There is a risk that competitors, both known and unknown, will develop more attractive and efficient solutions, products or services similar to those that ITAB develops and offers. ITAB's competitors may also have certain competitive advantages, such as greater financial, production, marketing and distributions resources than ITAB, which may give them better conditions to withstand unfavourable economic conditions, to compete more effectively with price and production, and/or to react to changes in consumer preferences and behaviours, and thus customer demand, faster than ITAB. If any of these risks were to materialise, they could entail that ITAB's market position weakens, which, depending on the extent, could have a major impact on ITAB's future ability to generate revenue and have a material adverse effect on ITAB's operating profit.

ITAB is exposed to risks related to certain major customers

Most of ITAB's customers in terms of sales are major chain stores that operate in the retail trade. Many of these operate internationally and have stores in several countries. During 2022, the sales to ITAB's largest customer accounted for approximately 10 percent of the Group's total sales. Apart from the largest customer, sales to any other individual customer did not account for more than 6 percent of the total sales during the year.

ITAB has long-term relationships with several of its customers, often through the signing of framework agreements. To a limited extent, ITAB has signed customer agreements that regulate a long-term commitment for the customer to purchase shop solutions, products and/or services from ITAB. Instead, agreements are often signed for each individual shop solution, product and/or service. ITAB is thus dependent on maintaining good relationships with its customers.

If a major customer reduces its use of ITAB's solutions, products or services, terminates an existing agreement or terminates the relationship with ITAB in its entirety, this could adversely affect ITAB's operations and financial position. In addition, bankruptcy, liquidation or any other deterioration of a major customer's profit or financial position may result in a significant loss of revenue for ITAB and force ITAB to limit or terminate its business relationship with the customer. All the above events could adversely affect ITAB's operations and financial position.

ITAB is exposed to risks related to its production facilities and production costs

ITAB has 15 production facilities in 12 different countries at present. The production facilities mainly work with wood production for interior decor, metal production for interior decor and checkout counters, as well as electronics for lighting. The production facilities are mostly located in Europe, two are located in China and one in Argentina. In addition, ITAB has four facilities for assembly and distribution in Europe. These facilities employ a considerable portion of ITAB's employees.

The production facilities are a central function in the Group and the production facilities are in continuous operation. The production facilities may be subject to different types of disruptions that entail production stoppages, such as operator errors, accidents, fires, theft, burglary, machinery breakdown, unintentional release of substances harmful to health or environment, civil unrest, civil disobedience, wars and armed conflicts, natural disasters (including earthquakes, flooding, lighting strikes, snowstorms, fires, and other natural disasters or force majeure events), cyberattacks or IT system disruptions, terrorist attacks, strikes, transportation disruptions and pandemics. If the aforementioned or other reasons lead to disruptions in production or production stoppages in the production facilities, this could entail that the Group is unable to fulfil its obligations to the customer in a timely manner or at all.

ITAB's production is dependent on raw materials, which exposes ITAB to risks related to price variations and supply disruptions for such raw materials that are needed for ITAB's operations, which may affect ITAB's production costs. Raw material prices fluctuate based on supply and demand in the world market, which in turn is affected by factors such as transport and production chain dynamics as well as wars, regulatory, political and country-specific factors. In the period from 2020 until the beginning of 2022, the COVID-19 pandemic, for example, led to disruptions in the supply chain, longer lead times and shortages of certain raw materials and electronic components, which in some cases resulted in difficulties for ITAB to live up to customers' wishes for speedy deliveries. Even though many of ITAB's customer agreements contain raw material clauses, a significant increase in the price of, or supply disruptions of, relevant raw materials may entail that ITAB needs to adapt its working methods and choice of raw materials in order to continue to have an attractive customer offering. Within ITAB's line of business that works with lighting, ITAB develops and produces its own power supply units and LEDs (Light-Emitting Diodes), together with optical solutions for these. ITAB conducts quality tests and handles the certification process for these. There is a risk that defects in ITAB's products will not be detected and pass relevant quality tests and inspections. If ITAB certifies, launches or sells lighting or other products that prove to be affected by product defects, there is a risk that the Group may need to recall such products, which would entail increased costs, risk of litigation, deteriorating reputation and reduced sales. If any of the mentioned risks were to be realised, with the result that the Group does not fulfil its obligations to customers, it may lead to loss of income, an adverse effect on customer relationships, loss of customers, costs for breach of contract, negative publicity and an overall adverse effect on the Group's operating profit and profitability.

ITAB is exposed to risks related to distribution and logistics

ITAB operates in global markets and its customers are mainly located in most of Europe. As ITAB's customer offering includes offering comprehensive solutions, including the idea for a store concept, development and production of the concept, and finally the installation of the concept on-site at the customer, ITAB is highly dependent on reliable and orderly processes and logistics systems. ITAB's processes and logistics systems, which the company continuously reviews within the framework of the One ITAB strategy in order to improve them and to address any shortcomings in them, including, among other things, contact and coordination with relevant suppliers, such as suppliers of raw materials and transport services, and relevant production facilities, product testing, packaging, and installation. The fact that ITAB offers comprehensive solutions globally also entails that several of the Group's subsidiaries are often involved in the same customer assignment, which requires the Group to be able to coordinate internally on production, distribution, installation and such.

ITAB's processes and logistics systems are dependent on the employees' knowledge and computerised systems. If the employees currently managing the systems were to leave ITAB or if errors or disruptions were to occur in any of the relevant systems, for example as a result of software malfunction, natural disaster, vandalism, sabotage, ransomware or human error, this may affect ITAB's ability to deliver in accordance with what has been agreed with the customer.

ITAB uses external suppliers for the transport of input goods to ITAB's production facilities and the delivery of products to customers. There is a risk that difficulties or problems with ITAB's suppliers regarding their operations (for example strikes), financial position (including liquidation or bankruptcy), labour market relations as well as political changes and natural disasters, including fire, flooding or other events beyond the Group's control, could cause disruptions or interruptions to deliveries, which in turn may affect the Group's ability to deliver in accordance with what has been agreed with the customer.

If ITAB fails to coordinate its operations in any of the above-mentioned ways and consequently fails to deliver the correct type, quantity and quality of its solutions, products and services in a timely manner, this may have an adverse impact on ITAB's reputation, financial position and profit.

ITAB is exposed to risks related to corporate acquisitions and integration of new business units

ITAB has historically carried out several corporate acquisitions such as Nordic Light, New Store Europe, La Fortezza Group and Cefla Retail Solutions. In 2022, Checkmark was acquired. ITAB may carry out additional acquisitions in order to expand its offering and thus support future growth and profitability. Acquisitions expose ITAB to several risks. For example, ITAB makes certain assumptions and takes certain positions in connection with an acquisition, based on its due diligence of the company to be acquired and other information available at the time of acquisition, including assumptions on future income and operating costs. These assumptions and positions involve risks and uncertainties that could prove to be incorrect, entailing that ITAB cannot achieve all the expected advantages of the acquisition. The risks in connection with a corporate acquisition include, among other things, risks linked to competitiveness (quality, performance and market share). The expected economies of scale and cost savings could fail to materialise, either in part or completely, or be achieved later than estimated. This could result in higher costs than planned. In addition, ITAB's acquisition of companies could expose the Group to risks associated with the integration of the acquisitions, including an inability to retain key personnel from acquired companies, disruptions to ITAB's current operations, merger costs, organisational expenses, unexpected costs as well as difficulties in achieving the expected synergy effects of the acquisitions and successfully implementing the Group's strategy after the acquisition.

ITAB is exposed to risks related to pandemic diseases such as COVID-19

For extensive periods since spring 2020, states, public authorities and other organisations have imposed guidelines, recommendations, prohibitions and other actions as a result of the COVID-19 pandemic and for the purpose of limiting the spread of infection. Such actions included, for example, recommendations and restrictions regarding transportation and travel, closing of workplaces, schools and other institutions, and restrictions on the number of participants at, or a complete ban of, public gatherings and public events.

With some exceptions, most companies in the Group had a clear decline in order intake in 2020. The impact of COVID-19 on ITAB's operations included reduced demand and closure of certain customers' operations and parts of ITAB's own operating activities. For example, ITAB's production facilities in Italy, France, Russia, Argentina and China had to be closed during certain periods due to the restrictions in effect at that time. ITAB continuously implemented a number of measures to address the situation and reduce its costs. ITAB adapted its operations, among other things, through a reduction of the workforce and lay-offs. Despite the measures, the economic downturn and concerns about the pandemic had a clear adverse impact on ITAB's operating profit and financial position in 2020. The sales trend for ITAB was relatively strong in 2021 as society and the retail sector opened up following the widespread lockdowns as a result of the pandemic and customer confidence in the future and willingness to invest recovered during the year. The impact of the pandemic on ITAB's financial position and earnings in 2022 is deemed to have been limited to certain closures of factories in China as a result of the COVID-19 pandemic during the beginning of the year.

If the surrounding world is affected by new pandemic diseases, this could adversely affect the Group's operations, operating profit and financial position.

ITAB is dependent on attracting and retaining dedicated and competent personnel

ITAB's operations and future success are largely dependent on several key individuals who have extensive knowledge of the shop fitting and store equipment industry in general and of ITAB in particular. ITAB is particularly dependent on the knowledge, experience and commitment of its senior management. There is fierce competition for highly qualified personnel in several of the areas in which ITAB's senior executives and other key staff have specialist knowledge. For example, ITAB's operations are dependent on key individuals within the Group's development units and ITAB's production-intensive operations are dependent on the knowledge that certain key individuals within the Group possess in timber production for interior decor, metal production for interior decor and checkout counters as well as electronics for lighting.

If one or more key individuals leave or reduce their involvement in the Group, if ITAB's costs for retaining, training and recruiting employees should increase or if ITAB should fail to attract and retain qualified key individuals and other competent personnel within, among other things, production on acceptable terms, this could have an adverse effect on ITAB's future prospects and profit, and lead to postponements in the development of ITAB's solutions, products and services.

ITAB is exposed to risks related to IT systems and cybersecurity

ITAB's business and operations are particularly dependent on the reliability, function and continued development of ITAB's IT systems regarding data communication and enterprise systems that the Group uses for the workflow, from order to delivery. The Group's daily operations are also affected by the functions of the IT systems relating to, among other things, finance, purchasing, warehousing and sales support. ITAB engages several external third parties who assist in efficiently managing these systems. If the IT systems do not work as expected, ITAB could be affected by dis- ▶

▶ ruptions in production and administration. ITAB's operations may be disrupted if the Group's IT systems are not managed and operated as expected by ITAB or its suppliers, or due to external factors, including cyberattacks or malicious software. This could entail that deliveries to the customer do not take place in a timely manner or at all, that sales or market share are lost or that ITAB's reputation is damaged, which could adversely affect ITAB's operations and profit.

If ITAB or any of its contracted third parties is unable to maintain or develop its IT systems, this may affect ITAB's ability to sell to current and future customers, or impact ITAB's brand and reputation, the Group's ability to conduct its operations in an efficient manner, or to manage its inventory and finances, and to buy, sell, produce or deliver, or to issue invoices on their solutions, products and services in an efficient manner as well as maintain a cost-efficient business model while enabling business growth.

As mentioned, ITAB is exposed to risks related to cybersecurity threats, which could jeopardise the confidentiality, availability and integrity of data and other information, including personal data, customer information and confidential business information. It is of great importance that ITAB's IT providers can maintain and update the Group's current IT systems and that the Group has efficient firewalls and antivirus programmes. However, ITAB could be affected by intrusion or damaged by computer viruses and system attacks (such as attacks by malicious software), accidents, disasters or unauthorised physical or electronic access. If ITAB's cybersecurity procedures are inadequate, this could lead to unauthorised access to its systems, improper use of its data, deletion or alteration of stored information or other interruptions in its operations.

ITAB is dependent on its good reputation

ITAB's reputation is an important asset that, in ITAB's opinion, contributes to distinguishing its solutions, products and services from those of its competitors. The Group's reputation also contributes to ITAB's work to retain and attract customers, employees and suppliers in the markets where ITAB operates. However, ITAB's reputation could be damaged if ITAB fails to deliver in accordance with applicable agreements, if there are incidents in the business or as a result of actions or statements by, or about, current or former customers, competitors, partners, suppliers, counterparties in litigation, authorities or employees. There is also a risk that negative publicity about ITAB or its management in connection with, for example, system errors, cyberattacks or litigation, even if it is based on a rumour or a misunderstanding, may have an adverse impact on ITAB's operations. Damage to ITAB's reputation may be difficult and time-consuming to restore, and it may divert the attention of executive management from the operations or make current or potential customers reluctant to enter into agreements with ITAB. This may result in a loss of opportunities for growth and income as well as affect ITAB's possibilities of raising financing on favourable terms or at all. If any above-mentioned risks were to materialise, this could have a materially negative effect on ITAB's financial position.

ITAB is exposed to risks related to insufficient insurance coverage

ITAB's insurance policies include insurance coverage for risks related to ITAB's operations, such as general liability, property, accidents, transport, business travel and Board and management liability. However, ITAB is not fully insured against all conceivable risks and the Group may be subject to claims in excess of or not covered by the Group's current insurance coverage. ITAB's operations are production intensive and the Group's employees deal with raw materials, other materials and completed products that correspond to large values in the daily operations. The Group may, due to its global operations, the scope of the Group's production, which in some cases is subject to permits and the large volumes of raw materials and electrical components that the Group works with, become subject to legal or regulatory actions, supervisory authorities or third parties, which may not be covered by ITAB's current insurance coverage. Furthermore, damage caused to ITAB could, even if covered by ITAB's insurance coverage, result in increased insurance premiums. Thus, if an event occurs that causes damage in excess of or not covered by the current level of insurance, this may entail that ITAB cannot reimburse the cost or entail an adverse effect on ITAB's operations, profit and financial position.

Legal risks

ITAB is exposed to risks related to sanctions and anti-corruption regulations

ITAB's global operations, in particular the geographic spread of the Group, expose ITAB to risks attributable to sanctions and corruption.

ITAB's marketing and sales of its shop solutions, products and services in certain jurisdictions, such as countries in South America and Asia, increases exposure to corruption. The corruption risks are particularly high in connection with procurement procedures for contracts of significant value. The Group often engages agents to assist with sales operations in areas where the Group does not have a local presence and/or where the practice of the relevant market functions by sales through agents. The risk of corruption is further increased by the Group's use of agents in some of its markets, among others, in Italy and the Middle East, as the Group may be liable for corrupt practices by their agents and their employees. The Group has implemented a Code of Conduct that regulates zero-tolerance of all forms of bribes, bribery and corruption.

If the Group's employees or agents do not comply with ITAB's Code of Conduct and if undue benefits are offered by the Group, or on behalf of the Group, this may be punishable for the Group and its employees and Directors of the Board, under Swedish or other applicable anti-corruption law.

In recent years, financial sanctions have become an essential risk factor for companies that engage in international trade. It cannot be ruled out that ITAB, due to its geographical spread and international sales, may be included on sanction lists due to unintentional trading, directly or indirectly through agents, with customers in areas subject to targeted sanctions. The political situation in parts of the world, particularly regarding the military conflict between Russia and Ukraine, is at present uncertain.

ITAB decided at the beginning of March 2022 to discontinue its operations in Russia due to the Russian regime's invasion of Ukraine. The process of discontinuing operations is under way, and the aim is for this to be done in a controlled manner for our employees, customers and partners. Stricter measures and sanctions, and any other measures against Russia from a number of other jurisdictions, including the EU and USA, may impact the discontinuation of ITAB's operations in Russia.

Violations of applicable anti-corruption or sanction laws may lead to fines and other criminal, civil or administrative penalties and also adversely affect ITAB's reputation and financial position.

ITAB is exposed to risks related to regulatory compliance, and import and export

ITAB has operating subsidiaries in 24 countries in Europe, South America, Asia and USA, production facilities in 12 different countries in Europe, China and Argentina, and customers primarily in European countries, but also in the USA, China and Argentina. The fact that ITAB conducts its operations in a global environment means that it is subject to different regulations in several different countries and jurisdictions, and consequently is also exposed to risks related to the implementation of new or amended laws or regulations in these countries and jurisdictions. For example, the Group, through some of its Swedish subsidiaries, conducts operations that are exposed to liability-related risks associated with pollution that the business has historically created or creates. Corresponding liability may exist in accordance with rules applicable in the other jurisdictions where ITAB conducts operations. In addition, the Group manages personal data about, for example, its employees, customers and suppliers, and is therefore obliged to comply with data protection and privacy legislation in the jurisdictions in which ITAB conducts operations, including the General Data Protection Regulation (EU) (GDPR).

If ITAB's compliance with laws and regulations related to the environment or data protection or other laws and regulations applicable to, among other things, the Group's production, work environment and certification is insufficient, or is considered insufficient, ITAB may be subject to fines, penalties and other sanctions, third party claims, lost reputation, loss of current customers and the risk of an adverse impact on potential new customers' inclination to enter into agreements with ITAB. It is inherently difficult to predict the outcome of legal, regulatory and other proceedings or claims. If the outcome of any future proceeding turns out to be negative for ITAB, this could have a material adverse impact on the Group's financial position and operating profit. Amendments of laws and regulations, or the interpretation of these, concerning customs duty, tariffs or the implementation of such actions in markets where ITAB conducts operations, or other increased barriers to trade, could impair ITAB's ability to export or import goods and thus lead to higher costs than competitors in the affected relevant markets, reduce ITAB's ability to compete successfully and adversely affect sales and revenue. For example, ITAB's operations are affected and may be further affected by new tariffs and other changes in US trade policy and possible countermeasures by affected countries, such as China and Russia and restrictions on trade due to the military conflict between Russia and Ukraine. ITAB's ability to import and export products in a timely and cost-efficient manner may also be affected by the situation in ports or by other difficulties affecting transport providers, including port, freight and warehousing capacity, labour market disputes and blockages of work, political instability, difficult weather conditions or safety requirements within the EU, USA, China and other countries.

These problems may delay the import or export of products or require ITAB to find alternative ports, warehouses or transport providers to avoid production interruptions or delayed deliveries to customers. Such alternatives may not be available at short notice or result in higher transport or warehousing costs, which could have an adverse impact on ITAB's operations and financial position.

ITAB is exposed to labour law risks

The average number of employees in the Group in 2022 amounted to 2,847 persons in 24 countries and the employees are covered to some extent by collective agreements or other agreements with labour organisations. In Sweden, the employees of all but two companies are covered by collective agreements. There is a risk that ITAB will not be able to maintain stable relations with the trade unions, negotiate or renegotiate terms of employment or pay agreements that meet the trade unions' expectations or demands, or will be impacted by conflicts at the national level where ITAB or its suppliers, distributors or other partners may be involved in labour disputes and/or affected by strikes and work stoppages before or during a negotiation process.

ITAB may, in the future, be involved in further discussions and conflicts, resulting in strikes or other industrial actions that could lead to operational disruptions and delays. In addition, conflicts with trade unions or labour organisations may arise as a direct result of redundancy, for example, due to efficiency measures or rationalisation within the organisation, or discontinued production where a process is not well managed and within the mutual understanding of unions or organisations, which could lead to ITAB's reputation as an employer being damaged, resulting in industrial actions being taken and a worsening of ITAB's reputation and relations with labour organisations. Legal disputes that lead to significant negative publicity and damage the Group's reputation may ultimately lead to production disruptions and increased payroll costs, and therefore have a material adverse effect on the Group's operations, operating profit and financial position.

ITAB is exposed to risks related to taxation

The handling of tax issues within the Group is based on interpretations of current and relevant taxation legislation, tax treaties and other tax regulations, and the positions of the authorities concerned, such as the Swedish Tax Agency. Furthermore, the Group regularly obtains advice from independent tax experts on these matters. ITAB and its subsidiaries are occasionally subject to tax audits and reviews. There is a risk that tax audits or reviews will result in additional tax being charged or made deductions being denied, for example in relation to previously completed acquisitions, reorganisations and intra-Group transactions.

In the event that ITAB's interpretation of tax legislation, tax treaties and other tax regulations, or their applicability, is incorrect, or if one or more authorities successfully make negative tax adjustments concerning a business unit within the Group, or if applicable laws, treaties, regulations or interpretations thereof or the administrative practice relating to these are changed, including changes with retroactive effect, ITAB's past and present handling of tax issues may be questioned. If tax authorities successfully present such claims, this could lead to an increase in tax expenses, including tax surcharges and interest, and have a material adverse effect on the Group's operating profit.

The jurisdictions in which ITAB operates have transfer pricing regulations which require that transactions with related companies be made on market terms. The management of matters regarding transfer pricing within the Group is based on the OECD's guidelines and national regulations for transfer pricing as well as documented principles for determining prices in related party transactions. The Group regularly obtains advice from independent experts on these matters. Transactions between the Group's companies, such as distribution of products, management services, intra-Group loans and the use of intellectual property, are made, in ITAB's opinion, on commercial terms through the application of existing international guidelines and national regulations. There is a risk that tax authorities in some of the jurisdictions where ITAB operates will form the opinion that the transfer pricing is not made on market terms. If a tax authority successfully objects to such a pricing, this may result in an increased tax expense, including tax surcharges and interest. As the Group's net sales reach certain levels set, new tax rules such as BEPS and Pillar 2 may also require more resources and potentially result in increased tax costs in certain countries. This could have a adverse impact on the Group's net profit.

ITAB is exposed to health and safety risks

The work environment within ITAB's operations is instrumental to the health and safety of the employees of the Group, due to the risk of accidents and incidents. This applies both to the physical work environment as well as to social and psychological aspects. ITAB works actively to reduce the number of accidents and reviews the safety procedures of companies that report a higher number of accidents. Furthermore, efforts are being made at a local level to reduce the proportion of sick leave within ITAB.

ITAB is subject to regulations in areas such as occupational health and safety in the jurisdictions where ITAB conducts production. For example, ITAB's operations in Sweden are regulated by, amongst others, the Swedish Work Environment Act (1977:1160). Non-compliance with acts and regulations in any of the jurisdictions in which the Group operates may result in authorities issuing orders for enforcement measures, imposing fees or fines, and in some cases even imposing restrictions on the operations of the Group, which can be serious and adversely affect ITAB's financial position.

ITAB is exposed to risks related to intellectual property

ITAB's operations are dependent on a number of intellectual property rights, including but not limited to a number of trademarks, patents, other protected information and company secrets that are used in and for ITAB's solutions, products and services. ITAB may be unable to retain such intellectual property rights, protected information or company secrets. Furthermore, the Group's intellectual property rights could be declared invalid, circumvented or disputed. ITAB may also be unable to successfully protect its trademark, company name or company secrets, or achieve or maintain competitive advantages. When developing some of ITAB's solutions, products and services, ITAB utilises its employees and consultants and ITAB regulates the ownership of the intellectual property created within the framework of employment and/or engagement through its employment and consulting agreements. There is a risk that ITAB, in whole or in part, will not succeed in protecting and/or securing the rights to internally generated intellectual property, which risks entailing that competitors may offer similar solutions, copy or make it impossible to use the intellectual property or otherwise use ITAB's solutions or products.

The Group's use of intellectual property rights may also constitute, or be alleged to constitute, an infringement of third-party intellectual property. The costs that could result from ITAB taking or defending itself from legal action in the event of an infringement of intellectual property rights could be significant. If ITAB fails in this regard, ITAB may be liable to pay royalties and/or damages, and ITAB may be prohibited from using the intellectual property rights that have been proven to infringe on third-party rights. If ITAB cannot in an efficient manner protect its intellectual property rights or if someone takes legal action against ITAB for infringement of intellectual property rights, this may have a material adverse effect on ITAB's operations, financial position and operating profit and lead to impairment losses of the recognised intellectual property rights.

ITAB is exposed to risks related to disputes and legal proceedings

ITAB conducts business internationally in both mature markets, such as several countries in Europe and USA, as well as in emerging markets, such as China and India, some of which may be less politically stable. ITAB may be involved as a counterparty in various jurisdictions. Accordingly, from time to time, ITAB risks being involved in civil, work environment-related and regulatory proceedings arising within the scope of its day-to-day operations.

ITAB may be negatively affected by ongoing and/or future disputes or legal proceedings relating to, among other things, labour, intellectual property, contractual or regulatory compliance matters or other legal claims which may result in obligations to pay damages and defence costs.

If a claim were to be made against ITAB, regardless of whether the claim leads to a material legal responsibility being established, the claim may lead to financial loss or negative publicity for ITAB or significantly damage ITAB's brand and reputation, which could result in loss of revenue. Further- ▶

more, the handling of disputes and claims is typically both costly and time-consuming and could therefore entail that the senior executives and the Group company involved in such a dispute cannot focus on the day-to-day operations to the extent expected.

FUTURE OUTLOOK

ITAB's goal is to strengthen its customers' competitiveness with unique and competitive solutions for increased operational efficiency and reduced costs as well lower energy consumption for the retail sector. ITAB is working continually on strengthening the Group's earnings trend through adapted price increases and cost-saving measures. At the same time, the current economic trend of high inflation and increased interest-rates is resulting in uncertainty and a cautious approach among retailers and ITAB currently sees signs of a downturn. The Group's operations are following the situation closely and will implement measures if needed. At the same time, the prevailing market situation and the Group's improved financial position are providing ITAB with an opportunity for further growth through strategic acquisitions. ITAB is continuing to develop its operations and to invest in the transformation within the framework of the Group's One ITAB strategy with the aim of becoming the leading solutions provider in the retail sector. Our ambition is to continue increasing the proportion of services and solutions, and to further strengthen the Group's digital offerings. The operations are developing new capabilities and a joint information landscape to support the Group's new operating model in order to further streamline operations in the next three to four years and make ITAB more scalable and flexible for a changing world.

The One ITAB strategy and the Group's financial targets are laying the foundation for strengthening the position as the leading solutions provider for the European retail market with a focus on sustainable growth and increased profitability.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events for the Group have taken place after the end of the financial year.

PROPOSED ALLOCATION OF PROFITS

PARENT COMPANY	2022
The following funds are at the disposal of the Annual General Meeting (SEK):	
Share premium reserve	1,083,234,816
Profit brought forward	641,583,698
Net profit for the year	-62,416,275
TOTAL	**1,662,402,239**

The Board of Directors and CEO propose that these funds be distributed as follows (SEK):

SEK 0.50 per ordinary share to be distributed to shareholders	109,050,096
To be carried forward	1,553,352,143
TOTAL	**1,662,402,239**

DIVIDEND 2022

- The Board of Directors proposes to the Annual General Meeting 2023 that a dividend of SEK 0.50 per ordinary share be paid for the 2022 financial year.
- ITAB's dividend policy states that dividends over a longer period are to follow the company's results 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 programme.

CORPORATE GOVERNANCE REPORT 2022

SWEDISH CORPORATE GOVERNANCE CODE AND ITAB'S CORPORATE GOVERNANCE REPORT

ITAB Shop Concept AB (publ) is a Swedish public, registered limited liability company, whose overall ambition is to create long-term value for shareholders and other stakeholders. ITAB's shares are listed on Nasdaq Stockholm in the Mid Cap segment.

ITAB applies the Swedish Corporate Governance Code (hereinafter referred to as the "Code"). The Code is a component of self-regulation within the Swedish business sector and is based on a "comply or explain" principle. This means that a company that applies the Code may deviate from individual rules if it is deemed to result in better corporate governance, but must then explain the reasons for each deviation reported.

This Corporate Governance Report for the 2022 financial year describes ITAB's corporate governance, management and administration as well as internal controls of financial reporting, and is prepared in accordance with the Code's recommendations. The Corporate Governance Report constitutes part of the formal annual report documentation and was reviewed by the company's auditors pursuant to Swedish Annual Accounts Act.

