



HAKON INVEST

ANNUAL REPORT 2012

CONTENTS

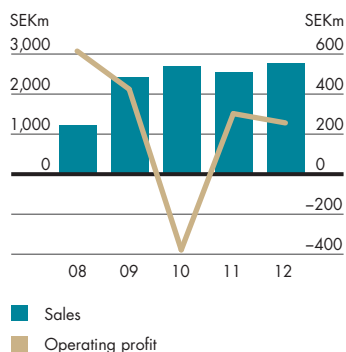
1	The year in brief
2	This is Hakon Invest
4	Overview holdings
6	CEO's comments
9	Goals and strategies
12	Market and business environment
16	Active responsibility
16	Responsible ownership
18	Sustainability governance
21	Financial responsibility
22	Social responsibility
24	Environmental responsibility
25	Asset management
27	Risk management
30	Holdings
32	ICA Group
44	Forma Publishing Group
46	Kjell & Company
48	Cervera
50	inkClub
52	Hemtex
54	Share data
56	Five-year financial summary
57	Corporate governance report
57	Chairman's comments
58	Governance of Hakon Invest
66	Board of Directors
67	Management
68	Financial reports
68	Board of Directors' report
	CONSOLIDATED
73	Statement of comprehensive income
74	Statement of financial position
76	Statement of changes in equity
77	Statement of cash flows
78	Notes
	PARENT COMPANY
99	Income statement
100	Balance sheet
102	Statement of changes in equity
103	Cash flow statement
104	Notes
111	Auditor's report
112	Definitions
113	Annual General Meeting and calendar

Hakon Invest makes long-term investments in retail companies in the Nordic and Baltic regions. Since the IPO in 2005 the company has steadily built up a retail-oriented portfolio of holdings which in addition to the 40% holding in ICA today comprises an additional five companies.

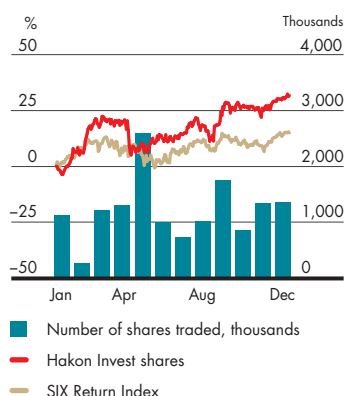


THE YEAR IN BRIEF

Sales and operating profit



Total return shares 2012



2012 in figures

	2012	2011
Net sales, SEKm	2,726	2,498
Operating profit, SEKm	256	302
Profit after financial items, SEKm	288	252
Profit for the year, SEKm	306	59
Equity/assets ratio, %	86.1	85.6
Operating margin, %	9.4	12.1
Gross margin, %	45.2	44.0
Earnings per share, SEK	2.02	1.97
Debt/equity ratio, multiple	13.9	14.4
Return on equity, %	3.9	1.1
Cash flow for the year, SEKm	43	101
Margin, %	11.2	2.4

Important events 2012

- Q1** • ICA issued a dividend of SEK 2 billion for 2011, of which Hakon Invest received SEK 800 million (760) in April 2012.
- Q2** • Per Strömberg took up the position as CEO of the ICA Group.
 - ICA sold ICA Maxi in Norway to Lagopus Eiendomsutvikling which resulted in a charge against the ICA Group's operating profit of SEK 135 million in the second quarter of 2012.
 - Forma will continue to operate with Hakon Invest as owner, following the sale of Forma Contract and Forma Magazines' Finnish magazine operations.
- Q3** • Decision on efficiency improvements to ICA Norway's administration which led to a SEK 59 million provision in the second quarter of 2012.
 - Ahold announced in a press release that the company will review strategic alternatives for its holding in ICA.
- Q4** • ICA lost a tax dispute in the Administrative Court of Appeal related to the years 2004–2008. For Hakon Invest this had an earnings impact of SEK -512 million in the third quarter of 2012.

A LONG-TERM RETAIL PARTNER

Hakon Invest is an active, responsible and long-term owner with financial strength and deep knowledge of the retail business. The company's vision, with ownership in ICA AB as a base, is to be the Nordic and Baltic regions' leading development partner for companies in the retail sector.

Hakon Invest's assignment, with its ownership in ICA AB and the successful ICA idea as a base, is to conduct active and long-term investment operations with a focus on retail companies in the Nordic and Baltic regions. The 40% holding in ICA AB provides the foundation for the company's owner philosophy and operations.

The aim over time is to build up a portfolio of up to ten companies, in order to create a platform that provides a long-term high dividend yield.

Under the motto "active ownership every day" Hakon Invest seeks to ensure that the operations in which the company invests are given the conditions and resources to develop and grow with profitability. By being an active, responsible and long-term owner with financial strength and deep knowledge of the retail business, Hakon Invest helps to create growth in ICA and to develop the holdings, all of which are independent companies with their own earnings and profit responsibility.

Since the IPO in 2005, Hakon Invest has successively created a portfolio of retail companies which, in addition to the 40% holding in ICA, comprises a

further five companies: Forma Publishing Group, Kjell & Company, Cervera, inkClub and Hemtex.

A company with roots

The foundation for today's Hakon Invest was created back in 1917 when Hakon Swenson started what is ICA today. Hakon Swenson's idea was that individual retailers with their own stores should join forces in purchasing

centers in order to achieve economies of scale through joint purchases, setting up stores and marketing. His aim was for cooperating, retail-controlled, purchasing centers to cover the whole of Sweden.

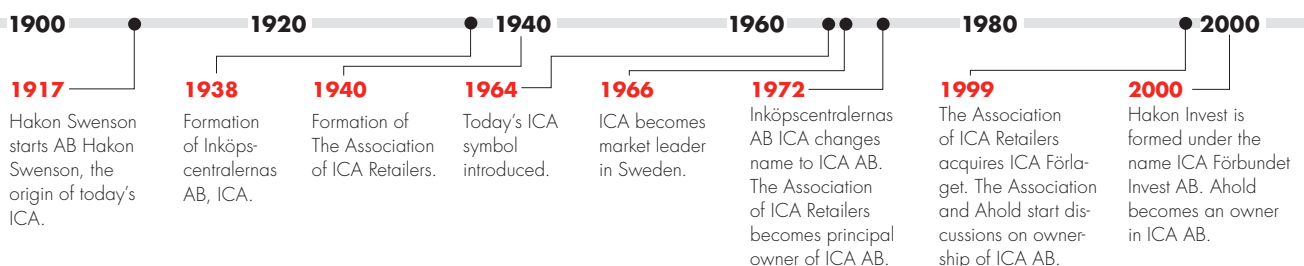
ICA-handlarnas Förbund (the Association of ICA Retailers), the non-profit membership association for Sweden's ICA retailers was formed in 1940, and in 1972 the Association became the

THE ICA IDEA

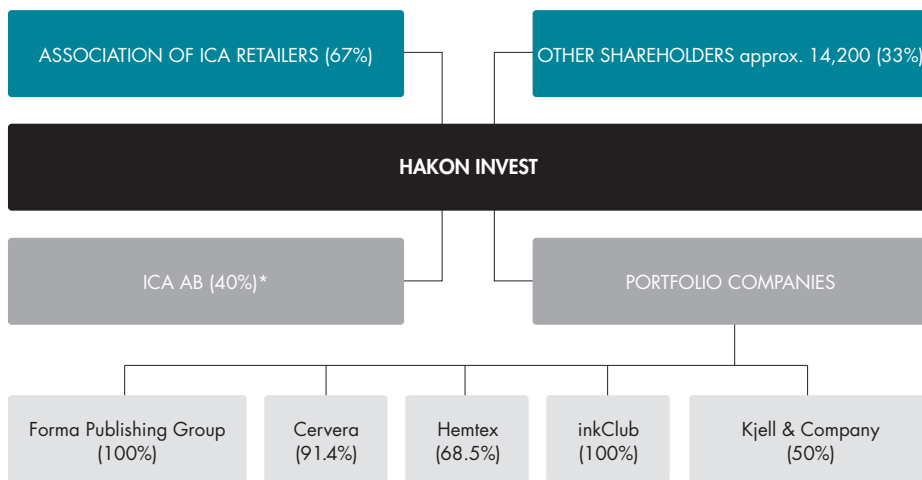
The ICA idea is defined as "Individual retailers' voluntary cooperation between their part (the store) and the whole (the ICA Group)". The core of the ICA idea is entrepreneurship combined with cooperation. This means that the local business person operates his or her own store, but at the same time realizes that cooperation improves the opportunities to achieve short- and long-term profitability for both the stores and ICA AB. In this way diversity and local adaptation are combined with large-scale operations and efficiency.

This idea has proved successful. Independent retailers in cooperation have enabled ICA to build up substantial customer confidence, good profitability and a leading position in the Swedish market. The ICA model provides proximity to customers and a collective strength for the retailers. The model represents a clear offering under a common brand, adapted to meet local conditions.

There is a strong community of interests between the Association of ICA Retailers, Hakon Invest and ICA AB to strengthen and further develop the ICA idea.



Long-term and responsible ownership



Hakon Invest has been listed on Nasdaq OMX Stockholm since December 2005 and is quoted on the Large Cap segment. The Association of ICA Retailers is the majority shareholder with 67% of the shares. Other shareholders number approximately 14,200. The head office is in Solna, outside Stockholm.

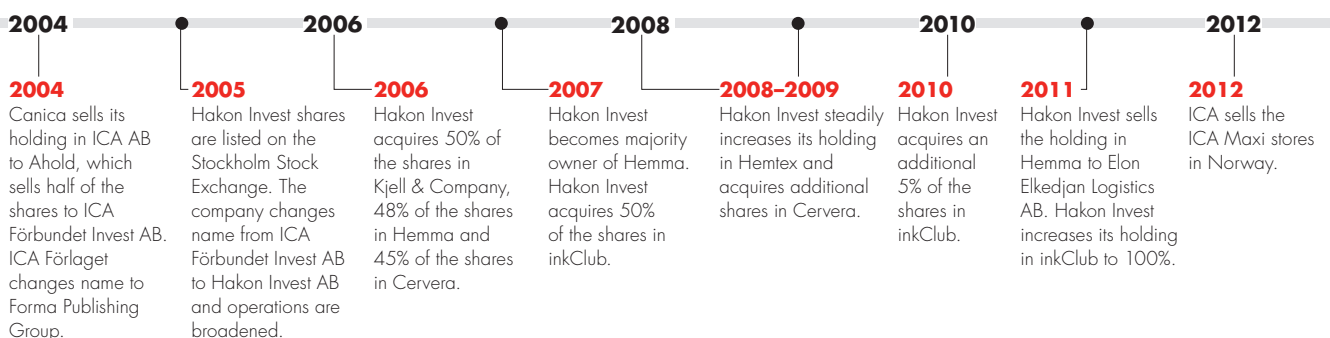
*The remaining 60% is held by the Dutch corporate group Royal Ahold. In the shareholder agreement between Hakon Invest and Ahold, both owners have joint control of ICA AB, as a result of a contractual requirement for unanimity for all decisions at General Meetings of Shareholders and in the Board of Directors.

principal owner of ICA AB. The key task for the Association of ICA Retailers was, and remains, to exercise owner influence in ICA AB and secure the company's development by safeguarding and strengthening the ICA idea. With the Association of ICA Retailers as its principal owner, ICA AB has developed into one of the Nordic region's leading grocery retailers.

In 1999 the Association of ICA Retailers and the Dutch food retail group Ahold started discussions on ownership of ICA AB, which resulted in Ahold coming in as a co-owner of ICA AB in 2000. Prior to the major change of ownership in ICA AB, the Association of ICA Retailers formed an investment company called ICA Förbundet Invest AB. The company was assigned to exercise an active ownership role in













ICA AB as well as strengthening and developing the ICA idea.

In 2005 a decision was made to change the name of ICA Förbundet Invest AB to Hakon Invest AB and to broaden the company's operations. In December the same year Hakon Invest was listed on the Stockholm Stock Exchange in order to obtain a clearer market price for the shares and access to the capital market.



OVERVIEW HOLDINGS

Hakon Invest invests in established retail companies with clear concepts, strong entrepreneurial spirit, motivated management and good growth opportunities.

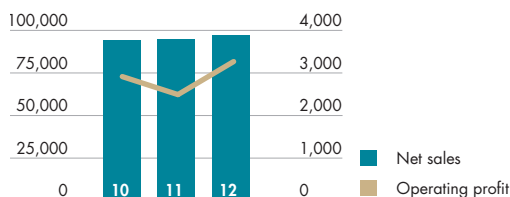
COMPANY	HAKON INVEST'S HOLDING	
	<p>The ICA Group is one of the Nordic region's leading retail companies with a focus on food. ICA has a total of around 2,100 of its own and retailer-owned stores in Sweden, Norway, and the Baltic countries. The company also offers its customers in Sweden financial services via ICA Bank. ICA Real Estate conducts property operations.</p>	 <p>40%</p>
	<p>Forma Publishing Group is a media company with operations within magazines, books and digital media. Operations are organized in two business areas: Forma Books and Forma Magazines. Forma has a total of over 200 employees in Sweden.</p>	 <p>100%</p>
	<p>Kjell & Company is one of Sweden's leading retailers of home electronics accessories. Kjell & Company owns and operates 66 stores in Sweden all of which carry a complete range of approximately 8,000 items. In addition to the stores, online sales are a key channel. A high level of service and product expertise characterize the company.</p>	 <p>50%</p>
	<p>Cervera is Sweden's leading chain within glass, porcelain and kitchen equipment with a broad range of well-known brands. The offering consists of high-quality and design products for food preparation, serving and decoration in an inspiring store environment. The Cervera chain has 77 stores, of which 56 are wholly or partly owned and 21 are franchises.</p>	 <p>91.4%</p>
	<p>inkClub is a pure-play online retailer which sells a range of consumables over the internet in 15 European countries. The core business is ink cartridges and other printer accessories, but inkClub also offers light bulbs, batteries, vacuum cleaner bags and beauty products. Customers are offered a broad product range at low prices, exclusive member offerings and fast deliveries.</p>	 <p>100%</p>
	<p>Hemtex is a leading home textiles chain with stores in Sweden and Finland. Hemtex offers a value-for-money, inspiring and functional range of high quality textile products including towels, bed linen and curtains. The number of stores totals 154, of which 138 are wholly owned and 16 are franchises.</p>	 <p>68.5%</p>

2012 IN FIGURES, SEKm

NET SALES
96,863

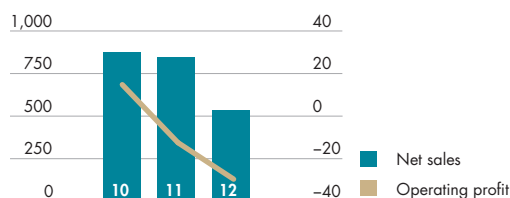
OPERATING PROFIT **3,274**
CONTRIBUTION TO HAKON
INVEST'S OPERATING PROFIT **352**

NET SALES AND EARNINGS, SEKm



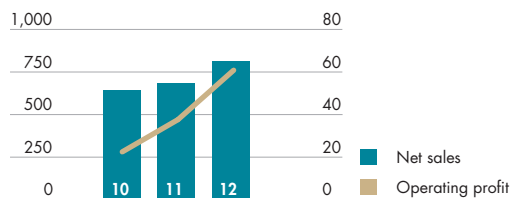
NET SALES
533

OPERATING PROFIT **-29**
CONTRIBUTION TO HAKON
INVEST'S OPERATING PROFIT **-35**



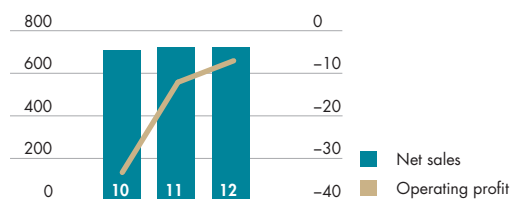
NET SALES
814

OPERATING PROFIT **61**
CONTRIBUTION TO HAKON
INVEST'S OPERATING PROFIT **23**



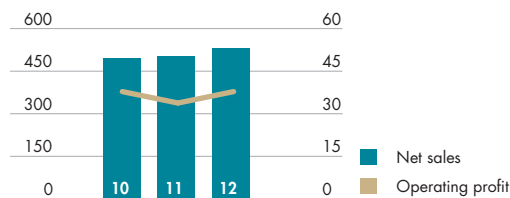
NET SALES
723

OPERATING PROFIT **-7**
CONTRIBUTION TO HAKON
INVEST'S OPERATING PROFIT **-7**



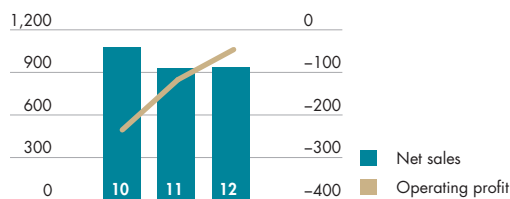
NET SALES
529

OPERATING PROFIT **38**
CONTRIBUTION TO HAKON
INVEST'S OPERATING PROFIT **38**



NET SALES
941

OPERATING PROFIT **-46**
CONTRIBUTION TO HAKON
INVEST'S OPERATING PROFIT **-46**



SECURE OWNERSHIP IN ICA FOR THE FUTURE

When we sum up what has happened since last year, I would like to begin by highlighting the agreement with Ahold to acquire the remaining shares in ICA. This is a historical transaction for us, as a company and for everyone who has been involved and made this deal possible. Hakon Invest has thereby fulfilled its assignment in the sense that we are now securing ownership in ICA for the future.

Ahead of Hakon Invest's IPO in 2005, three main missions were formulated for the company: to offer our shareholders a good and stable dividend yield, to continue to develop the successful ICA idea, and to inspire market confidence so as to have access to capital if and when a change of owner in ICA should occur. So in September 2012, when Ahold announced their intention to review their ownership, our mission as a listed company came into focus.

By acquiring the remaining shares in ICA, Hakon Invest and ICA will become one group, with a common strategy. We also intend to change our name to ICA Gruppen in order to make it clear that our operations are concentrated to ICA and ICA-related activities. ICA Gruppen will be the second-largest listed retailer in the Nordic region after H&M with annual sales of approximately SEK 100 billion. With underlying secure and stable earnings in the grocery trade, I am convinced that we will also strengthen our ability to continue to deliver a good and stable dividend to our shareholders. At the same time we will acquire greater decision-making powers to continue the development of ICA's businesses and customer offerings. This is a natural deal for us and the option that best serves ICA's customers and employees, but also the company itself and our shareholders. It is also a deal that we are making at what for us is a very attractive price.

Development in ICA

Last year was another highly successful year for the ICA Group. In Sweden, ICA stores continued to increase their sales and the fourth quarter of 2012 was the seventh consecutive quarter with growth which outperformed the market. It is particularly gratifying that even the smaller stores had a higher growth rate than the market. Behind this success are deliberate efforts throughout the organization that enable the individual retailer to have an attractive offering in his or her store. As a result of strong sales in the stores, improved logistics efficiency, a better development for the Cura pharmacies and other non-food sales, ICA Sweden's earnings reached a record level.

In Norway, on the other hand, ICA has had difficulty keeping pace with the market. Excluding the sold ICA Maxi stores, sales in ICA Norway rose 1.3% in local currency in 2012. The adjustment process is proceeding at a fast pace. At the beginning of 2013 ICA Norway concluded an agreement with Norgesgruppen whereby Norgesgruppen will take over parts of ICA Norway's purchasing and logistics. This cooperation, which the Norwegian competition authorities have been informed about, means that ICA Norway can reduce its purchasing prices and offer customers more competitive prices and thus a better deal. 2013 will be an important year for ICA Norway's efforts to achieve profitability.

In the Baltic countries, the economies have recovered and there is good growth once again, although competition within food retail remains intense. The Rimi concept continued to meet with success in all three countries in 2012. ICA has set its sights on further expansion in the region, giving priority to Lithuania where we still have a fairly modest presence.

Per Strömberg took over as CEO of the ICA Group in March 2012 and presented a new strategic plan for the group in September. This strategic plan will essentially continue to provide the basis of ICA Gruppen's work in the future, after ICA becomes wholly owned by Hakon Invest. The group's strategy is based on six long-term strategic themes which set the direction for the group and include a number of areas and priorities that ICA will work with in the short and medium term. At an overall level, this is about creating profitable growth within all areas, where the Norwegian operations are a priority.

Development in the portfolio companies

The evaluation of our ownership in Forma Publishing Group was completed during the year. This resulted in the divestment of Forma Contract and the Finnish operations.

Our enhanced corporate governance continued in the same manner as during 2011. This involves a greater focus on strategic work in the companies as



Claes-Göran Sylvén, CEO

“Last year was another highly successful year for the ICA Group.”

well as increased activity in the corporate governance process. We work closely with the portfolio companies and this has helped to create conditions for long-term growth and improved profitability. This work has gradually started to bear fruit in the form of improved key ratios. In the past year all our portfolio companies, except Forma, performed better than their respective industry, which is pleasing. Our strengthened corporate governance has also led to clearer responsibilities and roles between owners, boards and the portfolio companies' managements.

Market 2012

The financial unrest in Europe continued to have a negative impact on the retail market in 2012. The trend in the market is cautious, although some improvement can be predicted for the

coming year. The Swedish economy is still relatively stable, but the growth rate slowed during the year. Consumer restraint primarily had an impact on sales of consumer durables.

Norwegian private consumption showed slightly stronger development in 2012 than in the previous year. In Denmark, a weak labor market, falling real wages and a stagnant housing market made Danish households more cautious, which meant that private consumption fell during the year.

In the Baltic countries wage development and the labor market have improved in recent years which has promoted private consumption. A bigger range of retail products also contributes to increased consumption.

The retail trade has undergone a structural change in recent years with intensified competition as new sales channels have been developed. Greater

awareness among customers also places greater demands on retail. Before buying consumer durables customers are increasingly searching for product information on the internet and the decision to buy is often made long before the customer enters the store.