CORPORATE GOVERNANCE, DIVISION OF RESPONSIBILITIES AND ARTICLES OF ASSOCIATION

Good corporate governance involves ensuring that companies are managed sustainably, responsibly and as efficiently as possible for the shareholders. Trust among legislators and in society that companies are acting responsibly is crucial to the freedom of companies to realise their strategies in order to create value. Trust among existing and potential investors that this is taking place is decisive for their interest in investing in the companies. In this way, the business sector's freedom to develop and its supply of venture capital and expertise are safeguarded.

The aim of corporate governance in Swedish listed companies is to create a clear division of roles and responsibilities between shareholders, the Board of Directors, Board committees and executive management, and it is regulated by a combination of written rules and practices. At first instance, ITAB is to apply the Swedish Companies Act and the rules that apply in the regulated market in which the company's shares are listed for trading (Nasdaq Stockholm) as well as best practices in the stock market. The disclosure requirements to which ITAB is subject are found in the Rule Book for Issuers published by Nasdaq Stockholm, and the Code is a component of this regulatory framework. ITAB shall, at all times in the course of its operations, abide by the provisions stipulated in the company's articles of association. The Articles of Association can be found in their entirety on ITAB's website, itabgroup.com.

Deviations from the Code

There are no deviations from the Code to report for 2022.

ITAB'S CORPORATE GOVERNANCE STRUCTURE

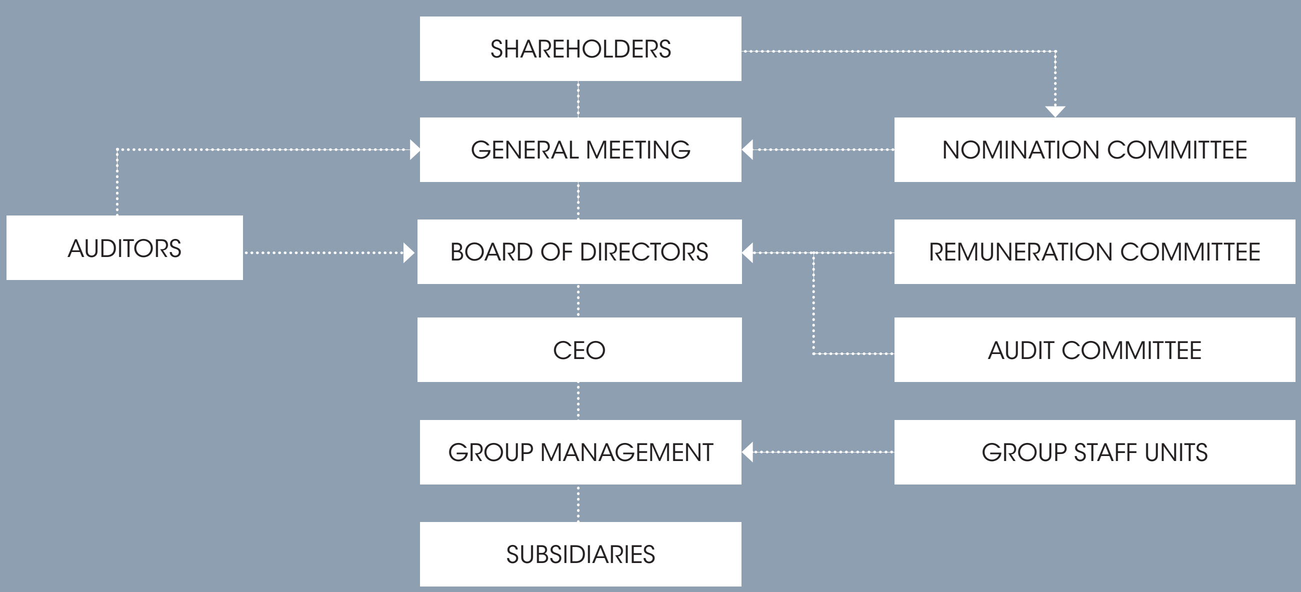
The Swedish Companies Act states that there should be three decision-making bodies in the company: the General Meeting of Shareholders, the Board of Directors and the CEO. There must also be an inspection body – an auditor that is appointed by the Annual General Meeting. The Act specifies the duties of each body and the responsibility of the individuals included in the company's bodies.

Refer to pages 32-33 for information about the ITAB share and ownership structure.

ANNUAL GENERAL MEETING (AGM)

The AGM is the highest decision-making body through which shareholders exercise their influence over the company. The body is superior in relation to the company's Board of Directors and CEO. According to the Articles of Association, ▶

CORPORATE GOVERNANCE



▶ notices to attend a general meeting shall be published by means of an announcement in Post- och Inrikes Tidningar (Official Swedish Gazette) and on the company's website. Information that notification has been issued must be announced in Dagens Industri. The statutory AGM passes resolutions on the adoption of annual accounts and consolidated accounts, discharge the Board of Directors and CEO from liability, appropriation of profits for the past year, election of the Board and, when required, auditors, and other matters in accordance with the Swedish Companies Act and the Articles of Association.

All shareholders registered in the shareholders' register and who have given notice of attendance may participate in the meeting and vote according to the number of shares owned. Shareholders who are unable to attend in person may exercise their rights by proxy. The company does not apply any special arrangements regarding the function of the general meeting due to provisions in the Articles of Association or, insofar as is known to the company, due to shareholder agreements.

Annual General Meeting 2022

ITAB's AGM was held on Tuesday, 10 May 2022. 26 shareholders attended the AGM, together representing approximately 153 million votes, corresponding to approximately 70 percent of the total number of shares and votes in the company.

The following main resolutions were passed:

- Discharge from liability for the Board of Directors and CEO for their administration in the 2021 financial year.
- Re-election of Board members Anna Benjamin, Jan Frykhammar, Petter Fägersten, Anders Moberg, Roberto Monti, Fredrik Rapp and Vegard Søraunet.
- Anders Moberg was re-elected as Chairman.
- Revised instructions for the Nomination Committee were adopted.
- The registered auditing company Ernst & Young AB was elected as auditors, with authorised public accountant Joakim Falck as auditor in charge.
- Fees to the Board of Directors and auditors, and Remuneration Report for 2021 were adopted.
- Authorisation to the Board to decide on the purchase and conveyance of own shares.
- Authorisation of the Board to decide on new issues of shares up to a maximum of 10 percent of the company's outstanding shares.
- A new long-term incentive program for senior executives in the Group was established.

ANNUAL GENERAL MEETING 2023

ITAB's AGM will be held on Wednesday, 10 May 2023 in Jönköping, Sweden. Further information can be found on page 95.

NOMINATION COMMITTEE

In accordance with Code, ITAB shall have a Nomination Committee. The Nomination Committee is the general meeting's body for proposals to the meeting's decisions regarding appointment issues in order to provide good conditions for the meeting's decisions on these issues.

At the 2022 AGM, revised instructions for the Nomination Committee were adopted. In accordance with these instructions, the Chairman of the Board is tasked with contacting the largest shareholders and requesting that they appoint three members to form the Nomination Committee. The selection of shareholders to contact is to be based on the share register maintained by Euroclear Sweden as of 31 August each year. Unless otherwise agreed by the members, the Chairman of the Nomination Committee is to be the member appointed by the largest shareholder. The composition of the Nomination Committee is to be announced not later than six months prior to the Annual General Meeting. The instructions apply until further notice.

In accordance with this, the largest shareholders Aeternum Capital AS, Pomona-gruppen AB and Övre Kullen AB each appointed one member of the Nomination Committee ahead of the 2023 AGM. This Nomination Committee comprises Åsa Otterlund (appointed by Aeternum Capital AS), Ulf Hedlundh (appointed by Pomona-gruppen) and Petter Fägersten (appointed by Övre Kullen) with Åsa Otterlund as Chairman. The members of the Nomination Committee were appointed for the period up to and including the 2023 AGM. In the event that a member steps down from the Nomination Committee before its work is completed, the remaining members are tasked with appointing a new member.

Ahead of the AGM 2023, the Nomination Committee is assigned with preparing and presenting proposals for the Chairman of the Meeting, Board members and the Chairman of the Board, fees to members of the Board and committees, and where applicable, the election of and fees to auditors. The Nomination Committee shall in other respects fulfil its tasks in accordance with the Code. In its assessment of the Board's evaluation and in its proposals, the Nomination Committee shall pay particular attention to the requirement for diversity and breadth in the Board and strive for an even gender distribution in accordance with the diversity policy according to rule 4.1 in the Code. The Nomination Committee's proposals shall be included in the notice to attend the 2023 AGM. In conjunction with the Board issuing the notice to attend the AGM, the Nomination Committee shall ensure that the company publishes the Nomination Committee's proposals and reasoned statement as well as information about how the Nomination Committee has conducted its work on ITAB's website, itabgroup.com.

No fees are paid for the Nomination Committee assignment.

Ahead of the 2023 AGM, the Nomination Committee has evaluated relevant aspects of Board's work and, to date, has held seven minuted meetings with all members present, and had several other contacts.

BOARD OF DIRECTORS

The tasks of the Board of Directors are to manage the company's affairs on behalf of the shareholders. According to ITAB's Articles of Association, the Board of Directors must comprise at least three and at most nine Board members with no more than nine deputies.

Board members

At the end of 2022, the Board of Directors of ITAB Shop Concept AB consisted of seven regular members appointed by the AGM on 10 May 2022: Anders Moberg (Chairman), Anna Benjamin, Jan Frykhammar, Petter Fägersten, Roberto Monti, Fredrik Rapp and Vegard Søraunet. A presentation of these Board members, including information about their other assignments, is presented on page 48 as well as on ITAB's website, itabgroup.com. The CEO and other officers of the Group participate in Board meetings, acting as rapporteur or in administrative functions.

All of the Board members are independent in relation to the company and its senior executives. Four of the Board members are independent in relation to the major shareholders. The Board thereby fulfils the requirements for independence pursuant to regulatory frameworks. The Articles of Association do not contain any special conditions for appointment and dismissal of Board members or change of the Articles of Association.

In accordance with the AGM's resolution in May 2022, Directors' fees totalled SEK 2,000,000, of which SEK 500,000 was paid to the Chairman of the Board and SEK 250,000 to each of the other Board members.

Refer also to page 45 for a summary of the Board members and their committee membership(s), attendance at Board meetings, independence and Board fees.

Chairman of the Board

The Chairman of the Board is tasked with ensuring that the Board's work is well organised and efficiently conducted, and that the Board fulfils its assignments. The Chairman shall, in particular, organise and lead the Board's work to create the best possible conditions for the Board's work. The Chairman is tasked with ensuring that a new Board member participates in requisite introductions and other training that the Board's Chairman and the Board member deem to be appropriate, that the Board continuously updates and deepens its knowledge of the company, that Board meetings are held when required and that satisfactory information and supporting material for decisions is obtained for its work, that the proposed agendas for Board meetings are adopted in consultation with the CEO, that the Board's resolutions are implemented, and that the Board's work is evaluated annually. The Chairman is responsible for contacts with shareholders regarding shareholder issues and for conveying the views of shareholders to the Board.

Board duties

The Board of Directors has ultimate responsibility for the company's organisation and the administration of the company's affairs in the interests of the company and all shareholders, pursuant to the laws, ordinances and agreements that the company is subject to. The Board shall also, based on an analysis of the business environment, pass resolutions on strategic issues.

The Board annually adopts written rules of procedures that regulate the Board's work and its division of responsibilities, including its committees, decision-making bodies within the Board, the Board's meeting plan, and the Chairman's tasks, as well as instructions for the financial reporting. The Board has also issued instructions to the CEO, which includes decision authority for investments, corporate acquisitions and divestments as well as financing matters. The Board has also adopted a number of policies for the Group's operations, such as a Code of Conduct.

The Board monitors the CEO's work by continuously following up operations during the year and is responsible for ensuring that the organisation, management and guidelines for the administration of the company's affairs are appropriately structured and that company has good internal controls and efficient systems for the follow-up and control of the company's operations and compliance with laws and regulations that are applicable to the company's operations. The company's auditor attends at least one of the Board's meetings annually. On such occasions, the auditor's observations concerning the company's accounts, procedures and internal control are reported and reviewed.

The Board is also responsible for the determination, development and follow-up of the company's goals and strategy, decisions about acquisitions and divestments of businesses, major investments, repurchases of own shares as well as the appointment and remuneration of executive management. The Board of Directors and CEO submit the annual accounts to the AGM.

Furthermore, the Board is responsible for preparing an annual Corporate Governance Report that shall include the Board of Directors' actions to follow up on internal controls related to the financial reporting and on how reporting to the Board has worked. The Corporate Governance Report shall be reviewed by the company's auditor. In connection with this, the Board shall annually assess and decide whether the company should have a special review function (internal audit). This decision shall be justified in the Corporate Governance Report.

The Board conducts an annual evaluation of its work, whereby a questionnaire is sent out to all its Directors. The results are compiled by the Chairman of the Nomination Committee, who then provides feedback to each Board member. The Board continuously evaluates the CEO's work.

Each Board member shall independently assess the matters that are to be addressed by the Board and request the information that the Board member deems necessary for the Board to make a well-informed decision. Each Board member shall continuously acquire knowledge of the company's operations, organisation, markets and similar information required for their assignment.

The Board's work

The Board's work follows an annual plan. In addition to the statutory meeting held in connection with the AGM, the Board normally meets seven times a year (regular meetings). Extraordinary meetings are convened as needed. Every meeting follows an agenda that is provided together with other underlying documentation to Board members prior to each Board meeting. Board resolutions are passed following a discussion led by the Chairman. Committees appointed by the Board are tasked with preparing matters for resolution by the Board (see below).

The agenda of the statutory Board meeting includes adoption the Board's rules of procedures, decisions about company signatories and the approval of minutes. The regular meeting held in February addresses the annual accounts, proposals on the appropriation of profits and the Year-End Report. In conjunction with this, the company's auditors submit a report to the Audit Committee with their findings and assessments of the conducted audit. Every regular meeting generally includes several other fixed items for presentation, such as a report on the current financial outcome of the operations.

The Board held seven regular meetings, of which one was a statutory meeting, and nine extraordinary Board meetings in 2022. The attendance at Board meetings and committee meetings is presented in the summary below. Essential subjects that have been discussed during the year include:

- Long-term goals for the operations, including new financial targets for the Group
- Strategic direction for the operations
- Business plans, financial plans and forecasts
- Acquisition of Oy Checkmark Ltd
- Discontinuation of the Group's operations in Russia
- Investments
- Long-term financing
- Policies and guidelines
- Risk management and internal control
- Interim reports and Annual Report
- Reports from the Board's committees
- Sustainability work
- External audit follow-up

Audit Committee

The Board of Directors has appointed an Audit Committee that, without impacting the Board's responsibilities and assignments in general, is to prepare the Board's work of quality-assuring the company's financial reporting, continually meet with the company's auditors to obtain information about the focus and scope of the audit as well as discuss coordination between the external audit and the internal control and views of the company's risks. The Audit Committee is also responsible for establishing guidelines regarding which services other than audits the company may procure from the company's auditors, evaluate the audit work and notify the company's Nomination Committee about the results of the evaluation as well as assist the Nomination Committee in preparing proposals for the election of auditors and the payment of fees for the audit work.

ITAB's Audit Committee comprises Jan Frykhammar (Chairman of the Committee), Anna Benjamin and Roberto Monti. All members of the committee are independent of the company and its executive management as well as the company's major shareholders. Jan Frykhammar has financial reporting qualifications. The company thus fulfils the requirements of the Swedish Companies Act.

In 2022, the Audit Committee held seven minuted meetings, and maintained ongoing contact with the company's auditors. The Audit Committee also had a number of contacts with Group management. In 2022, fees for the Audit Committee's work comprised SEK 75,000 to the Chairman and SEK 30,000 to each other member.

Remuneration Committee

The Remuneration Committee's primary tasks are preparing the Board's decisions on issues regarding remuneration principles, remuneration and other terms of employment for executive management, monitoring and evaluating ongoing schemes and schemes concluded during the year regarding variable remuneration to executive management, as well as monitoring and evaluating the application of the guidelines for remuneration to senior executives decided by the AGM and current remuneration structures and remuneration levels in the company. ITAB's Remuneration Committee has also been tasked with preparing issues regarding remuneration and oth- ▶

THE BOARD OF DIRECTORS' AND COMMITTEES' COMPOSITION, INDEPENDENCE, ATTENDANCE AND FEES – 2022

		Committee		Independent in relation to[1]		Participation in			
Name	Assignment	Remuneration	Audit	Company and executive management	Major shareholders	Board meetings (total number)	Remuneration Committee (total number)	Audit Committee (total number)	Directors' fees incl. committee fees (SEK)
Anders Moberg	Chairman	Chairman	–	Yes	Yes	16 (16)	1 (1)	–	540,000
Anna Benjamin	Board member	–	Member	Yes	Yes	16 (16)	–	6 (7)	280,000
Jan Frykhammar	Board member	–	Chairman	Yes	Yes	16 (16)	–	7 (7)	325,000
Petter Fägersten	Board member	–	–	Yes	No	16 (16)	–	–	250,000
Roberto Monti	Board member	–	Member	Yes	Yes	15 (16)	–	6 (7)	280,000
Fredrik Rapp	Board member	Member	–	Yes	No	16 (16)	1 (1)	–	280,000
Vegard Søraunet	Board member	Member	–	Yes	No	16 (16)	1 (1)	–	280,000

[1] In accordance with the definitions of the Swedish Corporate Governance Code.

er employment terms for the managing directors of other companies in the Group.

The tasks of the Remuneration Committee include preparing the Board's decisions on proposals for guidelines for remuneration of senior executives, and drafting the Board of Directors' annual remuneration report on the application of the company's remuneration guidelines for approval at the AGM. The Board shall prepare proposals for new guidelines at least every four years, or before that if there is a need for significant adjustments, and present the proposal for resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by an AGM. The current guidelines were adopted by the 2021 AGM (see Note 8). The Board does not intend to propose any adjustments to these guidelines prior to the 2023 AGM. The 2021 Remuneration Report adopted by the 2022 AGM is available on ITAB's website, itabgroup.com.

ITAB's Remuneration Committee comprises Anders Moberg (Chairman of the Committee), Fredrik Rapp and Vegard Søraunet The CEO is co-opted at committee meetings.

In 2022, the Remuneration Committee held one minuted meeting. During the year, fees for the Remuneration Committee's work comprised SEK 40,000 to the Chairman and SEK 30,000 to each other member.

CEO AND GROUP MANAGEMENT

The CEO is appointed by the Board to be responsible for the company's day-to-day management in line with the Swedish Companies Act and within the framework established by the Board. The CEO's decision authority with respect to investments, company acquisitions and divestments as well as financing issues is subject to rules adopted by the Board. In consultation with Chairman of the Board, the CEO prepares the requisite information and supporting material for decisions in advance of Board meetings, presents agenda items and motivate proposed resolutions. The current CEO, Andréas Elgaard, took up his position in September 2019.

The CEO leads the work of Group management and makes decisions in consultation with other members of senior management. ITAB's Group management comprises President & CEO Andréas Elgaard, Chief Financial Officer Ulrika Bergmo Sköld, Senior Vice President – MBU Nordic Jan Andersson, Chief Operating Officer Jesper Blomquist, Senior Vice President – MBU South Europe Andrea Ciotti, Senior Vice President – MBU UK & Baltics Roy French, Chief Commercial Officer Nick Hughes, General Counsel Frida Karlsson, Senior Vice President - People & Culture Pernilla Lorentzon, and Senior Vice President – MBU Central Europe Klaus Schmid.

A more detailed presentation of the CEO and Group management can be found on page 49. Remuneration of the CEO and Group management in the 2022 financial year is presented in Note 8 on pages 70-73.

Group staff units

Group staff units that report directly to Group management have responsibility for business development, finance, insurance, HR, purchasing, IT, information, marketing, production, development, investor relations, legal affairs, communications, consolidation of accounts and Group-wide administration. Projects that cover all or the majority of the Group's companies are controlled and coordinated from here. Within each area, handbooks and policies are drawn up that regulate the work in the subsidiaries.

AUDITORS

To examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO, a registered auditing company or one or two authorised public accountants shall be appointed by the AGM according to the Articles of Association. The auditors report to the shareholders at the AGM via their Auditor's Report.

The election of auditors in ITAB took place at the 2022 AGM and pertained to the term up to and including the 2023 AGM. The company's auditor is the registered auditing company Ernst & Young AB, with authorised public accountant Joakim Falck as auditor in charge. Joakim Falck has been the auditor for ITAB since 2018. His other audit assignments include Nolato AB, Absolent Group AB, Garo AB, Hexpol AB, Nefab AB, One Partner Group AB and Gyllensvaans Möbler AB.

The company's auditor works in accordance with an audit plan that incorporates the views of the Board and its Audit Committee. The auditor then reports his/her observations to executive management teams, Group management and ITAB's Board and its Audit Committee during the course of the audit and in conjunction with the adoption of the annual accounts. The company's auditor also participates at the AGM and describes and expresses his opinion about the audit work. The independence of the external auditor is regulated by special instructions adopted by the Board, which stipulate the areas in which the external auditor may be engaged on matters beyond regular audit work. Ernst & Young continuously tests its independence in relation to the company and submits a written affirmation to the Board every year, stating that the auditing firm is independent from ITAB.

In 2022, a total of MSEK 1 (2) was paid in fees for Ernst & Young's services in addition to the audit assignment.

ETHICAL GUIDELINES

ITAB strives to ensure that its business operations adhere to stringent demands on integrity and ethics. The Board has adopted a so-called Code of Conduct for Group operations, which also includes ethical guidelines. The Code of Conduct emphasises the importance of each and every employee, that the Group is to offer a safe and healthy work environment, and that ITAB works continuously to reduce its environmental impact. It also points out that ITAB stands for straightforward, honest communication and that all employees have to respect commercial confidentiality. If an issue relating to business ethics arises at company level, there is a system in place detailing how employees should report directly to the Group and how such issues will be handled. In accordance with the Code of Conduct, ITAB has a zero-tolerance policy regarding all forms of bribery and corruption.

ITAB regularly reviews and evaluates internal controls in all subsidiaries, which provides reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances. The internal audit also includes a follow-up of the sustainability programme and the Code of Conduct. The managing director of each individual company within the ITAB Group is responsible for ensuring compliance with local regulations. All of ITAB's employees are covered by the Group-wide Code of Conduct and have signed to confirm that they are complying with this code.

No known cases of corruption were discovered in the Group in 2022. ITAB has also conducted separate reviews and training regarding anti-corruption, primarily in countries where the Group is deemed to face the greatest risks of violations of the ethical guidelines. Since the end of 2017, there is also a separate Group-wide supplier policy containing fundamental business ethics requirements that ITAB imposes on its suppliers. In order to ensure that ITAB is complying with GDPR, training has been conducted for employees who process personal data as part of their work.

INTERNAL CONTROLS FOR THE FINANCIAL REPORTING

According to the Swedish Companies Act and the Code, the Board is responsible for internal controls aimed at protecting the company's assets and thereby the investments of its owners. This responsibility includes annually assessing the financial reporting that the Board receives and setting requirements for its content and presentation to ensure the quality of the reporting. This requirement entails that financial reporting must be appropriate, applying the relevant accounting rules and other requirements for listed companies. The following description is limited to ITAB's internal controls of the financial reporting.

The internal controls should provide reasonable assurance of an appropriate and effective operation, reliable financial reporting, and compliance with laws and ordinances. The basis for the internal control of financial reporting is the control environment, including the organisation, decision-making paths, authorisations and responsibilities that are documented and communicated in the governing documents below. ITAB's tool for internal control is based on the COSO framework – a framework for evaluating a company's internal controls of financial reporting. The framework streamlines the work with internal controls.

The risk map has been analysed during the year, which forms the basis for a revised internal audit programme. In addition to the business risks, the internal controls have focused on formalities, procedures and processes linked to the updated risk map.

Financial reporting

All subsidiaries submit monthly reports concerning financial outcomes, in accordance with the Group's internal finance manual. The reporting is consolidated and constitutes the basis for quarterly reports and operational follow-ups.

This operational follow-up is carried out in accordance with an established structure where invoicing, liquidity, profit, tied-up capital and other key figures of importance for the Group are collated and form the basis for analysis and measures by management and controllers at various levels. Other important, Group-wide aspects of the internal control include business plans and the annual forecast process.

For communication with external parties, the Group has an information policy intended to ensure that all disclosure requirements are complied with correctly and in full.

Control environment

The Audit Committee's primary task is to monitor the accounting and reporting processes and to ensure the quality of these reports and processes. The responsibility for maintaining an effective control environment, day-to-day risk management and internal controls in terms of financial reporting has been delegated to the CEO. Executives at various levels of the company are in turn responsible within their respective areas. Responsibilities and authorisations are defined in instructions to the CEO, instructions concerning attestation rights, manuals, and other policies and procedures.

The Board determines the Group's policies regarding information, credit and finance. Group management determines other instructions, and the responsible Group functions issue guidelines and oversee the application of the regulatory framework. The Group's accounting and reporting rules are stipulated in an accounting handbook that is available to all accounting staff. Together with laws and other external regulatory frameworks, the organisational structure and internal regulatory frameworks constitute the control environment.

Risk assessment

ITAB works continually with risk analyses as a basis for revisions of the Group's mapping of risks. Financial, operational and strategic risks are charted. The Audit Committee reviews the current risk map when necessary and at least once a year, as well as ongoing and planned activities linked to the respective risk, and revisions are undertaken if necessary.

Control activities

The purpose of control activities is to identify, prevent and correct errors and deviations. Policies and guidelines are particularly important for accurate accounting, reporting and information dissemination and also define which control activities should be conducted. ITAB regularly updates its policies and guidelines, in writing and at meetings. Control activities include approval procedures, reconciliation of accounts, analytical follow-up and control of IT systems.

Follow-up

Group management and controllers regularly follow up economic and financial reporting as well as key business events. At each Board meeting, financial performance is monitored against forecasts, and reviews are conducted of how well investments are proceeding according to plan. The follow-up of results is an important complement to the controls and reconciliations implemented in the financial processes themselves. The Audit Committee regularly evaluates the internal control, the Code and significant accounting issues.

Opinion on internal audit function

The Board has opted not to have a special function for internal audits. The assessment is based on the Group's size and operations as well as existing internal control processes where the work with internal controls is conducted in an internal audit programme that covers all subsidiaries according to an established plan. If necessary, external advisers are used for internal control projects on behalf of the Audit Committee. Parts of the internal control are regularly examined by the auditors.

VIOLATIONS

The company has not committed any violations of the regulatory framework of the stock market where the company's shares are traded nor breached any stock market best practices.

BOARD OF DIRECTORS

ANDERS MOBERG (born 1950)
Chairman of the Board since 2018 and Board member since 2011.
Other Board assignments: Chairman of the Board of Byggmax AB. Board member of Bergendahl & Son AB, Boconcept A/S, Stichting INGKA Foundation and ZetaDisplay AB.
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: 1,100,000 shares (endowment policy).

ANNA BENJAMIN (born 1976)
Board member since 2004.
Other Board assignments: Board member of AGES Industri AB, Inev AB, Pegital Investment AB and XANO Industri AB.
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: 14,208,693 shares (via companies and with family).

JAN FRYKHAMMAR (born 1965)
Board member since 2019. Chairman of the Audit Committee.
Other Board assignments: Chairman of the Board of Aspia AB and Clavister Holding AB. Board member and Chairman of OX2 AB, Alphawave Semi Plc, Nordic Semiconductor ASA and Enea AB. Board member of Telavox AB and Roima Intelligence Oy.
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: –

PETTER FÄGERSTEN (born 1982)
Board member since 2016.
Other Board assignments: Board member of AGES Industri AB, Inev AB, Ravingatan AB, Skanditape AB, XANO Industri AB, Övre Kullen AB and others.
Independence: Independent in relation to the company and its senior executives. Dependent in relation to major shareholders.
Shareholding: 24,720,262 shares (via Övre Kullen and with family).