Sustainability

Sustainability issues are becoming increasingly important for retailers. These include environmental aspects such as energy consumption in the stores and transport emissions. Perhaps the most important question for retailers is about control of the supply chain. This includes greater awareness among consumers about manufacturing methods, working conditions in factories in low-wage countries and exploitation of natural resources.

During the year Hakon Invest has formalized its work on sustainability still further. The companies are at different stages in their sustainability efforts but from 2012 the goal is that the portfolio companies will report their sustainability efforts in a more consistent and structured manner. Some of the companies, such as ICA and Hemtex, have been reporting on their sustainability efforts for several years. ICA also started quarterly sustainability reports this year.

Dividend and returns

Our aim is to offer our shareholders an annual stable and good return on their shares over time. For those who have been with us since the IPO in 2005,

the value of the amount invested has increased by 106%, calculated as a total return where the annual dividend is reinvested. This is considerably better than the benchmark index during the same period which provided a return of about 52%. As a consequence of the acquisition of the remaining shares in ICA, we are suspending our annual dividend in 2013, and in 2014 we will resume our payment of an annual dividend in line with our policy.

Outlook for 2013

The outlook for 2013 contains several bright spots but there are also real challenges to tackle. ICA stands strong, however, which makes me feel confident about the future. Now that

Hakon Invest and ICA will become one group with a common strategy, I consider that I have fulfilled my mission. It will now be ICA's CEO Per Strömberg's task to pilot the new ICA Gruppen on its journey as a listed company and to fulfill the ambitions we have set.

Finally, I would like to extend a warm thank you to all employees at Hakon Invest and in our holdings for a job well done during the past year.



Claes-Göran Sylvén

ACQUISITION OF ICA

On February 11, 2013, Hakon Invest announced an agreement with Ahold to acquire the remaining 60% of the shares in ICA for a cash consideration of SEK 20 billion. The transaction is subject, among other things, to approval from the relevant authorities.

Hakon Invest will fund the acquisition with existing cash and secured bridge financing from Handelsbanken and Nordea. Following completion of the deal, the intention is to repay the bridging loan through an underwritten share issue to Hakon Invest's shareholders of approximately SEK 5 billion, long-term debt financing and an issue of preference shares in ICA Real Estate.

In connection with and conditioned on completion of the acquisition, the Association of ICA Retailers will sell 10% of the capital and votes in Hakon Invest to Industrivärden. The Association of ICA Retailers intends to remain as a long-term owner with a holding of 51.3% of the capital and votes in Hakon Invest.

Hakon Invest becomes the new ICA Gruppen

Following the acquisition of the remaining shares in ICA, Hakon Invest intends to change its name to ICA Gruppen in order to make clear the focus of the group. ICA Gruppen will be a pure-play retail company with four business areas: food, banking, real estate and non-food, with the further growth of ICA and ICA-related businesses as its key mission. ICA's CEO Per Strömberg is envisioned as CEO of the new ICA Gruppen.

GOALS AND STRATEGIES



BUSINESS CONCEPT

Hakon Invest is a significant owner in ICA AB and makes long-term investments in the retail sector in the Nordic and Baltic regions with good risk diversification and thus helps to ensure the long-term success of the ICA idea. Shareholder value is created through value growth in the portfolio companies combined with a good dividend yield, which is achieved through active and responsible ownership.

MISSION

From its origins and inspiration in ICA's operations, Hakon Invest creates opportunities for entrepreneurship, growth and profitability in retail operations through its financial capacity and extensive retail expertise.

VISION

With its ownership in ICA AB as a base, Hakon Invest will be the leading development partner for retail companies in the Nordic and Baltic regions.

STRATEGIES

Active and responsible corporate governance permeates Hakon Invest's operations. Set goals include operating, sustainability and financial objectives and targets for Hakon Invest, ICA AB and for the portfolio companies.

Strategies

A STRONG ICA AB

Hakon Invest will be a significant owner in ICA AB in order to ensure that the successful ICA idea is developed and thereby creates sustainable values for both Hakon Invest's shareholders and individual retailers.

LONG-TERM OWNERSHIP

The aim is a long-term approach to both portfolio buildup and individual investments. ICA AB is a "permanent" investment but otherwise Hakon Invest's investments do not have a set timescale.

ACTIVE AND RESPONSIBLE OWNERSHIP

Hakon Invest will be an active owner and support the development and expansion of its portfolio companies. We feel very involved in the companies in which we are owners. Hakon Invest wants to have shared interests with the entrepreneurs and considers it an advantage if the previous owners remain in the company in some form, but is not averse to having a 100% holding.

BALANCED PORTFOLIO BUILDUP

Hakon Invest works with a long-term approach to expand the investment portfolio, both with new investments and add-on acquisitions to existing holdings.

GOOD RISK DIVERSIFICATION

To ensure that the total portfolio, in addition to ICA AB, has a balanced risk, Hakon Invest invests in different types of business, of varying size, within the retail sector. Risk diversification over time is also created through successive investments. Hakon Invest invests in companies with clear concepts and established operations, which keeps down the level of risk.

GOALS

	GOALS	OUTCOME 2012																								
OPERATING OBJECTIVES HAKON INVEST	<ul style="list-style-type: none"> To develop and safeguard the ICA idea in order to guarantee a strong ICA. 	Read more on page 30.																								
	<ul style="list-style-type: none"> To establish and consolidate the position as a leading development partner for companies in the retail sector in Sweden, as a first step towards the vision of becoming a leading development partner in the Nordic and Baltic regions. 	Read more on page 16.																								
	<ul style="list-style-type: none"> To gradually build up a portfolio of holdings with a balanced risk. Via active work on the boards to monitor whether companies continually improve their sustainability initiatives. 	Read more on page 30.																								
FINANCIAL TARGETS HAKON INVEST	<ul style="list-style-type: none"> To distribute at least 50% of the Parent Company's profit for the period. 	0% of Parent Company's profit (107%).																								
	<ul style="list-style-type: none"> To seek an equity/assets ratio for the Group that exceeds 70% over time. 	86.1%																								
OPERATING AND FINANCIAL TARGETS ICA	<ul style="list-style-type: none"> To increase sales faster than the total market in each submarket. 	Read more on page 34.																								
	<ul style="list-style-type: none"> To achieve an operating margin of 3.5–4.0%. 	<p>Operating profit and operating margin ICA 2010-2015</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Operating profit, SEKm</th> <th>Operating margin, %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>2,800</td> <td>3.0</td> </tr> <tr> <td>2011</td> <td>2,200</td> <td>2.5</td> </tr> <tr> <td>2012</td> <td>3,000</td> <td>3.5</td> </tr> </tbody> </table>	Year	Operating profit, SEKm	Operating margin, %	2010	2,800	3.0	2011	2,200	2.5	2012	3,000	3.5												
Year	Operating profit, SEKm	Operating margin, %																								
2010	2,800	3.0																								
2011	2,200	2.5																								
2012	3,000	3.5																								
	<ul style="list-style-type: none"> To achieve a return on equity of at least 14–16% over a business cycle. 	7.6%																								
	<ul style="list-style-type: none"> To have an equity/assets ratio of 30–35%. 	25.0%																								
	<ul style="list-style-type: none"> Dividend of at least 40% of profit for the period. 	218%																								
	<ul style="list-style-type: none"> To reduce the group's direct emissions of greenhouse gases by 30% by 2020 compared with 2006. 	During the period 2006–2012 the ICA Group's greenhouse gas emissions decreased by 8%.																								
	<ul style="list-style-type: none"> 100% of ICA's suppliers of private labels in high-risk countries¹⁾ to be socially audited in 2012. 	74%																								
PORTFOLIO COMPANIES	<ul style="list-style-type: none"> In each individual holding the average total return on Hakon Invest's invested capital to amount to at least 15% during the holding period. 	n.a.																								
ASSET MANAGEMENT	<ul style="list-style-type: none"> Average return of at least CPI plus four percentage points per year over rolling five-year periods. 	<p>Investment return</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Return accumulated, %</th> <th>OMX30, accumulated, %</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>0</td> <td>0</td> </tr> <tr> <td>2007</td> <td>10</td> <td>20</td> </tr> <tr> <td>2008</td> <td>5</td> <td>10</td> </tr> <tr> <td>2009</td> <td>10</td> <td>-10</td> </tr> <tr> <td>2010</td> <td>15</td> <td>10</td> </tr> <tr> <td>2011</td> <td>20</td> <td>10</td> </tr> <tr> <td>2012</td> <td>25</td> <td>10</td> </tr> </tbody> </table>	Year	Return accumulated, %	OMX30, accumulated, %	2006	0	0	2007	10	20	2008	5	10	2009	10	-10	2010	15	10	2011	20	10	2012	25	10
	Year	Return accumulated, %	OMX30, accumulated, %																							
2006	0	0																								
2007	10	20																								
2008	5	10																								
2009	10	-10																								
2010	15	10																								
2011	20	10																								
2012	25	10																								

1) Private labels mainly refers to corporate brands. High-risk countries according to the UN development programs Human Development Index and Economic Security Index (UNDP).

MARKET AND BUSINESS ENVIRONMENT

A slowdown in the global economy and fiscal problems in several EU countries led to reduced global demand and a weaker economic climate. These are examples of key business environment factors which dictate conditions for household consumption and Hakon Invest's holdings.

The retail sector includes several different sectors which in turn are affected by various factors. Conditions also vary between different markets and countries. Hakon Invest's holdings mainly operate in the markets in the Nordic and Baltic regions within the following segments:

- Groceries
- Magazines and books
- Home electronic accessories
- Glass, porcelain and homewares
- Consumables
- Home textiles.

Retail development

Retail is a sector that is constantly changing and which in the last 20 years has been characterized by continuous growth. This has created new conditions and changed the content of retailing. The hypermarket concept, out-of-town shopping centers and new players have led to intensified competition while new ways of reaching customers have been developed, such as online shops.

This development has also included rising sector overlap. Companies are increasing their offering and product range across sector borders which leads to a new type of competitive situation. For example, clothing stores also sell cosmetics and food stores often sell homewares. In addition, sector overlap has increased in the service sector, where more players have included a

greater service content in their offering. Home electronics companies offer credit and insurance solutions and grocery chains offer banking services.

Increased competition is also coming from major international players, particularly within food retail where foreign discounters have established themselves in several markets. The establishment of new retailers within different segments is also associated with partially changed consumer buying behavior. In Denmark and Norway, for example, discount stores have been dominant for many years, but today consumers there are increasingly also buying more expensive items. In Sweden, the situation has been the opposite with several discount players gaining ground in recent years.

Many retail companies have for cost reasons located a large part of their manufacturing in Asia. In recent years, however, many players have started to review this strategy and instead locate production closer to the end consumer. This is a consequence, among other things of the increasingly high pace of change in demand which is putting greater demands on flexibility. Furthermore, having production closer at hand often means lower tied-up capital for the company.

In recent years retail in Sweden has been affected by a weak economy which has affected household belief in the future. The financial crisis in 2008

and the subsequent debt crisis have contributed to reduced prospects and lower economic growth. This is expected to lead to a far more prolonged recession than was previously predicted. In Sweden, retail sales increased in 2012 and totaled SEK 634 billion.

Informed consumers

Greater awareness among customers is making higher demands on retailers. The buying decision is today often made long before the customer enters the store. Customers are increasingly searching for information about products on the internet, both on the stores' own websites but also on price comparison sites and social media. In the store there are higher demands on transparency, service and expertise.

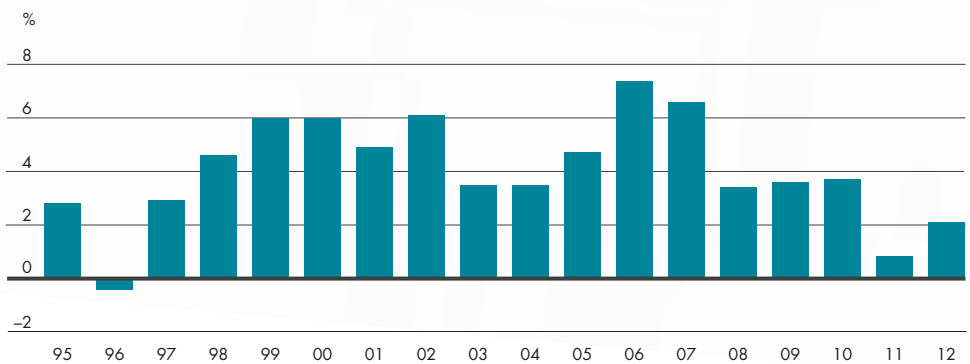
New products and services

Many retail companies are now focusing on their own private labels. In most cases these items carry a lower price than other branded goods but they can also represent different values. Having their own production makes it easier, for example, for a retail company to monitor the entire production chain. ICA's "I love Eco" range is one example of such items which are attractively priced but also offer added value in the form of ecological aspects. Within food retail other services have appeared recently, which compete to some extent with traditional stores. These include



Retail development in Sweden 1995–2012

Current prices, annual growth



Source: HUI

buying food on the internet both in a “store” and as pre-packed grocery bags delivered to the home.

Online growing

The growth rate for online retailing is considerably stronger than for traditional retail. Online sales have now grown into a complement to traditional retail and more and more retail companies are starting online stores as a complement to their physical outlets. Swedish online retailing has grown in recent years and become more mature in terms of both technology and delivery reliability. Consumers have also matured, partly due to the increased range but also due to improved technology such as more secure payments. In 2012 online retailing in Sweden is expected to post total sales of SEK 31.3 billion. Despite growth in recent years a relatively small portion of consumers purchased groceries on the internet. Online sales of food in Sweden are still at a development phase and in 2012 only 13% of consumers bought food online.

Today the best-selling product groups on Swedish internet sites are

books, magazines, music, films, clothes and home electronics. For several of these products online sales account for a significant share of total sales.

Focus on sustainability

Sustainability issues have acquired growing importance in the retail sector. For the food retail segment this means increased demand for ethical and organic food and increased awareness among customers about food’s origins and production methods. The Global Food Safety Initiative, a cooperation in which ICA takes part, includes world-leading food safety experts from retailers, manufacturers and food service companies as well as service providers in the food industry. In the rest of the retail trade the main focus has been on supply chains. For textile retail this includes heightened awareness among consumers about manufacturing methods, working conditions in factories in low-wage countries, and exploitation of natural resources. Having control of the supply chain means greater social responsibility but also helps to ensure compliance with requirements and product

quality. It is in retail’s interests to ensure that raw materials and natural resources are available in the future.

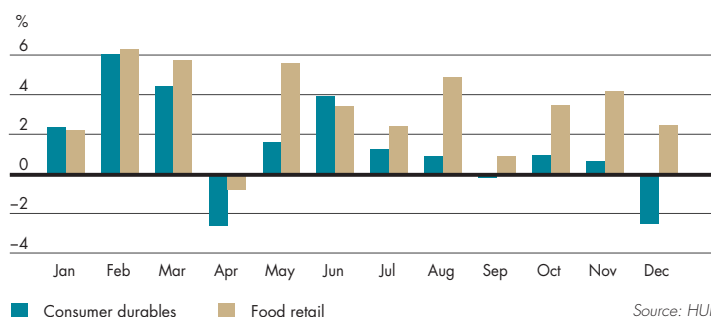
Proximity and accessibility

A number of large shopping centers have grown up outside cities in recent decades and a big proportion of retail is now concentrated here. A trend reversal can now be noted here. Consumers are still interested in buying everything in a single location but to a greater extent want stores close to their workplace or home. Interest in taking the car and driving far to shop has waned. Time and accessibility have become increasingly important and this affects customers’ shopping process.

Economic development

The weakened growth in Hakon Invest’s markets in recent years has affected the holdings. A weaker economy leads to more cautious consumers and reduced purchasing power. In order to succeed, the holdings must focus on their business and make the offering to customers clear and accessible. Historically, the food retail sector has been less cyclically sensitive than

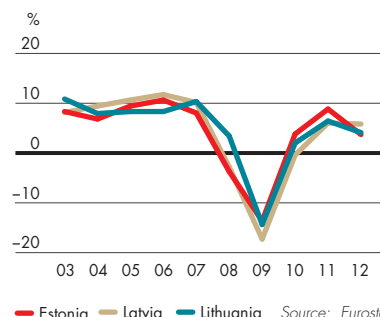
Sales development within food retail and consumer durables in Sweden, 2012¹⁾



Source: HUI

¹⁾ Current prices, not seasonally adjusted. Change in percent compared with the same month last year.

Economic growth in Baltic countries¹⁾



Source: Eurostat

¹⁾ Real GDP, annual growth 2003–2012.

consumer durables, which were more affected by the economic downturn in recent years. In 2012, the fiscal problems in several EU countries continued, and the economic turmoil and instability that characterize both the European economy and much of the global economy remains. In the EU, retail sales were weak during the year but there are major differences between countries. Several countries have been affected by the current debt crisis combined with high unemployment, which made consumer spending more cautious.

Sweden

The Swedish economy, which has shown relatively strong resilience, is affected by developments in the rest of the EU. The growth rate continued to slow during the year and GDP rose by less than 0.8% in 2012. Total retail sales in Sweden rose 2.1% in 2012, measured in current prices. In fixed and seasonally adjusted prices the increase was 2.2%. Food retail increased by 3.3% in current prices and had a volume increase of 1.3% compared with the previous year. For consumer durables the increase in current prices was 1.1% in 2012 with a volume increase of 3.0%. Consumer restraint was mainly reflected in consumer durables. However, there is considerable variation between sectors, with some segments being particularly clearly affected by the negative development. These include the clothing trade and home electronics. Other sectors showed positive growth with sports retail performing best with a value increase of 8.9% in current prices. The forecast for retail development in 2013, according to HUI, is an

“Greater awareness among customers is making higher demands on retailers. The buying decision is today often made long before the customer enters the store.”

increase of 2.0% in current prices and the same in fixed prices. A slightly better development is expected for food retail with rise of 2.5% than for consumer durables which are expected to increase by 1.5% in 2013. The increase in fixed prices is expected to be 1.0% for food retail and 3.0% for consumer durables.

Other Nordic countries and Baltic region

The Nordic countries' economies are still relatively stable but affected by development in the rest of Europe. Despite the dark clouds, the outlook for the Norwegian economy is good. A strong housing market combined with low unemployment have created favorable conditions and private consumption showed strong growth in 2012. In Denmark, a weak labor market with falling real wages and a stagnant housing market have made Danish consumers more cautious. Finland is also weighed down by weaker global demand which is having a negative impact on the country's exports, which are of great importance for the economy. In the Baltic countries, wage structures and the labor market have improved in recent years which has continued to encourage private consumption which showed strong growth during the year.

RESPONSIBLE OWNERSHIP

By being an active, responsible and long-term owner with financial strength and in-depth retail expertise, Hakon Invest helps to create growth in value in ICA and to develop the portfolio companies.

The holding in ICA AB is the base of Hakon Invest's owner philosophy and operations. In addition, the aim over time is to build a portfolio of up to ten retail companies. The holding in ICA is "permanent", while the composition of the rest of the portfolio companies will change over time. Hakon Invest is a long-term owner with no predetermined timescale for ownership of the portfolio companies. Investments in these operations are made for value creation over time.

Hakon Invest's ownership influence is exercised, among other things, through representation on the boards. In addition, there is a network of people who can assist the companies where necessary. Hakon Invest is an energetic owner and supports the companies and their representatives to the greatest possible extent.

By being an active, responsible and long-term owner with financial strength and in-depth retail expertise, Hakon Invest helps to create growth in value in ICA and to develop the portfolio companies, all of which are independent companies with their own result and profitability responsibility. Added value is created for Hakon Invest's shareholders through growth in the value of the investments combined with a good dividend yield.

Corporate governance in 2012

In view of an incipiently tougher market situation, in 2010 Hakon Invest saw a need to strengthen corporate governance and clarify its role as owner. This involves, among other things, a greater focus on strategic initiatives in the companies as well as increased activity in the corporate governance process. Extensive work was initiated in mid-2010 and has since continued at a fast

pace. This work has resulted in a number of important decisions in the holdings designed to achieve long-term growth and improved profitability. These efforts have gradually started to bear fruit in the form of improved key ratios. This stronger corporate governance has also led to clearer responsibility and roles between owner, boards and portfolio companies' managements. Hakon Invest's governance is based

"Investments in these operations are made for value creation over time."

on an ownership plan. Using this as a starting-point, a long-term strategic plan is then drawn up and a business plan together with the companies, where risk analysis is a sub-component. Integrated work builds a consensus between Hakon Invest and the company's board and management regarding overall issues. A review and follow-up of the strategic plan is performed annually and includes analyses of customers, markets and other factors. This work is conducted methodically in line with an annual plan and creates a clear division of responsibility at all levels.

At detailed level, the follow-up consists of a number of key ratios to measure and manage operations. The key ratios facilitate measurability and make the work effective. Many small improvements, such as increasing the number of visitors, increasing the average receipt or measuring energy consumption can have a significant impact on the end result. New KPIs for sustainability work were established and adopted in 2012.

Active ownership in ICA

ICA has a special position among Hakon Invest's holdings since it is a "permanent" holding. One key part of Hakon Invest's business mission is to safeguard the ICA idea over time and thus ICA's sustained competitiveness. The ICA idea's unique dynamics and ability to create values for all stakeholders serve as Hakon Invest's model and source of inspiration. ICA's business model is based on professionalism, flexibility and close contact with consumers. ICA endeavors to be best at being both small and big by combining entrepreneurship with economies of scale.

Hakon Invest's influence as an owner of ICA is mainly exercised through work on the board where the company's representatives play an active part in ICA's board and committee work. Hakon Invest's representatives are actively involved in ICA's overall business development, such as structuring and business planning, budget work and decisions on acquisitions and investments.

Active ownership in the portfolio companies

Hakon Invest's corporate governance is exercised through representation on the boards and under the motto "active ownership every day", which involves close contacts with the companies and continuous work on strategic and operational issues. A focus on details is important for success in retailing. Hakon Invest's representatives therefore work closely with the companies, often at detailed level. The role of owner includes helping the companies to ensure that they have the right focus, for example in their customer offering, concept and supply chain. Another key issue is to ensure recruitment of people



to key positions in the portfolio companies.

At least one board member in each holding must be attached to Hakon Invest and the chairman must have a thorough knowledge of the industry. Board representation ensures that reporting and internal control are managed satisfactorily and in compliance with applicable laws and regulations. Hakon Invest's finance function has an ongoing dialog with the people responsible for finance at all the companies and issues instructions and advice for the preparation of their financial reports, which in turn provide the basis for Hakon Invest's financial reports.

In addition to the portfolio companies having access Hakon Invest's knowledge and expertise within retailing and the company's extensive network, the companies can increasingly exchange knowledge and experience with each other. Sustainability for example is a key area where the companies share ideas and experiences. The exchange of knowledge, which takes place on market terms, also creates synergies between the companies.

Business model

	HOLDING STRATEGY	RETURN	CASH FLOW	
ICA	<ul style="list-style-type: none"> • "Permanent" holding 	<ul style="list-style-type: none"> • >14–16% of equity over a business cycle 	<ul style="list-style-type: none"> • Annual dividend (>40% of earnings) 	SHAREHOLDERS <ul style="list-style-type: none"> • High equity/assets ratio. • Dividend policy >50% of Parent Company's profit.
PORTFOLIO COMPANIES	<ul style="list-style-type: none"> • Long-term up to 10 holdings • Companies acquired, developed and sold on 	<ul style="list-style-type: none"> • >15% per year on invested capital 	<ul style="list-style-type: none"> • Proceeds from sales • Dividends 	

SUSTAINABILITY GOVERNANCE

The foundation for Hakon Invest's work as a development partner within retail is responsible and long-term ownership. A basic concept in the Group is that sound sustainability initiatives are essential in order to earn the confidence of consumers and other stakeholders and create stable profitability.

Hakon Invest wishes to contribute to sustainable development of society.

This contribution is mainly made by developing work in the portfolio companies with ICA serving as a model.

As an owner company Hakon Invest tries to be aware of new trends and business environment aspects that might affect the holdings and to support them so that they can take action to meet the demands made by customers, employees, investors, owners and other stakeholders.

Governance of sustainability initiatives

Hakon Invest has adopted a sustainability policy which is a comprehensive steering document for how the company should act as an active and responsible owner. It is the organization's Code of Conduct which supports internal operations and the operations in the holding companies and clarifies Hakon Invest's aims for future investments.

Other policies and guidelines are linked to the sustainability policy in order to clarify what this means in practice with regard to the environment, work environment, equal opportunities and diversity, insider issues and bribery.

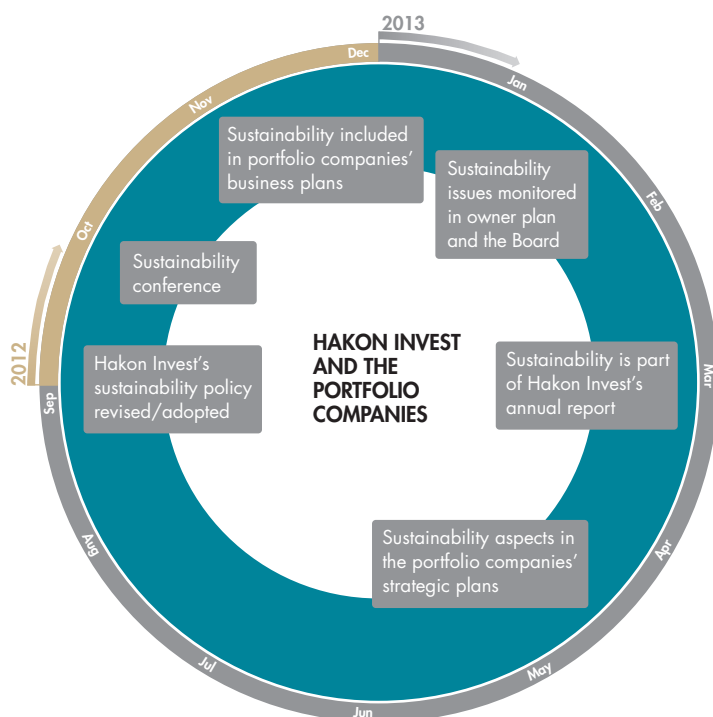
Both Hakon Invest and the portfolio companies must comply with laws and international agreements in the countries in which they operate. In addition, the portfolio companies are responsible, on the basis of their own business, for developing relevant policies, systems for control and follow-up as well as communication within sustainability.

Hakon Invest has also adopted guidelines for responsible action in the portfolio companies and through active work on the boards and corporate governance will try to ensure continual improvements within sustainability. This work is based on Hakon Invest's sustainability policy and each company's own policies, needs and situation.

Hakon Invest's board representatives must follow up sustainability issues in the holdings at board level and provide feedback to the sustainability manager at Hakon Invest. Hakon Invest's sustainability manager follows up the portfolio companies' and Hakon Invest's KPIs and other agreed reporting on significant sustainability information. The results of this follow-up provide feedback to Hakon Invest's management group.

Each portfolio company must be able to show that they are continually improving their business with regard to sustainability and these issues must be included in each company's business and strategic plan so that they can be monitored by Hakon Invest.

Sustainability wheel of the year



When there are aspects or questions of a similar nature in the different companies, sustainability initiatives are supported and coordinated as much as possible with common documents, proposals for effective working methods and follow-up.

Prioritized areas

The following sustainability aspects are given priority within Hakon Invest and its holdings:

- Establishment of internal policies and governance.
- Routines for control and monitoring of suppliers.
- Communication on sustainability issues, both internal and external.
- Establishment of KPIs for reporting, as well as follow-up and continual improvements of prioritized areas.

More transparent reporting

Starting in 2012 sustainability plans and non-financial KPIs will be reported in the annual report, inspired by the Global Reporting Initiatives (GRI) framework.

This reporting includes work in Hakon Invest and the holdings during 2012 and deals with aspects related to

the environment, ethics, quality and social responsibility. The figures and data presented are based on internal monitoring systems and information from suppliers of external services. The results have not been verified with IT systems or externally audited.

The holdings are at different stages in their sustainability work so the level of reporting and monitoring currently varies. The ICA Group has been reporting according to GRI for several years, has included sustainability in quarterly reports since spring 2012, and has integrated sustainability issues into its objectives.

Hemtex has also published a sustainability report for a number of years. Reporting by the other holdings is more limited.

Stakeholders

The ability to win and retain consumer confidence is the foundation of all successful retailing. Customer confidence is about everything from a clear offering to accepting responsibility for the environment, people and society. A key part of Hakon Invest's role as owner is to contribute to strategies and ideas that are economically, environmentally and socially sustainable.

A good understanding of expectations of customers, employees, investors and other stakeholders can give a retail company better control of business risks. This can also provide new business opportunities.

Sustainability aspects in the investment process

Responsibility to Hakon Invest's shareholders starts in the investment process.

Hakon Invest only invests in companies with operations that are acceptable on the basis of the company's investment and sustainability policies. This means an analysis of a potential portfolio company's sustainability profile at an early stage.

A general review of the company's position regarding environment, control of the supply chain, HR issues, business ethics and other non-financial aspects that can affect the value of the brand and the company is also performed prior to examination in the Board's investment committee.

Many of the companies that suit Hakon Invest's investment criteria are relatively young and have therefore often not always managed to develop structured sustainability initiatives. 

KPIs for sustainability reporting

Since 2009, the holdings and Hakon Invest measure, report and follow up KPIs. Starting in 2012 reporting includes KPIs within the following areas for all holdings:

- Employees/work environment/ equal opportunities, etc.
- Business ethics, training policy/ corruption/bribes
- Environment, energy consumption/ waste management/transport of goods/business travel/carbon dioxide emissions
- Customer satisfaction
- Supply chain, percentage of suppliers checked/number of reported incidents

This does not mean, however, that an investment is rejected. On the other hand, it is important to be sure that the company has the potential and the will to start robust sustainability work. This involves, for example, drafting and introducing relevant policies and working methods that encompass the operations' most important sustainability aspects.

Sustainability criteria in asset management

Management of liquid assets, both internally and externally, is based on Hakon Invest's financial and investment policy. This stipulates that management of Hakon Invest's assets must be permeated by security, sound ethics and environmental consideration. Investments may only be made in companies with acceptable compliance with

the UN Global Compact's principles for human rights, labor law issues, environment and corruption, as well as the OECD guidelines for multinationals. The companies may not have a significant portion of their sales in the arms industry or pornography. Hakon Invest's external partners within asset management must comply with the financial and investment policy.

Sustainability initiatives in the holdings

The ICA Group has been conducting extensive work on accepting environmental and social responsibility for many years, which Hakon Invest together with the other co-owner Royal Ahold supports. The smaller holdings have made varying progress and Hakon Invest's contribution through active board work is therefore based on con-

ditions in each company. An exchange of knowledge within sustainability between the holdings is encouraged. In order to facilitate and inspire work with sustainability, since 2008 Hakon Invest has held seminars for companies' management groups, boards and employees who work with sustainability. Two such seminars were held in 2012 with a focus on chemicals management and follow-up/reporting.

Each company has reported KPIs within work environment, the environment, equal opportunities and quality to Hakon Invest since 2009. In 2012 Hakon Invest worked on harmonizing these KPIs to adapt them ahead of a future sustainability report based on GRI guidelines.

Sustainability policy

Hakon Invest seeks to contribute to the sustainable development of society. Hakon Invest shall, with its ownership of ICA AB as a foundation, be the leading development company for retail companies in the Nordic and Baltic regions. We carry out long-term investments and are an active and responsible owner.

- We wish to encourage and be a driving force for entrepreneurship within retail. We want to utilize and spread knowledge and develop retail and entrepreneurial skills for our employees and the companies in which we invest. We invest in companies with operations that can be accepted on the basis of our core values. In cooperation we develop the business operations of the acquired companies in a sustainable manner based on the needs and situation of each company. With their own operations as a starting point, within two years from

acquisition the companies shall have in place relevant policies, systems for control and follow-up and communication within sustainability. Hakon Invest monitors the portfolio companies' continual improvements within sustainability through active work on the boards.

- We reduce our environmental impact.
- We seek to ensure that the portfolio companies' supply chains develop in accordance with our core values and internationally adopted norms.
- We invest our liquid assets in a way that can be accepted on the basis of our core values.
- We seek to achieve a good physical and mental working environment that promotes good health and contributes to the development of employees and the company's operations. We promote diversity and equal opportunities and we do not accept invidious discrimination.

- We have open and honest communication internally and with our business environment.
- We act correctly and according to good practice in terms of competition and insider issues.
- We may not – directly or indirectly – offer, ask for or accept bribes or other improper benefits.
- We comply with all legislation where we have operations. We also comply with our own policies.
- Employees who discover circumstances they perceive contravene legislation and/or Hakon Invest's core values and policies must inform their immediate manager or the company's general counsel without any repercussions whatsoever for the person making the report. Such notifications may also be made anonymously to the general counsel (for example by mail or internal mail).

FINANCIAL RESPONSIBILITY

As one of the Nordic region's largest owner companies within retail with holdings and employees in six companies and six countries, Hakon Invest contributes to financial value for the Group's stakeholders.

By being an active, responsible and long-term owner with financial strength, Hakon Invest provides the holdings with opportunities and resources to develop and grow with profitability, but also with stability in the financial value to be distributed to the Group's stakeholders.

Hakon Invest's long-term approach to ownership is based on its experience that retail operations often need time to become really successful.

Today there is no set timescale for ownership in the holdings with the exception of ICA AB, which is a "permanent" holding in Hakon Invest's portfolio, the other holdings will eventually be sold. Hakon Invest endeavors to find the best solution for each company at the same time as maximizing value for our shareholders.

In 2012 all the holdings gained market shares and strengthened their positions.

Breakdown of financial value

The financial value which Hakon Invest's holdings create through sales benefit many stakeholders: employees receive pay and other benefits, product and service suppliers receive payment for the goods and services they deliver, customers can obtain high-quality products, society receives tax revenues and shareholders receive dividends and price rises on their shares. A certain proportion stays in the companies in the form of investments.

In 2012, the holdings and Hakon Invest purchased goods and services for a total of SEK 36,712¹⁾ million from suppliers in their respective home markets and in other markets.

The total amount for salaries and other cash remuneration in Hakon Invest and Hakon Invest's share of the holdings, amounted to SEK 3,329¹⁾ million. During the year SEK 1,612¹⁾ million was paid in tax and social contributions to the state and municipi-

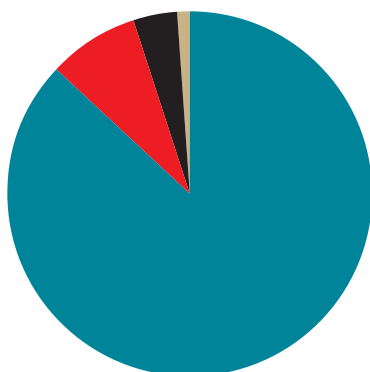
palities in the countries in which the companies operate.

The dividend from Hakon Invest to shareholders totaled SEK 491 million in 2012.

Voluntary contributions

Social and charitable activities are handled locally in the holdings and not aggregated at Group level. ICA and ICA's customers and employees donated more than SEK 31.8 million to ICA's cooperation partners in 2012. In addition, many ICA retailers make local contributions in the communities in which they operate. Hemtex supports SOS Children's Villages family program in Bangladesh.

Breakdown of financial value



- Costs of goods and services, 87%¹⁾
- Salaries and other remuneration, 8%¹⁾
- Taxes and social security contributions, 4%¹⁾
- Dividend, 1%

¹⁾ The figures are based on Hakon Invest's consolidated financial statements with the addition of the holdings in ICA AB (40%) and Kjell & Company (50%).

SOCIAL RESPONSIBILITY

For Hakon Invest and the holdings the main focus within social responsibility is on employees and suppliers. Employee welfare and skills development are given priority as well as providing safe workplaces in all companies. Monitoring and control of supply chains are also given priority.

Hakon Invest's social responsibility is based, like other activities, on the goal to be an active, long-term and responsible owner.

Human resources

Hakon Invest, as owner company, has 12 FTEs and the gender breakdown is even, according to the consolidated accounts.

Employees are Hakon Invest's most important resource which makes their welfare in the form of skills development and wellness investments a prioritized area. Hakon Invest seeks to provide a good physical and psychological work environment that promotes good health and contributes to the development of employees and the business.

All employees at Hakon Invest are offered an annual performance review and have an opportunity to take exercise during working hours. An employee survey is conducted every two years.

Employee turnover and absence due to illness are low within Hakon Invest today.

Employees in the holdings

Hakon Invest is involved in the recruitment of people to key positions in its holdings. During 2012 a new CEO was appointed for ICA AB.

In 2012, the holdings employed almost 30,000 people, of whom about 28,000 in the ICA Group.

Training and motivation

During 2011 and 2012 employees in leading positions in Hakon Invest and the holdings have been able to attend a training course with a focus on Retail Management.

Hakon Invest also arranges a number of seminars for the holdings. These are linked to Hakon Invest's owner instructions and provide training within selected subject areas.

An exemplary case among Hakon Invest's holdings in terms of employee development is Kjell & Company. Skilled and service-minded staff are a key factor for the company's success and they place a major emphasis on staff development. Kjell & Company

trains its employees continuously within the framework of the Kjell Academy and the company's leadership program.

In 2012, Cervera's management obtained the views of all its employees on how to further develop sustainability. The response to this survey was considerable and many valuable suggestions were received for continued efforts relating to the environment, product range, equal opportunities, diversity and ethics.

Ethics and anti-corruption

All Hakon Invest's employees were updated on the Group's policies and attended anti-corruption training in 2012. inkClub also updated its employees on these issues.

ICA has had web-based training on the Group's values for many years and this is mandatory for all employees. Forma Magazines and Hemtex are planning to carry out training in 2013. Kjell & Company keeps its employees regularly updated on policy and value issues.

Gender and age breakdown

The table is based on the total number of employees reported by the holdings and Hakon Invest in 2012.

Equal opportunities, %	Hakon Invest	Cervera	Hemtex	Kjell & Company	inkClub	Forma	ICA Group
Company management women	0	71	33	22	37	50	27
Managers women	0	80	90	4	43	80	60
Other employees, women	70	91	95	18	52	72	n/a
Total number of women	53	89	92	13	50	71	65
Board women, %	29	17	40	0	0	44	0

Age breakdown, %	Hakon Invest	Cervera	Hemtex	Kjell & Company	inkClub	Forma	ICA Group
<30	6	55	33	78	24	6	38
30-50	71	30	50	21	70	56	46
>50	23	15	17	1	6	38	16



“In order to minimize risk, Hakon Invest makes clear owner demands on control of the supply chain.”

Diversity

Hakon Invest promotes diversity and equal opportunities and does not accept offensive discrimination. A successful diversity initiative can be found in the portfolio company inkClub which back in 2001 started a cooperation with Samhall (a state-owned Swedish company employing people with disabilities) for staffing the company's distribution center in Uppsala. Today, Samhall has approximately 90 employees there who handle distribution and logistics.

ICA also cooperates with Samhall which provides cleaning services to all ICA's workplaces. In autumn 2009 ICA started its “We can do more” campaign designed to increase employment for people with disabilities in ICA's stores. In November 2012, approximately 1,200 people with some form of disability worked in 670 of Sweden's ICA stores.

Suppliers

Hakon Invest's holdings conduct business worldwide. Many of the products are manufactured in countries where

injustices and unsafe working conditions are common. As owners of retail companies inadequate legislation and control of legislation in the production countries are a risk factor. In order to minimize risk, Hakon Invest makes clear owner demands on control of the supply chain. None of the holdings own their own production which makes monitoring and control of the supply chains important, particularly for private label products.

The holdings currently work in different ways to ensure that the products are produced under fair conditions. ICA has had purchasing offices in Hong Kong, Shanghai, China, and Ho Chi Minh City, Vietnam, since 2008. Being on site at the suppliers has facilitated this work and led to a better understanding of what is meant by social responsibility in purchasing agreements.

ICA has a group-wide objective that all suppliers of private labels from high-risk countries will be checked and approved by the company's own auditors or a third party. Achievement of this objective in 2012 was 74%.

Selected suppliers are also monitored in each home market, suppliers of berries for example.

At the beginning of 2012, Hemtex concluded a long-term agreement with ICA Global Sourcing. The new partnership gives Hemtex access to a larger number of purchasing and quality offices around Asia and therefore a broader supplier base. Hemtex has drafted guidelines for suppliers in a Code of Conduct based, among other things, on the UN Child Convention and conventions that set out working conditions and rights in working life.

Kjell & Company also has employees in Asia who make regular visits to the factories which manufacture the company's products. Cervera and inkClub so far work with random checks.

Hakon Invest's holdings (excluding ICA) have together approximately 650 suppliers worldwide, of which over 200 supply the holdings' private labels. As a result of audits and follow-up, some contracts with suppliers were terminated in 2012.

ENVIRONMENTAL RESPONSIBILITY

Hakon Invest's own environmental impact as a parent company mainly comprises energy consumption at the office and business travel. For the holdings, environmental impact mainly consists of energy consumption in stores and warehouses, as well as transport of goods. The holdings have no own production, so this environmental impact is not measured.

Starting in 2012, Hakon Invest and the holdings measure energy consumption, choice of energy sources and transports in a more structured manner than before. In time this will also include carbon dioxide emissions. The largest environmental aspects for Hakon Invest are the office's energy consumption and business trips. Of the energy consumption of 181.7³⁾ kWh per square meter at the office 51.2% is renewable electricity.

During 2012 Hakon Invest's employees travelled a total of 70,212²⁾ kilometers by air and 4,482¹⁾ kilometers were driven by car on business. Employees are encouraged to travel by train when time permits and to hold telephone conferences as much as possible. Environmental considerations are assessed when purchasing company cars.

Carbon Disclosure Project

Hakon Invest reports to the Carbon Disclosure Project (CDP), an independent, non-profit organization which aims to reduce emissions of

greenhouse gases. Hakon Invest's reporting is based on ICA's work. During 2012 Hakon Invest's points improved from 79 to 83 which led to a place in the 2012 Nordic Carbon Disclosure Leadership Index.

Environmental impact in the companies

One major environmental impact for a retail company is heating and lighting in stores and warehouse premises. ICA has been working with clear energy efficiency programs for several years and has a Group target to reduce its direct emissions of greenhouse gases by 30% by 2020 compared with 2006.

Several of the holdings have taken initiatives to increase their use of renewable electricity.

Products for a better environment

One major issue for retail companies today is ensuring that manufacturing takes place in an environmentally and ethically responsible manner. Since Hakon Invest's holdings do not have their own production, demands can

only be made on the suppliers concerned. The list is long of the global initiatives where the holdings are involved for sustainable production and consumption of for example cotton, fish, palm oil, forestry, down and feathers. Hemtex is a member of the Better Cotton Initiative (BCI), a long-term initiative which aims to improve large-scale and conventionally grown cotton.

All down and feathers used in Hemtex's products must come from birds raised for meat production. Hemtex does not permit down and feathers to be plucked from living birds. Hemtex is also a member of the Sweden Textile Water Initiative (STWI) which has produced guidelines for sustainable use of water in textile and leather manufacturing.

ICA has decided that all palm oil used in its private labels must be certified by the Round Table on Sustainable Palm Oil (RSPO) by 2015 at the latest, and ICA Sweden has decided that all products made of tropical wood species, such as outdoor furniture, must be certified by the Forest Stewardship Council (FSC).

Forma Magazines and Forma Books have been lobbying printers regarding environmental issues for many years.

Natural cycle for materials and goods

Today, ICA recycles 100% of waste (mainly packaging material) which arises in its warehousing activities. In the ICA stores many initiatives are taken to reduce food waste.

inkClub sells refilled ink cartridges and, like Kjell & Company, takes back used ink cartridges from customers. Hemtex cooperates with non-profit relief organizations which can take care of and resell outgoing products.