ROBERTO MONTI (born 1963)
Board member since 2020.
CEO of Arper SPA.
Other Board assignments: Board member of AIDAF and Arper SPA.
Independence: Independent in relation to the company and its senior executives. Independent in relation to major shareholders.
Shareholding: –

FREDRIK RAPP (born 1972)
Board member since 2013.
CEO of Pomona-gruppen AB.
Other Board assignments: Chairman of the Board of Binar AB, Borgstena Group AB, Eesti Höövelliist AS, Serica Consulting AB, XANO Industri AB, and others. Board member of Ages Industri AB, Nordic Flow Group AB, PrimeKey Solutions AB, Segulah AB, and others.
Independence: Independent in relation to the company and its senior executives. Dependent in relation to major shareholders.
Shareholding: 37,945,397 shares (via Pomona-gruppen and with family).

VEGARD SØRAUNET (born 1980)
Board member since 2021.
CEO & Investment Director at Aeternum Management AS.
Other Board assignments: CEO and Chairman of the Board of Søraunet Invest AS.
Independence: Independent in relation to the company and its senior executives. Dependent in relation to major shareholders.
Shareholding: 54,354,496 shares (via Aeternum Capital).

OTHER INFORMATION: Refer to ITAB's website, itabgroup.com, for a more detailed presentation of each Board member, including education and work experience. Information about the number of shares refers to shareholdings as of 28 February 2023.

GROUP MANAGEMENT

ANDRÉAS ELGAARD (born 1972)
President & CEO
Employed by the Group: 2019
Education: Master of Science, Lund Institute of Technology.
Work experience: Senior positions within IKEA, Ballingslöv, Sperian, Icopal and Saint-Gobain Isover.
Shareholding: 700,000 shares.

JAN ANDERSSON (born 1979)
Senior Vice President – MBU Nordic
Employed by the Group: 2013
Shareholding: 150,000 shares

ULRIKA BERGMO SKÖLD (born 1967)
Chief Financial Officer
Employed by the Group: 2020
Shareholding: 103,480 shares.

JESPER BLOMQUIST (born 1968)
Chief Operating Officer
Employed by the Group: 2020
Shareholding: 145,000 shares.

ANDREA CIOTTI (born 1971)
Senior Vice President – MBU South Europe
Employed by the Group: 2016
Shareholding: 20 000 shares

ROY FRENCH (born 1965)
Senior Vice President – MBU UK & Baltics
Employed by the Group: 2010
Shareholding: –

NICK HUGHES (born 1969)
Chief Commercial Officer
Employed by the Group: 2010
Shareholding: 30,000 shares.

FRIDA KARLSSON (born 1984)
General Counsel
Employed by the Group: 2021
Shareholding: –

PERNILLA LORENTZON (born 1969)
Senior Vice President – People & Culture
Employed by the Group: 2015
Shareholding: 4,770 shares

KLAUS SCHMID (born 1965)
Senior Vice President – MBU Central Europe
Employed by the Group: 2018
Shareholding: 8,000 shares.

OTHER INFORMATION: Information about the number of shares refers to shareholdings as of 28 February 2023.

FINANCIAL REVIEW – FIVE YEARS IN SUMMARY

Income statements (MSEK)	2022	2021	2020	2019	Excluding effect of IFRS 16 2019	2018
Revenue from contracts with customers	6,868	6,087	5,323	6,064	6,064	6,031
Cost of goods sold	-5,286	-4,727	-4,137	-4,725	-4,729	-4,683
GROSS PROFIT [1]	**1,582**	**1,360**	**1,339**	**1,339**	**1,335**	**1,348**
Selling expenses	-871	-796	-784	-899	-903	-880
Administrative expenses	-344	-331	-285	-286	-287	-294
Other operating income and expenses	36	-17	-5	103	103	56
OPERATING PROFIT [1]	**403**	**216**	**112**	**257**	**248**	**230**
Financial items	-55	-69	-112	-83	-68	-73
PROFIT AFTER FINANCIAL ITEMS [1]	**348**	**147**	**0**	**174**	**180**	**157**
Tax on net profit for the year	-105	-52	-22	-54	-55	-60
NET PROFIT FOR THE YEAR – CONTINUING OPERATIONS	**243**	**95**	**-22**	**120**	**125**	**97**
Profit from Discontinued Operations, net after tax	-53	8	–	–	–	–
NET PROFIT FOR THE YEAR	**190**	**103**	**-22**	**120**	**125**	**97**
Attributable to:						
Parent Company shareholders	170	95	-21	120	125	90
Non-controlling interests	20	8	-1	0	0	7
Balance sheets (MSEK)						
Assets						
Intangible assets	1,897	1,756	1,743	1,837	1,837	1,807
Property, plant and equipment	1,408	1,366	1,367	1,606	860	939
Other non-current receivables	153	146	119	130	128	109
NON-CURRENT ASSETS	**3,458**	**3,268**	**3,229**	**3,573**	**2,825**	**2,855**
Inventories	1,030	1,176	698	926	926	1,019
Current receivables	1,244	1,372	900	1,095	1,095	1,219
Cash and cash equivalents	756	208	692	302	302	271
CURRENT ASSETS	**3,030**	**2,756**	**2,290**	**2,323**	**2,323**	**2,509**
Assets held for sale	88	–	–	–	–	–
TOTAL ASSETS	**6,576**	**6,024**	**5,519**	**5,896**	**5,148**	**5,364**
Equity and liabilities						
Equity	3,169	2,782	1,725	1,876	1,882	1,726
Deferred tax liabilities	44	45	41	48	48	54
Other non-current liabilities	1,624	1,143	1,283	1,989	1,356	1,712
Other current liabilities	1,720	2,054	2,470	1,983	1,862	1,872
Liabilities attributable to assets held for sale	19	–	–	–	–	–
TOTAL EQUITY AND LIABILITIES	**6,576**	**6,024**	**5,519**	**5,896**	**5,148**	**5,364**
Cash flow (MSEK)						
Cash flow before change in working capital	527	424	417	285	160	163
Change in working capital	15	-589	394	193	193	337
CASH FLOW FROM OPERATING ACTIVITIES	**542**	**-165**	**811**	**478**	**353**	**500**
Cash flow from investing activities	-150	-103	-45	34	34	-242
CASH FLOW AFTER INVESTING ACTIVITIES	**392**	**-268**	**766**	**512**	**387**	**258**
Cash flow from financing activities	153	-253	-343	-489	-364	-280
CASH FLOW FOR THE YEAR	**545**	**-521**	**423**	**23**	**23**	**-22**
Key ratios						
EBITDA, MSEK	674	487	376	532	391	372
EBITDA margin, %	9.8	8.0	7.1	8.8	6.4	6.2
EBIT margin, %	5.9	3.6	2.1	4.2	4.1	3.8
Profit margin, %	5.1	2.4	0.0	2.9	3.0	2.6
Interest-coverage ratio, multiple	6.0	2.8	1.0	2.9	3.4	3.0
Equity attributable to Parent Company shareholders, MSEK	3,012	2,654	1,607	1,748	1,754	1,598
Interest-bearing net debt, MSEK	1,080	1,239	1,748	2,509	1,755	2,104
Interest-bearing net debt excl. leases, MSEK	399	609	1,092	1,746	1,746	2,095
Equity/assets ratio, %	48	46	31	32	37	32
Cash conversion, %	80	N/A	215	90	90	134
Return on equity, %	6.0	4.0	Neg	6.9	7.2	5.4
Return on capital employed, %	8.9	5.4	2.5	5.4	6.2	5.5
Return on total capital, %	6.8	3.9	2.0	4.3	4.7	4.1
Depreciation and amortisation, MSEK	271	271	264	275	143	142
Net investments, MSEK	150	103	45	-34	-34	242
- of which, attributable to corporate acquisitions & divestments, MSEK	66	40	0	-27	-27	142
Average number of employees	2,847	2,930	3,030	3,247	3,247	3,384

[1] *For more information about non-recurring items, see the tables on page 51.*

As of 2022, ITAB's Russian subsidiary ITAB Rus JSC is recognised as Discontinued Operations in accordance with IFRS 5. Comparative figures in the consolidated income statement have been restated for 2021. In 2022, a new interpretation was made with respect to the recognition of outward shipping, which is now recognised under "Cost of goods sold" instead of "Selling expenses". All reported years have been adjusted. Data for 2019 has been prepared in accordance with the new standard for leases, IFRS 16. Comparative years have not been restated. For comparison, 2019 is also reported excluding the implementation of IFRS 16. For definitions, see page 90.

COMMENTS ON FIVE YEARS IN SUMMARY

SALES

Over the past five years, ITAB's net sales have increased by an average of approximately 2 percent per year. The acquisitions of Cefla Retail Solutions in 2021 and Checkmark in 2022 contributed positively to this increase in sales, while the COVID-19 pandemic had a negative impact on sales in 2020 and 2021.

During the five-year period, ITAB has signed numerous long-term agreements with leading retail chains in Europe. These have laid the foundation for ITAB's position as the market-leading supplier of checkouts to retailers and one of the largest suppliers of shop fittings and lighting systems in Europe.

In 2018, sales decreased by MSEK 350, corresponding to -5 percent. Currency-adjusted sales fell by 8 percent. The majority of the reduction in sales is attributable to the UK and Southern Europe. Northern Europe and the Rest of the World also decreased, while Central Europe and Eastern Europe recorded increased sales. In terms of customer groups, the majority of the reduction in sales took place in Fashion. Grocery sales also fell slightly, while sales in Home Improvements increased.

In 2019, sales grew by MSEK 33, corresponding to +1 percent. Currency-adjusted sales fell by 1 percent. Sales increased slightly in Southern Europe, Eastern Europe and the UK, while Northern Europe declined. Sales to the largest customer group, Grocery, increased, while Fashion and Home Improvements decreased.

In 2020, sales decreased by MSEK 741, corresponding to -12 percent. Currency-adjusted sales fell by 10 percent. A substantial part of the reduction was caused by the strict measures taken to reduce the spread of COVID-19, especially during the first six months of the year. Sales recovered somewhat during the second half of the year due to, among other things, increased sales of various protective products for stores. Sales decreased in all geographic markets except Central Europe. Grocery sales increased, while sales to Other customer groups decreased.

In 2021, sales grew by MSEK 764 (restated taking into account the recognition of the Group's subsidiary in Russia as Discontinued Operations), corresponding to +14 percent. Currency-adjusted sales increased by 19 percent, with organic growth accounting for 8 percent and the acquisition of Cefla Retail Solutions contributing 11 percent. The sales trend was favourable throughout the entire year as societies and retailers opened up after lockdowns due to the pandemic. Sales to the Grocery and Home Improvements customer groups increased, while sales in Fashion were unchanged compared with the preceding year. The most significant growth took place in Southern Europe and Eastern Europe.

In 2022, sales grew by MSEK 781 for Continuing Operations, corresponding to +13 percent. Currency-adjusted sales increased by 8 percent, with organic growth accounting for 6 percent and the acquisition of Checkmark in February 2022 contributing 2 percent. Organic growth was mainly attributable to implemented price increases and stable underlying demand. The greatest sales increase took place in Central Europe. Growth was largest in Fashion and Home Improvements, but sales to Grocery and Other customer groups also increased.

PROFITABILITY

During the five-year period, operating profit varied between a minimum of MSEK 112 (2020) and a maximum of MSEK 403 (2022). The operating margin during the period also varied between 2.1 and 5.9 percent. Profit after net financial items amounted to between MSEK 0 (2020) and MSEK 348 (2022), and the profit margin was between 0.0 and 5.1 percent. Profit over the years was impacted by non-recurring items.

The operating margin for 2018 declined to 3.8 percent. Profit was adversely affected by lower sales, mainly in the UK and Southern Europe. In addition, profit was affected by restructuring costs in connection with the launch of a large-scale, Group-wide efficiency programme.

Profit in 2019 was in line with the preceding year. Profit was negatively impacted by restructuring costs related to the growth and efficiency programme launched in 2018. Impairment of assets as well as organisational changes and staff reductions also had an adverse impact on profit. Capital gains on property sales and repayments of purchase considerations for acquisitions had a positive impact on earnings.

Operating profit for 2020 declined to MSEK 112, corresponding to an operating margin of 2.1 percent. The decrease in sales and currency effects had a negative impact on profit, while an improved gross margin and effects of cost-saving measures had a positive effect. Profit was negatively affected by MSEK -205 in non-recurring items, most of which were attributable to restructuring costs and inventory impairment.

Profit for 2021 was positively impacted by increased sales and the ongoing efforts to transform the operations under One ITAB, including completed production relocations and cost adaptations, more common ways of working, and more efficient and flexible market cultivation. At the same time, the sharp increase in raw material prices and shortages of certain components during the first two quarters of the year had a negative impact on all of the Group's markets. Profit was negatively impacted by non-recurring items of MSEK -166 pertaining to restructuring costs.

Profit for 2022 was positively impacted by the sales increase enabled by implemented price increases and currency effects. At the same time, shortages of certain electronic components and rapidly rising prices for raw materials, shipping and energy as well as lockdowns in China due to the COVID-19 pandemic at the start of the year had a negative impact on the gross margin. Profit was negatively impacted by non-recurring items of MSEK -40 pertaining to restructuring costs.

The Group's return on equity during the period averaged approximately 4.5 percent.

INVESTMENTS

During the period, net investments, excluding acquisitions, amounted to a maximum of 1.7 percent of sales. The Group's investments mainly consisted of machinery with a focus on unmanned operations, high utilisation of resources, sustainability and cutting-edge technical development as well as generated development costs for proprietary products and solutions. In 2018, the Group invested in a larger production facility in China with the aim of securing sustainable and efficient production and assembly. In 2021, corresponding investments were made in shared production facilities in the Czech Republic within the framework of One ITAB.

Investments attributable to acquisitions focused on strengthening the Group's position as a market-leading supplier of shop fittings to the Group's selected customer groups and geographic markets, and on strengthening and supplementing the services and product portfolio in certain areas.

FINANCIAL DEVELOPMENT

The balance sheet total was MSEK 5,657 at the start of 2018 and MSEK 6,576 at year-end 2022. The changes in the balance sheet total are attributable to completed acquisitions, investments in production facilities and property sales. The transition to IFRS 16 Leases on 1 January 2019 increased the balance sheet total by MSEK 725. The expansion was achieved through positive cash flow from operating activities, bank financing and the recapitalisation and completed share issues in 2021. Interest-bearing net debt amounted to MSEK 2,095 at year-end 2018 and decreased to MSEK 399 (excluding lease liabilities) in 2022.

The Group's equity/assets ratio amounted to 31–32 percent for 2018–2020, but improved to 48 percent at year-end 2022.

Items that do not belong to regular operations, known as non-recurring items

	2022	2021	2020	2019	2018
Acquisition, integration and restructuring costs	-40	-166	-156	-70	-63
Inventory impairment of non-recurring character	–	–	-52	–	–
Revaluation/settlement, additional purchase considerations for acquisitions	–	–	–	42	34
Sale of property and restructuring in Belgium	–	–	–	44	15
	-40	**-166**	**-208**	**16**	**-14**

Impact of non-recurring items on the income statement

	2022	2021	2020	2019	2018
Gross profit	-19	-59	-121	-31	-37
EBITDA	-30	-157	-202	16	-5
Operating profit	-40	-166	-205	16	-8
Profit after net financial items	-40	-166	-208	16	-14

INCOME STATEMENT – GROUP

(MSEK)	Note	2022	2021
Revenue from contracts with customers	6	6,868	6,087
Cost of goods sold	8, 9, 10, 11	-5,286	-4,727
GROSS PROFIT		**1,582**	**1,360**
Selling expenses	8, 9, 10, 11	-871	-796
Administrative expenses	8, 9, 10, 11	-344	-331
Other operating income	12	79	39
Other operating expenses	12	-43	-56
OPERATING PROFIT		**403**	**216**
Financial income	14	16	14
Financial expenses	14	-71	-83
PROFIT AFTER FINANCIAL ITEMS		**348**	**147**
Tax expenses for the year	16	-105	-52
NET PROFIT FOR THE YEAR – CONTINUING OPERATIONS		**243**	**95**
Profit from Discontinued Operations, net after tax	5	-53	8
NET PROFIT FOR THE YEAR		**190**	**103**
Net profit for the year attributable to:			
Parent Company shareholders		170	95
Non-controlling interests		20	8
EARNINGS PER SHARE, SEK	17		
Including Discontinued Operations before dilution		0.78	0.50
Including Discontinued Operations after dilution		0.78	0.50
Excluding Discontinued Operations before dilution		1.02	0.46

STATEMENT OF OTHER COMPREHENSIVE INCOME – GROUP

(MSEK)	Note	2022	2021
NET PROFIT FOR THE YEAR		**190**	**103**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the income statement:			
Revaluation of defined-benefit pension commitments	29	5	-2
Tax relating to items not to be reclassified	16	-1	0
		4	-2
Items that may be reclassified to the income statement:			
Translation difference on translation of foreign operations		188	118
Change in fair value of hedges of net investments		-19	-1
Change in fair value of cash flow hedges		39	13
Change in fair value of cash flow hedges transferred to net profit for the year		-16	8
Tax on items that may be reclassified	16	-1	-5
	25	191	133
TOTAL OTHER COMPREHENSIVE INCOME		**195**	**131**
COMPREHENSIVE INCOME FOR THE YEAR		**385**	**234**
Comprehensive income for the year attributable to:			
Parent Company shareholders		356	213
Non-controlling interests		29	21

STATEMENT OF FINANCIAL POSITION – GROUP

(MSEK)	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	18	1,790	1,644
Other intangible assets	10, 18	107	112
	6	**1,897**	**1,756**
Property, plant and equipment			
Buildings and land	10, 19, 22	1,069	1,034
Plant and machinery	10, 19, 22	240	212
Equipment, tools and installations	10, 19, 22	92	103
Construction in progress and advance payments for property, plant and equipment	19	7	17
	6	**1,408**	**1,366**
Financial assets			
Participations in associated companies	20	9	11
Non-current derivative receivables	21	21	–
Other financial non-current receivables	21	19	18
		49	**29**
Deferred tax assets	16	104	117
TOTAL NON-CURRENT ASSETS		**3,458**	**3,268**
CURRENT ASSETS			
Inventory	23	1,030	1,176
Accounts receivable	21	1,062	1,118
Current tax assets		21	37
Current derivative receivables	21	4	4
Other receivables	21	62	122
Prepaid expenses and accrued income	6, 21, 24	95	91
Cash and cash equivalents	21	756	208
TOTAL CURRENT ASSETS		**3,030**	**2,756**
Assets held for sale	5	88	–
TOTAL ASSETS		**6,576**	**6,024**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		93	91
Other contributed capital		1,091	1,089
Other reserves		224	42
Profit brought forward including net profit for the year		1,604	1,432
Equity attributable to Parent Company shareholders		**3,012**	**2,654**
Non-controlling interests		157	128
TOTAL EQUITY	25, 26, 27	**3,169**	**2,782**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions	21	1,047	570
Non-current lease liabilities	21, 22	518	491
Non-current derivative liabilities	21	–	10
Other non-current liabilities	21	12	19
Provisions for pensions and similar obligations	29	34	41
Provision for deferred tax liabilities	16	44	45
Other non-current provisions	30	13	12
		1,668	**1,188**
CURRENT LIABILITIES			
Liabilities to credit institutions	21	49	182
Current lease liabilities	21, 22	163	139
Overdraft facilities	21, 28	57	59
Current derivative liabilities	21	27	–
Advance payments from customers	6, 21	65	75
Accounts payable	21	785	971
Current tax liabilities		76	97
Other liabilities	21	114	121
Accrued expenses and prepaid income	6, 21, 31	370	384
Current provisions	30	14	26
		1,720	**2,054**
Liabilities attributable to assets held for sale	5	19	–
TOTAL EQUITY AND LIABILITIES		**6,576**	**6,024**

STATEMENT OF CHANGES IN EQUITY – GROUP

(MSEK)	Note	Share capital	Repurchased own shares	Other contributed capital	Other reserves (see Note 25)	Profit brought forward	Attributable to Parent Company shareholders	Attributable to non-controlling interests	Total equity
EQUITY AS OF 1 JANUARY 2021		**43**		**304**	**-78**	**1,338**	**1,607**	**118**	**1,725**
Net profit for the year						95	95	8	103
Revaluation of defined-benefit pension commitments						-2	-2		-2
Translation difference, foreign operations					105		105	13	118
Hedging of net investment					-1		-1		-1
Hedging of cash flow					16		16		16
COMPREHENSIVE INCOME FOR THE YEAR					**120**	**93**	**213**	**21**	**234**
Acquisition of non-controlling interests	5					1	1	-22	-21
Acquisition of partly owned companies	5							11	11
New and offset issue	27	48		785			833		833
EQUITY AS OF 31 DECEMBER 2021	25.26	**91**		**1,089**	**42**	**1,432**	**2,654**	**128**	**2,782**
Net profit for the year						170	170	20	190
Revaluation of defined-benefit pension commitments						4	4	0	4
Translation difference, foreign operations					179		179	9	188
Hedging of net investment					-15		-15		-15
Hedging of cash flow					18		18		18
COMPREHENSIVE INCOME FOR THE YEAR					**182**	**174**	**356**	**29**	**385**
Incentive programme	8, 27			2			2		2
New share issue of Class C shares	27	2		0			2		2
Repurchase of own Class C shares	27		-2				-2		-2
EQUITY AS OF 31 DECEMBER 2022	25.26	**93**	**-2**	**1,091**	**224**	**1,606**	**3,012**	**157**	**3,169**

STATEMENT OF CASH FLOWS – GROUP

Indirect method (MSEK)	Note	2022	2021
Operating activities			
OPERATING PROFIT FROM CONTINUING OPERATIONS		**403**	**216**
PROFIT FROM DISCONTINUED OPERATIONS, NET AFTER TAX	5	**-53**	**8**
Adjustment for items not included in the cash flow			
depreciation and amortisation – Continuing Operations	10, 22	271	271
depreciation, amortisation and impairment losses of non-current assets – Discontinued Operations		55	4
impairment losses of current assets		25	20
adjustment for pensions and other provisions		-22	-11
participations in associated companies		2	1
other items		-6	19
TOTAL		**675**	**528**
Interest received		15	5
Interest paid		-63	-78
Tax paid		-100	-31
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**527**	**424**
Change in working capital			
Change in inventories (increase -/decrease +)		184	-421
Change in operating receivables (increase -/decrease +)		212	-394
Change in operating liabilities (increase +/decrease -)		-381	226
Total change in working capital		**15**	**-589**
CASH FLOW FROM OPERATING ACTIVITIES		**542**	**-165**
Investing activities			
Acquisition of businesses/Group companies during the year, effect on cash and cash equivalents	5	-66	-48
Divestment of Group companies	5, 12	–	8
Investments in intangible assets	18	-22	-6
Divestment of intangible assets	12, 18	0	1
Investments in property, plant and equipment	19	-83	-86
Divestment of property, plant and equipment	12, 19	21	28
Cash flow from investing activities		**-150**	**-103**
CASH FLOW AFTER INVESTING ACTIVITIES		**392**	**-268**
Financing activities			
New share issue	27	0	733
Repayment of loans	21	-438	-1,156
Repayment of lease liabilities	21	-140	-134
New loans raised	21	731	304
Cash flow from financing activities		**153**	**-253**
CASH FLOW FOR THE YEAR		**545**	**-521**
Of which, cash flow from Discontinued Operations	*5*	*-1*	
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		**208**	**692**
Cash and cash equivalents from Discontinued Operations	5	-7	
Translation differences on cash and cash equivalents		10	37
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**756**	**208**

INCOME STATEMENT – PARENT COMPANY

(MSEK)	Note	2022	2021
Net sales	7	174	171
Cost of goods sold	7, 8, 9, 11	-25	-21
GROSS PROFIT		**149**	**150**
Selling expenses	7, 8, 9, 11	-58	-47
Administrative expenses	7, 8, 9, 10, 11	-69	-56
Other operating income	12	32	11
Other operating expenses	12	-13	-7
OPERATING PROFIT		**41**	**51**
Income from participations in Group companies	13	31	46
Expenses from participations in Group companies	13	-91	-51
Financial income	14	44	33
Financial expenses	14	-82	-92
PROFIT AFTER FINANCIAL ITEMS		**-57**	**-13**
Year-end appropriations	15	-7	-56
PROFIT BEFORE TAX		**-64**	**-69**
Tax expenses for the year	16	1	15
NET PROFIT FOR THE YEAR		**-63**	**-54**

STATEMENT OF OTHER COMPREHENSIVE INCOME – PARENT COMPANY

(MSEK)	Note	2022	2021
Net profit for the year		-63	-54
Other comprehensive income		–	–
COMPREHENSIVE INCOME FOR THE YEAR		**-63**	**-54**

BALANCE SHEET – PARENT COMPANY

(MSEK)	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Equipment, tools and installations	10, 19	5	6
Financial assets			
Participations in Group companies	20	2,051	2,051
Participations in associated companies	20	15	15
Other non-current assets			
Deferred tax assets	16	33	32
TOTAL NON-CURRENT ASSETS		**2,104**	**2,104**
CURRENT ASSETS			
Receivables, Group companies	21	522	494
Current tax assets		3	3
Other receivables	21	3	–
Prepaid expenses and accrued income	24	9	5
Cash and bank balance	21	402	54
TOTAL CURRENT ASSETS		**939**	**556**
TOTAL ASSETS		**3,043**	**2,660**
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		93	91
Statutory reserve		7	7
		100	**98**
Non-restricted equity			
Share premium reserve		1,083	1,084
Profit brought forward		642	695
Net profit for the year		-63	-54
		1,662	**1,725**
TOTAL EQUITY	25, 26, 27	**1,762**	**1,823**
NON-CURRENT LIABILITIES			
Liabilities to credit institutions		1,028	541
	21	**1,028**	**541**
CURRENT LIABILITIES			
Liabilities to credit institutions		–	112
Overdraft facilities	28	36	32
Accounts payable		3	3
Liabilities to Group companies		183	105
Other liabilities		1	4
Accrued expenses and prepaid income	31	30	40
	21	**253**	**296**
TOTAL EQUITY AND LIABILITIES		**3,043**	**2,660**

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

(MSEK)	Note	RESTRICTED EQUITY Share capital	Statutory reserve	NON-RESTRICTED EQUITY Share premium reserve	Profit brought forward	Net profit for the year	Total equity
EQUITY AS OF 1 JANUARY 2021		43	7	299	723	-28	**1,044**
Previous year's profit transferred					-28	28	**0**
Net profit for the year						-54	**-54**
New and offset issue	27	48		785			**833**
EQUITY AS OF 31 DECEMBER 2021	25, 26	**91**	**7**	**1,084**	**695**	**-54**	**1,823**
Previous year's profit transferred					-54	54	**0**
Net profit for the year						-63	**-63**
Incentive programme	8, 27				2		**2**
New share issue of Class C shares	27	2		-1	1		**2**
Repurchase of own Class C shares	27				-2		**-2**
EQUITY AS OF 31 DECEMBER 2022	25, 26	**93**	**7**	**1,083**	**642**	**-63**	**1,762**

STATEMENT OF CASH FLOWS – PARENT COMPANY

(MSEK)	Note	2022	2021
Operating activities			
OPERATING PROFIT		**41**	**51**
Adjustment for items not included in the cash flow	10		
depreciation charged to operating profit		1	1
other items		4	0
TOTAL		**46**	**52**
Dividends received from subsidiaries		31	46
Interest received		44	33
Interest paid		-35	-56
Tax paid		-2	0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**84**	**75**
Change in working capital			
Change in operating receivables (increase -/decrease +)		-6	1
Change in operating liabilities (increase +/decrease -)		-17	-5
Total change in working capital		**-23**	**-4**
CASH FLOW FROM OPERATING ACTIVITIES		**61**	**71**
Investing activities			
Investments in property, plant and equipment	19	0	0
Cash flow from investing activities		**0**	**0**
CASH FLOW AFTER INVESTING ACTIVITIES		**61**	**71**
Financing activities			
New share issue		0	733
Repayment of loans		-393	-1,156
New loans raised		768	308
Lending to Group companies		-81	-295
Group contributions	15	-7	-56
Cash flow from financing activities		**287**	**-466**
CASH FLOW FOR THE YEAR		**348**	**-395**
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		54	449
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**402**	**54**

NOTES / all amounts are in MSEK unless otherwise stated /

NOTE 1. GENERAL INFORMATION

ITAB Shop Concept AB, corporate registration number 556292-1089, is a Swedish-registered limited liability company with its registered office in Jönköping, Sweden. The address of the company's head office is Instrumentvägen 2, Jönköping, Sweden.