Hakon Invest's environmental impact

	2012	2011
Car journeys (km) ¹⁾	4,482	n/a
Flights (km) ²⁾	70,212	n/a
Energy consumption at the office (kWh/sq.m.) ³⁾	181.7	161.6

1) Calculated from paid travel expenses for cars as well as km on business for employees with company cars.

2) Calculated from the number of reservations via Hakon Invest's travel agency and travel booked by the employees themselves.

3) According to information from contracts with energy companies and property owners.

ASSET MANAGEMENT

Hakon Invest's asset management is characterized by a long-term perspective and a low level of risk exposure, an approach which permeates operations in general.

Shareholder value is created through growth in value in ICA and in the portfolio companies combined with a good dividend yield. The purpose of Hakon Invest's asset management is that the capital provides a base for new investments in companies. Asset management comprises ongoing financial activities and investment management. Funds not required for day-to-day operations are assigned to Hakon Invest's asset management.

When Hakon Invest was listed on Nasdaq OMX Stockholm at the end of 2005, the company had approximately SEK 3 billion in financial assets and a portfolio that comprised the 40% holding in ICA AB and the wholly owned media group Forma Publishing Group. Between the IPO and year-end 2012, Hakon Invest has invested a total of approximately SEK 2.5 billion in five portfolio companies.

Responsible investments

Hakon Invest endeavors to ensure that the company's capital contributes to sustainable social development. Assets are invested in operations that are acceptable on the basis of the company's core values. Management of Hakon Invest's assets must be characterized by security, sound ethics and environmental consideration. Good standards, good practice and good judgment govern the business. Funds from Hakon Invest may only be invested in companies that adequately comply with the requirements of well-established international standards, notably the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

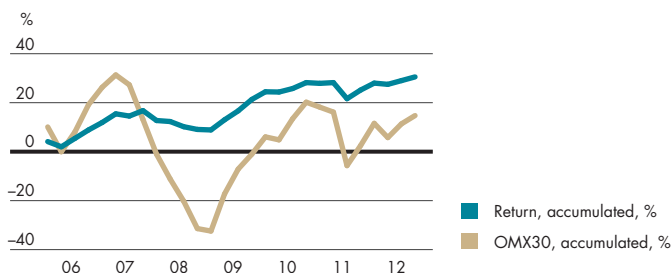
Financial stability

A strong financial position is a prerequisite for Hakon Invest's ability to

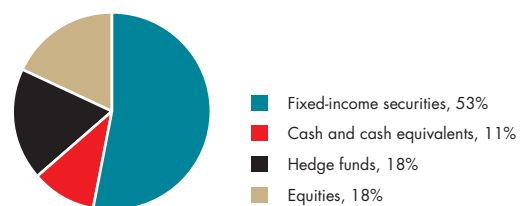
be a long-term, stable and secure owner of ICA and the other portfolio companies and to be able to support the companies in their continued development. This financial strength ensures that the company can take a long-term approach even in weaker economic climates and less favorable conditions for retail business. This also provides scope to take advantage of attractive business opportunities at the same time as retaining a stable dividend level to shareholders, regardless of the economic situation.

One of Hakon Invest's financial targets is to have an equity/assets ratio, i.e. equity in relation to total assets, that exceeds 70%. Hakon Invest's equity/assets ratio has been considerably above this level every year since the 2005 IPO. At year-end 2012 the equity/assets ratio in the Group amounted to 86.1% (85.6).

Return within asset management



Breakdown of assets under management 2012 (Parent Company)



Adapting to the market

The main purpose of Hakon Invest's asset management, which is characterized by a long-term approach and a low level of risk, is to ensure that funds are available for future investments in both existing and new companies. Risk is limited so as not to jeopardize the ability to take advantage of new investment

"The holding in ICA has generated significant profit shares and dividends to Hakon Invest over the years."

opportunities which arise and to support the existing portfolio companies in their continued development.

Asset management is based on the company's financial and investment policy with accompanying guidelines.

The target for asset management is to generate an average return of at least the Consumer Price Index (CPI) plus four percentage points per year over rolling five-year periods. The allocation between equities, share-based instruments and fixed-income securities varies over time in order to maintain a good balance between return and risk levels.

A significant portion of Hakon Invest's assets have comprised cash and cash equivalents and short-term investments. As portfolio companies have been acquired, these assets have decreased. At December 31, 2012, cash and cash equivalents and the current value of short-term investments amounted to SEK 1,446 million (1,001).

During the past year the level of risk in asset management decreased, among other things due to forecasts showing lower growth in the coming year. The high level of debt currently

prevailing in Southern Europe and the U.S. has made Hakon Invest adopt a more defensive position. At year-end 2012 the allocation of assets under management was as follows: 18% equities (31), 47% fixed-income securities (35), 19% hedge funds (28) and 16% cash and cash equivalents (6). In 2012 the investment return amounted to SEK 56 million (-35).

ICA remains stable

The 40% holding in ICA AB is the ultimate guarantee for continued financial stability in Hakon Invest. ICA's revenues and earnings are highly significant for Hakon Invest's earnings development, cash flow and financial position. The holding in ICA has generated significant profit shares and dividends to Hakon Invest over the years. ICA's operations are relatively cyclically insensitive and create stability in Hakon Invest's earnings and cash flows over time, which replenishes the financial assets over time.

REDUCED RISK IN ASSET MANAGEMENT

How did development in the financial markets in 2012 affect Hakon Invest's asset management?

"The uncertainty in the European markets continued during the year and to manage this uncertainty we have reduced the risk in our asset management. We have decreased our holdings in equities and hedge funds and instead increased the proportion of fixed-income securities and cash and cash equivalents."

How does Hakon Invest's asset management look?

"A strong financial position is essential if we are to be a long-term stable and secure owner of ICA and the other portfolio com-

panies. This allows us to take a long-term approach even when the economy is weak and conditions for retailing are less favorable, and to take advantage of the opportunities that arise. Our goal is also to have a stable level in our dividend to shareholders, regardless of the economic situation."

How do you see market development in 2013?

"There is still relatively major uncertainty, although we can see a slightly brighter outlook for the next year. ICA's operations are relatively insensitive to economic fluctuations and this provides stability in both earnings and cash flow, which replenishes the financial assets over time."



Göran Blomberg
CFO

RISK MANAGEMENT

Risk management is a central part of Hakon Invest's corporate governance. The goal is to minimize the total risk through continuous analysis and evaluation, followed by action programs to manage identified risks.

Hakon Invest continuously identifies and evaluates potential risks. A robust risk management model and clear routines reduce the probability that unforeseen risks will arise and make the company well prepared should anything happen. In addition to improved risk management, this also leads to improved efficiency and risk awareness in the organization.

Risk management is a central part of Hakon Invest's corporate governance and an integrated part of the business. The Board sets limits for Hakon Invest's risk management and within this framework Executive Management evaluates Hakon Invest's exposure to different risks, their probability and potential financial impact, as well as the correlation between them. Executive Management is also responsible for implementing governance and control systems in the form of responsibility functions, processes and systems support that contribute to a suitable balance between business opportunities and risks.

Potential risks are evaluated on the basis of the degree of probability that the risks will arise, and on the impact they would have on Hakon Invest's operations and ability to achieve set targets. This in turn decides what measures are required. Action plans are drawn up to reduce identified risks and manage different situations.

During the past year the focus for risk management has been to reduce the risk in asset management, among other things because forecasts show lower growth in future years. The high level of debt currently prevailing in Southern Europe and the U.S. means that Hakon Invest has adopted a more

defensive stance. As a result of this corporate governance in the holdings has also been strengthened in order to further increase possibilities for analysis and management of risks in these operations.

The risks to which the Hakon Invest Group is exposed can be divided into risks related to the holdings and investments, and risks related to asset management.

Risks related to the holdings and investments

The holdings' results have a major impact on Hakon Invest's earnings. Factors which have a negative impact on the holdings' operations, financial position and earnings can have a negative impact on Hakon Invest.

In order to reduce risks the basic principle in the creation of a portfolio of companies is that it should be well diversified, with a good spread in terms of size and exposure to retail markets. The fact that the investments are made in stages also creates a risk spread over time.

All investments have an inherent uncertainty. Ahead of an investment, Hakon Invest conducts a thorough evaluation designed to identify, and if possible reduce, the risks that might arise. This includes an analysis of everything from the company's business concept, mission, operations, brands, employees and customer relations to administrative, legal, environmental and ethical aspects.

During the holding period work on the board and financial control are key tools to achieve effective corporate governance and risk management.

All the holdings are exposed to a

number of risks linked to their operations, of varying character.

Market risks

Development in the retail market is of major significance for development of the holdings and therefore for Hakon Invest. The retail market in turn is affected by economic development, wage development, political decisions and consumer behavior. Retail contains many different segments, however, with varying sensitivity to these factors. Sensitivity can also vary between countries.

In 2012, Hakon Invest's holdings were exposed to the following retail segments:

- Food and non food
- Publication of magazines and books
- Home electronics
- Glass, porcelain and homewares
- Online retail with the main focus on consumables
- Home textiles.

The holding in ICA implies significant exposure to the Nordic and Baltic food retail sector. Historically the food retail sector has been less cyclically sensitive than consumer durables. From a portfolio perspective, the ICA holding can be regarded as risk-reducing in a weaker economic climate.

Customer confidence

Customers' confidence in a retail company's operations, products and services is a factor which has a major impact on the company's long-term development. Without strong confidence in the brand it is very difficult, often impossible, for a retail company to gain market shares and grow.

Sustainability

Sound sustainability work increases the ability to win and retain the confidence of customers, as well as contributing to the company's long-term sustainable development. A key part of Hakon Invest's role as owner is therefore to contribute to strategies and daily routines that are sustainable over time.

Stock market development and interest rates

Stock market development and interest rates affect the value of Hakon Invest's listed and unlisted holdings.

The interest rate situation also affects the holdings' operations since interest rate levels affect people's consumption and therefore development in the retail market. The interest rate level also affects Hakon Invest's borrowing costs.

Risks in asset management

Financial assets and liquid assets account for a significant portion of Hakon Invest's assets. The value of assets under management at Hakon Invest at year-end 2012 amounted to SEK 1,446 million (1,001). Changes in returns on these assets can have a significant impact on profit after net financial items. The main financial risks are currency risk, interest rate risk, liquidity risk, credit risk and share price risk.

The financial and investment policy is the framework for Hakon Invest's asset management and management of

financial risks, both in day-to-day activities and in asset management. The policy is adopted annually by the Board and compliance is monitored by the audit committee. The Board decides on the direction and risk level in asset management, which is conducted both internally and outside the company.

Management of Hakon Invest's financial assets is characterized by a

“During the past year the focus for risk management has been to reduce the risk in asset management.”

long-term approach and low risk in order not to jeopardize the ability to make investments and support the holdings in their development.

Read more about asset management on pages 25–26. More information about guidelines and risk management within asset management is provided in Note 2 on pages 82–83.

Other risks

Skills and key people

Hakon Invest's operations require both retail and business expertise.

The company's development is affected by the knowledge, experience and motivation of management and other key people. Operations could be negatively affected if one or more such key people leave the group and Hakon

Invest. In order to reduce the risk of negative events of this nature, it is important to safeguard the company's brand as an employer and have effective recruitment routines.

It is also important to nurture Hakon Invest's broad network of people with knowledge and skills within retail, which is significant for the strength and competitiveness of Hakon Invest.

Risks in financial reporting

Hakon Invest works continuously with risk analyses and control activities in order to identify possible sources of error in its reporting. The audit committee is responsible for ensuring that significant financial risks and risks of error in financial reporting are identified and managed.

Hakon Invest's internal control structure is based on reporting to the Board, adopted policies and guidelines and on employees' compliance with policies and guidelines so that good control can be maintained over financial reporting. Risk assessment can lead to control activities. Hakon Invest puts special emphasis in control on preventing, identifying and correcting deficiencies in the income statement and balance sheet items that might be associated with increased risk. Normal control activities include account reconciliation and random checks.

Effects of new and changed accounting standards and interpretations of IFRS are examined in the audit committee.

Hakon Invest's risk management

	RISKS	RISK MANAGEMENT
ICA	<ul style="list-style-type: none"> • A negative development of ICA's sales and earnings • General and specific factors that affect ICA's development in the short and long term: <ul style="list-style-type: none"> • Macroeconomic factors • Conditions in the food retail markets in Sweden, Norway, Estonia, Latvia and Lithuania (competition, price pressure, political decisions, etc.) • Strategic and operational factors within ICA's operations that affect their respective brands • Inadequate responsibility for environmental and social aspects of the business 	<p><i>Active and relevant corporate governance through:</i></p> <ul style="list-style-type: none"> • Shareholder agreement • Board representation • Business plan • Sustainability policy • Crisis management <p><i>Control and follow-up through:</i></p> <ul style="list-style-type: none"> • Budgets • Reporting
PORTFOLIO COMPANIES	<ul style="list-style-type: none"> • Negative development of the holdings' sales and earnings • General and specific factors that affect the short- and long-term development of the holdings: <ul style="list-style-type: none"> • Macroeconomic factors • Conditions in the holdings' markets (competition, price pressure, political decisions, etc.) • Strategic and operational factors within the individual companies that affect their operations and brands • Inadequate responsibility for environmental and social aspects of the business 	<p><i>Active and relevant corporate governance through:</i></p> <ul style="list-style-type: none"> • Shareholder agreement • Board representation • Business plan • Sustainability policy • Crisis management <p><i>Control and follow-up through:</i></p> <ul style="list-style-type: none"> • Budgets • Reporting
INVESTMENT OPERATIONS	<ul style="list-style-type: none"> • Dependent on key people • Inadequacies in internal routines and systems at Hakon Invest and/or the investment • Financing investments • Counterparty and other transaction risks 	<ul style="list-style-type: none"> • Nurturing the employer brand • Investment policy • Structural capital in the form of established processes and standardized documents (due diligence, shareholder agreements, etc.) • Investment Committee
DIVESTMENTS	<ul style="list-style-type: none"> • Unfavorable stock market climate (prices of listed companies affect prices of unlisted companies) • Counterparty and other transaction risks 	<ul style="list-style-type: none"> • Long-term investment horizon • Cooperation and agreement with co-owners • Several divestment alternatives
ASSET MANAGEMENT	<p><i>Results of management are affected by:</i></p> <ul style="list-style-type: none"> • General development in the stock market • Development for individual equities • Development in the fixed-income and currency markets 	<ul style="list-style-type: none"> • Finance and investment policy • Reporting • Follow-up

HOLDINGS

Hakon Invest makes long-term investments in retail companies in the Nordic and Baltic regions. The 40% holding in ICA provides the foundation for the company's owner philosophy and operations. Value is created in the holdings through active and responsible ownership.



Claes-Göran Sylvén
CEO of Hakon Invest and
Chairman of ICA AB

How would you summarize 2012 for ICA?

"2012 was another good year for ICA. ICA Sweden outperformed the market in every quarter

and has a good earnings trend, cost control and focus on logistics management. There is also a clear rate of new store openings although 2012 was to some extent a flat year in this respect, mainly due to timing.

"The Baltic region developed well and has recovered from the deep recession in 2008–2009. A major focus on costs contributed to improved efficiency and sales margins."

What did you spend most time on during the year?

"Development in ICA Norway continued to be a challenge. The sale of the Maxi stores and properties was completed during the year and in future the main focus will be on Rimi.

"Per Strömberg took over as CEO of ICA in March and presented a new strategic plan for the group in September. The group strategy is based on six long-term strategic themes which

determine the direction for the group and include a number of areas and priorities that ICA will work with in the short and medium term."

What is the outlook for 2013?

"An ongoing challenge for the coming year is development in Norway. However, with the new strategic plan ICA Norway has good opportunities to reverse the negative trend and achieve long-term profitability over time.

"ICA Sweden will focus on further strengthening its position in major cities and on cost control.

"One of the strategic priorities for 2013 is the group-wide work with ICA's values that was started at the end



Stein Petter Ski
SVP Investments and
Portfolio Companies

How would you summarize 2012?

"As in the previous year we have put a lot of effort into our ongoing work to strengthen

our corporate governance. We have had closer contact with the companies in recent years and this has resulted in better control and follow-up as well as greater opportunities to utilize and manage both opportunities and challenges which arise during the year."

"Despite a hesitant market, the portfolio companies developed well and they all gained market shares in 2012, even if this is not reflected in every company's earnings."

What did you focus on during the past year?

"Hakon Invest evaluated its ownership in Forma Publishing Group which resulted in the sale of the Finnish operations and Forma Contract during the year. Forma Books and Forma Magazines remain wholly owned holdings.

"The portfolio companies focused on factors such as stock levels and distribution which resulted in improved efficiency in the supply chain.

"Other issues in focus, and which were examined at joint conferences with representatives for the portfolio companies, were sustainability as well as social and digital media.

"Sustainability is an important issue and during the year we formalized our efforts in this area even more. The companies are at different stages in their sustainability initiatives but starting this year the objective is that the portfolio companies' sustainability work will be reported in a more structured way."

What is the outlook for 2013?

"During the past year we worked a lot to maintain the companies' positions

of 2012. ICA must be better at defining and exploiting the synergies in the group and work to achieve improved efficiency and an attitude that is based on continual improvements.

“Another area which will be in focus in the coming year is development of digital businesses. During 2013 a group-wide digital focus will be initiated for food sales on the internet with a planned launch in 2014.”

and market shares and retain the development that is underway, and this work will naturally continue in 2013.

“We will also start strategic initiatives related to product range, mainly pricing. Sustainability will remain in focus and the group-wide work with reporting and follow-up will continue.”

Development in the holdings

Income statements

SEKm	Net sales		Operating profit	
	2012	2011	2012	2011
ICA Group	96,863	95,179	3,274	2,505 ⁵⁾
Portfolio companies				
Forma Publishing Group	533	847	-29 ⁴⁾	-12
Kjell & Company	814	684	61	38
Cervera	723	722	-7	-12
inkClub	529	504	38	34
Hemtex	941	929	-46	-116

Cash flows

SEKm	From operating activities		From investing activities	
	2012	2011	2012	2011
ICA Group	4,912	3,256	-395	-2,242
Portfolio companies				
Forma Publishing Group	-3	17	166	-31
Kjell & Company	68	21	-14	-18
Cervera	2	56	-1	-7
inkClub	39	44	-29	-3
Hemtex	-42	-104	-20	-2

Balance sheets

SEKm	Assets	Equity	Interest-bearing net debt
	2012	2012	2012
ICA Group	40,908	10,218	-29 ³⁾
Portfolio companies			
Forma Publishing Group	378	2	130
Kjell & Company	274	103	-51
Cervera	401	102	-33
inkClub	188	85	16
Hemtex	560	285	64

Hakon Invest's ownership

	Contribution to Hakon Invest's operating profit, SEKm	Holding, %	Investment, SEKm
	2012	2012	
ICA Group	352	40 ¹⁾	—
Portfolio companies			
Forma Publishing Group	-35	100	200
Kjell & Company	23	50 ²⁾	102
Cervera	-7	91.4	240
inkClub	38	100	666
Hemtex	-46	68.5	1,022

1) Hakon Invest and Royal Ahold have joint control of ICA AB as a result of a contractual requirement for unanimity for all decisions at General Meetings of Shareholders and in the Board of Directors.

2) Hakon Invest and other principal owners have joint control of the company under an agreement.

3) Interest-bearing net debt for ICA excludes ICA Bank.

4) Including capital gain of SEK 94 million.

5) Including impairment of goodwill of SEK 592 million.

ICA GROUP

The ICA Group is one of the Nordic region's leading retail companies with a focus on groceries. The Group includes a total of approximately 2,100 wholly owned and retailer-owned stores in Sweden, Norway and the Baltic countries. ICA also offers financial services to its customers in Sweden via the ICA Bank. Property operations are conducted in ICA Real Estate.

The ICA Group (ICA AB) is one of the Nordic region's leading retail companies with approximately 2,100 wholly owned and retailer-owned grocery stores in Sweden, Norway and the three Baltic countries. The Group also includes ICA Real Estate which owns and manages properties and ICA Bank which offers financial services to Swedish customers. Around 50,000 people work at ICA in offices, within logistics or in retailer-owned stores. Over 21,000 of them are employed by the ICA Group.

ICA AB is a joint venture 40% owned by Hakon Invest AB and 60% by Royal Ahold N.V. of the Netherlands. According to a shareholder agreement, Royal Ahold and Hakon Invest jointly share control over ICA AB. Through Royal Ahold, ICA AB is part of an international retail network.

Earnings performance 2012

2012 was a successful year for the ICA Group. The grocery market in all countries where ICA operates saw a fairly strong performance despite the turbulent economic situation in Europe. Operating profit was mainly driven by a continued strong sales trend in ICA Sweden. Rimi Baltic, ICA Bank and ICA Real Estate also posted good earnings during the year.

Adjusted for the divested ICA Maxi stores in Norway, net sales rose by 4.0% or 4.2% at constant exchange rates. Operating profit excluding non-recurring items in Norway amounted to SEK 3,466 million (3,097), an

increase of 11.9%. Operating profit was charged with non-recurring costs for the divestment of ICA Maxi of SEK -368 million and administrative efficiencies of SEK -59 million in ICA Norway, as well as a capital gain relating to the ICA Maxi properties of SEK 235 million in ICA Real Estate. Operating profit amounted to SEK 3,274 million (2,505). Net profit for the year includes a tax expense of SEK 1,274 million related to a tax dispute for the years 2004-2008 as well as a positive one-time effect of SEK 139 million after the Swedish corporate tax rate was cut to 22% starting in 2013.

2012 in brief

Per Strömberg took over as the new CEO of the ICA Group at the beginning of 2012 and work during the year

"At ICA determined sustainability initiatives and a strong social responsibility go hand in hand with long-term profitability."

was characterized by the introduction of ICA's new Group-wide strategy and the strategic priorities that will guide future direction. The strategy is based on several of ICA's strengths: a strong market position adapted to local needs, a good cooperation with individual ICA retailers, a broad customer base and

strong customer focus, and two strong, well-known brands in ICA and Rimi.