The Parent Company's ordinary shares are listed on Nasdaq Stockholm.

The consolidated accounts include the Parent Company and its subsidiaries, jointly referred to as the Group. These consolidated accounts were approved for publication by the Board of Directors on 28 March 2023.

NOTE 2. ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LAWS

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 has been applied.

The Parent Company applies the same accounting policies as the Group except for the instances described in the section "Parent Company's accounting policies".

BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Parent Company's functional currency is Swedish krona (SEK). This means that the financial statements for the Parent Company and the Group are presented in the reporting currency SEK, rounded off to the nearest million SEK.

Assets and liabilities are recognised at historic cost, except certain financial assets and liabilities that are measured at fair value.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS INTRODUCED 2022

The company management's assessments of relevant amendments and interpretations of existing standards that entered into force as of 1 January 2022 are presented below. Other amendments have not had any significant impact on the Group's or the Parent Company's financial statements.

As of the 2022 financial year, ITAB presents shipping costs to customers in profit or loss under "Cost of goods sold". These costs were previously presented in the row "Selling expenses". Shipping costs to customers are part of the costs that arise in connection with contracts with customers, and the assessment has therefore been made that these costs should be presented under "Cost of goods sold". Comparative figures have also been restated. For more information, see Note 11.

ISSUED NEW AND AMENDED STANDARDS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED BY THE GROUP

A number of new standards and interpretations will enter into force for financial years commencing on 1 January 2023 or later and have not been applied in the preparation of this financial report. No new standards, amended standards or IFRIC interpretations published by the IASB are expected to have any material impact on the financial statements of the Group or the Parent Company.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the Parent Company, ITAB Shop Concept AB, and the companies in which ITAB Shop Concept AB, directly or indirectly, has a controlling influence as of the balance sheet date. A controlling influence is defined as the right to a variable return and the potential to influence the return with the aid of the controlling influence. Subsidiaries are consolidated from the date the Group first has a controlling influence over the company until such time as this control ceases.

When preparing the consolidated accounts, the financial statements for the Parent Company and the subsidiaries are merged. The accounting policies for subsidiaries have been amended, where applicable, in order to guarantee consistent application of the Group's policies. Intra-Group receivables, liabilities and transactions, including income and expenses and unrealised gains or losses that arise from intra-Group transactions, are eliminated in their entirety.

Business combinations

Business combinations are recognised in accordance with the acquisition method. The cost comprises the fair value of assets that have been provided as payment, issued equity instruments and liabilities that have arisen or been taken over as of the conveyance date. Acquisition-related costs are expensed in the periods when they arise and the services are received.

The time of acquisition is the time at which the purchaser gains a controlling influence over the acquired company. Identifiable acquired assets, transferred liabilities and contingent liabilities in a business combination are initially measured at fair value at the time of acquisition. Certain changes to the fair values may arise due to additional information that the purchaser has received after the time of the acquisition. Such changes are adjusted during the measurement period against identified surplus values. Changes that arise from events occurring after the measurement period are recognised in profit or loss. The conditional additional purchase consideration is classified as a liability that is a financial instrument and is measured at fair value, while any consequential gain or loss is recognised in profit or loss as other operating income or expenses.

If the consolidated cost for the acquisition of shares, including any amounts for non-controlling interests, exceeds the value recognised for the company's net assets in the acquisition balance, the difference is recognised as consolidated goodwill. If the consolidated cost for the shares instead is lower than the value of the company's net assets, the difference is recognised directly in profit or loss. For acquisitions, the entity approach has been applied, which means that all assets and liabilities as well as income and expenses are included in their entirety, including for partly owned subsidiaries, which impacts recognised goodwill linked to the acquisition. Goodwill that has arisen in a corporate acquisition is assessed at least annually if there is an impairment requirement. See also the section on intangible assets below.

Discontinued operations

If a discontinuation of the operations in one of the Group's subsidiaries is ongoing, is deemed highly probable and otherwise fulfils the stated criteria for application of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the operations are recognised as Discontinued Operations. Discontinued operations are major lines of business that have been disposed of or comprise a disposal group held for sale. Profit after tax from discontinued operations is recognised separately in the income statement.

When a group of assets and liabilities is classified as held for sale, this means that their carrying amounts will be recovered principally through sale and not through use. All assets included in the group are presented separately under assets and all liabilities in the group are presented separately under liabilities. The group is measured at the lower of its carrying amount and fair value less selling expenses.

Given that the Group's operations in the Russian subsidiary ITAB Rus JSC are being discontinued and it is deemed highly probable that the discontinuation will be completed and that it otherwise fulfils the stated criteria for application of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the Russian subsidiary is recognised as discontinued operations from September 2022.

In the consolidated income statement for 2022, ITAB Rus JSC is recognised separately under "Discontinued Operations" and the comparative year 2021 has been restated in accordance with the same policies. In the consolidated statement of financial position, the operation's net assets are recognised under "Assets held for sale" and "Liabilities attributable to assets held for sale", respectively. In accordance with IFRS, balance sheets for prior years have not been restated. More detailed financial statements for discontinued operations are presented in Note 5 Acquisitions, divestments and discontinued operations.

Assets held for sale and discontinued operations are not presented separately in the Parent Company's income statement and balance sheet as the Parent Company's income statement and balance sheet are prepared in accordance with the Swedish Annual Accounts Act. In addition, depreciation and amortisation in the Parent Company are carried out in accordance with the Swedish Annual Accounts Act.

RECOGNITION OF ASSOCIATED COMPANIES

Associated companies are companies in which the Group has a significant influence, but not a controlling influence. A significant influence means the opportunity to influence the operational and financial governance of the company and is normally achieved when the Group's participation amounts to between 20 and 50 percent of the voting rights.

From the time the significant influence is achieved, participations in associated companies are recognised in accordance with the equity method in the consolidated accounts. The equity method means that participations in an associated company are recognised at cost at the time of the acquisition and thereafter adjusted with the Group's portion of the change in the associated company's net assets.

TRANSLATION OF FOREIGN CURRENCY

Functional currency and reporting currency

Items in the financial statements for the various Group units are measured in the currency used in the financial climate where each company primarily conducts its business (functional currency). The consolidated accounts employ SEK, which is the Parent Company's functional currency and reporting currency.

Transactions and balance sheet items in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date.

Exchange rate gains and losses incurred when paying for such transactions and when converting monetary assets and liabilities in foreign currency at the closing day rate are recognised in profit or loss. Exceptions include when monetary assets and liabilities comprise hedging of net investments in foreign operations, in which case exchange rate differences are recognised in other comprehensive income. A prerequisite is that the hedging transactions satisfy the necessary requirements as regards hedge accounting.

Foreign Group companies

The profit and financial position of all Group companies with a functional currency other than the reporting currency are translated to the Group's reporting currency as follows: (i) assets and liabilities for each balance sheet are translated at the closing day rate, (ii) income and expenses for each income statement are translated at the average exchange rate (unless this average rate is not a reasonable approximation of the accumulated effect of the rates prevailing on the transaction date, in which case income and expenses are translated as of the transaction date), (iii) all translation differences that arise are recognised in other comprehensive income.

Countries with a hyperinflationary currency are recognised in accordance with IAS 29. In 2022, Argentina was defined as a country with a hyperinflationary currency. The effect has not been significant for the Group.

In consolidation, exchange rate differences that arise as a consequence of the translation of net investments in foreign operations and from borrowings and other currency instruments identified as hedges of such investments are recognised in other comprehensive income. Translation differences that arise when divesting foreign operations are recognised in profit or loss as part of the capital gain/loss.

Goodwill and other assets and liabilities that arise when acquiring foreign operations are treated as assets and liabilities for these operations and translated at the closing day rate.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue when the commitments to supply promised goods or services are fulfilled according to identified customer contracts, excluding VAT, discounts and returns and after elimination of intra-Group sales.

The ITAB Group sells, develops, produces and distributes shop fittings and equipment to chain-based customers. Most of ITAB's customers are major chain stores that operate internationally and have stores in several countries. As ITAB sells customised store concepts and often sets a price for a combined product and service, the revenue types are not recognised separately.

Revenue recognition for sales takes place in the period when control has passed to the customers, which normally takes place when all material risks and rewards associated with ownership have been transferred to the buyer. As a result, the Group no longer has any involvement that is associated with ownership and does not exercise any real control. In the event of revenue from concept sales including service assignments, revenue recognition takes place over time based on the degree of completion on the balance sheet date, when the Group will probably receive economic benefits associated with the assignment and reliable calculations can be performed. The degree of completion is determined on the basis of expenditure incurred in relation to calculated total costs. Anticipated losses are expensed immediately.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses derive from activities outside of the Group's primary operations, including exchange rate differences for operating receivables and operating liabilities, external rental income and profit from the sale and retirement of property, plant and equipment.

RECOGNITION OF GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants are recognised in the statement of financial position as accrued income when there is reasonable assurance that the grant will be received and that the Group will meet the conditions associated with the grant. Grants are systematically accrued in net profit for the year in the same way and over the same periods as the costs the grants are intended to compensate. The grants are recognised as a cost reduction of the items to which the grants relate. Government grants related to assets are recognised in the statement of financial position as a reduction of the carrying amount of the asset. For more information, see Note 11.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses comprise interest income from bank funds, receivables and interest-bearing securities, interest expenses on borrowings, dividend income, exchange rate differences for interest-bearing loan receivables and loan liabilities, and changes in the value of derivative instruments.

Borrowing costs are recognised in profit for the period to which the relevant loans are attributable. Exchange rate gains and losses on interest-bearing assets and liabilities are recognised net. Dividends received are recognised as revenue when the right to receive dividends has been determined.

INCOME TAXES

Recognised income tax includes tax to be paid or received for the year in question, adjustments for previous years' tax and changes in deferred tax. Deferred tax is reported on temporary differences that exist between the taxable value and carrying amount of assets and liabilities as well as on tax loss carryforwards that are likely to be used in the future. Temporary differences are not taken into consideration for differences that arise when goodwill is recognised the first time. Measurement of deferred tax is based on how assets or liabilities are expected to be recovered or settled.

Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to do so and when the deferred taxes relate to the same tax authority.

PENSIONS

The Group's pension plans are mostly defined-contribution plans. The costs for these plans are recognised as an expense during the period in which the employees perform the services to which the contribution refers. The Swedish subsidiaries have a defined-benefit ITP plan via Alecta. At present, Alecta cannot provide the required information for the Group to be able to recognise this plan in the balance sheet in accordance with IAS 19. Pension commitments that have not been taken over by insurance companies or secured in some other way with an external party are recognised as provisions in the balance sheet.

INTANGIBLE ASSETS

Capitalised expenses for development work

Development expenses where the results are used to plan or create production of new or greatly improved processes or products are capitalised ▶

- if it is judged that the process or product is technically and commercially viable. The expenses are recognised as an asset in the balance sheet from the time when the technical and commercial feasibility of the product has been established, the company has the resources to complete the development process to thereafter use or sell the intangible asset, and it is feasible that the product will generate future economic benefits. The carrying amount includes expenses for material, direct expenses and indirect expenses that can reasonably and consistently be attributed to the asset.

Capitalised development expenditure is recognised at cost less accumulated amortisation and any impairment. Amortisation is recognised in profit or loss over the estimated useful life of the capitalised development expenditure. Amortisation commences from the time the asset is available for use. The estimated useful life varies between three and ten years. Estimated useful lives are reassessed every year.

Trademarks, patents and similar rights

Trademarks, patents and similar rights are recognised at cost less accumulated amortisation. Amortisation is carried out on a straight-line basis over the estimated useful life of five to ten years. Estimated useful lives are reassessed every year.

Goodwill

Goodwill represents the difference between the cost and fair value of acquired assets, transferred liabilities and contingent liabilities. Goodwill represents the future economic benefits that arise from other assets acquired in a business combination that are not individually identified and recognised separately.

The factors that constitute recognised goodwill are primarily synergy effects in production, logistics, staff, know-how and effective organisation. Goodwill is recognised as an intangible asset with an indeterminable useful life and is tested for impairment annually or when there is an indication of possible impairment losses; see also the section on Impairment in Note 3.

A cash-generating unit (IAS 36) is defined as the smallest identifiable group of assets that, in continuous use, generates cash inflows that are essentially independent of other assets or groups of assets. No distribution of the Group's goodwill has been performed since all Group companies' activities and cash inflows are highly dependent on each other.

The recoverable value has been determined based on the unit's value in use, which consists of the present value of estimated future cash flows. Identification of projected cash flows is based in part on an assessment of the expected rate of growth of the business in accordance with forecasts prepared by company management for the next four years. The company uses weighted average cost of capital (WACC) to discount projected cash flows and estimate the cash-generating unit's value in use, see also Note 18.

LEASES

ITAB is only a lessee, not a lessor. IFRS 16 establishes principles for the recognition, valuation, presentation and disclosure of leases. According to IFRS 16, assets and liabilities attributable to leases – with the exception of short-term leases or low-value leases – are to be recognised in the statement of financial position. This recognition is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for this right.

A lessee must report:

a) right-of-use assets and lease liabilities for all leases with a term longer than 12 months, unless the underlying asset is of a low value; and

b) depreciation of right-of-use assets, separately from interest expenses on lease liabilities in the income statement.

At the commencement date of a lease, a lessee determines the lease term as the non-cancellable period, together with periods covered by an extension or termination option if it is reasonably certain that this option will be exercised. The lease liability is measured at the present value of the lease payments that were not paid at the commencement date. Lease payments are discounted with the rate implicit in the lease if it can be easily determined; otherwise the lessee's incremental borrowing rate is used. The right-of-use asset is measured on the commencement date as the sum of the lease liability plus (i) prepaid lease payments (less any benefits received), (ii) initial direct expenses, and (iii) an estimate of restoration costs.

After the commencement date, the right-of-use asset is measured using the cost method, meaning that the asset is measured at cost less accumulated depreciation and any impairment losses, taking into account the revaluation of the lease liability. The lease liability increases with interest expenses, decreases with paid lease payments and is remeasured to reflect any re-examination or amendment of the lease.

When a contract is entered into, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the agreement assigns the right to decide over an identified asset over a certain period of use in exchange for compensation.

ITAB's lease portfolio consists mainly of real estate, machinery and vehicles. The Group recognises right-of-use assets and lease liabilities attributable to leases in the statement of financial position. Depreciation of right-of-use assets and interest on lease liabilities are recognised in profit or loss. The lease payment is divided between repayment of the lease liability and payment of interest.

All lease payments are discounted to present value using the rate implicit in the lease, or ITAB's incremental borrowing rate.

ITAB applies the practical exemptions in IFRS 16 regarding short-term leases, which are defined as leases where the initial lease term is a maximum of 12 months after consideration of extension options, and leases where the underlying asset is of a low value, which in the Group includes office equipment. ITAB does not apply IFRS 16 for intangible assets. Non-lease components are expensed and are not recognised as part of the right of use or lease liability.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised as assets in the balance sheet if it is probable that future economic benefits will arise for the company and the cost can be reliably estimated. Assets are measured at cost less deductions for accumulated depreciation according to plan and any impairment losses. Cost includes the purchase price and costs directly related to transporting the asset to site and in a condition that it can be utilised. Expenses for improving the performance of property, plant and equipment, beyond the initial level, increase the asset's value and are recognised in the balance sheet as a part of the original investment. Expenses for repairs and maintenance are expensed as they are incurred.

Depreciation is carried out systematically over the assets' expected useful life and commences after the non-current asset has been taken into operation. The Group applies component depreciation, which means that each part of property, plant and equipment with a cost that is significant in relation to the combined cost of the asset is depreciated separately. Land is not depreciated.

Depreciation plan

Buildings	10–40 years
Land improvement	10–20 years
Improvements to others' property	10–20 years
Machinery and equipment	3–10 years

Depreciation plan for right-of-use assets

Buildings, production	8–15 years
Buildings, offices and warehouses	3–10 years
Machinery and equipment	3–10 years

The useful life and residual values of assets are reviewed regularly and adjusted regularly as needed.

FINANCIAL INSTRUMENTS

Financial instruments are every form of contract that gives rise to a financial asset, financial liability or equity instrument in another company. This includes cash and cash equivalents, loan receivables, accounts receivable, accounts payable, current and non-current borrowings and derivative instruments.

A financial asset or financial liability is recognised in the balance sheet when the company is party to the instrument's contractual terms and conditions. Accounts receivable are recognised in the balance sheet when the invoice has been sent and the company's entitlement to payment is unconditional. Supplier invoices are recognised when the invoice has been received. The financial asset is derecognised from the balance sheet when the right to receive the cash flows from the asset expires or is transferred to a third party by transferring all risks and benefits associated with the asset to the third party. A financial liability is derecognised from the balance sheet when the obligation has been fulfilled, revoked or expired.

When settlement or disposal of financial instruments is expected to occur within a normal business cycle or within 12 months after the balance sheet date, financial assets are recognised as current assets; otherwise they are recognised as non-current assets. Financial liabilities that fall due or are expected to be settled within a normal business cycle or within 12 months after the balance sheet date, and where there is no unconditional right to postpone the liability for at least 12 months, are recognised as current liabilities; otherwise they are recognised as non-current liabilities.

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

A financial instrument is classified on initial recognition according to the purpose for which the instrument was acquired. The Group divides up its financial assets and liabilities into debt instruments, equity instruments and derivatives such as hedging instruments in hedge accounting.

Debt instruments

The classification of financial assets that are debt instruments is based on the Group's business model for the management of the asset and the nature of the asset's contractual cash flows. The instruments are classified at: amortised cost or fair value through profit or loss.

Financial assets measured at amortised cost are non-derivative financial assets with payments that are established or can be established and that are not traded on an active market. Receivables of this type normally arise when the Group pays cash to a counterparty or supplies a customer with goods or services without the intent of converting the receivable that arises. Loan receivables, cash and cash equivalents, and accounts receivable are recognised at the amount that is expected to be received after deductions for expected credit losses. All loan receivables and accounts receivable are assessed individually. The anticipated maturity of accounts receivable is short, which is why the value is recognised at the nominal amount.

Financial assets measured at fair value through profit or loss include financial assets available for sale and financial assets that have been identified as being measured at fair value through profit or loss. Financial instruments in this category are initially recognised at fair value. Changes in fair value are recognised in profit or loss.

Derivatives are classified at fair value through profit or loss if the instrument has not been identified as a hedging instrument in hedge accounting or is ineffective.

Financial liabilities are classified at amortised cost or at fair value through profit or loss.

Financial liabilities measured at amortised cost. This category includes loans, other financial liabilities, accounts payable and financial accrued expenses and prepaid income. Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortised cost according to the effective interest method.

Financial liabilities measured at fair value through profit or loss include financial liabilities that have initially been attributed to the relevant category as well as derivative liabilities if the instrument has not been identified as a hedging instrument in hedge accounting or is ineffective. Changes in the fair value of financial instruments are recognised in profit or loss for the period in which they arise. Additional purchase considerations in connection with business combinations are classified as financial liabilities measured at fair value through profit or loss.

Equity instruments

The Group classifies equity instruments at fair value through profit or loss.

Derivatives as hedging instruments in hedge accounting

Hedging of net investments in foreign operations and future cash flows are recognised according to the principles for hedge accounting. When the transaction is entered into, the relationship between the hedging instrument and the hedged item is assessed and analysed against the Group's objective for risk management in respect of hedging. An assessment of whether the hedging instruments used in hedging transactions are effective when it comes to countering changes in fair value or the cash flows that are attributable to the hedged items is performed when hedging is entered into and continually during the hedging period.

Hedging of net investments in foreign operations. Investments in foreign subsidiaries (net assets including goodwill) have to a certain extent been hedged through loans in foreign currency. The exchange rate gain or loss in respect of borrowing that is deemed to be effective hedging is recognised as a translation difference when translating foreign operations in other comprehensive income. The ineffective portion is recognised immediately in net financial items in the income statement. Profit that has been recognised under other comprehensive income is transferred to the income statement when the foreign operation has been divested.

In addition to loans in foreign currencies, the Group uses currency futures to hedge net assets in foreign currencies. The fair value of currency hedges is recognised as a change in the fair value of hedges of net investments in other comprehensive income. Any ineffectiveness is recognised immediately in net financial items in the income statement.

Hedging of future cash flows. The derivative instruments used for hedging projected interest expenses and forecast cash flow in a foreign currency are recognised in the balance sheet at fair value. Any gain or loss is recognised as a change in the fair value of cash flow hedges in other comprehensive income until the hedged flow is recognised in the income statement, at which time the hedged instrument's accumulated change in value is transferred to net profit for the year to meet the earnings effects of translated foreign cash flows.

Impairment of financial assets

The Group's financial assets, apart from those that are classified at fair value through profit or loss, are covered by impairment for expected credit losses. In addition to this, the impairment covers lease receivables and contract assets that are not measured at fair value through profit or loss. Impairment for credit losses according to IFRS 9 is forward-looking, and a loss allowance is made when there is exposure to credit risk, normally on initial recognition. Expected credit losses reflect an objective, probability-weighted outcome that gives consideration to most scenarios based on reasonable and verifiable forecasts for the anticipated remaining term.

The financial assets are recognised in the balance sheet at amortised cost, meaning net of gross value and loss allowance. Changes in the loss allowance are recognised in profit or loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances as well as short-term investments with high liquidity, with a duration of less than three months, and which are exposed to an insignificant risk of fluctuations in value. In the statement of financial position, overdraft facilities are recognised as borrowing among current liabilities. Cash and cash equivalents are covered by the demands for a loss allowance for expected credit losses.

INVENTORIES

Inventories are measured at the lower of cost or net realisable value and in accordance with first-in, first-out (FIFO) method. This means that inventories are recognised at the lower of cost according to the FIFO method or net realisable value. For manufactured goods and work in progress, cost includes a reasonable portion of the indirect costs based on a normal capacity. Deductions are made for internal gains that arise through sales between companies in the Group.

PROVISIONS

A provision is recognised in the balance sheet when the company has a legal or informal commitment that is a consequence of an event and it is probable that an outflow of resources will be required to settle the commitment and a reliable estimate of the amount is possible. Provisions for restructuring operations are made when a detailed, formal plan for the measure is in place and a well-founded expectation that the restructuring will take place has been established among those who will be affected.

Provisions for restructuring operations and other provisions are recognised as provisions, as specified in Note 30.

TRANSACTIONS WITH RELATED PARTIES

Related companies are defined as those companies included in the Group as well as companies in which related physical persons have a controlling, joint controlling or significant influence. Related physical persons are defined as current and former Board members, senior executives and close family members of such persons. Information about transactions with related parties is presented in Note 34.

SHARE-BASED PAYMENT

ITAB has long-term incentive programmes that enable employees to acquire shares in the Parent Company. The Group and the Parent Company recognise these programmes in accordance with IFRS 2 *Share-based Payment*. The fair value of allocated share rights is recognised as a personnel cost with a corresponding increase of equity. Fair value is calculated at the time of allocation and is distributed over the vesting period. The fair value of the allocated share rights is calculated taking into ▶

account market conditions and conditions that are not vesting conditions as well as the prerequisites that applied at the time of allocation. The cost recognised corresponds to the fair value of an estimate of the number of shares expected to be vested taking into account service conditions and performance conditions that are not market conditions. This cost is adjusted in subsequent periods to ultimately reflect the actual number of shares vested. However, an adjustment is not made when forfeiture is only due to market conditions and/ or conditions that are not vesting conditions not being met.

Social security contributions attributable to share-based instruments for employees as remuneration for purchased services are expensed distributed over the periods in which the services are rendered. Provisions for social security contributions are based on the fair value of the share rights on the reporting date.

Disclosures on share-based payment are presented in Note 8 Personnel and senior executives as well as Notes 25 and 26.

OPERATING SEGMENTS

According to the definition in IFRS 8, an operating segment is a component of a company:

(i) that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same company),

(ii) whose operating profit is reviewed regularly by the company's chief operating decision-maker as a basis for decisions about the allocation of resources to the segment and to assess its performance, and

(iii) for which discrete financial information is available.

Identification of operating segments has been performed in four stages: identifying the company's chief operating decision-maker, identifying the business activities, determining whether discrete financial information is available for the business activities, and determining whether this information is reviewed regularly by the company's chief operating decision-maker. The definition according to IFRS 8 has thereafter been used to define the Group's operating segments.

The company's chief operating decision-maker is identified as the Board of Directors, see page 48.

Profit at company level, or aggregated company level, are not used as a basis for decisions on the allocation of resources. Various parameters in customer projects based primarily on strategic aspects are used as a basis instead.

The majority of the Group's sales are made to major global customers, which is why the ITAB Group has a local presence in many countries. Decisions are made at Group level, meaning, for example, that pricing takes place in relation to a particular customer. Pricing can entail an uneven allocation of resources between different Group units in order for the Group to win an order. The various units' level of revenue and profit are consequently highly dependent on the Group's other companies, which is one reason why profit is not used as a basis for decisions on the allocation of resources.

Another reason is that the supporting data for decisions on the allocation of production resources is not determined by the various units' profit, rather by the conditions that exist in various customer projects as regards the most effective production for the Group as a whole. This can entail that certain units are allocated resources for production that are not favourable from the individual unit's perspective, but that are deemed to be the best decision from a Group perspective. The corresponding argument also applies to other parameters, such as design, construction, marketing, installation, development, etc.

This business model entails that a large portion of the decisions that affect the Group's various companies are taken centrally. ITAB does not have any independent financial information regarding products or product groups since the majority of sales take the form of concept sales, with a combination of several products and services. These conditions mean that profit is not used as a basis for decisions regarding the allocation of resources to various parts of the company, and that the Group only comprises one operating segment.

PARENT COMPANY'S ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2. The Swedish Financial Reporting Board's recommendations for listed companies have also been applied. The application of RFR 2 means that the Parent Company, in the annual report for the legal entity, applies all IFRS and statements approved by the EU to the extent possible within the framework of the Swedish Annual Accounts Act and the Swedish Act on Safeguarding of Pension Commitments, and with respect to the relationship between accounting and taxation. The recommendation explains which exceptions and additions to IFRS should be applied.

The accounting policies stipulated below for the Parent Company have been consistently applied for all periods as presented in the Parent Company's financial statements.

Presentation of income statement and balance sheet

The financial statements include an income statement, a statement of other comprehensive income, a balance sheet, a cash flow statement and a statement of changes in equity. The Parent Company uses the presentation formats specified in the Swedish Annual Accounts Act, which means for example that a different presentation of equity is applied and that provisions are recognised under a separate heading in the balance sheet. For the Parent Company, equity is presented divided into non-restricted and restricted equity.

Leases

In the Parent Company, IFRS 16 is not applied. Instead, lease payments are recognised as an expense on a straight-line basis over the lease term.

Group contributions, shareholder contributions and dividends

Group contributions are recognised according to RFR 2's alternative rule, which means that received and paid Group contributions are recognised as year-end appropriations in the income statement. Shareholder contributions are recognised directly against equity for the recipient and capitalised in shares and participations for the provider to the extent impairment is not required.

Dividends received are recognised as revenue when the right to receive dividends has been determined.

Taxes

In the Parent Company, untaxed reserves including deferred tax liabilities are recognised. In the consolidated financial statements, however, untaxed reserves are divided up into deferred tax liability and equity.

Participations in subsidiaries

Participations in subsidiaries are recognised in the Parent Company according to the acquisition method. The investments' impairment requirements are tested annually or when there is a risk that the carrying amount of the investment is higher than the replacement cost.

Dividends from subsidiaries are recognised as financial income. When dividends stem from gains earned before the acquisition, the item must be tested for impairment.

Financial instruments

As a result of the relationship between accounting and taxation, the rules relating to financial instruments are not applied according to IFRS 9 in the Parent Company as a legal entity. Instead, the Parent Company applies the cost method in accordance with the Swedish Annual Accounts Act. In the Parent Company, financial non-current assets are thus measured at cost value and financial current assets according at the lower of cost or net realisable value, with impairment of expected credit losses applied according to IFRS 9 in respect of assets that are debt instruments. For other financial assets, impairment is based on market values. Derivatives are recognised according at the lower of cost or net realisable value.

NOTE 3. IMPORTANT ESTIMATES AND ASSESSMENTS

The preparation of financial reports requires that the company management makes assessments and uses estimates and assumptions that affect recognised amounts in the consolidated accounts. These estimates, assessments and related assumptions are based on experience and other factors that are deemed reasonable in the prevailing circumstances. The actual results may deviate from these estimates. The estimates, assessments and assumptions are reassessed regularly. Changes to estimates and assessments are recognised in the period in which the change takes place as well as in future periods if these periods are affected.

Below are the estimates and assessments that, in management's opinion, are important for recognised amounts in the financial statements and for which there is a significant risk that future events or new information could result in them changing.

BUSINESS COMBINATIONS

The measurement of identifiable assets and liabilities in conjunction with the acquisition of subsidiaries or operations involves items in the acquired company's balance sheet, as well as items that have not been recognised in the acquired company's balance sheet such as customer relationships, being measured at their fair value. There are normally no publicly listed prices for the assets and liabilities that are to be measured, whereupon various measurement techniques must be applied. These measurement techniques are based on a number of different assumptions. For a production-intensive company like ITAB, non-current assets, inventories and accounts receivable are significant items in the balance sheet that can be difficult to measure and assess.

The measurement of identifiable assets and liabilities is also dependent on the accounting environment in which the acquired company/business has operated. Assessments are made regarding the extent of the adaptations that are required to the Group's accounting policies, the frequency with which final accounts are prepared as well as access to data that may be required to measure identifiable assets and liabilities. All balance sheet items are thereby subject to estimates and assessments. This also means that a preliminary measurement is performed and subsequently adjusted. All acquisition calculations are subject to final adjustment at the latest one year after the time of the acquisition. With due consideration to the above description and the practical potential to compile and present all individual adjustments in a way that benefits the person reading the Annual Report, ITAB has decided, provided this is not a case of material adjustments, not to specify separately for each individual acquisition the reasons why the initial reporting of the business combination is preliminary, nor the assets and liabilities for which the initial reporting is preliminary.

IMPAIRMENT TESTING FOR GOODWILL, OTHER INTANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS

Important sources of uncertainty in estimates

Goodwill is not amortised, rather impairment testing is performed annually instead. Other intangible assets and other non-current assets are amortised or depreciated over the period in which company management estimates that the asset will be used. In addition, regular assessments are performed as to whether there is any indication of a need for impairment. Impairment testing is based on a review of the recoverable amount. The value is estimated based on company management's calculations of future cash flows, which are based on internal business plans and forecasts.

Estimates and assessments

Company management's judgement is required when it comes to impairment, particularly when assessing:

– whether an event has occurred that can affect the values of the assets,

– whether an asset's carrying amount can be confirmed by the discounted present value of future cash flows, which are estimated based on the continued use of the asset in the operations,

– that adequate assumptions are used when preparing cash flow forecasts, and

– the discounting of these cash flows.

Changes to the assumptions that are made by company management when determining any level for impairment can affect the financial position and operating profit.

IMPAIRMENT TESTING FOR FINANCIAL ASSETS

Important sources of uncertainty in estimates

Impairment for credit losses of financial assets according to IFRS 9 is forward-looking, and a loss allowance is made when there is exposure to credit risk, normally on initial recognition. Expected credit losses reflect an objective, probability-weighted outcome that gives consideration to most scenarios based on reasonable and verifiable forecasts for the anticipated remaining term.

Estimates and assessments

ITAB's credit risk is almost exclusively attributable to accounts receivable. The basis for expected credit losses comprises an assessment of the unpaid receivables. The loss allowance for expected credit losses is based on a calculation according to the internal regulatory framework in combination with an individual assessment. The assessment is performed on the basis of the circumstances that could have a significant impact in the valuation process, such as important customers' financial position and ability to pay that are known on the balance sheet date.

LEASES

Important sources of uncertainty in estimates

ITAB applies IFRS 16 *Leases* as of 1 January 2019. Lease liabilities attributable to long-term leases, which previously would have been classified as operating leases in accordance with IAS 17, are valued at the present value of the remaining lease payments, discounted using the incremental borrowing rate. ITAB initially recognises a right-of-use asset as a non-current asset at an amount corresponding to the lease liability. The establishment of the lease term and incremental borrowing rate entails judgements that affect the value of the lease liability and right-of-use asset.

Estimates and assessments

When determining the lease liability and right-of-use asset, the most significant assessments are attributable to the establishment of the lease terms. The majority of ITAB's leases include options to either extend or terminate the agreement. When the term of the lease is established, ITAB takes into consideration all facts and circumstances that provide a financial incentive to utilise an option to extend or waive an option to terminate the agreement. Examples of factors that are considered include strategic plans, restructuring programmes, the importance of the underlying asset to ITAB's operations and/or costs attributable to not extending or terminating leases.

DEFERRED TAX

Important sources of uncertainty in estimates

Deferred tax assets/liabilities are recognised for temporary differences between the reported amounts for assets and liabilities and the relevant taxable values as well as unutilised capitalised loss carryforwards. Deferred tax assets are recognised on the basis of company management's estimates of future taxable profit in various tax jurisdictions.

The actual results may differ from the estimates due to changes in business climate, ownership and tax legislation.

Estimates and assessments

For example, company management estimates future taxable income in order to determine the value of deferred tax.

Estimate/Assessment	Note
Business combinations	5
Impairment testing for goodwill, other intangible assets and other non-current assets	18, 19
Impairment testing for financial assets	21
Leases	22
Deferred tax	16

NOTE 4. FINANCIAL RISK MANAGEMENT

ITAB's risk management aims to identify, control, prevent and minimise the Group's risk mapping. ITAB's financial risks are described below. For other business-related risks, see the Administration Report on pages 35-42.

The financial risks are managed by the finance policy adopted by the Board of Directors. Financial activities such as risk management, liquidity management and borrowing are handled centrally by the Parent Company. This allows the Group to optimise the financial risks and make use of economies of scale and synergy effects. The Group's identified financial risks are currency, interest, credit and liquidity risks.

CURRENCY RISK

ITAB Shop Concept is exposed to currency risks through its international business activities. These can be divided into transaction risk, risk when translating foreign subsidiaries' income statements and risk when translating foreign subsidiaries' balance sheets.

Transaction risk

Commercial payment flows that occur in a currency other than the respective subsidiary's local currency entail a transaction risk. To reduce currency exposure, efforts are made to match the inflow and outflow in different currencies, for example by issuing invoices in the same currency in which purchases are made. In line with the finance policy, each individual Group company decides whether to hedge transaction exposure, which in that case occurs with ITAB Shop Concept AB as the counterparty. External currency exposure hedging is thereafter performed by the Parent Company ITAB Shop Concept AB, with due consideration for the Group's currency exposure within the next 12 months. According to ITAB's finance policy, 50–75 percent of the currency risk within the next upcoming 12 months is hedged through forward agreements. It is also possible to adjust prices for currency fluctuations through clauses in a number of customer contracts. As a result of the hedging strategy, the impact on ITAB's profit from a reasonable fluctuation in exchange rates is deemed to be small, whereupon the currency risk analysis regarding the transaction flows is not deemed to be significant. Hedging activities to reduce transaction exposure are classified as cash flow hedges. At the end of 2022, there were cash flow hedges of projected flows in EUR, GBP, CZK, DKK, and CNH. The fair value of the forward agreements used to hedge forecast flows amounted to MSEK -6 (4), net. The year's change in fair value, MSEK -10 (3) after tax, has been recognised in comprehensive income. The realised results of the forward agreements amounted to MSEK 18 (3) before tax for 2022, which has been recognised as other operating income and expenses in the income statement.

Risks when translating the income statements of foreign subsidiaries

The foreign subsidiaries' income statements are translated at the average exchange rate for the respective period. Given the invoicing and net profit of 2022, a 5 percent change in the SEK exchange rate to all currencies would affect invoicing by approximately MSEK 310 (277) and net profit by approximately MSEK 13 (10).

Risks when translating the balance sheets of foreign subsidiaries

The foreign subsidiaries' balance sheets are translated at the balance sheet date rate. The translation risks relate to exchange rate fluctuations that affect the value of the net foreign assets when translating to SEK. The value of net foreign assets amounted to MSEK 1,959 (1,766) as of the balance sheet date. Investments in net foreign assets are partly financed by raising loans in foreign currencies, which reduces the translation risks. To reduce the net assets in foreign currencies and thereby reduce the currency risks, assets are financed locally in the foreign subsidiaries, in local currency, where this is commercially possible. However, some financing is arranged via the Parent Company ITAB Shop Concept AB. In addition to loans in foreign currencies, the Group uses currency futures to hedge net assets in foreign currencies. The fair value of the currency hedges is recognised against comprehensive income and can be reclassified as a financial gain or loss when currency futures are ineffective. Realised results from currency futures amounted to MSEK 0 (0) before tax in 2022, which was recognised against comprehensive income in the Group. Exchange rate fluctuations in 2022 had an impact of MSEK 173 (117) after tax on the Group's comprehensive income. At the end of 2022, the fair value of the currency futures is estimated at MSEK 20 (-1).

The value of the Group's foreign net assets per currency:

Currency (MSEK)	31 Dec 2022	31 Dec 2021
CZK	370	428
NOK	53	-54
GBP	63	-104
EUR[1)]	741	787
USD, HKD, CNY	602	573
Other	130	136
	1,959	1,766

[1)] *EUR also refers to currencies linked to EUR.*

Currency hedges

At the end of the year, the Group had hedged the following net amount via currency futures for the purpose of hedging cash flows and net assets. The gross volumes below are stated per currency in the local currency (million) measured at nominal value. All contracts have a term of less than 12 months.

Currency	31 Dec 2022	31 Dec 2021
SEK	567	374
NOK	-10	-85
CNH	120	130
CZK	-358	261
GBP	-3	-8
EUR	-48	-44
DKK	-	-21

Average exchange rate, currency futures	31 Dec 2022
EUR/SEK	10.6547
EUR/CZK	25.6004
EUR/CNH	6.9754
GBP/SEK	11.9649
GBP/CNH	8.4589
GBP/CZK	27.8133
NOK/SEK	1.0385
SEK/CZK	2.2599
SEK/CNH	0.6841

INTEREST RISK

The interest risk consists of interest rate changes having a negative impact on the Group's profit through increased borrowing costs. In order to reduce the interest risk, interest rates can be fixed via restricted loans or through interest rate swap agreements. The Group's interest-bearing net debt, which refers to borrowing less cash and cash equivalents, amounted to MSEK 1,080 (1,239) on the balance sheet date, of which MSEK 644 (834) is financed with variable interest. The remaining MSEK 436 (405) is restricted through interest rate swap agreements and has an average fixed rate period of 29 months (41). The average interest rate for outstanding interest-bearing liabilities was 2.97 percent (2.51) at year-end. A 1 percentage point change in interest would affect net profit by approximately MSEK 5 (6) annually. The change in the fair value of interest rate swap agreements is recognised in comprehensive income until the hedged flow is transferred to net profit for the year. The change in comprehensive income amounts to MSEK 35 (17), of which MSEK 2 (11) has been transferred to net profit for the year. Of the MSEK 11 recognised as financial expenses in 2021, MSEK 6 pertains to hedges assessed as ineffective after the recapitalisation in 2021. No hedges were assessed as ineffective in 2022.

Derivative instruments

Interest rate swap agreements	31 Dec 2022 Nominal amount (MSEK)	31 Dec 2021 Nominal amount (MSEK)
Duration less than 1 year	167	–
Duration 1-3 years	130	155
Duration 3-5 years	139	250
Duration 5-10 years	-	–
	436	405

LIQUIDITY RISK

Liquidity risk refers to the risk that a company cannot borrow money to fulfil its obligations. ITAB Shop Concept strives to maintain a high level of financing readiness, for example by monitoring and managing the Group's combined capital financing centrally within the Parent Company. The majority of the Group's borrowing takes place between banks and ITAB Shop Concept AB. Subsidiaries in turn borrow from ITAB Shop Concept AB on market terms. Some local borrowing from banks in the relevant company's local currency may occur.

CREDIT RISK

Credit risk refers to the risk that the counterparty in a financial transaction is unable to fulfil its obligations. ITAB Shop Concept's credit risk is almost exclusively attributable to accounts receivable. The Group has historically had low losses on accounts receivable. The company's customers are primarily large, well-established companies with sound payment capacity distributed across several geographical markets. The risk of losses on accounts receivable is managed through fixed procedures for credit restrictions, reminder procedures and penalty interest invoicing. Credit insurance policies exist in conjunction with sales to customers in certain countries. The amount that best represents the maximum exposure to credit losses, without consideration for any security provisions and VAT, is the outstanding accounts receivable on the balance sheet date of MSEK 1,062 (1,118).

Credit risk from balances in banks and financial institutes is managed by the Parent Company in accordance with the Group's policy. The Group's total financial assets amount to MSEK 1,933 (1,482). See also Note 21 Financial assets and liabilities.

NOTE 5. ACQUISITIONS, DIVESTMENTS AND DISCONTINUED OPERATIONS

Information on purchase consideration and acquired/divested net assets:

Purchase consideration	2022	2021
Total purchase consideration excluding acquisition costs:	81	67
of which, purchase consideration not paid during the year	–	19

Expenses in conjunction with acquisitions are recognised continually as expenses.

Acquisitions and divestments had a total impact of MSEK -66 on net investments for 2022, of which the acquisition of Oy Checkmark Ltd accounted for MSEK -53 and partial payments of acquisitions of previous years' acquisitions for MSEK -13. Acquisitions and divestments had a total impact of MSEK -40 on net investments for 2021, of which the acquisition of Imola Retail Solution accounted for MSEK -29, acquisitions of non-controlling interests MSEK -19 and divestments MSEK +8.

ACQUISITIONS IN 2022

On 28 February 2022, the ITAB Group acquired, through its Finnish subsidiary ITAB Finland Holding Oy, all shares in Oy Checkmark Ltd. Checkmark is one of the leading suppliers of retail technology solutions for checkouts and store guidance for retailers in the Nordic region. Checkmark has its head office in Pieksämäki in Finland and has subsidiaries in Sweden, Norway and Denmark. Through the acquisition, ITAB strengthens its competence and market position in concept sales in the Nordic market. The Checkmark group had annual sales of approximately MEUR 12 and 44 employees on the acquisition date. The acquisition was deemed to have a marginal positive effect on earnings per share.

Closing took effect immediately and the acquisition is consolidated in the Group as of 1 March 2022. Immediately after the acquisition, the integration process of Checkmark with ITAB's existing operations started. The estimated impact on the Group's net sales in 2022 amounted to MSEK 114. Acquired net assets at assessed fair value at the time of acquisition amounted to MSEK 81, of which goodwill was MSEK 26. Goodwill that has arisen in the transaction mainly consists of the value from expected synergies in the product supply and know-how, which are not reported separately. The purchase consideration amounted to MSEK 81, of which MSEK 48 was settled during the first quarter and the remaining amount was finally settled during the second quarter of 2022 after adjustments of net cash and normalised operating capital. Expenses in connection with the acquisition are reported on an ongoing basis as costs.

The exchange rate for the translation of the acquisition to SEK was EUR/SEK 10.6055.

Effect of the acquisition of the shares in Oy Checkmark Ltd in 2022

According to the final acquisition analysis, the assets and liabilities included in the acquisition after the end of the financial year amount to the following:

	Final estimated fair values	Recognised on the acquisition date
Property, plant and equipment	1	2
Deferred tax assets	0	1
Inventories	22	18
Accounts receivable	25	21
Other current assets	30	29
Non-current liabilities	-2	-2
Current liabilities	-21	-19
Net identifiable assets and liabilities	**55**	**50**
Consolidated goodwill [1]	26	24
Purchase consideration [2]	**81**	**74**
Less net cash and cash equivalents in acquired companies	-28	-27
Impact on the Group's cash and cash equivalents for the year	**53**	**47**

[1] Goodwill comprises primarily synergy effects in terms of product supply, logistics, personnel, know-how and an effective organisation. No portion of goodwill is expected to be tax deductible.

[2] Purchase consideration was finally settled during the second quarter 2022 after adjustments of net cash and normalised operating capital.

DIVESTMENTS AND DISCONTINUED OPERATIONS IN 2022

ITAB decided at the beginning of March 2022 to discontinue its operations in Russia due to the Russian regime's invasion of Ukraine. The Group has a production facility and sales offices in Russia with a total of approximately 130 employees. Total sales in Russia amounted to approximately MSEK 170 in 2022, corresponding to approximately 2.5 percent of ITAB's total annual sales. The process of discontinuing the Russian operations is under way, and the aim is for this to be done in a controlled manner for our employees, customers and partners.

Given that the Group's operations in the Russian subsidiary ITAB Rus JSC are being discontinued and it was deemed highly probable that the discontinuation will be completed and that it otherwise fulfilled the stated criteria for application of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* during the third quarter 2022, the Russian subsidiary was recognised as Discontinued Operations as of the interim report for the third quarter 2022. Discontinued operations are major lines of business that have been disposed of or comprise a disposal group held for sale. Profit after tax from discontinued operations is recognised separately in the income statement, and the comparative year has been restated according to the same principles. In the consolidated statement of financial position, the operation's net assets are recognised under "Assets held for sale" and "Liabilities attributable to assets held for sale", respectively, as of the third quarter 2022. The group is measured at the lower of its carrying amount and fair value less selling expenses. ITAB's other operations comprise Continuing Operations.

Income statement for Discontinued Operations in summary (MSEK)	**2022**	**2021**
Revenue from contracts with customers	173	158
Costs of goods sold	-142	-124
Gross profit	**31**	**34**
Selling expenses	-25	-19
Administrative expenses	-8	-7
Impairment of assets measured at fair value	-52	–
Other operating income and expenses	0	0
Operating profit	**-54**	**8**
Financial items	0	1
Profit after financial items	**-54**	**9**
Tax expenses	1	-1
NET PROFIT FOR THE YEAR	**-53**	**8**

Cash flow statement for Discontinued Operations in summary (MSEK)	**2022**	**2021**
Operating profit	-54	8
Interest paid and received, tax and adjustments for items not included in the cash flow	54	-1
Change in working capital	-1	-19
Cash flow from operating activities	**-1**	**-12**

Balance sheet for Discontinued Operations in summary (MSEK)	**31 Dec 2022**
Non-current assets	0
Current assets	81
Cash and cash equivalents	7
Total assets	**88**
Equity	69
Deferred tax	1
Current liabilities	18
Total equity and liabilities	**88**

▶

DIVESTMENTS IN 2022

In 2022, two dormant companies in the UK were wound up.

ACQUISITIONS IN 2021

Acquisition of Cefla Retail Solutions in 2021

ITAB Shop Concept AB's Italian subsidiary La Fortezza s.p.a. entered into an agreement with Cefla soc. coop. on 8 October 2020 to acquire 81 percent of Cefla's business unit for retail solutions ("Cefla Retail Solutions"). Cefla Retail Solutions primarily offers interior design and checkout solutions to its customers, which predominantly operate in the grocery sector in southern Europe. Through the acquisition and collaboration with Cefla, ITAB has strengthened its leading position in Southern Europe and created opportunities to offer ITAB's solutions to a wider customer base.

The acquisition was completed in January 2021, and the business unit was carved out from Cefla's existing structure and transferred to a newly established Italian limited liability company, Imola Retail Solution Srl. ITAB owns 81 percent of Imola Retail Solution and Cefla the remaining 19 percent. ITAB has the right to acquire Cefla's minority stake in the aforementioned company three years after the transaction date. The acquisition is consolidated from 1 January 2021. The positive EBITDA effect for ITAB in 2021 is estimated to amount to at least MSEK 30 and the transaction will create opportunities for further synergy effects in the coming years.

The acquisition had an impact of MSEK -1 on operating profit and MSEK -29 on cash flow in 2021.

The exchange rate for the translation of the acquisition to SEK was EUR/SEK 10.0343.

Effect of acquisition of 81 percent of the shares in Imola Retail Solution Srl

Final fair values of assets and liabilities acquired in 2021, purchase considerations and the impact on the Group's cash and cash equivalents are presented in the table below.

The entity approach is applied for the acquisition, which means that all assets and liabilities as well as income and expenses are included in their entirety at the time of the initial acquisition, and no further goodwill can therefore be linked to later acquisitions of non-controlling interests.

Imola Retail Solutions on the acquisition date	Final estimated fair values
Intangible assets	1
Property, plant and equipment	119
Deferred tax assets	1
Inventories	27
Accounts receivable	10
Non-current liabilities	-71
Current liabilities	-31
Net identifiable assets and liabilities	**56**
Non-controlling interests	-11
Consolidated goodwill [1)]	1
Purchase consideration including unpaid purchase consideration	**46**
Purchase consideration paid in 2021	-29
Purchase consideration paid in 2022	-11
Unpaid purchase consideration, paid in 2023	-6
	-46

[1)] Goodwill comprises primarily synergy effects in terms of product supply, logistics, personnel, know-how and an effective organisation. No portion of goodwill is expected to be tax deductible.

Acquisitions of non-controlling interests in 2021

In April 2021, a subsidiary acquired the remaining 15 percent of the partly owned company La Fortezza Sudamericana S.A. (Argentina). The purchase consideration amounted to MEUR 2. The entity approach is applied for acquisitions, which means that all assets and liabilities as well as income and expenses are included in their entirety at the time of the initial acquisition, even for partly owned subsidiaries, and no further goodwill is therefore linked to this acquisition. The difference between valued non-controlling interests prior to acquisition and the purchase consideration is recognised directly in equity attributable to Parent Company shareholders (MSEK 1). Cash flow in the second quarter of 2021 was impacted in an amount of MSEK -19.

The exchange rate for the translation of the acquisition to SEK was EUR/SEK 10.121.

DIVESTMENTS IN 2021

In connection with the restructurings in the Group, ITAB sold 100 percent of the shares in the company Pulverlacken i Hillerstorp AB through a subsidiary in November 2021. The purchase consideration amounted to MSEK 8. The divestment impacted operating profit by MSEK 0 and cash flow by MSEK 8.

Pulverlacken i Hillerstorp on the divestment date	Fair value
Property, plant and equipment	4
Inventories	8
Accounts receivable	7
Deferred tax	-1
Current liabilities	-10
Net identifiable assets and liabilities	**8**

In addition, a dormant company in Portugal was wound up in 2021.

CONDITIONAL PURCHASE CONSIDERATIONS

The agreed conditional additional purchase consideration from the acquisition of non-controlling interests in Reklamepartner Graphics AS in 2017 was attributable to the company's profit in 2017-2020 and capped at MNOK 2. The amount that could be paid was in a range of MNOK 0 to 2 and was paid on an annual basis, with the final payment of MSEK 0 made in 2021.

NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

BUSINESS SEGMENTS AND GEOGRAPHIC AREAS

The ITAB Group comprises some 40 operating companies that sell, develop, produce and distribute shop fittings and equipment to chain-based customers. The largest customer accounts for approximately 10 percent of external sales, and none of the ITAB Group's other customers account for more than 6 percent of external sales. Most of ITAB's customers are major chain stores that operate internationally and have stores in several countries. Several of the Group's companies are involved in most business deals.

Because sales largely involve different customised store concepts, customer sales are often conducted with resources from several Group companies in order to fulfil the customer's various needs in the best possible way.

Development and production of the various store concept segments are carried out by different Group companies depending on where the best conditions exist. This business model entails that a large portion of the decisions that affect the Group's various companies are taken centrally.

As ITAB sells customised store concepts and often sets a price for a combined product and service, ITAB performs no division between product groups. These circumstances mean that the profit or loss is not used as a basis for deciding on the allocation of resources to different parts of the company, and that ITAB makes no allocation according to operating segments or business segments. See more about the business operations on pages 16-19.

EXTERNAL REVENUE[1)]

Group	2022	2021
Italy	1,002	906
United Kingdom	845	967
Germany	798	604
Norway	645	606
Sweden	472	452
Finland	430	309
France	282	270
Czech Republic	252	186
The Netherlands	220	242
Denmark	150	127
USA	147	60
Poland	137	123
Spain	135	141
Lithuania	86	93
Argentina	80	49
Other	1,187	952
	6,868	**6,087**

[1)] The allocation basis for deciding the country for external sales is the country where the product is delivered and/or service is performed.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Group	2022	2021
Sweden	304	298
China and Hong Kong	279	219
Italy	241	179
Czech Republic	192	171
Norway	100	107
United Kingdom	93	103
Finland	77	75
Germany	75	74
Lithuania	66	65
Latvia	34	36
France	19	47
Other	35	104
Goodwill	1,790	1,644
	3,305	**3,122**

REVENUE FROM CONTRACTS WITH CUSTOMERS DIVIDED BY CUSTOMER GROUP AND GEOGRAPHIC MARKET

Revenue recognition takes place when the Group satisfies a performance commitment by transferring promised goods and the customer gains control of the asset. This normally takes place on delivery in accordance with applicable delivery terms. In the event of concept sales where a service assignment is included, revenue recognition for the projects takes place over time. The projects are primarily short-term projects. Payment terms vary since they are adapted according to different conditions in different geographic markets.

Sales per customer group [1)]	2022	2021
Grocery	3,703	3,669
Home Improvements	969	776
Fashion	734	405
Other customer groups	1,462	1,237
	6,868	**6,087**

[1)] The customer groups are divided according to the industries in which the customers operate. Other customer groups largely consist of distributors, consumer electronics, pharmacies and health/beauty.

Sales per market [2)]	2022	2021
Northern Europe	1,704	1,498
Southern Europe	1,530	1,430
Central Europe	1,434	1,179
UK & Ireland	881	1,002
Eastern Europe	525	497
Rest of the World	794	481
	6,868	**6,087**

[2)] Northern Europe consists of the Nordic countries. Southern Europe consists mainly of Italy, France and Spain. Central Europe's largest markets are Germany, the Netherlands and the Czech Republic. Eastern Europe's largest markets are the Baltic countries and Poland. North America, Australia, China, Argentina and Saudi Arabia account for more than half of the market in the Rest of the World.

CONTRACT ASSETS AND CONTRACT LIABILITIES

ITAB's contract assets comprise goods and services that have been delivered but not yet invoiced, normally in the event of concept sales over time, where additional performance commitments must be fulfilled. Contract liabilities comprise advance payments from customers, allocations from customer loyalty programmes and invoicing in addition to performances not yet fulfilled in the event of concept sales over time.

Contract assets	2022	2021	2020
Accrued income	9	12	16
Contract liabilities			
Advance payments from customers	65	75	49
Accrued expenses	32	30	25
Prepaid income	7	2	1
	104	**107**	**75**

The Group's recognised revenue includes:

	2022	2021
Revenue included in the opening balance in the item contract liabilities	64	10
Revenue attributable to commitments wholly or partially executed during previous periods	1	1

NOTE 7. PURCHASES AND SALES BETWEEN PARENT COMPANY AND SUBSIDIARIES

Of the Parent Company's invoiced sales, 100 percent consisted of invoicing to subsidiaries.