Otherwise the prioritized work of broadening ICA's offering continued. The expansion of the Cura pharmacies continued and at year-end 2012 ICA had 48 Cura pharmacies in Sweden. Another example was the launch of ICA Bank's mutual funds, which address the wishes of its customers to consolidate their savings with ICA Bank.

Another key priority area was ICA's private labels. By developing unique products, ICA can be sure to meet customer demand in terms of price and quality. In 2012, private label sales in Sweden grew significantly faster than other brands. The focus was also on ensuring competitive prices and improving customers' awareness of ICA's prices.

The work of reversing profitability in Norway has been underway for many years. Several measures have been implemented but have proved insufficient. This work continued in 2012 and included the sale of the Norwegian ICA Maxi stores to Lagopus Eiendomsutvikling. Conversions to the new Rimi continued and seven ICA Supermarked stores were modernized. Administrative measures were also taken to reduce costs, including personnel costs. At the beginning of 2013, ICA signed a cooperation agreement with Norgesgruppen designed to ensure competitive purchasing prices and effective logistics.



ICA

	2012	2011
Net sales, SEKm	96,863	95,179
Operating profit, SEKm	3,274	2,505 ¹⁾
Contribution to Hakon Invest's operating profit, SEKm	352	544
Growth, %	1.8	1.4
Operating margin, %	3.4	2.6
Gross margin, %	14.3	14.2
Hakon Invest's holding, %	40	40
Number of stores	2,062	2,123
Average number of FTEs	21,020	20,806

¹⁾ Including goodwill impairment of SEK 592 million.

In October 2012, the Administrative Court of Appeal confirmed the County Administrative Court ruling to deny ICA interest deductions of about SEK 3.4 billion for the period 2004–2008. They also imposed a tax surcharge for the tax year 2007. The total tax claim amounted to approximately SEK 1.3 billion, of which ICA already paid nearly SEK 1.2 billion in January 2011. The tax expense was recognized in the third quarter and affected profit for the year.

Operations

ICA's vision is to make every day a little easier for customers. The vision guides the development of the different parts of ICA's operations. Based on its Group strategies, ICA continuously develops its operations on the basis of external demands and conditions in order to be the leading retailer with a focus on food and meals.

The core of the ICA idea is to be best at being both small and large by combining entrepreneurship with economies of scale. In this way diver-

sity and local adjustment are combined with economies of scale and efficiency. Individual retailers in cooperation have helped ICA build up considerable customer confidence, good profitability and a leading position in the Swedish market.

ICA seeks to be a far-sighted and dynamic company with sound finances, aware environmental work and strong social responsibility. ICA's Good Business is the guiding star for sustainability initiatives.

Market and driving forces

ICA's operations are affected by many factors in its business environment, from global trends to local behavior. Long-term global economic issues are just as important as understanding local consumer behavior. Economic, climate and health issues are overriding long-term driving forces which determine customer choices and therefore ICA's operations. Consumer trends and local market conditions must also be taken into account. Over

the years, ICA has developed its operations on the basis of external demands and conditions, and ICA's success is based on its ability to make every day a little easier for its customers.

Environmental and social responsibility at ICA

At ICA determined sustainability initiatives and a strong social responsibility go hand in hand with long-term profitability. ICA's customers and other partners must feel secure and have confidence in ICA and the operations ICA conducts.

ICA has been a participant in the UN Global Compact for many years which means that ICA accepts active responsibility for the Global Compact's ten international principles on human rights, labor law, the environment and the fight against corruption.

Through ICA's Good Business – seven position statements that guide sustainability work – the company lives up to the Global Compact's principles. ICA's Good Business includes the company ensuring that the products are safe, every day. Suppliers and products must meet the company's

demands for quality, environment and social responsibility. ICA works to reduce its own climate and environmental impact. Other key issues are diversity, health and the company's role in the community.

ICA has been reporting its sustainability initiatives according to GRI's guidelines for many years. In 2012 the Group published its first quarterly reports on ICA's sustainability efforts at Group level.

Strategic priorities 2013

ICA Group's financial targets

Targets

- Increase sales faster than the total market in each sector.
- Reach an operating margin of 3.5–4.0%.
- Reach a return on equity of at least 14–16% over a business cycle.
- Maintain an equity/assets ratio of 30–35% in the long term.
- Hakon Invest and Ahold have undertaken in the shareholder agreement to work to ensure a dividend of at least 40% of profit for the period.

Target outcome 2012

- ICA strengthens its position in Sweden but market share decreases slightly in Norway and the Baltic countries.
- Operating margin in the Group amounted to 2.6%.
- Return on equity was 11.2%.
- Equity/assets ratio amounted to 27.7% at December 31, 2012.
- ICA proposes a dividend of SEK 2,000 million (2,000) for 2012 which is more than 40% of profit for the year.

ICA Group's sustainability targets

Targets

- Reduce the Group's direct greenhouse gas emissions by 30% by 2020 compared with 2006.
- Reduce the Group's direct greenhouse gas emissions by 20% by 2012 compared with 2006.
- 100% of ICA's suppliers of private labels in high-risk countries¹⁾ will be socially audited by 2012.

1) Private labels mainly refer to corporate brands. Countries with a high level of risk according to the UN's Human Development Index and Economic Security Index (UNDP).

Target outcome 2012

- Since 2006, the ICA Group's direct greenhouse gas emissions have been reduced by about 8% due to a number of long-term measures involving energy, refrigerants and business travel. Since the target for 2012 was not reached, a decision was made in September to set a new target: to reduce the Group's direct greenhouse gas emissions by 20% by 2015 compared with 2006.
- At the end of 2012, 74% of the production units, factories, farms and processing plants in high-risk countries¹⁾ that produce ICA's private labels had been socially audited.

1) Private labels mainly refer to corporate brands. Countries with a high level of risk according to the UN's Human Development Index and Economic Security Index (UNDP).

Breakdown of ICA's revenues

Store operations, supply chain, real estate development and financial services. These are the four cornerstones that generate the ICA Group's revenues. These cornerstones are combined differently for each market based on local needs. Day-to-day operations are organized in five major subsidiaries.

ICA and supply chain, 53.9%

ICA buys products and sells them at a mark-up to retailer-owned stores in Sweden and franchised stores in Norway. ICA also sells services to these stores, e.g., marketing communications, logistics, training and retail technology.

ICA and its stores, 42.5%

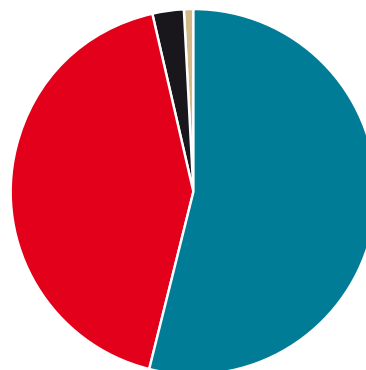
ICA generates retail revenue in several ways. In Sweden, it comes from royalties and/or profit distributions from the stores. It also comes from end customers through Maxi Special, the wholly owned company that sells housewares and leisure products at Maxi ICA Hypermarkets. In Norway, revenue comes from wholly owned stores and franchise fees. In the Baltic countries, it comes from wholly owned stores.

ICA and its properties, 2.8%

For ICA it is strategically important to obtain and develop the right retail locations and shopping centers. It therefore owns many of its retail properties. Tenants can include other retailers as well. The operations generate consistent revenue in the form of rents. When sold, the properties have often appreciated in value, which generates a gain for ICA.

ICA and financial services, 0.8%

Offering financial services is one of many ways ICA builds customer loyalty. In Sweden, ICA Bank's customers can save, borrow and obtain insurance. Net interest income and commissions contribute to earnings, at the same time that use of ICA Bank's cards reduces fees paid to other card issuers. The bank also offers its services such as payment terminals and ATMs to other companies for a fee.



Strategies

In 2012, ICA formulated a new Group strategy. The aim is to ensure the continued development of all ICA companies. This will be achieved by identifying better ways to make every day a little easier and at the same time gather our markets and companies within a coherent framework, with a continued focus on a local presence.

The Group strategy is based on six long-term strategic themes that set the course for everything we do. They comprise a number of areas and priorities that ICA will work with in the short and medium term. Based on these areas, each company has formulated concrete plans in strategic activities. With a single strategy for ICA as a whole it is easier for companies and employees to set priorities from a holistic perspective.

Strengthen ICA's brand position and customer loyalty

ICA will strengthen its brands and customer loyalty in every market through effective, well-targeted marketing activities and decisions. The most important brands are ICA and Rimi. In 2013, the priority is to further define and strengthen the brand promises. ICA will establish loyalty programs that provide greater value for both customers and the Group.

Strengthen and expand ICA's customer offering

ICA will grow its retail business and ensure it has a well-adapted retail network. In particular, it will accelerate new store openings in Sweden's urban areas, as well as in Lithuania. ICA Real Estate plays an important role in the development of properties with ICA stores to ensure that they suit the individual ICA retailer and the customer. Furthermore, expansion of the Cura pharmacies, which in 2012 had a successful year, will continue.

The Group's goal is also to increase sales through a strong range of new products and services. Among other things, ICA will give greater attention to fresh foods and in general ensure competitive prices in every country, including through its private labels.

Develop ICA's store format and grow in digital sales

One of ICA's biggest strengths is its retail structure, which differs between countries and originated with the successful cooperation with individual ICA retailers in Sweden. Together with the retailers, the store formats will be upgraded based on customer demand. In addition, ICA will try to build sales by developing and integrating more sales channels.

Being a leader in digital sales is a critical success factor for the Group, since demand for online shopping continues to grow. In 2013, a coordinated Group initiative will be launched for online food shopping with the aim of launching this in 2014.

Continual simplification of ICA's business

ICA will be better at defining and capturing synergies within the Group, while working to increase efficiencies and adopting a continuous improvement mindset. One area where significant synergies can be found is in Assortment & Sourcing, where ICA is trying to take advantage of the opportunities for collaboration that already exist between its companies, including in the development of private label products, as well as better utilize the sourcing organization in Asia. The current purchasing collaboration with Ahold will be a priority as well.

Engage and develop ICA's employees

ICA will develop a common set of values and strive to be an attractive employer for current and future employees through proactive talent management across the entire Group.

One of the strategic priorities in 2013 is the work with ICA's values, which was initiated in late 2012. Strong values empower the company, strengthen its potential and make ICA the dynamic, successful company it should be.

Excel in corporate responsibility

ICA will excel in corporate responsibility, which will be reflected in everything the Group does and will be noticeable. The Group is constantly trying to raise its ambitions through projects such as "We Can Do More", healthy products, environment and quality initiatives and reductions in CO₂ emissions. This strengthens ICA as a player in the grocery market, and the hope is to inspire others and create value for society as a whole and for customers.

In 2013, a project called "ICA Retailers for the Environment" will be launched. The aim is to support stores in their efforts to reduce environmental impact.

ICA SWEDEN

In 2012 ICA Sweden continued its prioritized efforts to ensure competitive prices, offer a carefully selected range of private labels, achieve quality and environmental certification for its operations and build customer loyalty through targeted marketing.

	2012	2011
Net sales, SEKm	65,750	62,500
Operating profit, SEKm	2,849	2,617
Number of FTEs	7,229	6,557

The food retailer ICA Sweden operates in cooperation with independent ICA retailers. The retailers own and manage their own stores but have agreements with ICA Sweden in areas such as logistics, marketing and retail development.

ICA Sweden has four different store formats: ICA Nära, ICA Supermarket, ICA Kvantum and Maxi ICA Hypermarket. ICA also operates the Cura pharmacies. ICA Sweden also includes ICA Special AB which specializes in sales of non-food items at Maxi ICA Hypermarkets.

At year-end 2012, the number of ICA stores in Sweden totaled 1,330 (1,334).

Performance 2012

ICA Sweden's net sales increased by 5.2% and operating profit rose 8.9% in 2012. This was mainly due to successful sales work in stores, the right prices for customers and a brighter market for groceries.

In terms of new store openings, 2012 was a slightly flat year. During the year ten new ICA stores were opened, of which three were ICA Kvantum stores and five ICA Nära stores. No new hypermarkets were opened. On the other hand, considerable energy was devoted to upgrading and renovating existing stores. Cura pharmacies expanded and increased customer visits show that Cura is now established in the market.

The good sales growth for Cura pharmacies shows that ICA's customers like the concept of pharmacies conveniently located inside large ICA stores. Eight new pharmacies were opened in Sweden during the year and the business makes a positive contribution to the company's sales. The rate of store openings was slightly slower than

planned, mainly due to a shortage of qualified staff.

The pilot project ICA ToGo continued during the year. ICA ToGo is an urban concept that provides meal alternatives for people on the go. The pilot stores are in Stockholm, where the concept is continuously being tested and evaluated. In 2012, two new stores were opened adjacent to major subway stations, including Central Station, while after a trial period it was decided that the store on Kungsgatan was not in the right location so it was closed. The store on Drottninggatan remains open.

During the year ICA started to lay the foundation for its future online offering. The customer website ica.se, which is one of Sweden's largest food sites, was relaunched during the year. At the same time the site was made available to smartphones via apps. ICA Special also introduced a digital sales solution in time for the Christmas sales in 2012, where customers can purchase non-food items online.

Quality issues are critical to ICA and its customers. ICA therefore works

		Number of stores Dec 31, 2012	Store sales in Sweden (SEKm) ¹⁾	Number of items per store
	Small convenience stores offering good service, a narrow product range and quality fresh foods.	704 ²⁾	15,041	5,000–8,000
	Wide assortment for everyday meals and special occasions. Emphasis on personal service and a wide range of fresh foods.	430	30,919	8,000–10,000
	Designed to be the leading local supermarket, with foods for everyday and special occasions. Offers a wide variety of fresh foods.	121	23,577	10,000–30,000
	Everything under one roof at fair prices. Wide assortment of foods and non-foods. Extended opening hours, convenient for families with children.	75	28,735	30,000–45,000
Total		1,330	98,273	

1) Excluding VAT.

2) Including four ToGo stores, as of Dec 31, 2012.



Jenny Bertilsson

Store assistant,
ICA Maxi Hälla, Västerås

“In 2012, ICA’s Swedish purchasing processes were certified according to quality standard ISO 9001 and environmental standard ISO 14001.”

constantly to ensure that food is handled safely in its stores, and that its private labels are safely produced. During the year, stores underwent third-party audits and were certified according to the Swedish industry standard for food handling in stores. In 2012, ICA’s Swedish purchasing processes were certified according to the ISO 9001 quality standard and ISO 14001 environmental standard. ICA’s logistics processes in Sweden were also certified according to the food safety standard, BRC S & D, and the existing environmental certificate (ISO 14001) was also renewed. During the year, gap analyses were conducted in the Baltic and Asian operations based on the Swedish model.

The work started in 2011 to improve logistics efficiency, including centraliza-

tion of warehouses, continued in 2012. Costs were reduced but progress was slightly slower than planned. During the year, ICA also initiated a review of central work processes within ICA Sweden in order to improve efficiency, quality and response times within the organization.

ICA’s own grocery bag, a service provided by individual stores was launched in 2011 and remains popular among customers. The bag can be ordered in several versions, either for home delivery or pre-packed for collection at the store. ICA is constantly trying to reach new target groups with innovative solutions and targeted marketing. One example is the focus on offerings for students, which was started together with ICA Bank in 2011. At year-end 2012, 60,000 students had signed up.

Market

The Swedish grocery market developed better than in the previous year with growth of 3.3%. Total sales amounted to SEK 288 billion.

The Swedish grocery market is mature and has been dominated for several years by ICA, Axfood, Coop and Bergendahls, which together

account for about 70% of the market.

In addition to these major players there are others such as discount chains and various niche players. At the end of 2012, ICA’s market share was 36.7%, compared with 36.2% in 2011.

Competition between the market leaders has been intense for many years and has increased in recent years, mainly due to increased establishment of discount chains, but also increased competition from other channels such as restaurants and various grocery bags for home delivery.

Future prospects

In 2013, ICA Sweden will continue to integrate the new Group strategies and strategic priorities in its business plans and day-to-day work. Private labels will remain important so that customers can be offered unique products for every taste and budget. Moreover, ICA will further develop its digital offerings and continue to set a good example in responsible business. One example is to encourage healthy eating habits, for example by focusing more strongly on fresh foods such as fruit and vegetables.



ICA NORWAY

The sale of ICA Maxi in Norway was completed during the year and the continued focus is on the discount and supermarket segments.

ICA NORWAY

	2012	2011
Net sales, SEKm	19,050	20,679
Operating profit, SEKm	-1,023	-1,255 ¹⁾
Number of FTEs	4,646	5,427

1) Including goodwill impairment of SEK 592 million.

ICA Norway sells groceries in Norway under the store formats ICA Naer, ICA Supermarked and Rimi. The divestment of ICA Maxi, with a total of 24 stores, was completed in 2012.

Of ICA Norway's stores, 69% (69) are wholly owned and 31% (31) are franchises. At year-end 2012 there were 182 ICA stores and 315 Rimi stores. There are also associated stores with independent retailers who have cooperation agreements with ICA.

Performance 2012

ICA Norway's net sales amounted to SEK 19,050 million (20,679), a change of 7.9%. Sales were also affected by the divestment of the ICA Maxi stores and

the phasing out of unprofitable stores with other formats. Operating loss was SEK 1,023 million (1,255). Earnings were positively affected, on the other hand, by sales increases in the new Rimi stores.

The modernized ICA Supermarked stores continue to show a positive sales trend. The goal is that within a couple of years Norwegian consumers will associate the Supermarked format with high-quality fresh foods.

As a complement the development of Rimi will continue, where the goal is that Rimi should be among the least expensive alternatives in the market, and also offer the most innovative solutions, such as the focus on good solutions for mobile phones. The conversion of the former ICA Naer stores to Rimi stores and Matkroken continued during the year.

Market



The Norwegian groceries market continued to increase in 2012, and grew by 3.4%. Norwegian customers are looking for good prices and healthy food and often shop several times a

week. For this reason stores should preferably be close to home. Traditionally, retail has been characterized by a large number of small stores, but the market is still dominated by four chains: Norgesgruppen, Reitangruppen (Rema 1000), Coop and ICA Norway with a market share of 11.9%.

Future prospects

In 2013, ICA Norway will focus on implementing the new Group-wide strategy and continue its efforts to achieve a positive result in the company.

One key strategy for the ICA Group is to continuously develop its employees. For ICA Norway, motivated employees are essential to handle the structural changes that have been made and will be implemented in the future. There will therefore be a strong focus on leadership and fostering a positive culture in the organization.

		Number of stores Dec 31, 2012	Store sales in Norway (NOKm) ¹⁾	Number of items per stores
	Small convenience stores with a high level of service, adapted assortment and local products. Stores with a passion for food and variety, personal service and a wide selection.	182	6,899	3,600–6,000
	Discount stores that make daily shopping simple and convenient. Modern, airy stores designed for families with everyday products at low prices.	315	9,701	3,500–4,000
Total		497	16,600²⁾	

1) Excluding VAT.

2) Excluding sold ICA Maxi stores.

RIMI BALTIC

The Rimi stores in the Baltic countries continued to develop well in 2012. During the year Rimi Baltic was also the first player in the market with loyalty terminals in the stores.



rimi BALTIC		2012	2011
Net sales, SEKm		10,050	10,089
Operating profit, SEKm		224	173 ¹⁾
Number of FTEs		8,078	7,776
Store sales, EURm ²⁾		2012	2011
Estonia		359	351
Latvia		574	545
Lithuania		214	215
Total		1,147	1,111

1) Including SEK 21m impairment of Säästumarket brand in Estonia.
2) Excluding VAT.

Rimi Baltic operates grocery stores in Estonia, Latvia and Lithuania. In total, Rimi Baltic has 235 (239) stores: 83 in Estonia, 114 in Latvia and 38 in Lithuania. Latvia accounts for 50% (45) of sales, Estonia for 31% (30) and Lithuania for 19% (25).

Performance 2012

Rimi Baltic's sales amounted to SEK 10,050 million (10,089), a decline of 0.4% compared with the previous year. In local currency, sales increased by 3.3%. Operating profit still improved to SEK 224 million (173), mainly due to higher sales, improved gross margins and continued very good cost control.

During the year a decision was made to discontinue the Supernetto discount format in Lithuania. Some of the stores will be converted to Rimi, which will now be the only ICA brand in Lithuania.

The focus on a program for loyal customers continued – Rimi Baltic was the first company in the Baltic market to offer loyalty card terminals which were introduced in the autumn.

Renovations and facelifts continued for the Rimi Supermarket stores which have been there since the end of the 1990s and early 2000s. For example, doors and locks have been put on refrigerators and freezers, which reduced costs and helped to reduce the Group's total carbon dioxide emissions.

Market

The Rimi stores continued to perform well in 2012 despite intense competition and continued price pressure. Growth was favorable in the Baltic countries in 2012. In Latvia the economy grew by 5.6% which meant that Latvia had the highest growth rate in the EU last year. Growth in Estonia was 3.2% and 3.5% in Lithuania.

Future prospects

The future focus will be on developing Rimi Baltic in accordance with the guidelines in the new Group-wide strategy. The focus on Rimi as the most important brand in the region will continue together with development of the store network.

Turnover among new store employees is generally higher in the Baltic

countries than in ICA's other markets. In accordance with the Group's strategy, Rimi Baltic is making continuous efforts to reduce this with the help of talented leadership and ICA's shared values. The main emphasis is on a customer perspective at the store level as well as in product planning.

	Number of stores Dec. 31, 2012				Number of items per store
	Estonia	Latvia	Lithuania	Total	
Discount stores with a sharp price profile and wide selection of everyday items.	55	59	0	114	2,500
Rimi Supermarket stores offer a wide selection for food lovers with a focus on fresh foods and good service for everyday needs.	15	35	23	73	12,000–15,000
Rimi Hypermarket stores offer everything under one roof, with generous opening hours. Wide selection of competitively priced foods, combined with non-foods.	13	20	15	48	30,000–45,000
Total	83	114	38	235	

1) Excluding VAT.