Purchases from subsidiaries relate primarily to IT, design, marketing and administration services. No goods were purchased from subsidiaries.

Profit from participations in subsidiaries as well as financial income and expenses from Group companies are presented in Notes 13 and 14, respectively.

Parent Company	2022	2021
Sales of services to subsidiaries	174	168
Purchases of services from subsidiaries	-55	-7

NOTE 8. PERSONNEL AND SENIOR EXECUTIVES

Average number of employees		2022	of which men	of which women	2021	of which men	of which women
PARENT COMPANY	**Sweden**	**20**	**55%**	**45%**	**18**	**50%**	**50%**
Subsidiaries	Argentina	80	94%	6%	76	92%	8%
	Chile	2	100%	–	1	100%	–
	Denmark	26	58%	42%	23	61%	39%
	Estonia	10	80%	20%	10	80%	20%
	Finland	133	83%	17%	104	83%	17%
	France	42	76%	24%	62	69%	31%
	United Arab Emirates	7	86%	14%	7	86%	14%
	India	1	100%	–	1	100%	–
	Italy	359	77%	23%	351	77%	23%
	China and Hong Kong	439	74%	26%	436	48%	52%
	Latvia	107	83%	17%	123	85%	15%
	Lithuania	144	85%	15%	141	85%	15%
	Malaysia	11	82%	18%	11	82%	18%
	The Netherlands	64	89%	11%	65	86%	14%
	Norway	165	76%	24%	163	78%	22%
	Poland	10	70%	30%	9	67%	33%
	Spain	10	60%	40%	10	60%	40%
	United Kingdom	178	73%	27%	197	73%	27%
	Sweden	218	74%	26%	339	74%	26%
	Czech Republic	428	69%	31%	396	67%	33%
	Germany	255	82%	18%	256	81%	19%
	USA	6	17%	83%	7	29%	71%
TOTAL IN CONTINUING SUBSIDIARIES		**2,695**	**73%**	**27%**	**2,788**	**72%**	**28%**
Discontinued Operations	Russia	132	75%	25%	124	73%	27%
GROUP TOTAL INCL. DISCONTINUED OPERATIONS		**2,847**	**73%**	**27%**	**2,930**	**72%**	**28%**

Salaries, other remuneration & social security expenses (MSEK)	2022 Salaries and remuneration	2022 Social security expenses [3]	2021 Salaries and remuneration	2021 Social security expenses [3]
Parent Company	37.1	20.9	39.4	20.9
(of which pension costs) [1]		7.4		6.3
Subsidiaries	1,074.3	269.6	1,058.1	248.2
(of which pension costs)		81.2		89.9
	1,111.4	**290.5**	**1,097.5**	**269.1**
Costs for long-term incentive programmes	3.2	1.1	–	–
GROUP TOTAL	**1,114.6**	**291.6**	**1,097.5**	**269.1**
(of which pension costs) [2]		88.6		96.2

1) Of the Parent Company's pension costs, MSEK 1.5 (1.4) pertains to the Board and CEO. The company's outstanding pension commitments to these persons amount to MSEK 0 (0).

2) Of the Group's pension costs, MSEK 7.5 (5.9) pertains to the Board and CEO. The Group's outstanding pension commitments to these persons amount to MSEK 0 (0).

3) The Parent Company's social security expenses include social security contributions for benefits issued in foreign companies where ITAB Shop Concept AB has assumed the obligation to report and pay social security contributions.

Salaries and other remuneration divided per country and between Board members/CEO and other employees	2022 Board and CEO	2022 Other employees	2021 Board and CEO	2021 Other employees
PARENT COMPANY IN SWEDEN	**11.1**	**26.0**	**11.3**	**28.1**
(of which bonuses)	3.5		3.6	
SUBSIDIARIES IN SWEDEN	**4.5**	**116.2**	**7.0**	**145.9**
SUBSIDIARIES OUTSIDE SWEDEN				
Argentina	–	15.3	0.6	11.4
Chile	–	1.0	–	–
Denmark	1.9	21.5	1.8	14.5
Estonia	–	2.0	–	2.5
Finland	3.8	65.1	2.1	49.3
France	2.5	20.7	2.3	27.0
United Arab Emirates	0.9	2.9	0.6	2.1
India	0.2	0.0	0.1	–
Italy	5.9	154.1	5.7	154.0
China and Hong Kong	4.5	67.4	3.7	57.6
Latvia	–	24.5	–	22.9
Lithuania	1.1	38.9	1.3	38.2
Malaysia	0.2	1.7	0.2	1.3
The Netherlands	2.9	33.9	1.4	34.7
Norway	7.5	114.8	7.2	114.8
Poland	0.7	4.3	0.6	4.2
Spain	1.3	2.9	1.3	4.0
United Kingdom	8.7	95.0	8.1	111.4
Czech Republic	2.8	80.7	2.6	67.9
Germany	2.5	127.2	4.4	119.5
USA	–	4.3	0.5	4.0
CONTINUING SUBSIDIARIES – TOTAL	**51.9**	**994.5**	**51.5**	**987.2**
Discontinued Operations – Russia	2.0	25.9	1.5	17.9
SUBSIDIARIES TOTAL	**53.9**	**1,020.4**	**53.0**	**1,005.1**
(of which bonuses)	5.6		11.8	
GROUP TOTAL	**65.0**	**1,046.4**	**64.3**	**1,033.2**
(of which bonuses)	9.1		15.4	

REMUNERATION TO SENIOR EXECUTIVES

Directors' fees

In accordance with the resolution at the 2022 Annual General Meeting (AGM), the fee for elected Board members amounts to a total of SEK 2,000 thousand, of which SEK 500 thousand to the Chairman of the Board and SEK 250 thousand to each of the other six elected Board members.

In addition, selected Board members receive a fee for their work on the Remuneration Committee and the Audit Committee. These fees, which are distributed between the committee members, total SEK 100 thousand for the Remuneration Committee and SEK 135 thousand for the Audit Committee. Besides these fees, ITAB paid no other remuneration to Board members.

Guidelines for remuneration to senior executives

These guidelines include the individuals who are part of executive management of ITAB Shop Concept AB (publ), currently the CEO and other members of Group management. To the extent a Board member performs work for ITAB in addition to the Board assignment, these guidelines shall also apply to any remuneration (such as consultant's fees) for such work. The guidelines are forward-looking, meaning that they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2021 AGM. These guidelines do not apply to any remuneration decided or approved by a general meeting of shareholders.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, ITAB's business strategy is the following. ITAB shall offer complete store concepts for retail chain stores. With its expertise, long-term business relationships and innovative products, ITAB will secure a market-leading position in selected markets. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain management with good competence and the capacity to achieve set goals. To this end, it is necessary that the company offers competitive remuneration, which these guidelines enable.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The level of remuneration for individual executives shall be based on factors such as position, competence, experience and performance. Additionally, a general meeting of shareholders may – and irrespective of these guidelines – decide on, for example, share and share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 75 percent of the fixed annual cash salary. The variable cash remuneration for other members of Group management may amount to not more than 50 percent of the fixed annual cash salary. For the CEO, pension benefits, including health insurance, shall be premium-defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

For other executives, pension benefits, including health insurance, shall be premium-defined unless the individual concerned is subject to defined-benefit pension under mandatory local legislation or collective agreement provisions.

Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory local legislation or collective agreement provisions for the individual concerned. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical care insurance and company cars. Premiums and other costs due to such benefits may amount to not more than 12 percent of the fixed cash salary.

For employment governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted to ensure compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

The notice period may not exceed 12 months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for two years for the CEO, and one year for other members of executive management. The period of notice may not to exceed six months without any right to severance pay when termination is made by the executive. ▶

▶ *Criteria for awarding variable cash remuneration, etc.*
The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The extent to which the criteria for awarding variable cash remuneration have been satisfied shall be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable cash remuneration to executive management.

For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Consultant's fees to Board members
If a Board member performs services for ITAB in addition to Board work, a special fee may be paid for this (consultant's fee), provided that such services contribute to the implementation of ITAB's business strategy and safeguard ITAB's long-term interests, including its sustainability. This also applies to such services that ITAB receives through a company wholly owned by a Board member. The annual consultant's fee for each Board member may never exceed the annual Directors' fee. The consultant's fee shall be on market terms and determined in relation to the benefit of ITAB.

The decision-making process to determine, review and implement the guidelines
The Board of Directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to senior executives. The Board shall prepare proposals for new guidelines at least every four years or before that if there is a need for significant adjustments, and present the proposal for resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by the AGM. The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration for executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines
The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Guidelines adopted by ITAB's Annual General Meeting on 11 May 2021.

Remuneration and benefits to senior executives
Costs are recognised as remuneration for the period during which each person held their role.

	Directors' fee 1) / Fixed salary	Short-term variable salary	Long-term incentive programmes	Other remuneration and benefits 2)	Total salary and fees	Pension costs	Total incl. pension 3)
2022							
Board of Directors							
Anders Moberg	0.5				**0.5**		**0.5**
Anna Benjamin	0.3				**0.3**		**0.3**
Jan Frykhammar	0.3				**0.3**		**0.3**
Petter Fägersten	0.2				**0.2**		**0.2**
Eva Karlsson 4)	0.1				**0.1**		**0.1**
Roberto Monti	0.3				**0.3**		**0.3**
Fredrik Rapp	0.3				**0.3**		**0.3**
Vegard Søraunet	0.3				**0.3**		**0.3**
Rutger de Vries 4)	0.1				**0.1**		**0.1**
TOTAL – BOARD OF DIRECTORS	**2.4**				**2.4**		**2.4**
Group management							
CEO	5.2	3.5	0.9	0.2	**9.8**	1.5	**11.3**
Other senior executives in Group management (9 people)	20.7	6.9	1.3	0.3	**29.2**	3.0	**32.2**
TOTAL – GROUP MANAGEMENT	**25.9**	**10.4**	**2.2**	**0.5**	**39.0**	**4.5**	**43.5**
2021							
Board of Directors							
Anders Moberg	0.5				**0.5**		**0.5**
Anna Benjamin	0.3				**0.3**		**0.3**
Jan Frykhammar	0.3				**0.3**		**0.3**
Petter Fägersten	0.3				**0.3**		**0.3**
Eva Karlsson	0.3				**0.3**		**0.3**
Roberto Monti	0.3				**0.3**		**0.3**
Fredrik Rapp	0.3				**0.3**		**0.3**
Vegard Søraunet	0.3				**0.3**		**0.3**
Rutger de Vries	0.3				**0.3**		**0.3**
TOTAL – BOARD OF DIRECTORS	**2.8**				**2.8**		**2.8**
Group management							
CEO	4.9	3.6		0.2	**8.7**	1.4	**10.1**
Other senior executives in Group management (8 people)	21.7	8.8		1.3	**31.8**	3.3	**35.1**
TOTAL – GROUP MANAGEMENT	**26.6**	**12.4**		**1.5**	**40.5**	**4.7**	**45.2**

1) *Directors' fee including remuneration for committee work to Board members concerned.*
2) *Benefits refer to taxable benefits for cars, medical care insurances, etc.*
3) *Salaries and fees are recognised excluding employer's contributions. Pension costs are recognised excluding special payroll tax.*
4) *Board member stepped down in conjunction with ITAB's 2022 AGM.*

Long-term incentive programme 2022

The 2022 AGM resolved on a new long-term incentive programme (LTIP 2022) extending from June 2022 until June 2025. To participate in LTIP 2022, participants must own a predetermined number of shares in ITAB throughout the entire duration of the programme and remain an employee of ITAB throughout the entire period. For each share held by the participant within the framework of LTIP 2022, the company will award the participant a minimum of one and a maximum of three new ordinary shares in ITAB Shop Concept AB free of charge. The CEO may participate with a maximum of 296,368 ITAB shares, corresponding to a total maximum of 889,104 share rights under the programme. Other members of Group management may participate with a maximum of 148,184 ITAB shares per person, corresponding to a total maximum of 444,552 share rights per person. In addition, certain key individuals in the Group have been invited to participate in the programme with a maximum of 25,467 ITAB shares per person, corresponding to a maximum of 76,401 share rights per person. The number of ordinary shares allocated under LTIP 2022 depends on how well the predetermined performance targets are met. All participants have the same performance targets. Performance target 1 is for the Group's average EBIT margin for the 2023–2024 period to reach a certain level, and performance target 2 is for the Group's average net growth for the 2022–2024 period to reach a certain level. Any allocations of ordinary shares will take place after the publication of the interim report for the second quarter of 2025.

SHARE-BASED INCENTIVE PROGRAMME LTIP 2022

Number of participants still employed as of 31 December 2022	31 people
Performance target 1 – EBIT margin	The Group's average EBIT margin during the measurement period
Vesting period for performance target 1	January 2023–December 2024
Performance target 2 – Sales growth	Average annual net growth during the measurement period
Vesting period for performance target 2	January 2022–December 2024
Fair value per share right	SEK 10.16*

* The fair value of the share rights is calculated as the share price at the start of the programme.

No. of share rights LTIP 2022 at the start of the programme	Maximum number		
	Retention share rights	Performance share rights	Total number
LTIP 2022	1,114,102	2,228,204	**3,342,306**

No. of share rights allocated / forfeited in 2022	Maximum number
No. of share rights as of 1 January 2022	–
Allocated during the year	3,342,306
Forfeited during the year	–
No. of share rights as of 31 December 2022	**3,342,306**

Recognised cost for LTIP 2022, MSEK	2022
LTIP 2022	2

The cost for the share-based incentive programme is included in operating profit and is recognised in the balance sheet as equity and accrued expenses (social security contributions). The cost is based on the fair value of the share rights expected to be allocated. Fair value is determined at the time of the participants' investment at the share price. Fair value for the cost for social security contributions is calculated on each balance sheet date.

Gender distribution of Board members/senior executives at year-end

Group	2022 Share of women	2022 Share of men	2021 Share of women	2021 Share of men
Board members	12%	88%	13%	87%
Senior executives	23%	77%	20%	80%
Parent Company				
Board members	14%	86%	22%	78%
Senior executives	30%	70%	33%	67%

Personnel costs divided by function

Group	2022	2021
Cost of goods sold	-759	-778
Selling expenses	-586	-558
Administrative expenses	-175	-168
	-1,520	**-1,504**

Parent Company	2022	2021
Cost of goods sold	-10	-10
Selling expenses	-23	-21
Administrative expenses	-29	-27
	-62	**-58**

REMUNERATION COMMITTEE 2022

In 2022, the Remuneration Committee comprised Anders Moberg (Chairman), Fredrik Rapp and Vegard Søraunet, with the CEO co-opted to attend committee meetings.

NOTE 9. REMUNERATION TO AUDITORS

Shown below are the fees for audit assignments and other assignments that are expensed during the year. Audit assignment refers to reviewing the annual accounts and the accounting records as well as the management of the Board of Directors and the CEO. Audit activities other than the audit assignment refer to other quality assurance services that are performed in accordance with applicable regulatory requirements. Tax consultancy includes both advice and checking of compliance within the tax field. Other services are other assignments. The audit was mainly performed by Ernst & Young AB (EY).

	Group				Parent Company	
	2022	2022	2021	2021	2022	2021
	Fees to EY	Fees to other auditors	Fees to EY	Fees to other auditors	Fees to EY	Fees to EY
Audit assignment	7	4	5	3	1	1
Audit activities other than audit assignment	0	0	1	0	0	1
Tax consultancy	1	2	1	2	1	0
Other services	0	1	0	1	0	0
	8	**7**	**7**	**6**	**2**	**2**

NOTE 10. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Depreciation and amortisation divided per function

Group	2022	2021
Cost of goods sold	-176	-180
Selling expenses	-73	-70
Administrative expenses	-22	-21
	-271	**-271**

Parent Company	2022	2021
Administrative expenses	-1	-1

Depreciation and amortisation divided per asset type

Group	2022	2021
Capitalised development expenditure	-20	-19
Patents and other intellectual property rights	-9	-9
Buildings	-156	-147
Plant and machinery	-42	-50
Equipment, tools and installations	-44	-46
	-271	**-271**
Of which leases	-138	-147

Parent Company	2022	2021
Equipment	-1	-1

NOTE 11. COSTS DIVIDED BY TYPE OF COST

As of the 2022 financial year, ITAB presents shipping costs to customers in profit or loss under "Cost of goods sold". These costs were previously presented in the row "Selling expenses". Shipping costs to customers are part of the costs that arise in connection with contracts with customers, and the assessment has therefore been made that these costs should be presented under "Cost of goods sold". Comparative figures have also been restated.

Government grants are recognised as a cost reduction of the items to which the grants relate when there is reasonable assurance that the grant will be received, and that the Group will meet the conditions associated with the grant. The grants are systematically accrued in the same way and over the same periods as the costs the grants are intended to compensate for. Grants received during the year amounted to approximately MSEK 2 (8), half of which were related to COVID-19 in 2022.

Costs of goods sold, selling expenses and administrative expenses divided by cost type:

Group	2022	2021
Costs for direct materials	-3,195	-2,746
Shipping costs to customers [1)]	-307	-286
Personnel costs	-1,520	-1,504
Depreciation, amortisation and impairment losses	-271	-271
Other expenses	-1,208	-1,047
	-6,501	**-5,854**

Parent Company	2022	2021
Personnel costs	-62	-58
Depreciation, amortisation and impairment losses	-1	-1
Other expenses	-89	-65
	-152	**-124**

1) Amount transferred from "Selling expenses" to "Cost of goods sold" in profit or loss.

NOTE 12. OTHER OPERATING INCOME AND EXPENSES

Other operating income

Group	2022	2021
Operation's exchange rate differences	58	22
Repayment of pension funds	1	5
Capital gain on divestment of non-current assets	12	4
Other [1)]	8	8
	79	**39**

Parent Company	2022	2021
Operation's exchange rate differences	32	11
	32	**11**

Other operating expenses

Group	2022	2021
Operation's exchange rate differences	-36	-22
Expenses from acquisitions/divestments of companies	0	-2
Capital loss on divestment of non-current assets	-1	-10
Capital loss on divestment of property, plant and equipment	-2	-14
Participations in associated companies	-2	-1
Other	-2	-7
	-43	**-56**

Parent Company	2022	2021
Operation's exchange rate differences	-13	-7
	-13	**-7**

1) The item other operating income includes rental income of MSEK 2 (2).

NOTE 13. PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2022	2021
Income from participations in Group companies		
Dividends received	31	46
	31	**46**
Expenses from participations in Group companies		
Impairment of current receivables in Group companies [1)]	-4	-9
Impairment of shares in subsidiaries [2)]	-87	-42
	-91	**-51**

1) Impairment of receivables for loss coverage in Group companies in 2022 refers to ITAB Rus JSC (MSEK -2) and La Fortezza SpA (MSEK -2). Impairment of receivables for loss coverage in Group companies 2021 refers to La Fortezza SpA (MSEK -8) and Radlok S.à r.l (MSEK -1).

2) Impairment of shares in subsidiaries in 2022 refers to impairment in connection with shareholder contributions of MSEK -87. Of the impairment of shares in subsidiaries in 2021, MSEK -22 refers to impairment in connection with shareholder contributions and a further MSEK -20 to impairment after impairment testing. For more information, see Note 20.

NOTE 14. FINANCIAL INCOME AND EXPENSES

Financial income

Group	2022	2021
Interest income	13	5
Exchange rate differences	3	9
	16	**14**

Parent Company	2022	2021
Interest income, Group companies	44	33
	44	**33**

Financial expenses

Group	2022	2021
Interest expenses from interest rate derivatives	-2	-11
Other interest expenses	-47	-51
Other financial expenses	-22	-21
	-71	**-83**

Parent Company	2022	2021
Interest expenses, Group companies	-2	0
Interest expenses from interest rate derivatives	-2	-11
Other interest expenses	-24	-33
Exchange rate differences	-40	-31
Other financial expenses	-14	-17
	-82	**-92**

NOTE 15. YEAR-END APPROPRIATIONS

Parent Company	2022	2021
Group contributions received	42	2
Group contributions paid	-49	-58
	-7	**-56**

NOTE 16. TAX

Group	2022	2021
Current tax expenses		
Tax expenses for the period	-85	-60
Adjustment of tax attributable to previous years	-9	-3
	-94	**-63**
Deferred tax expenses (-)/tax income (+)		
Deferred tax attributable to temporary differences	4	8
Deferred tax attributable to previous years	0	-3
Deferred tax attributable to loss carryforwards	-15	6
Deferred tax as a result of changes in tax rates	0	0
	-11	**11**
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**-105**	**-52**

Parent Company	2022	2021
Current tax for the period	0	0
Deferred tax attributable to loss carryforwards	1	15
TOTAL RECOGNISED TAX EXPENSE IN THE INCOME STATEMENT	**1**	**15**

Difference between Swedish income tax rate and the effective tax rate

Group	2022	2022	2021	2021
Reported profit before tax	**348**		**147**	
Tax at Swedish income tax rate	-72	-20.6%	-30	-20.6%
Tax effect of				
Adjustment of previous years' tax	-9	-2.6%	-6	-4.0%
Other tax rates for foreign Group companies	-14	-4.1%	-8	-5.4%
Deductible temporary differences	6	1.7%	-1	-0.2%
Loss carryforwards	-9	-2.6%	-16	-10.9%
Altered tax rates	0	0.0%	0	-0.3%
Non-taxable income and non-deductible expenses	-7	-2.0%	9	6.2%
RECOGNISED TAX EXPENSE	**-105**	**-30.2%**	**-52**	**-35.2%**

Tax items recognised in other comprehensive income	2022	2021
Tax on cash flow hedges	-5	-5
Tax on hedging of net investments	4	0
Deferred tax on pension commitments	-1	0
	-2	**-5**

Changes in deferred tax

Group	2022	2021
Start of the year	72	60
Acquisitions/divestments/companies under divestment	0	-1
Items recognised in other comprehensive income	-1	0
Translation differences	0	2
Recognised in net profit for the year	-11	11
End of the year	**60**	**72**

The deferred tax assets and liabilities recognised in the balance sheet are attributable to the following:

Group	Receivables 2022	Receivables 2021	Liabilities 2022	Liabilities 2021
Non-current assets	6	12	40	38
Inventories	13	11	-1	0
Current receivables	1	0	0	–
Provisions for pensions and similar obligations	2	3	0	0
Loss carryforwards[1)]	72	81	–	–
Untaxed reserves	–	–	2	2
Other	10	10	3	5
	104	**117**	**44**	**45**

[1)] Of the deferred tax assets for loss carryforwards recognised in the balance sheet, there are loss carryforwards of MSEK 26 for which utilisation is subject to time restrictions. Of these loss carryforwards, MSEK 10 matures in 2024, MSEK 15 matures in 2025–2026 and the remaining MSEK 1 matures in 2030.

The Group has loss carryforwards equivalent to a nominal amount of MSEK 420 (426), which are not recognised as a deferred tax asset. This is partially an effect of present value calculation and partially attributable to the fact that certain loss carryforwards could not be utilised within a reasonable time. For a small proportion of these loss carryforwards, there are restrictions as regards utilisation per year as well as time limits.

Parent Company	Receivables 2022	Receivables 2021
Loss carryforwards	33	32
	33	**32**

NOTE 17. EARNINGS PER SHARE

Group

Earnings per share before dilution	**2022**	**2021**
Net profit for the period attributable to Parent Company shareholders, MSEK	170.5	95.2
Average number of ordinary shares outstanding	218,100,192	191,396,324
EARNINGS PER SHARE BEFORE DILUTION, SEK PER SHARE	**0.78**	**0.50**
Earnings per share for Continuing Operations before dilution		
Net profit for the period for Continuing Operations attributable to Parent Company shareholders, MSEK	223.1	87.5
EARNINGS PER SHARE FOR CONTINUING OPERATIONS BEFORE DILUTION, SEK PER SHARE	**1.02**	**0.46**
Earnings per share after dilution		
Net profit for the period attributable to Parent Company shareholders, MSEK	170.5	95.2
Average number of ordinary shares outstanding	218,100,192	191,396,324
Effect of long-term incentive programme [1]	1,457,367	–
Number of shares after dilution	**219,557,559**	**191,396,324**
EARNINGS PER SHARE AFTER DILUTION, SEK PER SHARE	**0.78**	**0.50**
ACTUAL NUMBER OF ORDINARY SHARES AT THE END OF THE YEAR		
before dilution	218,100,192	218,100,192
after dilution	219,557,559	218,100,192

On 9 February 2021, the Board decided to implement an offset issue and a rights issue, respectively, based on the issue authorisation decided at the Extraordinary General Meeting of ITAB Shop Concept AB (publ) on 15 January 2021. On 12 March 2021, ITAB announced that the recapitalisation had been fully completed and that the rights issue of MSEK 768 had been fully subscribed. Through these issues, the number of shares increased by a total of 115,716,762 and amounts to 218,100,192 shares after the issues.

On 14 December 2022, the Board decided to issue 4,400,000 new Class C shares intended for the long-term incentive programme. Moreover, the Board of Directors resolved to immediately repurchase all 4,400,000 Class C shares. After the issue, the total number of shares amounts to 222,500,192, of which 218,100,192 are ordinary shares and 4,400,000 are Class C shares. The Class C shares do not carry the right to any dividend and entitle the holder to 1/10 of a vote each. ITAB currently holds 0 ordinary shares and 4,400,000 Class C shares in treasury. For more information about the new share issue, see Note 27.

[1] For calculation of the number of shares after dilution, the average number of shares is adjusted taking into account the effects of dilutive potential ordinary shares, which, during the reporting periods in question, comprised rights to receive shares in ITAB within the framework of the LTIP 2022 long-term incentive programme. As of 31 December 2022, only matching share rights held by employees are considered dilutive, while the right to receive shares with performance conditions are not considered dilutive since set performance targets are yet to be met. Adjustment of the number of dilutive shares is based on the hypothetical number of shares that could have been purchased with the value of remaining positions within the framework of the incentive programme. Refer to Note 8 Employees and senior executives for a description of the long-term incentive programmes adopted.

SHARE CAPITAL DEVELOPMENT

Year	Transaction	Change in share capital (SEK thousand)	Total share capital (SEK thousand)	Total no. of ordinary shares	Total no. of Class C shares	Total no. of shares	Quotient value per share (SEK)
1987	Formation of the company	50	50	500		500	100
1997	New share issue	50	100	1,000		1,000	100
1998	New share issue	8,500	8,600	86,000		86,000	100
2004	Bonus issue	8,600	17,200	172,000		172,000	100
2004	Split 20:1	–	17,200	3,440,000		3,440,000	5
2004	New share issue	16,281	33,481	6,696,200		6,696,200	5
2006	New share issue	1,500	34,981	6,996,200		6,996,200	5
2007	Split 2:1	–	34,981	13,992,400		13,992,400	2.5
2008	New share issue	725	35,706	14,282,400		14,282,400	2.5
2008	Conversion	0	35,706	14,282,500		14,282,500	2.5
2009	Conversion	9	35,715	14,285,940		14,285,940	2.5
2010	Conversion	0	35,715	14,285,952		14,285,952	2.5
2012	Conversion	6,668	42,383	16,953,205		16,953,205	2.5
2014	Split 2:1	–	42,383	33,906,410		33,906,410	1.25
2016	Split 3:1	–	42,383	101,719,230		101,719,230	0.417
2016	Conversion	277	42,660	102,383,430		102,383,430	0.417
2021	New share issue	42,660	85,320	204,766,860		204,766,860	0.417
2021	Offset issue	5,556	90,876	218,100,192		218,100,192	0.417
2022	New share issue Class C shares	1,833	92,709	218,100,192	4,400,000	222,500,192	0.417

NOTE 18. INTANGIBLE ASSETS

2022 Group	Capitalised development expenditure	Patents and other intellectual property rights	Goodwill	Total
Accumulated cost				
Start of the year	198	95	1,644	1,937
Acquisitions of subsidiaries, see Note 5	–	0	26	26
Additions	18	4	–	22
Sales and disposals	-2	-21	–	-23
Translation differences for the year	–	7	120	127
	214	**85**	**1,790**	**2,089**
Accumulated amortisation according to plan				
Start of the year	-119	-62	–	-181
Sales and disposals	1	21	–	22
Amortisation according to plan for the year	-20	-9	–	-29
Translation differences for the year	–	-4	–	-4
	-138	**-54**	**–**	**-192**
CARRYING AMOUNT AT THE END OF THE YEAR	**76**	**31**	**1,790**	**1,897**

2021 Group	Capitalised development expenditure	Patents and other intellectual property rights	Goodwill	Total
Accumulated cost				
Start of the year	207	92	1,599	1,898
Acquisitions of subsidiaries, see Note 5	–	1	1	2
Additions	2	4	–	6
Sales and disposals	-11	-3	–	-14
Translation differences for the year	–	1	44	45
	198	**95**	**1,644**	**1,937**
Accumulated amortisation according to plan				
Start of the year	-102	-53	–	-155
Sales and disposals	2	2	–	4
Amortisation according to plan for the year	-19	-9	–	-28
Translation differences for the year	–	-2	–	-2
	-119	**-62**	**–**	**-181**
CARRYING AMOUNT AT THE END OF THE YEAR	**79**	**33**	**1,644**	**1,756**

Capitalised expenses for development work primarily comprise internally generated, capitalised costs for the development of checkouts. Other intellectual property rights primarily consist of valued customer relationships as well as patents.

Amortisation of intangible assets excluding goodwill is recognised in the income statement over the estimated useful lives of the assets. Amortisation commences from the date the asset is available for use. Estimated useful lives are reassessed every year. No impairment losses or reversal of impairment losses have taken place.

The Group's goodwill comprises primarily synergy effects in terms of production, logistics, personnel, know-how and an effective organisation.

Impairment testing for goodwill

The Group assesses goodwill for impairment annually, or more often if there are any indications of a need for impairment, in accordance with the accounting policies described in Note 2. No distribution of the Group's goodwill has been performed since all Group companies' activities and cash inflows are highly dependent on each other.

The recoverable amount for the unit has been determined based on the value in use, which consists of the present value of the estimated projected cash flow.

The estimate of projected cash flow is based on an assessment of expected growth in accordance with a cautious starting point in the forecasts prepared by management for the coming four years. The forecasts are based on experience from previous years, but with due consideration for future expected developments. According to the forecast, average growth in the organisation, after a period affected by COVID-19 and the war in Ukraine, is expected to amount to 2 percent (2) per year during 2024–2026. The cash flows beyond this four-year period have been extrapolated with the aid of an estimated rate of growth of 2 percent (2) per year, which corresponds to estimated long-term inflation.

The assumption of projected growth is the most important assumption and is based on external assessments of the market's growth, past trends and corporate management's assessment of market shares. The margins in the operations are an estimate that also has an impact on the testing. The EBITDA margin is an important assumption on which corporate management bases its assessment. When assessing impairment in 2022, a figure of 8.5 percent was used for 2024 and 9.0 percent for 2025 and onwards. Average interest rates have been assumed at the same levels as the outcome for 2022. The forecast cash flows have been converted to present value using a discount rate of 12.2 percent (9.7) before tax, which corresponds to 10.0 percent (8.0) after tax.

The discount factor, WACC, has been determined through the Capital Asset Pricing Model (CAPM). As a part of the discount factor, a risk-free rate of interest corresponding to the yield on ten-year government bonds has been used, with an addition for the equity market's average risk premium. Required return is also affected by the debt ratio in an optimal capital structure. The risk-free rate of interest has historically been low but increased during the year. The increase in the discount rate for 2022 compared with 2021 is attributable to the increase in the risk-free rate of interest, the increase in the size-based risk premium and the debt ratio in an optimal capital structure.

The recoverable amount exceeds the carrying amount, which means there is no need for impairment.

In order to support the impairment assessment that has been performed for goodwill within the Group, an overall assessment has been performed of the sensitivity of the variables used in the model. If the sustainable rate of growth is set at 0 percent or if the EBITDA margin is lowered by 1.0 percentage points, there is still no indication of an impairment need.

NOTE 19. PROPERTY, PLANT AND EQUIPMENT

2022 **Group**	**Buildings**	**Machinery**	**Equipment**	**Construction in progress**	**Total**
Accumulated cost excl. leases					
Start of the year	690	683	326	17	1,716
Acquisitions of subsidiaries	–	1	–	–	1
Additions	4	48	15	16	83
Sales and disposals	-2	-67	-30	-2	-101
Reclassifications	1	12	11	-24	0
Translation differences for the year	58	48	20	1	127
	751	**725**	**342**	**8**	**1,826**
Accumulated depreciation according to plan excl. leases					
Start of the year	-242	-472	-244	–	-958
Sales and disposals	2	62	24	–	88
Reclassifications	0	8	-7	–	1
Depreciation and impairment losses – Discontinued Operations	-43	-10	-1	-1	-55
Depreciation according to plan for the year – Continuing Operations	-19	-42	-28	–	-89
Translation differences for the year	-21	-32	-16	–	-69
	-323	**-486**	**-272**	**-1**	**-1,082**
TOTAL	**428**	**239**	**70**	**7**	**744**
Right-of-use assets [1)]	641	1	22	–	664
CARRYING AMOUNT AT THE END OF THE YEAR	**1,069**	**240**	**92**	**7**	**1,408**

2021 **Group**	**Buildings**	**Machinery**	**Equipment**	**Construction in progress**	**Total**
Accumulated cost excl. leases					
Start of the year	645	707	314	6	1,672
Acquisitions/divestments of subsidiaries	0	27	1	0	28
Additions	2	28	37	18	85
Sales and disposals	-3	-124	-41	0	-168
Reclassifications	0	7	0	-7	0
Translation differences for the year	46	38	15	0	99
	690	**683**	**326**	**17**	**1,716**
Accumulated depreciation according to plan excl. leases					
Start of the year	-215	-499	-240	–	-954
Divestments of subsidiaries	0	4	0	–	4
Sales and disposals	0	100	35	–	135
Reclassifications	0	-1	2	–	1
Depreciation and impairment losses – Discontinued Operations	-1	-2	0	–	-3
Depreciation according to plan for the year – Continuing Operations	-17	-49	-31	–	-97
Translation differences for the year	-9	-25	-10	–	-44
	-242	**-472**	**-244**	**–**	**-958**
TOTAL	**448**	**211**	**82**	**17**	**758**
Right-of-use assets [1)]	586	1	21	–	608
CARRYING AMOUNT AT THE END OF THE YEAR	**1,034**	**212**	**103**	**17**	**1,366**

[1)] *For more information about right-of-use assets, see Note 22.*

Parent Company	**2022** **Equipment**	**2021** **Equipment**
Accumulated cost		
Start of the year	16	16
Additions	0	0
	16	**16**
Accumulated depreciation according to plan		
Start of the year	-10	-9
Depreciation according to plan for the year	-1	-1
	-11	**-10**
CARRYING AMOUNT AT THE END OF THE YEAR	**5**	**6**

NOTE 20. PARTICIPATIONS IN GROUP COMPANIES AND ASSOCIATED COMPANIES

Parent Company	2022	2021
Opening carrying amount	2,051	2,071
Shareholder contributions to subsidiaries [1]	87	21
Impairment and revaluations for the year [2]	-87	-41
CLOSING CARRYING AMOUNT	**2,051**	**2,051**

[1] In 2022, shareholder contributions were paid to La Fortezza SpA (MSEK 84) and ITAB Konsult AB (MSEK 3). In 2021, shareholder contributions were paid to La Fortezza SpA (MSEK 20) and ITAB Konsult (MSEK 1).

[2] In 2022, shares in the subsidiaries La Fortezza Spa and ITAB Konsult AB were impaired by MSEK -87 in connection with the payment of shareholder contributions. In 2021, shares in SIA ITAB Latvia were impaired by MSEK 20. In addition, shares in the subsidiaries La Fortezza Spa and ITAB Konsult AB were impaired by MSEK -21 in connection with the payment of shareholder contributions.

PARTICIPATIONS ARE HELD IN THE FOLLOWING GROUP COMPANIES:	CORP. REG. NO.	DOMICILE	COUNTRY	NUMBER OF SHARES	HOLDING	2022 CARRYING AMOUNT	2021 CARRYING AMOUNT
ITAB Lithuania AB	233393310	Kaunas	Lithuania	635,350	100%	20	20
ITAB Eesti OÜ	10994786	Tallinn	Estonia	1	100%	0	0
ITAB Germany Gmbh	HRB 61998	Cologne	Germany	2	100%	17	17
ITAB Harr Gmbh	HRB 29025	Malschwitz	Germany	–	100%	–	–
ITAB Lighting Germany GmbH	HRB 104507	Menden	Germany	5	100%	–	–
ITAB Holding B.V	32082085	Woudenberg	The Netherlands	180	100%	36	36
ITAB Benelux B.V	61775185	Hertogenbosch	The Netherlands	180	100%	–	–
ITAB Konsult AB	556554-1520	Jönköping	Sweden	1,000	100%	0	0
ITAB Shop Products Finland OY	1569393-8	Lahti	Finland	1,165	100%	11	11
ITAB Pharmacy Concept AB	556603-8245	Jönköping	Sweden	40,000	100%	5	5
Sintek Industrial Property AB	556031-3362	Jönköping	Sweden	9,070	100%	1	1
Radlok S.à r.l	B 150987	Luxembourg	Luxembourg	100	100%	–	–
ITAB Shop Concept AS	960912624	Oslo	Norway	1,534,500	100%	55	55
ITAB Industier AS	928907619	Stadsbygd	Norway	150	100%	–	–
ITAB Norge AS [3]	935500419	Oslo	Norway	50	100%	–	–
Reklamepartner Graphics AS	979895909	Vinterbro	Norway	100	100%	–	–
KB Design AS	913275438	Oslo	Norway	34	100%	–	–
ITAB Shop Concept Belgium N.V	0413.792.003	Antwerp	Belgium	279,295	100%	7	7
ITAB Shop Concept CZ a.s	255 68,663	Blansko	Czech Republic	2,210	100%	277	277
ITAB Shop Concept A/S	19353443	Herning	Denmark	11,000	100%	0	0
ITAB Shop Products A/S	13769893	Taastrup	Denmark	500	100%	22	22
ITAB Kiinteistö Oy	0719064-4	Järvenpää	Finland	77,000	100%	12	12
ITAB Shop Concept Polska Sp zoo	338168	Warsaw	Poland	100	100%	2	2
ITAB Shop Products Ltd	5822228	Hemel Hempstead	England	2,500,000	100%	35	35
ITAB Holdings UK Ltd	4135080	Hemel Hempstead	England	4,638,743	100%	119	119
ITAB UK Ltd	3411363	Hemel Hempstead	England	1,200,000	100%	–	–
Nordic Light Group AB	556306-5373	Skellefteå	Sweden	1,000	100%	523	523
ITAB Shop Products AB	556132-4046	Jönköping	Sweden	1,000	100%	–	–
ITAB Sweden AB	556474-2244	Nässjö	Sweden	2,000	100%	–	–
Nordic Light AB	556203-5161	Skellefteå	Sweden	130,000	100%	–	–
Nordic Light Group (HK) Co Ltd	759628	Hong Kong	Hong Kong	20,000	100%	–	–
Nordic Light (Suzhou) Investment (HK) Co Ltd.	875186	Hong Kong	Hong Kong	10,000	65%	–	–
ITAB Shop Concept China Co Ltd	91320505MA1MEFBL86	Suzhou	China	–	65%	–	–
Nuco Lighting Technology Ltd Co	440306503426898	Shenzhen	China	–	100%	–	–
Nordic Light America Inc.	27-4627942	Columbus	USA	1,500	100%	–	–
Nordic Light South America SpA	71,936 / 49,962	Santiago	Chile	100	100%	–	–
Nordic Light India Private Ltd	U74900KA2014FTC073090	Bangalore	India	10,000	100%	–	–
ITAB Finland Holding Oy	2447365-4	Jyväskylä	Finland	40,594	100%	43	43
ITAB Finland Oy	1882702-2	Jyväskylä	Finland	28,000	100%	–	–
Oy Checkmark Ltd [3]	2278277-9	Pieksämäki	Finland	3,500	100%	–	–
Checkmark Sverige AB	556745-5836	Jönköping	Sweden	1,000	100%	–	–
Checkmark Norge AS	983337449	Kristiansand	Norway	20,000	100%	–	–
Checkmark Danmark ApS	36401389	Taastrup	Denmark	50	100%	–	–
La Fortezza S.p.A. a Socio Unico	FI - 462981	Scarperia	Italy	20,900,000	100%	786	786
Imola Retail Solution S.r.L [4]	BO-555133	Imola	Italy	81,000	81%	–	–
La Fortezza Alser S.a.S	438699225	Jouy-le-Moutier	France	3,811,580	100%	–	–
La Fortezza Asia Sdn Bhd	396959-A	Kuala Lumpur	Malaysia	600,000	100%	–	–
ITAB Iberica S.L.Unipersonal	B85907236	Barcelona	Spain	19,000	100%	–	–
ITAB Rus JSC	1057747369723	Stupino	Russia	2,780,000	100%	–	–
La Fortezza Middle East DMCC	JLT5135	Dubai	UAE	1	100%	–	–
La Fortezza Sudamericana S.A.	30-68703602-2	Buenos Aires	Argentina	5,645,921	100%	–	–
SIA ITAB Latvia	40103175540	Riga	Latvia	2,845	100%	80	80
						2,051	**2,051**

In addition to the above companies, the Group owns shares in inactive companies. In total, the Group comprised 63 legal companies at the end of 2022.

[3] In 2022, all participations in Oy Checkmark Ltd and its subsidiaries were acquired. During the year, two Norwegian subsidiaries were merged with ITAB Norge AS, a Swedish company was merged with Nordic Light AB and two dormant companies in the UK were wound up.

[4] In 2021, 81 percent of the shares in Imola Retail Solution was acquired and a dormant company in Portugal was wound up.

PARTICIPATIONS ARE HELD IN THE FOLLOWING ASSOCIATED COMPANIES:

There are no major associated companies within the ITAB Group. The most significant value is linked to OmboriGrid AB.

Parent Company	Corp. Reg. No.	Domicile	Country	Number of shares	Share of capital, %	Share of votes, %	2022 Carrying amount
OmboriGrid AB (Priv)	556841-1333	Stockholm	Sweden	22,059,400	20.93%	33.40%	15

Group	2022	2021
Carrying amount at the start of the year	11	12
Share issue	–	3
Depreciation surplus value	-1	-1
Share of net profit for the period	-1	-3
CARRYING AMOUNT AT THE END OF THE YEAR	**9**	**11**

OmboriGrid AB's transactions with other ITAB companies	2022	2021
Sales to companies within the ITAB Group	9	1
Receivable to companies within the ITAB Group	2	0

ITAB's share of OmboriGrid AB's assets, equity, net sales and profit before tax.

	2022	2021
Assets	11	11
Equity	8	10
Net sales	4	1
Profit before tax	-3	-6

NOTE 21. FINANCIAL ASSETS AND LIABILITIES

	2022			2021		
Time analysis of financial assets	**Past due**	**Not past due**	**Total**	**Past due**	**Not past due**	**Total**
Accounts receivable, not impaired						
less than 30 days old	59	918	977	41	991	1,032
31-60 days old	36		36	46		46
more than 60 days old	49		49	40		40
Accounts receivable, impaired						
more than 60 days old	21		21	12		12
Deduction for reserves	-21		-21	-12		-12
TOTAL ACCOUNTS RECEIVABLE	**144**	**918**	**1,062**	**127**	**991**	**1,118**
Other financial assets (excl. cash and cash equivalents)	–	115	115	–	156	156
CARRYING AMOUNT, FINANCIAL ASSETS EXCL. CASH AND CASH EQUIVALENTS	**144**	**1,033**	**1,177**	**127**	**1,147**	**1,274**

The receivable is reserved as doubtful in the case of an expected credit loss. The assessment is individual and performed on a case-by-case basis.

Change in provision for expected credit losses	Group 2022	Group 2021
Opening balance	12	13
Increase in provision through the income statement	12	4
Utilised reserve due to confirmed losses on accounts receivable	-2	-3
Reversed provisions	-2	-2
Translation differences for the year	1	0
CLOSING BALANCE	**21**	**12**

TIME ANALYSIS OF FINANCIAL LIABILITIES RECOGNISED AS UNDISCOUNTED CASH FLOWS INCL. ACCRUED INTEREST

Group	2022	2021
Maturity date		
within 1 year	1,338	1,617
between 1 and 3 years	1,329	793
between 3 and 5 years	142	166
after 5 years	130	156
	2,939	**2,732**

Parent Company	2022	2021
Maturity date		
within 1 year	262	276
between 1 and 3 years	1,050	549
between 3 and 5 years	–	–
after 5 years	–	–
	1,312	**825**

	2021		Items that do not affect the cash flow			2022
CHANGE IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES IN THE GROUP'S CASH FLOW		**Cash flow**	**Lease liabilities according to IFRS 16**	**Translation difference**	**Fair value**	
Derivative receivables	-4				-21	-25
Non-current liabilities to credit institutions	570	428		49		1,047
Current liabilities to credit institutions and overdraft facilities	241	-135		0		106
Lease liabilities	630	-140	134	57		681
Derivative liabilities	10				17	27
NET DEBT FROM FINANCING ACTIVITIES	**1,447**	**153**	**134**	**106**	**-4**	**1,836**
Cash and cash equivalents						-756
INTEREST-BEARING NET DEBT [1]						**1,080**

[1] Some of the company's bank loans are restricted with covenants, stipulated in the loan contract. One of the restrictions entails that ITAB has committed to keeping the company's interest-bearing net debt in relation to EBITDA within certain stipulated levels. None of the company's covenants were broken during the year.

INFORMATION ABOUT CARRYING AMOUNT PER CATEGORY AND FAIR VALUE PER CLASS

VALUATION HIERARCHY

The Group recognises financial instruments that are measured at fair value in the statement of financial position. This requires information about valuation at fair value per level in the following fair value hierarchy:

Level 1: Listed prices (unadjusted) on active markets for identical assets or liabilities. Financial instruments measured at fair value based on level 1 comprise cash and cash equivalents as well as non-current and current interest-bearing liabilities.

Level 2: Other observable input data for assets or liabilities other than listed prices included in level 1, either direct (meaning as price quotations) or indirect (meaning derived from price quotations). Financial instruments measured at fair value based on level 2 comprise derivatives that are applied in hedge accounting.

Level 3: Input data for the asset or liability that are not based on observable market data (meaning non-observable input data).

DERIVATIVE INSTRUMENTS

Derivative instruments comprise interest rate swaps and currency futures, and are measured at market value according to level 2. In other words, for derivative instruments, the fair value is calculated through discounted future cash flows according to the contracts' terms and maturity dates, where all variables, such as discount rates and exchange rates, are obtained from market listings for calculations.

▶

▶ INFORMATION ABOUT CARRYING AMOUNT PER CATEGORY AND FAIR VALUE PER CLASS

Group 2022	Derivatives that are applied in hedge accounting	Financial liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Other financial liabilities	Total carrying amount	Fair value [1]
Financial assets						
Financial non-current receivables			19		19	19
Accounts receivable			1,062		1,062	1,062
Derivative receivables (level 2)	25				25	25
Other receivables			62		62	62
Accrued income, financial assets			9		9	9
Cash and cash equivalents [2]			756		756	756
TOTAL FINANCIAL ASSETS	**25**		**1,908**		**1,933**	**1,933**
Financial liabilities						
Liabilities to credit institutions				1,096	1,096	1,096
Lease liabilities				681	681	681
Overdraft facilities				57	57	57
Derivative liability (level 2)	27				27	27
Advance payments from customers				65	65	65
Accounts payable				785	785	785
Other liabilities				126	126	126
Accrued expenses, financial liability		1		40	41	41
TOTAL FINANCIAL LIABILITIES	**27**	**1**		**2,850**	**2,878**	**2,878**
2021						
Financial assets						
Financial non-current receivables			18		18	18
Accounts receivable			1,118		1,118	1,118
Derivative receivables (level 2)	4				4	4
Other receivables			122		122	122
Accrued income, financial assets			12		12	12
Cash and cash equivalents [2]			208		208	208
TOTAL FINANCIAL ASSETS	**4**		**1,478**		**1,482**	**1,482**
Financial liabilities						
Liabilities to credit institutions				752	752	752
Lease liabilities				630	630	630
Overdraft facilities				59	59	59
Derivative liability (level 2)	10				10	10
Advance payments from customers				75	75	75
Accounts payable				971	971	971
Other liabilities				139	139	139
Accrued expenses, financial liability				33	33	33
TOTAL FINANCIAL LIABILITIES	**10**			**2,659**	**2,669**	**2,669**
Parent Company						
2022						
Financial assets						
Receivables with Group companies			522		522	522
Other receivables			3		3	3
Cash and cash equivalents [2]			402		402	402
TOTAL FINANCIAL ASSETS			**927**		**927**	**927**
Financial liabilities						
Liabilities to credit institutions				1,028	1,028	1,028
Overdraft facilities				36	36	36
Accounts payable				3	3	3
Liabilities to Group companies				183	183	183
Other liabilities				1	1	1
Accrued expenses, financial liability		1		6	7	7
TOTAL FINANCIAL LIABILITIES		**1**		**1,257**	**1,258**	**1,258**
2021						
Financial assets						
Receivables with Group companies			494		494	494
Cash and cash equivalents [2]			54		54	54
TOTAL FINANCIAL ASSETS			**548**		**548**	**548**
Financial liabilities						
Liabilities to credit institutions				653	653	653
Overdraft facilities				32	32	32
Accounts payable				3	3	3
Liabilities to Group companies				105	105	105
Other liabilities				4	4	4
Accrued expenses, financial liability				2	2	2
TOTAL FINANCIAL LIABILITIES				**799**	**799**	**799**

[1] *For current receivables and liabilities with a lifetime of less than six months, the carrying amount is considered to reflect the fair value.*

[2] *Cash and cash equivalents are made up in their entirety of cash and bank balances.*

NOTE 22. LEASES

ITAB's leases are attributable to properties, machinery and vehicles. The majority of ITAB's leases include options to either extend or terminate the agreement. When the term of the lease is established, ITAB takes into consideration all facts and circumstances that provide a financial incentive to utilise an option to extend or waive an option to terminate the agreement. Examples of factors that are considered include strategic plans, restructuring programmes, the importance of the underlying asset to ITAB's operations and/or costs attributable to not extending or terminating leases.

Leases – right-of-use assets and lease liabilities

Items concerning leases have been included in the consolidated accounts as described below:

	AS OF 31 DECEMBER 2022				AS OF 31 DECEMBER 2021			
Right-of-use assets	**Buildings**	**Equipment**	**Machinery**	**Total**	**Buildings**	**Equipment**	**Machinery**	**Total**
Start of the year	586	21	1	**608**	621	21	7	**649**
Additions	178	15	0	**193**	149	15	0	**164**
Disposals during the year	-39	0	0	**-39**	-70	0	-4	**-74**
Translation difference	54	1	0	**55**	16	0	0	**16**
Depreciation during the year	-138	-15	0	**-153**	-130	-15	-2	**-147**
Carrying amount at the end of the year	**641**	**22**	**1**	**664**	**586**	**21**	**1**	**608**
Lease liabilities	**657**	**23**	**0**	**680**	**608**	**21**	**1**	**630**

Lease liabilities	**Nominal value 2022**	**Present value 2022**	**Nominal value 2021**	**Present value 2021**
Current portion, maturity date within one year	154	163	140	140
Non-current portion, maturity date from one to three years	258	259	220	208
Non-current portion, maturity date from three to five years	142	139	152	142
Non-current portion, maturity date over five years	130	119	156	140
Value at the end of the year	684	680	668	630

The Group's material leases pertain to leases for buildings, mainly located in Sweden, United Kingdom, Italy and France. Machinery pertains to France, China, the Netherlands and Lithuania. Equipment primarily comprises cars.

The Group's profit for the 2022 financial year was charged with costs attributable to finance leases, including depreciation of MSEK 153 (147) and interest expenses of MSEK 14 (13). Total lease expenses in 2022 amounted to MSEK 182 (175). Lease expenses related to low-value and short-term leases amounted to MSEK 32 (15). There are no significant variable payments or restrictions.

NOTE 23. INVENTORIES

Group	**2022**	**2021**
Raw materials and consumables	417	492
Products in progress	96	124
Finished products and goods for resale	512	553
Advance payments for goods	5	7
	1,030	**1,176**

The year's impairment of finished products and goods for resale charged to net profit for the year totalled MSEK 15 (20) for the Group.

NOTE 24. PREPAID EXPENSES AND ACCRUED INCOME

Group	**2022**	**2021**
Prepaid rent and lease payments	14	13
Prepaid insurance premiums	4	3
Other prepaid expenses	63	59
Accrued revenue from contracts with customers	9	13
Other accrued income	5	3
	95	**91**

Parent Company	**2022**	**2021**
Prepaid insurance premiums	1	1
Other prepaid expenses	8	4
	9	**5**

NOTE 25. EQUITY

GROUP

Share capital

For information regarding share capital and the share capital development, see the information for Parent Company below.

Other contributed capital

Pertains to equity contributed by the owners. This includes a portion of share premium reserves transferred to the statutory reserve as of 31 December 2005. Provisions to the share premium reserve from 1 January 2006 are also recognised as other contributed capital.

Costs for the share-based incentive programme are recognised in accordance with IFRS 2 *Share-based Payment*. The fair value of the allocated share rights is included in operating profit and is recognised in the balance sheet as other contributed capital. Fair value is determined at the time of the participants' investment at the share price and is distributed over the vesting period.

Other reserves

Other reserves in equity consist of the translation reserve and hedging reserve.

Translation reserve

Translation differences concerning foreign subsidiaries are recognised as a separate item in equity. The translation reserve includes all exchange rate differences arising on the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the Group's functional currency. The Parent Company and the Group present their financial statements in SEK. The translation reserve also comprises exchange rate differences arising on the translation of liabilities used as hedging instruments for net investments in a foreign operation.

On the sale or discontinuation of foreign operations, accumulated translation differences are recognised as a portion of the profit from the divestment. In 2022, only dormant companies of a minor value were divested and wound up

The accumulated translation reserve, recognised in comprehensive income as of 2004, amounts to the following:

Translation reserve attributable to Parent Company shareholders	2022	2021
Opening balance	47	-57
Translation difference on translation of foreign operations	178	105
Change in fair value of hedges of net investments	-19	-1
Tax	4	0
Closing balance	**210**	**47**

Translation reserve attributable to non-controlling interests	2022	2021
Opening balance	18	5
Translation differences for the year	10	13
Closing balance	**28**	**18**

Hedging reserve

The hedging reserve includes the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet taken place.

	2022	2021
Opening balance	-4	-20
Change in fair value of cash flow hedges	39	13
Change in fair value of cash flow hedges transferred to net profit for the year	-16	8
Tax	-5	-5
Closing balance	**14**	**-4**
Total other reserves attributable to Parent Company shareholders	**224**	**43**
Total other reserves attributable to non-controlling interests	**28**	**18**

Profit brought forward

Profit brought forward including net profit for the year includes profit earned in the Parent Company and its subsidiaries. Previous provisions to the statutory reserve, excluding transferred share premium reserves, are included in this equity item.

PARENT COMPANY

Share capital

On 9 February 2021, the Board decided to implement an offset issue and rights issue based on the issue authorisation decided at the Extraordinary General Meeting of ITAB Shop Concept AB (publ) on 15 January 2021. On 12 March 2021, the recapitalisation was fully completed and the rights issue of MSEK 768 was fully subscribed. In connection with the issue, all Class A shares were reclassified as Class B shares, entailing that ITAB only had Class B shares outstanding after the recapitalisation. Through these issues and this reclassification, the number of shares increased by a total of 115,716,762 and amounts to 218,100,192 shares after the issues.