ICA BANK

ICA Bank's positive performance continued in 2012. The number of customers continued to rise and the bank retained its position as Sweden's second-best bank in the Swedish Quality Index customer satisfaction survey.



	2012	2011
Net sales, SEKm	814	764
Operating profit, SEKm	181	171
Business volume, SEKm	23,272	20,846
Bank card holders	462,000	410,000
Number of FTEs	301	283

Founded in 2001, ICA Bank is active in the Swedish market. The bank offers a complete range of consumer services, from savings accounts to mutual fund solutions. Practically all Swedish ICA stores can handle the services the bank offers. Low charges and transparent terms are central factors. Some services are offered with the help of partners. The bank has around 3.6 million customers in its customer base, of whom 550,000 use its banking services.

Performance 2012

ICA Bank retained its position as the country's second best bank in the Swedish Quality Index's customer satisfaction survey, was named the best bank to work for in Universum's Career Barometer and increased the number of customers. Despite low inflation and low interest rates slowing down the banking market, the bank increased its business volume by 11% and launched several products including a new fund investment solution.

ICA has had restrictive credit assessments over the years which led to very

low credit losses in 2012 as well. Of total lending, the bank's credit losses of 0.52% were the second-lowest ever. In 2012, 89,000 (87,470) new bank cards were issued and at year-end the total number of issued bank cards was 462,000 (410,276).

In 2012, ICA Bank's debit card was given a new look, a silver card with a Swedish bank note pattern. The redesign was prompted by customers' preferences for a more "bank like" card that is not so easily confused with the regular loyalty card. The new card is equally appropriate in an ICA store as in a restaurant.

The student promotion which ICA Sweden and ICA Bank launched in October 2011, with advantageous total solutions and discounts on food and banking services, continued. At year-end 2012, over 60,000 students had signed up and thus started a customer relationship with ICA.

ICA Bank had about 331 ATMs in its stores at year-end. ICA retailers lease the terminals from the bank and fill them with cash themselves, in accordance with security regulations.

Market

The Swedish banking market was generally slowed by low interest rates and low inflation during 2012. The Swedish banking sector consists of major banks and a number of smaller niche players. ICA Bank has its own, stable position in the market since the target group is ICA's existing and future customers. Due to this special situation, ICA Bank is not affected by developments in the financial sector to the same extent as traditional banks.

Future prospects

ICA Bank plays a central role in the Group. Offering an extensive package of banking and insurance services builds customer loyalty which is entirely in line with the strategic priorities for 2013. In the coming year, ICA Bank together with ICA Sweden will continue to work with the much appreciated ICA Student offering.

Developing new, mobile banking solutions which simplify customers' everyday lives will also be given priority, such as further development of mobile payment services.

ICA Bank's focus will be on controlled growth in 2013, while carefully monitoring the European debt situation as well as future regulatory changes in the banking market.



ICA REAL ESTATE

ICA Real Estate showed positive development during the year. The focus remains on ensuring the right premises are available in the right marketplaces, with the emphasis on environmental compliance and energy efficiency.

ICA Real Estate's mission is to satisfy the Group's future premises needs in the right locations. The property company both develops retail outlets from scratch and buys strategic properties with existing ICA stores.

Performance 2012

ICA Real Estate continues to develop well. The company increased its net sales by 2.3% (3.1) in 2012 and operating profit rose by SEK 292 million to SEK 1,297 million (1,005). ICA Real Estate invested a total of SEK 759 million (830) during the year.

In 2012, ICA Real Estate continued to secure future retail locations in Sweden and Norway.

In November, a major new development project was launched in Barkarby outside Stockholm in cooperation with the municipal authorities. This area, which will be ICA Real Estate's first major retail center, will be a green project, and the Maxi ICA Hypermarket to be opened there will carry the Nordic Swan sustainability ecolabel, be certified as a green building and highlight good environmental choice in its product range. In addition, the most modern solutions will be used for energy consumption and waste management. ICA is investing approximately SEK 400 million in the project which will be completed by mid-2014.

Energy-efficient ICA Kvantum Sannegården in Gothenburg, which opened in 2010, has become ICA's model for green stores. In 2012, it was certified as a Green Building according to the new, stricter rules for retail properties. In 2012 a new ICA Kvantum store was opened in Knivsta which was built according to the same stringent environmental requirements as ICA Sannegården.

During the year the Norwegian ICA Maxi stores were divested through the sale of 17 leases and eight properties to Lagopus Eiendomsutvikling AS. The transaction was finalized in autumn 2012.

Market

The real estate market slowed down to some extent in 2012, due among other things to the credit unease in Europe which made it more difficult to find financing. The Swedish and Norwegian property markets, however, were not affected to any great extent and retained a stable, high price level for attractive premises.

Future prospects

In future a major effort will be made to implement the Group strategies. ICA Real Estate has a key role with its mission: To ensure that ICA can conduct its core business by leasing or buying properties in the right locations over time.

ICA Real Estate will work on becoming more visible as a player in the property market. Among other things this involves how ICA Real Estate communicates with its tenants and other stakeholders that the company provides effective, value-creating management.

As urbanization grows, ICA will in the future have to take on increasingly complex projects in urban areas where retail is integrated with for example social services and housing. One example of this is the project in Barkarby in Stockholm where ICA, in collaboration with Järfälla municipality and other players is involved in the joint development of a marketplace with community functions such as a library.



	2012	2011
Net sales, SEKm	2,252	2,202
Operating profit, SEKm	1,297	1,005
Number of FTEs	74	70



FIVE-YEAR FINANCIAL OVERVIEW FOR ICA GROUP

Income statements

SEKm	2012	2011	2010	2009	2008
Net sales	96,863	95,179	93,860	94,651	90,963
Operating profit before depreciation	5,030	4,608	4,529	4,272	3,753
Depreciation and impairment	-1,756	-1,511	-1,605	-1,559	-1,636
Operating profit before goodwill impairment	3,466	3,098	2,924	2,713	2,117
Goodwill impairment	–	-592	–	–	–
Operating profit	3,274	2,505	2,924	2,713	2,117
Financial items	-337	-349	-327	-404	-323
Profit after financial items	2,937	2,156	2,597	2,309	1,794
Tax	-2,018	-761	-2,050	-722	-66
Profit for the year	919	1,395	547	1,587	1,728



Balance sheets

SEKm	2012	2011	2010	2009	2008
Intangible assets	3,080	2,967	3,590	3,940	3,742
Property, plant and equipment	14,825	14,638	15,364	15,755	15,544
Financial assets	6,507	5,327	5,368	3,701	3,772
Other non-current assets	25	41	7	515	424,276
Other current assets	11,976	13,570	12,246	12,813	13,461
Cash and cash equivalents	4,469	3,009	3,102	3,422	3,023
Assets held for sale	26	1,409	26	14	3
Total assets	40,908	40,961	39,703	40,160	39,969
Equity	10,218	11,359	11,913	13,962	12,796
Interest-bearing liabilities and provisions	17,283	16,865	15,147	14,490	15,161
Non-interest bearing liabilities and provisions	13,407	12,737	12,643	11,708	12,012
Total equity and liabilities	40,908	40,961	39,703	40,160	39,969

Key ratios

%	2012	2011	2010	2009	2008
Operating margin	3.4	2.6	3.1	2.9	2.3
Return on capital employed	17.6	12.5	15.5	13.5	11.4
Return on equity	7.6	11.2	3.9	11.3	13.5
Equity/assets ratio	25.0	27.7	30.0	34.8	32.0

FORMA PUBLISHING GROUP

In autumn 2011, Hakon Invest started a process to review its ownership in the wholly owned subsidiary Forma Publishing Group. As part of this process the contract operations, Forma Contract, and Forma Magazines' Finnish magazine operations were sold in spring 2012.

Development in Forma Publishing Group was characterized during the year by the organizational changes that resulted from the sale of Forma Contract and the Finnish operations.

Net sales decreased to SEK 533 million (847) in 2012, mainly due to the sale of Forma Magazines Finland and Forma Contract. Operating loss amounted to SEK 29 million (12). The operating margin was -23.1%.

FORMA MAGAZINES

Forma Magazines is a strong player within publication of trade and consumer magazines. The company's vision is to be an obvious part of people's everyday lives by giving readers and visitors diversion, inspiration and knowledge. Forma Magazines publishes some of Sweden's largest magazines, including Icakuriren and Hus & Hem, as well as two trade titles with a focus on retail.

Performance 2012

The first part of 2012 was characterized by restructuring of Forma Publishing Group. Subsequently, Forma Magazines performed a review of its publications which resulted, among other things, in discontinuation of the magazine Leva PS, and the sale of Restaurangvärlden. Within trade magazines the focus is on publishing titles within the retail area.

During the year the organization was adjusted to the new publications and in order to reduce the company's fixed costs. The company moved into new premises in Stockholm during the year and now has one joint office instead of the former two. The new office will provide synergy gains and better cooperation.

The success of the Christmas magazine "Den god julen" launched by Icakuriren as an iPad app at the end of 2011 was followed by the magazine "Grillat" which was similarly launched in summer 2012.

Sustainability

A large part of Forma Magazines' sustainability work is focused on cooperation with and follow-up of suppliers. When it comes to printers, the company has had requirements and been monitoring these for several years.

A sustainability policy was adopted by the company during the year which covers aspects including the environment, work environment, business ethics and demands on suppliers.

Market

There is a wide choice of magazines in the market today and competition is intense, particularly for sales of single copies and advertising. Investments in

printed advertisements decreased during the year and forecasts indicate a similar trend in the coming year, mainly due to digitalization and the weak economic climate.

Future prospects

Forma Magazines has a number of strong brands and is well placed to withstand the competition. The subscription market is relatively stable and the company will focus even more on customer care in order to increase loyalty and retain customers.

In the coming years the focus will be on developing and improving existing magazines rather than starting new ones.

As a complement to printed publications, Forma Magazines will develop its digital offering. The trade magazines are already available as magazines for eReaders and mobiles, and a number of new services will be developed in the years ahead.

	2012	2011
Net sales, SEKm	533	847
Operating profit/loss, SEKm	-29	-12
Contribution of Hakon Invest's operating profit, SEKm	-29 ¹⁾	-12 ¹⁾
Operating margin, %	-23.1	-1.4
Gross margin, %	18.7	30.1
Hakon Invest's holding	100	100
Number of FTEs	237	360

¹⁾ Excluding IFRS recalculation of the PRI liability of SEK -6 million (-45). This item is recognized in comprehensive income in Forma's financial statements.

FORMA BOOKS

Forma Books consists of four book publishers: Ica Bokförlag (specialist books), B. Wahlströms Bokförlag (books for children and young people), Damm Förlag (fiction) and Ponto Pocket (paperbacks). Forma Books also includes the book clubs “Livsenergi” and “Skaparglädje”. The aim of publishing books is to provide knowledge, inspiration and entertainment. Fiction for adults and children should provide a strong reading experience and the specialist books should be appealingly illustrated and designed and have an attractive content.

Performance 2012

Forma Books concentrated its publishing in 2012 and put a greater focus on author care and marketing.

A large part of the organization is involved in marketing and the company worked with outdoor advertising and advertisements in Forma Magazines' titles.

During the year Forma Books placed all its operations in an office in Stockholm. This is expected to facilitate daily activities and several economies of scale have been identified. The offices in Västerås and Malmö were closed during the year and operations are now concentrated in Stockholm. In conjunction with the move and restructuring the number of employees has decreased. A number of synergy gains have been achieved due to the focus on Stockholm and company-wide work is made easier when employees are placed in one office.

Sustainability

The focus of sustainability at Forma Books is mainly on paper and distribution. According to the company's environmental policy as much as possible of the paper used in book publishing should be FSC-labeled. Currently 40% of publications, corresponding to all textbooks, are printed on FSC-labeled paper. The goal is to increase this pro-

portion by including some of the other books and thus achieve a total of 60% FSC-labeled paper.

The target for transports is to increase the proportion of rail transport from today's 30% to 40%. Within sustainability a continuous dialog is held with printers and demands are also made on their sustainability efforts.

Market

Extensive restructuring is underway in the book market which represents major challenges for Forma Books and other publishers. Competition will intensify and the industry will restructure so that the large publishing houses become

“The focus of sustainability at Forma Books is mainly on paper and distribution.”

even larger which means challenges for smaller publishers.

For Forma Books the tougher market situation makes it even more important to have a good list which sells in the stores. In order to achieve this the company must continue to attract interesting authors and to promote them in a manner that encourages sales.

Future prospects

For Forma Books the major restructuring underway in the book industry represents major challenges. In 2013 the publication rate will continue to decrease and more efforts will be made with distribution and marketing of the titles published, combined with author care designed to attract and retain authors which benefit the company's development.



KJELL & COMPANY

Kjell & Company is one of Sweden's leading retailers of home electronics accessories. The company's business mission is to offer consumers the broadest range of accessories for home electronics in the Nordic region via a nationwide network of stores as well as an effective online store, and with genuinely knowledgeable employees who provide a world-class service.

Kjell & Company owns and operates 66 stores in 35 locations in Sweden, all carrying a full product range of approximately 9,000 items. In addition to the stores, the online shop is a key sales channel. The company's head office is in Malmö with a purchasing office in Shanghai. A high level of service, a broad product range and employees with good product expertise are the keys to success.

Performance 2012

The overall strategy to focus on providing the right product range, to find and employ skilled staff and to continue the company's expansion guided operations in 2012 as well.

Despite a negative trend in the home electronics market, 2012 was a very

good year for Kjell & Company. Both sales and profitability reached new record levels, while the company's expansion continued.

Nine new stores were opened in 2012. The focus has been on increasing presence in small and medium-sized towns. New stores were opened in Ystad, Falun and Alingsås, among others.

Having skilled and service-minded employees is pivotal for the success of the company's operations and a lot of effort is put into employee development. During 2012 employees enjoyed regular training within the framework of the Kjell Academy and the company's management program.

Investments in television advertising were made in spring 2012 which had an effect on sales in the second half.

Net sales increased by 19% to SEK 814 million (684) during 2012. Like-for-like sales increased by 11%. Operating profit rose to SEK 61 million (38) and the operating margin improved to 7.5% (5.6). The improved gross margin is the main reason for the higher operating profit.

Sustainability

At Kjell & Company employee development is of major importance. Newly recruited employees are introduced through the company's own training unit the Kjell Academy, a week-long training program which includes technology, customer service and sales. The company also offers a leadership program which aims to shape tomorrow's retail managers.

Work on evaluation and demands on suppliers is a prioritized area. Suppliers which have quality and environmental certification are given priority. The company also has employees on site in China who regularly monitor and visit suppliers' factories.

In 2012, Kjell & Company replaced all the lighting fixtures at the central warehouse to low-energy units and thus reduced energy consumption.

Market

The Swedish home electronics market is still in a deep slump. The intense competition in the market has led to strong price pressure which in turn has reduced profitability in the industry.

Kjell & Company's operations are relatively insensitive to economic fluctuations. One explanation is that the company's products are in the low price segment which means that most people

	2012	2011
Operating profit, SEKm	814	684
Operating profit, SEKm	61	38
Contribution to Hakon Invest's operating profit, SEKm	23	14
Growth, %	19	6
Like-for-like growth, %	11	0
Operating margin, %	7.5	5.6
Gross margin, %	49.7	49.1
Hakon Invest's holding, %	50	50
Number of stores	66	57
Number of FTEs	407	352



can afford them even in less favorable times, and purchases are needs-driven. A weaker business climate can actually have a more positive impact on Kjell & Company since consumers often choose to upgrade their existing equipment instead of buying new items.

“Despite a negative trend in the home electronics market, 2012 was a very good year.”

The presence of home electronics is growing in Swedish homes and this trend is expected to continue. There is an enormous aftermarket for accessories. Technologies are also becoming increasingly sophisticated and systems more interconnected. Increasing complexity

benefits Kjell & Company since customers turn to where they can find the best service and help. Skilled staff are becoming increasingly important, which is in line with Kjell & Company’s focus.

Future prospects

Even though the home electronics market is in a slump, a recovery is expected when the economy turns, and in the long term this is a growing market.

The main challenges for 2013 are to recruit the right staff, particularly when new stores are opened, and to find good locations for new stores. Kjell & Company’s growth strategy stands firm and the rate of expansion will continue. The focus on skilled employees and a high level of service will also continue.



Hadeer Iskander
Store Manager, Stockholm

CERVERA

Cervera is one of Sweden's leading retailers of products with a focus on the kitchen and dining area. The company's mission is to offer a broad range of selected high-quality and design products for preparing food, serving food and decoration in an inspiring store environment, where service and expertise give customers added value.

The stores sell brands from well-known suppliers as well as Cervera's private labels. Cervera has 77 stores, of which 55 are wholly owned and 21 are franchise stores. The group also includes NK Glas, Porslin & K ok with two stores.

Performance 2012

Cervera's sales and earnings show considerable seasonal variations where a large share of revenues are linked to Christmas trading. During the past year continued efforts were made to increase the number of customers in the stores during periods outside the traditional high season. This resulted, among other things, in a positive sales increase in the second quarter as well.

The focus on the customer club, which is a strategically important area, continues. In 2012, Cervera continued to recruit new members and increase its dialog with members through various loyalty programs. The customer club currently has some 375,000 members and continuous efforts are made to increase the number of customers in the club and design attractive offers for members.

A new store computer system was installed during the year which improved work efficiency. Previously there were two different systems within the chain. A project to optimize the supply chain was also initiated and the aim is to reduce tied-up capital and overheads.

Net sales amounted to SEK 723 million (722) in 2012. Like-for-like sales were unchanged. Operating loss amounted to SEK 7 million (12), an improvement of SEK 5 million com-

	2012	2011
Net sales, SEKm	723	722
Operating profit, SEKm	-7	-12
Contribution to Hakon Invest's operating profit, SEKm	-7	-12
Growth, %	0	2
Like-for-like growth, %	0	1
Operating margin, %	-0.9	-1.7
Gross margin, %	46.7	46.9
Hakon Invest's holding, %	91.4	91.4
Number of stores	77	77
Number of FTEs	330	331

pared with 2011. The operating margin amounted to -0.9% (-1.7) and the gross margin was 46.7% (46.9). The improved earnings were due to more efficient store operation and higher volumes.

Sustainability

Cervera's management obtained all the company's employees views on how sustainability efforts can be further developed in 2012. The response to the survey was considerable and Cervera obtained many valuable opinions about future work related to the environment, product range, equal opportunities, diversity and ethics.

A sustainability policy was developed (based on the survey) by management and adopted by the board during the year. Implementation of the policy is planned in 2013. Sustainability requirements were already included in contracts with suppliers but now more continuous monitoring of compliance with these requirements is planned. Among other things, some supplier contracts have been terminated since they did not meet the company's sustainability requirements.

Market

2012 was also a tough year for the cyclically-sensitive consumer durables



Mats Rydh

Store Manager in Tornby, Linköping

“The customer club currently has some 375,000 members.”

trade in Sweden. Sector overlap in the market, a clear trend in recent years, continued which creates a fragmented competitive situation. Development in the market remains uncertain and the economic situation is having an impact.

Cervera has a strong market position within its core business and is the only nationwide specialty retail chain in its segment.

Future prospects

The tough market situation and sector overlap are expected to continue. Development in the market is uncertain. Consumers are more cautious and selective in their purchases, partly due to the economic situation but also due to changed consumer behavior.

A number of consumer trends, however, indicate a continued favorable development for Cervera's concept. The major interest in the kitchen and cooking is driving demand for kitchen appliances while the considerable interest in home furnishings drives demand for design.

Cervera will continue to work towards more efficient and profitable store operations and to clarify and enhance the customer offering where the key factors are an attractive product range and inspiring store environments.

In the coming years, efforts to optimize the supply chain, involving changes in the entire logistics flow, will continue and include structures and working methods.

INKCLUB

inkClub is a pure-play online retailer which sells a range of consumables over the internet to consumers and small companies in 15 European countries. The core business is ink cartridges and other printer accessories.

	2012	2011
Net sales, SEKm	529	504
Operating profit, SEKm	38	34
Contribution to Hakon Invest's operating profit, SEKm	38	-4
Growth, %	5	1
Operating margin, %	7.2	6.8
Gross margin, %	48.3	47.8
Hakon Invest's holding, %	100	100
Number of FTEs	93	80

In addition to ink cartridges and printer accessories, inkClub's offering includes light bulbs, batteries, vacuum cleaner bags and beauty products. Customers are offered a broad range at low prices, exclusive member offerings and fast deliveries. Each online inkClub store is a specialist within its specific area.

Performance 2012

Extensive brand-building efforts were initiated in 2012 in order to better position inkClub's brand and define the customer offering.

To implement this, considerable investments have been made in a new IT platform. In 2012 implementation included support for customer-specific marketing, which will enable more customized and cost-effective marketing.

In addition, a new case management system was introduced for customer service which means smoother and more efficient handling of cases.

During 2012 the development of a totally new online platform was started, based on the brand building work carried out. The new platform will be launched in 2013.

As a result of the major brand and IT development project, the number of new brands and categories has deliberately been held back. Instead the focus has been on defining existing brands and developing the customer offering. During the year the product range was complemented with office materials and textile consumer goods such as t-shirts, socks and similar.

During 2011 inkClub launched a single basket for purchases of items from four of the company's online stores. This allows customers to buy products from all four clubs in a single order and receive all the items in a single delivery with one invoice and delivery charge. This concept exceeded expectations right from the start and cross selling continued to rise in 2012.

Despite major investments and projects, inkClub's profitability improved appreciably in 2012 and the company has recovered from the decline at the end of 2010 and the beginning of 2011.

"Extensive brand-building efforts were initiated in 2012."

inkClub's net sales increased by 5% to SEK 529 million (504) in 2012. Operating profit amounted to SEK 38 million (34).

Sustainability

inkClub has developed clearer contractual requirements for its suppliers. In 2012 all suppliers were asked to confirm their compliance with the company's Supplier Manual. The suppliers of campaign products which did not respond, will no longer be engaged. A dialog will be held with other suppliers and during 2013 inkClub plans to visit a selection of suppliers in order to check compliance with the company's Supplier Manual.