On 14 December 2022, the Board decided to issue new Class C shares intended for the long-term incentive programme for senior executives in the Group, based on the issue authorisation decided at the AGM of ITAB Shop Concept AB (publ) on 10 May 2022. The issue increased the total number of shares by 4,400,000 Class C shares. All shares are paid. For more information, see Note 27.

Ordinary shares entitle the holder to one vote and Class C shares to 1/10 of a vote at general meetings of shareholders. Ordinary shares entitle the holder to dividends, while Class C shares do not. The share capital is distributed as follows: SEK 90,876 thousand pertaining to ordinary shares and SEK 1,833 thousand pertaining to Class C shares. All Class C shares are held in treasury by ITAB. The quotient value per share is SEK 0.4167. For information on the share capital development, refer to Note 17.

Parent Company	31 Dec 2022			31 Dec 2021		
Shares outstanding	**Ordinary shares**	**Class C shares**	**Total**	**Class B shares**	**Class A shares**	**Total**
Opening number of shares	218,100,192	–	218,100,192	80,217,030	22,166,400	102,383,430
Reverse split				22,166,400	-22,166,400	0
New share issue		4,400,000	4,400,000	102,383,430		102,383,430
Offset issue			0	13,333,332		13,333,332
Number of shares at the end of the year	218,100,192	4,400,000	222,500,192	218,100,192	0	218,100,192
of which held by ITAB Shop Concept AB		-4,400,000	-4,400,000	–		0
Total shares outstanding at the end of the year	218,100,192	0	218,100,192	218,100,192	0	218,100,192

Statutory reserve
The purpose of the statutory reserve has been to save a portion of net profit, which is not used to cover the loss brought forward. This also includes a portion of share premium reserves transferred to the statutory reserve as of 31 December 2005.

Share premium reserve
When shares are issued at a share premium, meaning it is necessary to pay more than the shares' quotient value for the shares, an amount corresponding to the amount received over and above the quotient value for the shares must be transferred to the share premium reserve. Issue costs reduce the value of the share premium reserve. Share premium reserves prior to 31 December 2005 have been transferred to the statutory reserve.

For information on the new share issue and offset issue in 2021 and 2022, refer to Note 27.

Profit brought forward
Profit brought forward comprises the previous year's profit brought forward, including the previous year's profit after payment of any dividends.

Costs for the share-based incentive programme are recognised in accordance with IFRS 2 *Share-based Payment*. The fair value of the allocated share rights is included in operating profit and is recognised in the balance sheet as profit brought forward. Fair value is determined at the time of the participants' investment at the share price and is distributed over the vesting period.

Together with net profit for the year and the share premium reserve, profit brought forward constitutes total non-restricted equity, meaning the amount that is available for dividends to the shareholders.

NOTE 26. ALLOCATION OF PROFITS

Parent Company	2022	2021
The following unrestricted profit is at the disposal of the AGM:		
Share premium reserve	1,083	1,084
Profit brought forward	642	695
Net profit for the year	-63	-54
TOTAL	**1,662**	**1,725**

The Board of Directors and CEO propose that these funds be distributed as follows:		
Number of ordinary shares	218,100,192	218,100,192
To be paid as dividends to shareholders in total	109	–
To be carried forward	1,553	1,725
TOTAL	**1,662**	**1,725**

NOTE 27. NEW SHARE ISSUE AND OFFSET ISSUE

2022
On 14 December 2022, the Board decided to issue new Class C shares intended for the long-term incentive programme, based on the issue authorisation decided at the AGM of ITAB Shop Concept AB. With the support of the authorisation from the AGM held on 10 May 2022, the Board of Directors resolved on 14 December 2022 on a directed cash issue of 4,400,000 Class C shares to Nordea Bank at a subscription price corresponding to the quotient value of the shares. Moreover, the Board of Directors resolved to immediately repurchase all 4,400,000 Class C shares from Nordea Bank at the same price as the subscription price. The purpose of the issue and repurchase was to secure delivery of ordinary shares to the employees in the ITAB Group who are participants in the LTIP 2022 performance-based incentive programme that was adopted by the AGM on 10 May 2022 by ITAB later converting the Class C shares to ordinary shares. After the issue, the total number of shares amounts to 222,500,192, of which 218,100,192 are ordinary shares and 4,400,000 are Class C shares. The Class C shares do not carry the right to any dividend and entitle the holder to 1/10 of a vote each. ITAB currently holds 0 ordinary shares and 4,400,000 Class C shares in treasury.

	Number of Class C shares	Share capital, MSEK	Share premium reserve, MSEK	Total, MSEK
New share issue	4,400,000	2	–	2

2021
On 9 February 2021, the Board decided to implement an offset issue and rights issue based on the issue authorisation decided at the Extraordinary General Meeting of ITAB Shop Concept AB (publ) on 15 January 2021. On 12 March 2021, ITAB announced that the recapitalisation had been fully completed and that the rights issue of MSEK 768 had been fully subscribed. Through these issues, the number of shares increased by a total of 115,716,762 and amounts to 218,100,192 shares after the issues.

	Number of ordinary shares	Share capital, MSEK	Share premium reserve, MSEK	Total, MSEK
New share issue	102,383,430	42	726	768
Offset issue	13,333,332	6	94	100
Issue costs			-35	-35
	115,716,762	**48**	**785**	**833**

NOTE 28. OVERDRAFT FACILITIES

Group	2022	2021
Granted overdraft facility	749	597
Utilised overdraft facility	57	59
Unutilised overdraft facility	**692**	**538**

Parent Company	2022	2021
Granted overdraft facility	685	511
Utilised overdraft facility	36	32
Unutilised overdraft facility	**649**	**479**

The companies in the ITAB Group are affiliated to the Group account system. At the end of the year, ITAB Shop Concept AB had net assets of MSEK 580 (338) via Group accounts. Together with the subsidiaries in the Group, the Parent Company's total receivables from credit institutions via Group accounts amounted to MSEK 402 (54) and liabilities to credit institutions to MSEK 36 (32), meaning that the Parent Company has a receivable from subsidiaries totalling MSEK 214 (316), net.

NOTE 29. PROVISIONS FOR PENSIONS

The following tables present an overview of the items included in the net costs for remuneration recognised in the consolidated income statement for defined-benefit pension plans. Certain information concerning the outcome of capital management and amounts reported in the Group's balance sheet for these pension plans is also provided.

Defined-benefit pension plans	2022	2021
Net costs		
Interest on the year's increase in the present value of pension commitments	0	1
Net of pensions earned and premiums paid during the year	-5	-3
Expected return on plan assets	0	0
RECOGNISED PENSION COSTS, NET	**-5**	**-2**
Recognised provision as of 31 December		
Present value of pension commitments	71	78
Fair value of plan assets	-37	-37
RECOGNISED PROVISION AS OF 31 DECEMBER	**34**	**41**
Net amount distributed between the following countries		
Norway	2	6
Sweden	3	2
Italy	27	29
France	1	2
Belgium	1	2
Other	0	0
RECOGNISED COMMITMENTS IN THE BALANCE SHEET	**34**	**41**

	2022	2021
Change in recognised provision		
Opening net debt	41	29
Provision assumed in connection with corporate acquisition	0	11
Actuarial gains and losses	-5	2
Value adjustment	3	1
Pension costs, net	-5	-2
RECOGNISED PROVISION AS OF 31 DECEMBER	**34**	**41**
The most important assumptions used for determining pension commitments (%)		
Discount factor	0.2-1.5%	0.2-1.5%
Future salary increases	0.2-2.0%	0.2-2.0%
Future pension increases	1.0-1.5%	0.7-1.8%
Expected return	1.0%	1.0%

ALECTA

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension commitments for retirement and family pension are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 *Recognition of the ITP 2 pension plan financed through insurance with Alecta*, this is a defined-benefit plan that covers several employers. For the 2022 financial year, the company did not have access to information in order to report its proportional share of the plan's obligations, plan assets and costs, which meant that it has not been possible to report the plan as a defined-benefit plan. The ITP 2 pension plan that is secured through insurance with Alecta is therefore reported as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated on an individual basis, and is dependent in part on salary, previously earned pension and the anticipated remaining period of service. The fees for the year for ITP 2 insurance policies taken out in Alecta amount to MSEK 5 (5).

The collective funding ratio comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which do not coincide with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is below 125 percent or above 155 percent, measures must be taken with the aim of creating the conditions to bring the funding ratio back to the normal range. In the event of a low funding ratio, one measure may be to raise the agreed price for new subscriptions and to extend existing benefits. In the event of a high funding ratio, one measure may be to introduce premium reductions. At the end of 2022, Alecta's surplus in the form of the collective funding ratio was 172 percent (172).

NOTE 30. OTHER PROVISIONS

Group	2022	2021
Restructuring reserve [1]	3	21
Guarantee reserve [2]	6	6
Other provisions	18	11
	27	**38**

[1] The restructuring reserve refers to costs in connection with the closure of the production units in France and Sweden.
[2] The guarantee provision refers to ITAB's assessed costs for warranty commitments where ITAB's products are sold with more than a one-year warranty.
[3] Other provisions refer primarily to a provision for agents pursuant to Italian law and are based on average commission over the past five years. This amount also includes a reserve for personnel costs in connection with restructuring.
[4] Acquisition of Imola and refers to a provision for agents pursuant to Italian law.

Group 2022	Guarantee reserve [2]	Restructuring reserve [1]	Other provisions [3]	Total
Opening balance, 1 Jan 2022	**6**	**21**	**11**	**38**
Provisions during the year	1	0	8	9
Utilised provisions	-1	-19	-2	-22
Translation differences	0	1	1	2
Closing balance, 31 Dec 2022	**6**	**3**	**18**	**27**
Of which, current provisions	–	3	11	14
Of which, non-current provisions	6	–	7	13

Group 2021	Guarantee reserve [2]	Restructuring reserve [1]	Other provisions [3]	Total
Opening balance, 1 Jan 2021	**5**	**27**	**9**	**41**
Provisions during the year	1	4	1	6
Acquisition of subsidiaries [4]			1	1
Utilised provisions	-1	-10	0	-11
Translation differences	1	0	0	1
Closing balance, 31 Dec 2021	**6**	**21**	**11**	**38**
Of which, current provisions	–	21	5	26
Of which, non-current provisions	6	–	6	12

NOTE 31. ACCRUED EXPENSES AND PREPAID INCOME

Group	2022	2021
Payroll and vacation expenses	160	159
Accrued social security contributions, incl. pension and payroll tax	67	55
Accrued expenses from contracts with customers	32	30
Accrued sales commissions	9	11
Accrued service-related expenses	9	18
Accrued interest expenses	6	2
Other accrued expenses	75	102
Prepaid revenue from contracts with customers	2	2
Other prepaid income	10	5
	370	**384**

Parent Company	2022	2021
Payroll and vacation expenses	11	14
Accrued social security contributions, incl. pension and payroll tax	9	9
Accrued interest expenses	6	2
Other accrued expenses	4	15
	30	**40**

NOTE 32. PLEDGED ASSETS

Group	2022	2021
Pledges for own liabilities		
Corporate mortgages	4	154
Shares in subsidiaries	–	1,744
TOTAL PLEDGED ASSETS	**4**	**1,898**

Parent Company	2022	2021
Pledges for own liabilities		
Shares in subsidiaries	–	1,353

All collateral refers to collateral for liabilities to credit institutions.

On 30 June 2022, ITAB signed new long-term, expanded agreements with Nordea Bank and Swedbank concerning credit facilities for the Group totalling approximately MEUR 150.

The new bank loan is a so-called unsecured bank loan, and upon repayment of the previous bank loans on 7 July 2022, all of the ITAB companies' previously pledged shares and corporate mortgages were thus released by Nordea Bank and the Swedish Export Credit Corporation. Thereafter, neither the Group nor the Parent Company have any pledged shares.

NOTE 33. CONTINGENT LIABILITIES

Group	2022	2021
Guarantee undertakings	13	12

Parent Company	2022	2021
Sureties for subsidiaries	120	399

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

The ITAB Group's related parties refer to Group management, the Parent Company's Board of Directors and companies under the controlling influence of these parties. Transactions of significance with related parties refer to transactions with a value of more than MSEK 1 with the Group's aforementioned related parties. For information regarding salaries and remuneration to senior executives, see Note 8.

Current liabilities as of 1 January 2021 included short-term shareholder loans from Pomona-gruppen AB (related to Board member Fredrik Rapp), VIEM Invest AB (related to Board member Anna Benjamin) and Övre Kullen AB (related to Board member Petter Fägersten). The loans amounted to a total of MSEK 140 and were approved at an Extraordinary General Meeting of ITAB Shop Concept AB (publ) on 22 July 2020. In connection with the offset issue in March 2021 (refer to Note 27), MSEK 100 of these loans was converted into equity. The remaining MSEK 40 was repaid in March 2021.

Transactions between ITAB's subsidiaries and companies under the controlling influence of ITAB's Board members do take place. These transactions are part of the company's standard operations and are conducted on market conditions.

Purchases totalling MSEK 1 (1) were made in 2022 by the ITAB companies ITAB Shop Products AB, ITAB Sweden AB and ITAB Finland Oy, and rental income of MSEK 1 (0) was invoiced from ITAB Shop Products AB to companies in the XANO Group, which is under the controlling influence of Anna Benjamin and family.

Transactions between the Parent Company ITAB Shop Concept AB and its subsidiaries are specified in Notes 7, 13 and 14. Transactions between ITAB companies and associated companies are specified in Note 20.

NOTE 35. EVENTS AFTER THE BALANCE SHEET DATE

No significant events for the Group have taken place after the end of the financial year.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Key ratios included in the Annual Report derive primarily from the disclosure requirements according to IFRS and the Swedish Annual Accounts Act. In addition, reference is made to a number of performance measures that are not defined in IFRS regulations or directly in the income statement or balance sheet, with the aim of illustrating the company's profit trend, financial position and how the company has invested its capital.

These financial measures are not always calculated in the same way by all companies. The main alternative performance measures presented below are EBITDA, cash conversion, interest-bearing net debt and return on equity, capital employed and total capital. The definitions of these alternative performance measures and other key ratios can be found on the next page.

▼ EBITDA (Operating profit before depreciation and amortisation)

EBITDA (Earnings before interest, tax, depreciation and amortisation) is considered a relevant profit measure to assess the company's profit trend over time.

(MSEK)	2022	2021
Operating profit	403	216
Depreciation and amortisation	271	271
EBITDA	**674**	**487**
Reversal of non-recurring items [1]	30	157
EBITDA EXCL. NON-RECURRING ITEMS	**704**	**644**

[1] *For more information about non-recurring items, see page 51.*

▼ Cash conversion ratio (Operational cash flow in relation to EBITDA)

A relevant measure to assess capital efficiency. This measure is included in ITAB's financial targets.

(MSEK)	2022	2021
Operational cash flow (Cash flow from operating activities)	542	-165
EBITDA	674	487
CASH CONVERSION, %	**80**	**N/A**

▼ Return on capital employed

This measure is used to assess the efficiency and value added from the business.

(MSEK)	2022	2021
Net profit for the year after financial items plus financial borrowing costs	418	230
Average*) balance sheet total less non interest-bearing liabilities	4,688	4,266
RETURN ON CAPITAL EMPLOYED, %	**8.9**	**5.4**

▼ Interest-bearing net debt

Interest-bearing net debt is the most relevant measure to show total debt financing, and is included in the covenants that ITAB has in its loan agreements with the company's banks.

(MSEK)	2022	2021
Interest-bearing non-current liabilities	1,565	1,071
Interest-bearing current liabilities	296	380
Interest-bearing assets	-25	-4
Cash and cash equivalents	-756	-208
INTEREST-BEARING NET DEBT	**1,080**	**1,239**
Reversal of interest-bearing lease liabilities	-681	-630
INTEREST-BEARING NET DEBT EXCL. LEASES	**399**	**609**

▼ Return on equity

This measure shows the return on the shareholders' capital invested in the ITAB Group.

(MSEK)	2022	2021
Net profit for the year attributable to Parent Company shareholders	171	95
Equity attributable to Parent Company shareholders	3,012	2,654
Average*) equity attributable to Parent Company shareholders	2,852	2,393
RETURN ON EQUITY, %	**6.0**	**4.0**

▼ Return on total capital

This measure is used to assess the ability to generate profit on the Group's assets, regardless of financing costs.

(MSEK)	2022	2021
Net profit for the year after financial items plus financial borrowing costs	418	230
Average*) total capital	6,189	5,939
RETURN ON TOTAL CAPITAL, %	**6.8**	**3.9**

**) Average is calculated as the average of opening balance and the relevant reported quarterly data up until the closing period. In other words, 2022 is calculated as (31 December 2021 + 31 March 2022 + 30 June 2022 + 30 September 2022 + 31 December 2022) divided by five.*

DEFINITIONS

PERFORMANCE MEASURE & ALTERNATIVE PERFORMANCE MEASURE	DEFINITION	MOTIVE
RETURN ON EQUITY	Net profit for the year attributable to the Parent Company's shareholders in relation to average equity attributable to the Parent Company's shareholders.	Relevant measure to show the return on the shareholders' capital invested in the ITAB Group.
RETURN ON CAPITAL EMPLOYED	Profit after financial items plus financial borrowing costs in relation to average balance sheet total less non interest-bearing liabilities.	Relevant measure for assessing ITAB's efficiency and added value from the business.
RETURN ON TOTAL CAPITAL	Profit after financial items plus financial borrowing costs in relation to average total capital.	Relevant measure for assessing ITAB's ability to generate profit on the Group's assets regardless of financing costs.
CASH CONVERSION	Operational cash flow (Cash flow from operating activities) in relation to operating profit before depreciation/amortisation (EBITDA)	A relevant measure to assess capital efficiency. This measure is included in ITAB's financial targets.
DIRECT YIELD	Paid or proposed dividend in relation to the share price on the balance sheet date.	Return measure for shareholders.
DISCOUNT RATE (WACC)	Weighted average cost of capital – weighted required return for equity and borrowed capital on the company's future earnings.	Measures the required return on ITAB's capital and is used to discount future cash flows.
EBITDA	Earnings before interest, tax, depreciation and amortisation.	A relevant profit measure to assess the company's profit trend over time.
EQUITY PER SHARE	Equity at the end of the period attributable to Parent Company shareholders in relation to the number of shares at the end of the period.	Measure to describe how much equity belongs to the shareholders of the Parent Company.
CASH FLOW FROM OPERATING ACTIVITIES PER SHARE	Cash flow from operating activities in relation to the average number of outstanding shares.	This measure highlights ITAB's ability to generate cash flow and pay its shareholders.
AVERAGE NUMBER OF EMPLOYEES	Number of worked hours divided by normal annual working time.	This measure shows the size of ITAB's workforce.
EARNINGS PER SHARE AFTER DILUTION	Net profit for the year attributable to Parent Company shareholders in relation to the average number of ordinary shares after dilution. For calculation of earnings per share after dilution, the average number of shares is adjusted taking into account the effects of dilutive potential ordinary shares, which, during the reporting years in question, comprised rights to receive shares in ITAB within the framework of the LTIP 2022 long-term incentive programme. Matching share rights held by employees as of the reporting date are considered dilutive. Moreover, the right to receive shares with performance conditions is dilutive only to the extent that set performance targets are met as of the reporting date. Adjustment of the number of dilutive shares is based on the hypothetical number of shares that could have been purchased with the value of remaining positions within the framework of the incentive programme.	A valuation measure that highlights ITAB's ability to pay dividends to its shareholders.
EARNINGS PER SHARE BEFORE DILUTION	Net profit for the year attributable to Parent Company shareholders in relation to the average number of ordinary shares before dilution.	A valuation measure that highlights ITAB's ability to pay dividends to its shareholders.
INTEREST-BEARING NET DEBT	Non-current and current interest-bearing liabilities including lease liabilities less interest-bearing assets as well as cash and cash equivalents.	A relevant measure to show ITAB's total loan financing. This measure is included in the covenants in ITAB's loan agreements with the company's banks.
INTEREST-COVERAGE RATIO	Profit after financial items plus financial interest expenses in relation to financial borrowing costs.	Shows ITAB's ability to cover its financial expenses.
OPERATING MARGIN / EBIT MARGIN	Operating profit in relation to revenue.	Relevant for assessing ITAB's efficiency and added value. This measure is included in ITAB's financial targets.
EQUITY/ASSETS RATIO	Equity in relation to total capital.	This measure highlights financial risk.
TOTAL CAPITAL	Total equity and liabilities (balance sheet total).	This measure highlights the size of the company's total assets.
CURRENCY-ADJUSTED SALES	Translation of the foreign subsidiaries' income statements are conducted at each period's average currency rate. For comparison of profit excluding currency effects, the companies are recalculated at the previous year's average currency rate for the same period. ITAB applies the European Central Bank's average rates for the whole period.	Relevant to show the sales and profit trend without any effects from currency rates fluctuations. This measure is included in ITAB's financial targets.
PROFIT MARGIN	Profit after financial items in relation to revenue.	Relevant for assessing ITAB's efficiency and added value.

The Board of Directors and the CEO hereby verify that the consolidated accounts and the annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act, and provide a true and fair view of the Group's and the Parent Company's financial position and results, and that the Administration Report presents a true and fair view of the development of the Group's and the Parent Company's business activities, financial position and results as well as describing significant risks and uncertainties that the Parent Company and companies within the Group face. The annual accounts and the consolidated accounts were approved for issue by the Board of Directors on 28 March 2023. The consolidated income statement and statement of financial position as well as the Parent Company's income statement and balance sheet will be subject to adoption at the Annual General Meeting on 10 May 2023.

Jönköping, 28 March 2023

Anders Moberg
Chairman

Anna Benjamin
Board member

Jan Frykhammar
Board member

Petter Fägersten
Board member

Roberto Monti
Board member

Fredrik Rapp
Board member

Vegard Søraunet
Board member

Andréas Elgaard
CEO

Our Auditor's Report was submitted on 29 March 2023

Ernst & Young AB

Joakim Falck
Authorised Public Accountant

Translation from the Swedish original.

AUDITOR'S REPORT

To the General Meeting of Shareholders of ITAB Shop Concept AB (publ), corporate identity number 556292-1089

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of ITAB Shop Concept AB (publ), except for the Corporate Governance Report on pages 43–47 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 35–91 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 43–47. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the General Meeting of Shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's Audit Committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the section *"Auditor's Responsibilities"*. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the section *"Auditor's responsibilities"* for the audit of the financial statements, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the annual accounts and consolidated accounts. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and shares in Group companies

Description of the matter

As of 31 December 2022, the carrying amount of goodwill amounts to MSEK 1,790 in the Group's balance sheet which corresponds to 27.2 percent of total assets. Shares in Group companies are reported in the Parent Company's balance sheet at MSEK 2,051, which corresponds to 64.4 percent of total assets. Every year, and when there is an indication of a fall in value, ITAB tests that the carrying amount does not exceed the calculated recoverable amount. The recoverable amount is determined for each cash-generating unit by means of a current value calculation of future cash flows. Future cash flows are based on the management's business plans and forecasts and include a number of assumptions, including regarding profit trend, growth, investment needs and discount rate. For participations in Group companies, the recoverable amount is determined as fair value or value in use, whichever is the highest.

Altered assessments of the assumptions that the management has made in the calculation of the recoverable amount and the assumptions that the company has applied are therefore very important in the assessment of the need for impairment. We have therefore judged that the recognition of goodwill and shares in Group companies are a key audit matter.

A description of the impairment test can be seen in Note 18 "Intangible assets" and in Note 3 "Important estimates and assessments".

How our audit addressed this key audit matter

In our audit, we have evaluated and tested the company's process for establishing impairment tests, including by evaluating the accuracy of forecasts and assumptions in previous years. With the aid of our valuation specialists, we have assessed the selected discount rate and assumptions regarding long-term growth. We have also reviewed the company's model and method for implementing impairment tests and have evaluated the company's sensitivity analysis. We have reviewed the additional information provided in the annual accounts.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts which is found on pages 1–33. Other information also comprises the remuneration report for the 2022 financial year, which we received prior to the date of this Auditor's Report. The Board of Directors and the Chief Executive Officer (CEO) are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Board's Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the Auditor's Report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the CEO of ITAB Shop Concept AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the General Meeting of Shareholders that the profit be appropriated in accordance with the proposal in the statutory Administration Report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the section *"Auditor's responsibilities"*. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- Has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- In any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

▶

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the CEO have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for ITAB Shop Concept AB (publ), for the year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 *Examination of the ESEF report*. Our responsibility under this recommendation is described in more detail in the section *"Auditor's responsibility"*. We are independent of ITAB Shop Concept AB (publ), in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the ESEF report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the CEO determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors and the CEO, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the CEO.

The procedures mainly include a validation that the ESEF report has been prepared in a valid XHTML format and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated income statement, balance sheet, statement of changes in equity and statement of cash flows as well as the notes in the ESEF report have been marked with iXBRL in accordance with the ESEF requirements.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for that the Corporate Governance Report on pages 43–47 has been prepared in accordance with the Annual Accounts Act.

Our examination of the Corporate Governance Report is conducted in accordance with FAR's standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB Box 7850, SE-103 99 Stockholm, Sweden was appointed auditors of ITAB Shop Concept AB (publ) by the General Meeting of Shareholders on 10 May 2022. ITAB Shop Concept AB (publ) has been a public interest entity since 28 May 2004.

Jönköping, 29 March 2023

Ernst & Young AB

Joakim Falck
Authorised Public Accountant

AUDITORS

The auditors are appointed by the shareholders at the Annual General Meeting. The auditors examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO.

The company's auditor is the registered auditing company Ernst & Young AB, with authorised public accountant Joakim Falck as auditor in charge. Aside from his duties for ITAB Shop Concept AB, Joakim Falck also has auditing assignments for Nolato AB, Absolent Group AB, Garo AB, Hexpol AB, Nefab AB, One Partner Group AB and Gyllensvaans Möbler AB.

JOAKIM FALCK
(born 1972)
Auditor for ITAB since 2018
Authorised Public Accountant
Member of FAR SRS, Ernst & Young AB

ANNUAL GENERAL MEETING 2023

The 2023 Annual General Meeting of ITAB Shop Concept AB (publ) will be held on Wednesday, 10 May 2023 at 3:00 p.m. CEST at ITAB's head office at Instrumentvägen 2, Jönköping, Sweden.

The notice to attend the Annual General Meeting is expected to be published in early April 2023 through a press release and on the company's website, and through an advertisement in Post- och Inrikes Tidningar. An announcement of the publication of the notice will be made in Dagens Industri. The notice will contain the proposed agenda and the proposals of the Nomination Committee and the Board of Directors for resolutions at the Meeting.

▶ Refer to itabgroup.com for additional information and to download and order reports.

FINANCIAL INFORMATION IN 2023

Interim Report 3 months – 1 Jan–31 Mar 2023	10 May 2023
Annual General Meeting 2023	10 May 2023
Interim Report 6 months – 1 Jan–30 Jun 2023	13 July 2023
Interim Report 9 months – 1 Jan–30 Sep 2023	31 October 2023
Year-End Report 12 months – 1 Jan–31 Dec 2023	7 February 2024
Annual Report 2023	March/April 2024
Annual General Meeting 2024	May 2024

CONTACT – INVESTOR RELATIONS

Mats Karlqvist, Head of Investor Relations
mats.karlqvist@itab.com

ITAB Shop Concept AB (publ)
Box 9054
SE-550 09 Jönköping, Sweden
Instrumentvägen 2 (Visiting address)
Tel. +46 (0)36-31 73 00
info@itab.com • ir@itab.com
www.itabgroup.com • www.itab.com