Jens Faskunger
Sales Manager, inkClub



Other key objectives for 2013 are to optimize waste management and reduce the company's energy consumption. inkClub has made a decision to change-over from traditional to renewable electricity at the company's warehouse and offices and will also start to communicate its sustainability work on the website and internally. In autumn 2012 the company provided employees with training in policies and anti-corruption.

Market

The market for ink products has decreased in recent years. The rapid growth of smartphones and tablets has reduced the need for printing. Sales of printers are also negatively affected by the uncertain economic outlook. inkClub's strategy to broaden the product range through acquisitions is a way to enter markets with higher growth potential and diversify risk. In addition,

the range of ink cartridges has been expanded with more discount and private label products. Although inkClub is affected by development in the market, the company can be described as countercyclical since a weaker economy leads to customers looking for cheaper ways to buy ink cartridges. This favors online shopping and lower-priced private label products, which benefits inkClub.

Future prospects

Development for consumer durables continues to look weak but inkClub believes that the company can continue to grow in the market and channel in which it operates. For example, a major growth in sales is expected within the relatively new category that includes beauty and cosmetics.

Online retail is becoming an increasingly mature sector. Competition is

increasing as more and more players enter the market. Many retail companies are now starting online stores as a complement to physical stores.

The greatest challenge for the years ahead is the launch of the new inkClub, based on the developed brand strategy and the new online platform.

HEMTEX

Hemtex is a leading home textiles chain with stores in Sweden, Finland and Estonia. In addition to the stores, online shopping is a key sales channel. Hemtex offers an attractively priced, inspiring and functional range of textile products of good quality, including towels, bed linen, curtains and other home furnishings.

The number of stores totals 154, of which 132 in Sweden, 19 in Finland and 3 in Estonia. 138 of the stores are owned by the Hemtex Group and 16 are franchise stores.

Performance 2012

The year started stronger than last year, and Hemtex increased its market share in the first half. During the autumn market conditions were tougher but like-for-like growth continued, although at a slower pace.

A number of external collaborations were established during the year, including Design House Stockholm and Sundborn (Karin Larsson's design). A new media venture also took place featuring webcast interior design programs with interior designer Mija Kinning.

To streamline the purchasing process and strengthen efforts for sustainable production, Hemtex concluded a long-term agreement with ICA Global Sourcing at the beginning of 2012. The new partnership gives Hemtex access to a wider range of purchasing and quality assurance offices throughout Asia, and thus a broader supplier base.

Otherwise, the focus during the year was on managing and improving existing stores. Initiatives were taken to improve the level of service and increase the conversion rate, i.e. the number of visitors to the store who actually become customers.

A new platform for online shopping was launched in September 2012 and sales continue to grow in this channel.

Net sales increased to SEK 941 million (929) in 2012. Like-for-like sales

increased by 7% (4). Operating loss amounted to SEK 46 million (116).

Sustainability

Sustainability work at Hemtex includes working conditions at suppliers, environmental issues, ethics and work environment initiatives in the company's own organization. In order to ensure that Hemtex's products are manufactured in an acceptable manner, the company has adopted a code of conduct which all suppliers undertake to follow. Demands are also made on the company's suppliers to check their own subcontractors.

In some of the countries where Hemtex's products are manufactured there are instances of casual labor, forced labor, child labor or discrimination/harassment of workers. There is

also a high risk of violations of the freedom of association.

Hemtex's Code of Conduct makes demands in all these areas and the company continuously checks that the factories used comply with these requirements. A factory inspection includes both an inspection of the factory and interviews with management and workers.

In 2012, a large number of the Swedish stores, 69 in all, changed over to Hemtex's groupwide electricity contracts with wind energy as a source.

Market

The home textiles trade is relatively cyclically sensitive, and in recent years has been negatively affected by the uncertain and difficult market. The

	2012	2011
Net sales, SEKm	941	929
Operating profit, SEKm	-46	-116
Contribution to Hakon Invest's operating profit, SEKm	-46	-116
Growth, %	1	-14
Like-for-like growth, %	7	-4
Operating margin, %	-4.9	-12.5
Gross margin, %	57.2	54.4
Hakon Invest's holding, %	68.5	68.5
Number of stores	154	158
Number of FTEs	547	609



Stina Helmisaari
Store Manager in Västerås

weak trend continued in 2012. Competition is intense but Hemtex increased its market share during the year.

Future prospects

Hemtex has a strong position with good potential but there is a risk that the uncertain and difficult to assess market situation will continue to affect growth in this sector. The greatest challenge for Hemtex in the future is to continue its positive sales development despite the uncertain market.

“Competition is intense but Hemtex increased its market share during the year.”

SHARE AND OWNERSHIP STRUCTURE

Since the IPO in December 2005 until year-end 2012, Hakon Invest's shares have had a total return of 106.4%, which is considerably better than the benchmark SIX Return Index which rose 52% during the same period. Total return in 2012 was 30.5%.

Hakon Invest's shares have been listed on Nasdaq OMX Stockholm since December 8, 2005, and are quoted on the Large Cap list. The shares belong to the Consumer Staples sector index, according to Nasdaq OMX classification.

Share price trend

During 2012, Hakon Invest's share price rose 23%, which outperformed the Stockholm stock exchange OMX Index which rose 12%. The highest quotation for the year was SEK 119.70 on December 27, 2012. The lowest price was SEK 90 on January 11, 2012. The closing price for the year was SEK 118.30, which corresponds to a market capitalization of approximately SEK 19,006 million. On average Hakon Invest shares corresponding to SEK 6.2 million were traded per day on Nasdaq OMX Stockholm in 2012.

In 2012 the total return on the shares, i.e. Hakon Invest's share price development including invested dividend, amounted to 30.5%. This can be compared with the SIX Return Index which reflects price development on Nasdaq OMX Stockholm taking dividends into account, which rose 16.5% during the same period. Since the IPO in 2005 the shares have generated a total return of 106.4% compared with 52% for the SIX Return Index.

Shares in Hakon invest are not only traded on Nasdaq OMX Stockholm but also on other marketplaces such as Burgundy, Chi-X, etc. A total of 14,646,905 Hakon Invest shares were traded on Nasdaq OMX in 2012, corresponding to an average daily turnover in the shares of 58,588 in 2012.

Dividend

Due to bridge financing and the subsequent new issue of common shares in Hakon Invest in order to finance the acquisition of the remaining shares in ICA, Hakon Invest will not pay a dividend in 2013. In the previous year the dividend amounted to SEK 6.25 per common share or a total of SEK 491 million. With effect from 2014 the Group expects to return to issuing an annual dividend to shareholders.

In conjunction with the announcement of the acquisition of the remaining shares in ICA, the stated objective was for a continued stable and good dividend yield to shareholders. According to the dividend policy adopted by Hakon Invest's Board, the target is that at least 50% of the Parent Company's profit for the year should be distributed as a dividend. Only common shares, which account for 49% of the number of shares outstanding in Hakon Invest, carry entitlement to a cash dividend.

Share structure

Since the IPO in 2005, Hakon Invest has had a share structure with two share classes: common shares and C shares. C shares, which comprise 51% of the total number of shares, are unlisted and do not carry entitlement to cash dividend. All C shares are owned by the Association of ICA Retailers. On January 1, 2016, C shares will be converted into common shares, which means that Hakon Investment will only have one class of share, common shares. Starting in the fiscal year which begins on January 1, 2015, on which the dividend to be paid in spring 2016 will be based, dividends in Hakon Invest will be allocated on 100% of the shares compared with the former 49%.

Shareholders

At year-end 2012, ICA-handlarnas Förbund's (the Association of ICA Retailers) shareholding in Hakon Invest amounted to 67.3% of the capital and voting rights, of which 51 percentage points consist of C shares and 16.3 percentage points listed common shares. At December 31, 2012, the number of shareholders in Hakon Invest amounted to 14,218 (14,053). On February 13, 2013, the Association of ICA Retailers sold a block of 6.0% of the shares in Hakon Invest in an accelerated book building deal. The Association of ICA Retailers has also agreed to sell 10% of the common shares in Hakon Invest to Industrivärden in conjunction with and subject to completion of this transaction.

The Association of ICA Retailers will remain as majority owner of Hakon Invest with 51.3% of the shares and votes.

Share capital

Hakon Invest's share capital at December 31, 2012, amounted to SEK 402,293,590 distributed among 160,917,436 shares, each with a quota value of SEK 2.50. All shares carry equal voting rights.

Buybacks

Hakon Invest's holding of treasury shares at December 31, 2012, amounted to 251,870, corresponding to 0.16% of capital and voting rights. The shares were repurchased over Nasdaq OMX in Stockholm to cover allocations in incentive programs for previous years.

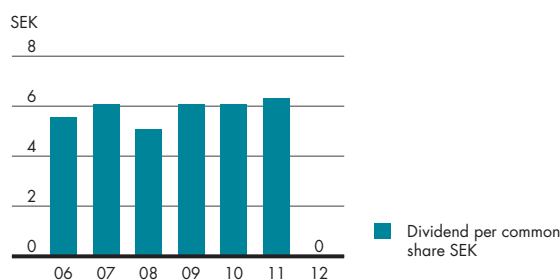
No shares were repurchased in 2012. More information about remuneration to senior executives is provided in the Board of Directors' report, pages 71–72, and in Note 8 on pages 86–88.

Total return Hakon Invest shares

Compared with SIX Return Index 2005–2012 (Dec. 8, 2005 – Dec. 31, 2012)



Dividend per common share 2006–2012



Share data¹⁾

	2012	2011
Earnings per common share, SEK ²⁾	2.02	1.97
Earnings per C share, SEK ²⁾	2.02	1.97
Cash flow per share, SEK	0.27	0.63
Equity per share, SEK	51.43	52.63
Dividend per common share, SEK ³⁾	0	6.25
Dividend ratio, %	n.a.	107
Market price at year-end, SEK	118.30	96.05
Dividend yield, %	n.a.	6.5
P/E ratio, multiple	58.6	48.8
Share price/Equity, multiple	2.3	1.8
Number of common shares at year-end	78,597,674	78,597,414
Number of C shares at year-end	82,067,892	82,067,892
Total number of shares at year-end	160,665,566	160,665,306
Average number of shares	160,665,502	160,658,964

1) For definitions of key ratios, see page 112.

2) Earnings per share for continuing operations.

3) Board's proposed dividend for 2012.

Largest shareholders

Largest shareholders	Number of shares	Capital, %
The Association of ICA Retailers	108,348,732	67.3
Handelsbanken Funds	1,813,639	1.1
SEB Investment Management	1,534,199	1
Swedbank Robur Funds	1,475,366	0.9
Robur försäkring	1,317,010	0.8
Jönsson, Leif	1,003,721	0.6
JP Morgan Chase & Co	970,295	0.6
Försäkrings AB Skandia	754,947	0.5
Carnegie Funds	738,995	0.5
Fourth Swedish National Pension Fund, AP4	688,651	0.4
Ten largest shareholders total:	118,645,555	73.7
Other shareholders	42,271,881	26.3

Total

Source: Euroclear Sweden, at December 31, 2012.

Ownership structure

Holding, number of shares	Number of shareholders	Capital and voting rights, %
1–500	9,545	67.1
501–1,000	1,579	11.1
1,001–5,000	1,869	13.2
5,001–10,000	489	3.4
10,001–15,000	199	1.4
15,001–20,000	127	0.9
20,001–	408	2.9

Total

Source: Euroclear Sweden AB at December 31, 2012.

Share information

Stock exchange Nasdaq OMX Stockholm, Large Cap segment

Ticker	HAKN
ID	SSE32443
ISIN code	652216
Trading block	1
Market cap at Dec. 31, 2012, SEKm	19,007
Price at Dec. 31, 2012, SEK	118.30
Change during the year, %	23
Highest price during the year, SEK	119.70
Lowest price during the year, SEK	90.00

Analysts who monitor Hakon Invest

Bank	Name
ABG Sundal Collier	Andreas Lundberg
ABG Sundal Collier	Richard Henze
Danske Bank	Anders Hansson
Handelsbanken Capital Markets	Erik Sandstedt
Nordea	Stellan Hellström
Swedbank	Christian Andersson

FIVE-YEAR FINANCIAL SUMMARY

SEKm	2012	2011	2010	2009	2008
Income statements					
Revenues	2,726	2,498	2,663	2,392	1,184
Operating profit/loss (EBIT)	256	302	-387	423	612
Profit/loss after financial items	288	252	-341	671	163
Profit/loss for the year	306	59	-391	701	170
Balance sheets					
Non-current assets	7,589	8,232	8,362	9,391	8,068
Cash and cash equivalents and short-term investments	1,446	1,001	1,223	1,049	1,495
Other current assets	728	827	931	943	458
Total assets	9,763	10,060	10,516	11,383	10,021
Equity	8,403	8,613	8,944	10,218	9,515
Non-current liabilities	625	517	399	303	191
Current liabilities	735	930	1,173	862	315
Total equity and liabilities	9,763	10,060	10,516	11,383	10,021
Cash flow					
From operating activities	825	669	534	486	468
From investing activities	-308	9	-311	47	-62
From financing activities	-474	-577	-300	-479	-517
Cash flow for the year	43	101	-77	54	-111
Key ratios					
Gross margin, %	45.2	44.0	45.1	41.3	35.7
Operating margin, %	9.4	12.1	-14.5	17.7	51.7
Net margin, %	11.2	2.4	-14.7	29.3	14.4
Return on equity, %	3.9	3.0	-3.0	7.4	1.9
Return on capital employed, %	3.6	1.1	-3.2	6.8	1.8
Equity/assets ratio, %	86.1	85.6	85.0	89.8	94.9
Data per share					
Earnings per share, SEK	2.02	1.97	-1.65	4.52	1.17
Equity per share, SEK	51.43	52.63	55.11	62.44	59.21
Cash flow per share, SEK	0.27	0.63	-0.48	0.33	-0.69
Dividend per common share, SEK	—	6.25	6.00	6.00	5.00
Dividend common shares, SEKm	—	491	472	472	393
Market price at December 31, SEK	118.30	96.05	117.60	111.75	89.25
Dividend yield, %	n.a.	6.5	5.1	5.4	5.6
Total return, %	30.5	-13.5	9.9	33.6	-29.3
Number of shares					
Number of common shares after buybacks	78,597,674	78,597,414	78,584,624	78,584,624	78,624,244
C shares	82,067,892	82,067,892	82,067,892	82,067,892	82,067,892
Total number of shares	160,665,566	160,665,306	160,652,516	160,652,516	160,692,136
Average number of shares (total) after buybacks	160,665,502	160,658,964	160,652,516	160,670,707	160,713,190
Average number of shares (total) after buybacks and after dilution	160,748,924	160,745,311	160,732,156	160,692,136	160,713,190

CHAIRMAN'S COMMENTS

Corporate governance has become a central function in most major companies as a means of maintaining external confidence in management and board. This report describes how this work is carried out in Hakon Invest including how responsibility is allocated between the different governing functions and the control systems that are in place.

Our task as a board is to continuously follow up and examine the work of group management and act as a sounding board for important issues. So that this can be done in the best way, it is important that board and management have a good dialog on the issues facing the company and that in this way we build a consensus in our work.

After my first year as chairman, I can state that we have excellent cooperation with Hakon Invest, both within the board and between board and management. During the past year the work of the board has largely focused on ICA and ICA-related matters, including the ongoing action program in Norway, where the board of Hakon Invest has supported ICA's board at different decision points. The key question during the autumn was the alternatives faced by Hakon Invest when Ahold, our co-owner in ICA, decided to evaluate its holding in ICA, including a public listing of its shares. This work was intensive at times with frequent contacts within the board and between board and management. The board has carefully evaluated the alternative courses of action. The agreement to acquire the remaining shares in ICA means that we achieved a solution that best safeguards the interests of our shareholders and strengthens opportunities for a continued good and stable dividend yield.

This deal also means that we will acquire a balanced ownership structure with the Association of ICA

Retailers as the clear principal owner and with Industrivärden, which brings considerable experience of owning and governing successful listed companies. This is important now that ICA will be more exposed in a stock market environment that makes different demands on transparency but also offers new opportunities.

I would also like to take this opportunity to highlight our work with sustainability issues. All our portfolio companies report a number of key performance indicators for finance, social responsibility and the environment. These are simple tools with which they can monitor their efforts and mark a key step in Hakon Invest's aim that the portfolio companies report according to GRI's guidelines. ICA is in many ways a model company here with its robust and comprehensive sustainability efforts summarized under the slogan "ICA's Good Business". ICA is a participant in the UN Global Compact.

To sum up, I can say that we find ourselves in a world marked by major challenges and there is every reason to believe that 2013 will also be full of major issues, not least in the global political arena.

Now that the ICA deal is successfully concluded, we feel confident that an exciting and bright future lies ahead.

Stockholm, March 14, 2013
Hannu Ryöppönen
Chairman of the Board



GOVERNANCE OF HAKON INVEST

Governance in Hakon Invest is characterized by openness, reliability and ethical values. The company has an effective organizational structure, transparency and a system for sustainable development, internal control and risk management, and we are convinced that good corporate governance contributes to a good development for Hakon Invest and long-term market confidence.

Hakon Invest is a public company with its registered office in Stockholm, Sweden, which has shares listed on Nasdaq OMX Stockholm. The Swedish Companies Act, Nasdaq OMX Stockholm's rules for issuers and the Swedish Code of Corporate Governance (the Code) provide the basis for governance of the company. In addition, Hakon Invest has a number of internal rules and control tools.

Deviations from the Code

In 2012, Hakon Invest has deviated from the part of the Code's rule 7.3 which stipulates that the Audit Committee shall comprise three members. Today, the Audit Committee consists of two members. In view of the fact that ICA AB constitutes the main holding in

Hakon Invest and ICA AB has an Audit Committee in which Hakon Invest has one representative, the assessment is that two members is a suitable size for Hakon Invest's Audit Committee.

Governance for value creation

Corporate governance is about how companies should be operated so that owners' interests are safeguarded. The overall goal is to create shareholder value and in this way meet the requirements owners have on their invested capital. The internal framework for Hakon Invest's corporate governance comprises the Articles of Association adopted by the General Meeting, the Board's formal work plan, instructions for the Board's three working committees, the instructions to the CEO and

guiding policies adopted by the Board.

The Articles of Association and extracts from the policies are available on Hakon Invest's website (www.hakoninvest.se). The Articles of Association do not regulate how changes to the Articles of Association should be made.

Hakon Invest's President and CEO (CEO), Claes-Göran Sylvén, is responsible for ensuring that day-to-day administration of the company is carried out in accordance with the Board's guidelines and instructions. The CEO also compiles, in dialog with the Chairman and Deputy Chairman of the Board, an agenda for Board meetings and is responsible for providing information and basis for decision for the meetings. The CEO also

SUSTAINABILITY ISSUES IN CORPORATE GOVERNANCE

Sustainability has become increasingly important in governance of companies in recent years, and during the year we increased our demands on the holdings with regard to sustainability reporting. Since 2009 each company has had to report key performance indicators for the work environment, the environment, equal opportunities and quality to Hakon Invest. In 2012 we have worked to harmonize these KPIs to adapt them ahead of a future sustainability report according to GRI's guidelines.

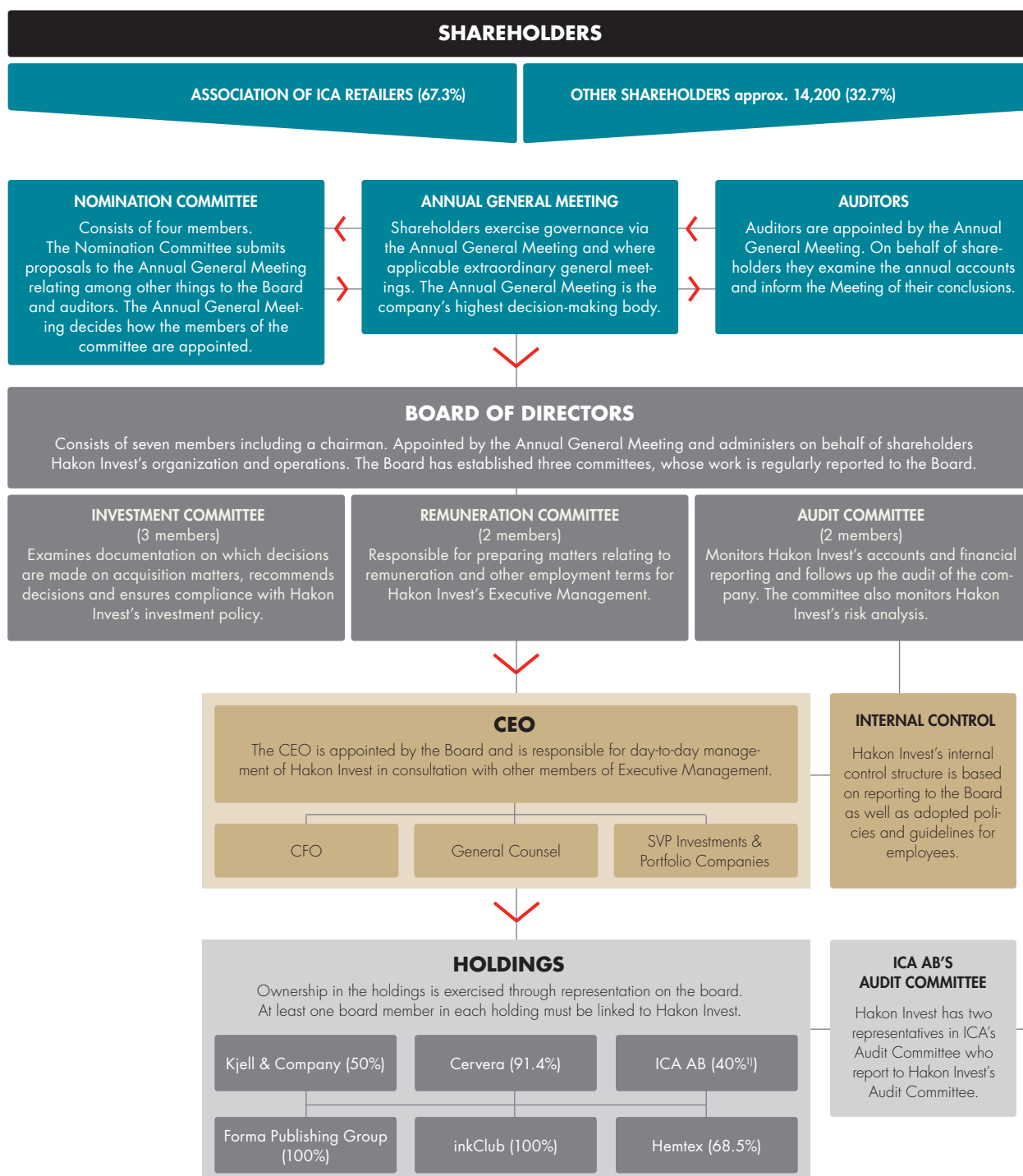
Sustainability issues must be included in the companies' business and strategic plans so that they can be followed up. Our board representatives in the holdings regularly monitor the companies' sustainability initiatives. Each holding must be able to show continual improvements in their sustainability work.

When there are issues of a similar nature in the different companies we try as much as possible to support and coordinate sustainability efforts with group-wide documents, proposals for effective working methods and follow-up.



Fredrik Hägglund
General Counsel

Hakon Invest's governance structure at year-end 2012



¹⁾ Remaining 60% of ICA AB is owned by Royal Ahold. Pursuant to a shareholder agreement the two owners have joint control of ICA AB through an agreement requiring unanimity for all decisions made by general meetings and the Board of Directors.

ensures that Board members receive information about Hakon Invest's development so that they can reach well-founded decisions.

Shareholders, shares and voting rights

Hakon Invest has a share structure with two classes of shares, common shares and C shares. C shares, which comprise 51% of the total number of shares, are unlisted and do not carry entitlement to cash dividends. The remaining 49% are listed common shares with dividend entitlement. All C shares and 16.3% of the common shares, i.e. a total of 67.3%, are owned at December 31, 2012, by ICA-handlarnas Förbund (the Association of ICA Retailers), which is Hakon Invest's largest shareholder. The other common shares are owned by approximately 14,200 shareholders. None of these shareholders own, directly or indirectly, more than 10% of the shares in the company at December 31, 2012. In voting at general meetings each share carries entitlement to one vote and each person entitled to vote may vote for the full number of shares represented by him.

On December 9, 2010, the Association of ICA Retailers announced that they have decided to convert their holding of non-dividend paying C shares in Hakon Invest to dividend-paying common shares. On January 1, 2011, the Association of ICA Retailers therefore lodged a request with the Board of Hakon Invest for conversion of all C shares to common shares. The share structure in Hakon Invest will therefore with effect from 2016, only comprise common shares that carry dividend entitlement. The number of shares after conversion will be unchanged.

More information about Hakon Invest's shares and ownership struc-

ture is provided on pages 54–55 of the annual report.

Annual General Meeting

The 2012 Annual General Meeting was held at Näringslivets Hus in Stockholm. In addition to shareholders, the meeting was attended by Hakon Invest's Board, Hakon Invest's Executive Management, employees, media representatives and a number of invited guests. The Meeting resolved, among other things:

- To elect Hannu Ryöppönen as a new member of the Board and as Chairman of the Board.
- To re-elect Peter Berlin, Cecilia Daun Wennborg, Anders Fredriksson, Andrea Gisle Joosen, Magnus Moberg and Jan Olofsson as members of the Board.
- To pay a dividend for 2011 of SEK 6.25 per common share.

The 2013 Annual General Meeting will be held on Monday, May 20 at Näringslivets Hus in Stockholm. Shareholders who are registered in the share register as at May 14, 2013, and who have notified their attendance are entitled to attend the Annual General Meeting in person or through a proxy. In order to have a matter considered by the Annual General Meeting, shareholders in accordance with instructions on Hakon Invest's website must submit a request no later than April 1, 2013.

Shares and treasury shares

Hakon Invest held 251,870 treasury common shares at December 31, 2012, corresponding to 0.16% of capital and votes. The number of outstanding shares is thus 160,665,566 of which the number of C shares amounts to 82,067,892 and the number of common shares 78,597,674. The total number of votes thus amounts to 160,665,566. At December 31, 2012, there were no outstanding mandates

from the general meeting to the Board to issue new shares or acquire additional shares.

Nomination Committee

The rules for Hakon Invest's Nomination Committee were adopted at the 2012 Annual General Meeting. The Nomination Committee is to consist of four members who represent the company's shareholders. Two of the members are appointed by the majority shareholder which at August 31, 2012, was the Association of ICA Retailers and two members are thereafter appointed by the next largest owners, which at August 31, 2012, were SEB Fonder and Swedbank Robur Fonder. The composition of the Nomination Committee was announced on October 2, 2012. The Association of ICA Retailers is represented by Claes Ottosson and Håkan Olofsson. SEB Fonder is represented by Hans Ek and Swedbank Robur Fonder is represented by Annika Andersson.

The work of the Nomination Committee

The Nomination Committee had two meetings until and including March 13, 2013. All members were present at these meetings. Hakon Invest's General Counsel, Fredrik Hägglund, has been co-opted to the Nomination Committee's meetings as secretary. No fees were paid to the members of the Nomination Committee for their work. At its initial meeting the Nomination Committee met the Chairman of the Board, Hannu Ryöppönen, and the CEO, Claes-Göran Sylvén, each separately in order to be informed about Hakon Invest's operations, Board work and future focus areas. The Chairman of the Board also presented the 2012 evaluation of the Board and the conversations he has had with each Board member individually. In addition,

Cecilia Daun Wennborg, chairman of the Audit Committee, and CFO Göran Blomberg, gave an account of audit work and Hakon Invest's finance function. On the basis of the information provided above which the Nomination Committee has examined, the Nomination Committee obtained a good basis to assess whether the composition of the Board is satisfactory and whether there is a need for additional expertise and experience on the Board. Due to the fact that Hakon Invest's Annual General Meeting has been moved forward to May 20, 2013, the Nomination Committee will continue its work during spring 2013. The Nomination Committee's proposals ahead of the 2013 Annual General Meeting will be specified in the notice of the meeting and on the website.

Board of Directors

The Board is responsible for administration of Hakon Invest's affairs in the interests of the company and all shareholders. The duties of the Board include establishing operating goals and strate-

gies, appointing, evaluating and where necessary dismissing the CEO, ensuring that systems for follow-up and control of operations are effective, ensuring that there is satisfactory control of compliance with applicable laws and regulations, ensuring that ethical rules for employee conduct are adopted and approving significant assignments held by the president outside the company. The Board shall also ensure that the provision of information is correct, relevant, reliable and transparent.

According to the Articles of Association, Hakon Invest's Board shall consist of between five and nine members. Otherwise there is no regulation in the Articles of Association regarding appointment or dismissal of Board members. The present Board consists of seven members. At the 2012 Annual General Meeting, Hannu Ryöppönen was elected as the Chairman of the Board and at the statutory Board meeting, Anders Fredriksson was elected as Deputy Chairman.

The CEO makes presentations at Board meetings and the General

Counsel is the secretary to the Board. Further information about Hakon Invest's Board is provided on page 66 of the annual report.

The Board's independence criteria

Four members of the Board: Hannu Ryöppönen, Cecilia Daun Wennborg, Jan Olofsson and Andrea Gisle Joosen, are independent in relation to both Hakon Invest and its management and the company's major shareholders. Together they have many years of experience from management and board work in various listed companies. The other three Board members: Anders Fredriksson, Peter Berlin and Magnus Moberg, are ICA retailers. Anders Fredriksson is a member of the board of ICA AB. Peter Berlin and Magnus Moberg are members of the Board of the Association of ICA Retailers (a non-profit association for Sweden's ICA retailers). According to Nasdaq OMX Stockholm's rules for issuers and the Code's rules on independence criteria for board members, these three members are independent



Board and Committee Meetings in 2012

Name	Elected	Function in Board	Attendance Board meetings	Committee work	Attendance Board meetings	Remuneration for Board work/ committee work (SEK 000s)
Hannu Ryöppönen ¹⁾	2012	Chairman	12 of 14	Remuneration Committee (Chairman)	3 of 3	550/25
Anders Fredriksson	1997	Deputy Chairman	19 of 21	Remuneration Committee	3 of 3	330/25
Peter Berlin	2011	Member	16 of 16 ⁴⁾	Investment Committee	5 of 5	220/25
Cecilia Daun Wennborg	2005	Member	20 of 21	Audit Committee (Chairman)	6 of 6	220/75
Andrea Gisle Joosen	2010	Member	20 of 21	Investment Committee	5 of 5	220/25
Magnus Moberg	2008	Member	16 of 16 ⁴⁾	Audit Committee	6 of 6	220/25
Jan Olofsson	2005	Member	21 of 21	Investment Committee (Chairman)	5 of 5	220/25
Lars Otterbeck ³⁾	2005	Member	7 of 7 ³⁾	—	—	—

1) Elected as Chairman and Board member at AGM on April 19, 2012.

2) Remuneration decided at AGM April 19, 2012.

3) Board member and Chairman until the AGM on April 19, 2012.

4) At five Board meeting issues related to the Association of ICA Retailers were discussed. Board members who are also members of the Board of the Association of ICA Retailers did not attend these meetings.

in relation to Hakon Invest and the company's management but not in relation to the principal owner the Association of ICA Retailers.

The work of the Board

The work of the Board is led by a chairman and regulated by the formal work plan adopted by the Board as well as applicable laws and regulations. The Board has also prepared working instructions for the President and for its three committees, as well as other policy documents as guidelines for Hakon Invest's employees. Each year the Board reviews the adopted formal work plans and instructions. The present formal work plans and instructions were examined and formally adopted at the Board meeting on September 18, 2012.

In addition to a statutory Board meeting in conjunction with the Annual General Meeting, the Board, in accordance with the Articles of Association, shall hold at least five meetings a year that are announced in advance. During 2012 a total of 21 Board meetings were held, of which eight were telephone meetings.

14 of the Board meetings were held by the present Board elected on April 19, 2012.

Significant issues handled in 2012 included:

- Ahold's announced evaluation of strategic alternatives for its holding in ICA AB.
- Action programs in ICA Norway.
- An overview of ownership in Forma.
- Review and revision of investment strategies.

Auditor in charge, Erik Åström, attended one Board meeting to present Ernst & Young's audit process in Hakon Invest and to give Board members an opportunity to ask questions without management being present.

Board committees

Hakon Invest's Board has set up three working committees: the Audit Com-

mittee, the Remuneration Committee and the Investment Committee. The work of the committees is reported to the Board on a regular basis. The committees are to be regarded as working committees to the Board and do not assume the responsibility that rests with the Board as a whole. The Audit Committee's key task is to supervise the accounts and financial reporting and obtain information about the auditing of Hakon Invest. The Audit Committee also monitors compliance with the company's financial and investment policy. The Audit Committee also identifies and manages risks in operations and follows up internal control. The Audit Committee shall hold at least five meetings per year. The Remuneration Committee is responsible for the preparation of issues regarding remuneration and other terms of employment for Hakon Invest's Executive Management. The Remuneration Committee must hold at least two meetings per year, one of which must be held in December. The Investment Committee's main tasks are to examine the decision-making basis with regard to acquisition matters, recommend decisions and ensure compliance with Hakon Invest's investment policy. The number of meetings shall be at least one a year at which, among other things, the investment policy is evaluated. Additional meetings are called by the committee chairman when required. The Audit Committee held six meetings during 2012. Four of the meetings were held after the 2012 Annual General Meeting. The company's external auditors were present at all meetings. The Remuneration Committee and the Investment Committee held five meetings during the year.

Evaluation of the Board

An evaluation of the Board is carried out every year in order to develop the work of the Board and provide a basis

for the Nomination Committee's evaluation of the composition of the Board. Evaluation of the Board in 2012 took the form of members completing a questionnaire as well as having individual conversations with the Chairman of the Board. The evaluation of the Board showed that the work of the Board functioned well and that the Board is a group with a good composition and great commitment. Each one of the members has broad expertise and many years of experience from different sectors, particularly from operations within the ICA Group, which is the largest holding in Hakon Invest's portfolio, from investment operations and operating management work.

CEO and Executive Management

The CEO, Claes-Göran Sylvén, is responsible for the day-to-day administration of Hakon Invest. The Board has approved President Claes-Göran Sylvén's significant assignments and financial involvement outside the company, for example in the Association of ICA Retailers. An assessment of him has also been carried out without management being present. The Board's formal work plan and work instructions for the CEO govern in particular the handling of and decisions on matters related to agreements and other dealings between Hakon Invest and the Association of ICA Retailers. In addition to the CEO, Claes-Göran Sylvén, Hakon Invest's Executive Management comprises Stein Petter Ski, SVP Investments and Portfolio Companies, CFO Göran Blomberg and General Counsel Fredrik Hägglund. Executive Management meets regularly to discuss the development of Hakon Invest and make decisions about matters of importance to the business. Organizationally the company is divided into Investment, Finance, which is also responsible for Communication, and Legal Affairs. The investment organization comprises one investment man-



ager, two controllers and one analyst headed by Stein Petter Ski who is also responsible for the portfolio companies. The investment function works actively with both existing holdings and potential future investments. Taken overall the investment organization possesses broad retail-oriented and financial expertise. The Finance and Treasury function, which also includes IR/ communication, comprises four people headed by the CFO Göran Blomberg, and is responsible for the Group's financial statements as well as handling management of Hakon Invest's financial assets. The CFO is also responsible for the Group's external and internal communication. The Investor Relations Manager is responsible for investor relations and related issues. Legal Affairs is headed by the General Counsel. The General Counsel is responsible for legal issues, both internal and external, for example in conjunction with company acquisitions. He is also responsible for

corporate governance in Hakon Invest. The unit assists closely related companies when required with legal services on market terms. Further information about Hakon Invest's CEO and Executive Management is provided on page 67 of the annual report.

Work on auditing and accounting

The Board has drawn up formal working routines to ensure that work with auditing and accounting issues functions smoothly. The Board has also adopted formal work procedures and instructions for the CEO and Audit Committee in order to maintain good internal control of Hakon Invest and the holdings as well as appropriate relations with the company's auditors.

Auditors

According to the Articles of Association, the Annual General Meeting shall appoint a minimum of one and a maximum of two auditors or one or two registered public accounting firms. At

the 2010 Annual General Meeting Ernst & Young AB was appointed as auditor for a mandate period of four years until the 2014 Annual General Meeting. Authorized public accountant Thomas Forslund is auditor in charge.

Board's description of internal control

The Board is responsible for ensuring that Hakon Invest has good internal control and routines which guarantee compliance with adopted principles for financial reporting and internal control. The Board is also responsible for ensuring that financial reporting conforms with the Swedish Companies Act, applicable accounting standards and other requirements on a listed company. Internal control and risk management are part of the Board's and management's governance and follow-up of operations and are designed to ensure that the operations are conducted appropriately and effectively.

Control environment

A good control environment provides the basis for the effectiveness of a company's internal control system. It is based on an organization with clear decision-making paths and where authority and responsibility have been allocated through guidelines and a corporate culture with shared values. The control environment is also affected by the individual employee's awareness of his or her role in the maintenance of good internal control. The Board has adopted a number of basic guidelines of significance for financial reporting in order to ensure an effective control environment.

The Board's formal work plan and instructions for the CEO ensure a clear division of roles and responsibilities designed for effective management of operational risks. The Board has also adopted a number of basic guidelines and policies of significance for internal control, such as the financial and investment policy, sustainability policy and communications policy.

Risk assessment and control activities

Hakon Invest works continuously with risk analyses and control activities in order to identify potential sources of error in the financial reporting. The Audit Committee within the Board is responsible for ensuring identification and management of significant financial risks and risks of error in financial reporting. The Board is of the opinion that there is good understanding among employees of the need for good control of financial reporting. Hakon Invest's internal control structure is based on reporting to the Board, adopted policies and guidelines and that employees comply with policies and guidelines so that a good control of financial reporting can be maintained. Risk assessment can result in control activities. Hakon Invest places particular emphasis on checks

designed to prevent, identify and correct inadequacies in the income statement and balance sheet items that might be associated with increased risk. Normal control activities include account reconciliation and support checks.

Information and communication

Efficient and correct dissemination of information, both internally and externally, is important in order to safeguard financial control within Hakon Invest. Policies, routines, handbooks and other items of significance for financial reporting are updated and communicated to the employees involved on an ongoing basis. Hakon Invest's employees provide relevant information to Executive Management and the Board through both formal and informal information channels. The communications policy and associated guidelines ensure that external communication is correct and meets the requirements placed on companies that are listed on Nasdaq OMX Stockholm. Financial information is provided regularly through annual reports, interim reports, press releases and notices on the website.

Hakon Invest's press conferences can be accessed via webcasts.

Follow-up

The Board continually assesses the information submitted by Executive Management and the Audit Committee. The Audit Committee's work in monitoring the efficiency of Executive Management's internal control is of particular importance. This follow-up includes ensuring that action is taken to deal with any shortcomings and that proposed measures arising from internal and external audits are taken into account.

Internal audit

Hakon Invest has no internal audit function, in view of the limited size of its own operations. ICA AB, which is Hakon Invest's largest holding, has

an extensive internal audit which continually reports its findings to the Audit Committee within ICA AB's Board. Hakon Invest is represented with four people on ICA AB's Board, one of whom is a member of ICA AB's Audit Committee. Hakon Invest's representative on ICA AB's Audit Committee reports in turn to Hakon Invest's Audit Committee. The Board has decided that these follow-up routines are sufficient.

Internal control in the holdings

Hakon Invest works actively with internal control in its holding companies. Ownership is exercised in the holdings through representation on the boards and under the slogan "Active ownership every day". This includes close contacts with the holdings and continuous work with strategic and operational matters. At least one board member in each holding must be connected with Hakon Invest and the company normally seeks to be entrusted with the chairmanship. Representation on the boards ensures that reporting and internal control are managed in a satisfactory manner and in compliance with applicable laws and regulations. It is important that board members and managements in the holdings have adequate competence for their assignment. During the year all the presidents of the holdings met Hakon Invest's Board to present their company's operations.

Hakon Invest's finance function has an ongoing dialog with those responsible for finance in all the holding companies and issues instructions and advice for the preparation of each monthly, quarterly, and full-year accounts. This provides Hakon Invest with a basis for its financial reports according to current principles and accounting standards.

Assessments are made of internal control in each individual holding. These are made both ahead of an acquisition and during the ownership

period. Ahead of an acquisition due diligence of the company is carried out where the accounting, legal and operational consequences are analyzed. In addition, a general survey of the company's position regarding environment, supply chain control, HR issues, business ethics and other non-financial aspects is carried out. Hakon Invest's information and communication channels are designed to promote complete

and accurate financial reporting. The extent of control within the holding is then decided separately for each company according to need. As part of Hakon Invest's corporate governance, the company has ongoing work designed to improve the portfolio companies' internal control and risk management. The areas evaluated are control environment, risk management, control activities, and information and

communication. Where risks relating to internal control are identified these are managed by Hakon Invest's finance and legal affairs function and in each holding's board in consultation with the auditors. In addition, the CFO and Hakon Invest's board member in each holding keep Hakon Invest's Executive Management continuously informed. Hakon Invest's CFO reports in turn to the Audit Committee and the Board.

This corporate governance report has been examined by the company's auditors.

Stockholm, March 14, 2013

Hannu Ryöppönen
Chairman

Anders Fredriksson
Deputy Chairman

Peter Berlin
Board member

Cecilia Daun Wennborg
Board member

Andrea Gisle Joosen
Board member

Magnus Moberg
Board member

Jan Olofsson
Board member

Claes-Göran Sylvén
President & CEO

Auditors' report on the corporate governance report

To the Annual Meeting of the Shareholders in Hakon Invest AB, corporate identify number 556048-2837

It is the Board of Directors who is responsible for the corporate governance report for the year 2012 (on pages 58–65 of the annual report) and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on that reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our opinion. This means that our statutory examination of the corporate governance report is different and substantially smaller in scope than an audit conducted in accordance with

International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 14, 2013
Ernst & Young AB

Thomas Forslund
Authorized Public Accountant

HAKON BOARD OF DIRECTORS



Hannu Ryöppönen
Chairman

Born 1952

Shareholding 1,078 shares

Hannu Ryöppönen was elected as Chairman of the Board of Hakon Invest in 2012. Hannu Ryöppönen was CFO and Deputy CEO of Stora Enso until 2009. Prior to that, he was CFO and Deputy CEO of Royal Ahold from 2003 to 2005, at which time he also served on the Board of Directors of ICA AB. He was finance director of Industri Kapital from 1999 to 2003, and CFO of the IKEA Group from 1985 to 1999. Since 1999 Hannu Ryöppönen has served on a number of boards, including those of Neste Oil, Amers Sports, Rautaruukki and Novo Nordisk. He is also Chairman of the Board of BillerudKorsnäs and Altor's Jersey-based funds. Hannu Ryöppönen graduated in Business Administration from Hanken School of Economics, Helsinki, Finland and is resident in England.

Independent in relation to the company, management and the company's principal owner.



Anders Fredriksson
Deputy Chairman

Born 1954

Shareholding 362,800 shares

Anders Fredriksson was elected to the Board at the Annual General Meeting in 1997. He was a Board member of the Association of ICA Retailers during the period 1997–2006. He was also Chairman of the Board of the Association of ICA Retailers in 2001–2006. Anders Fredriksson is also an ICA retailer in ICA Kvantum Hjerterbergs in Lidköping. Anders Fredriksson studied economics and law at university and has attended a number of courses at the ICA Academy.

Independent in relation to the company, management but not in relation to the company's principal owner.



Peter Berlin

Born 1960

Shareholding 107,144 shares

Peter Berlin is an ICA retailer with many years of experience in store operations. He has managed Anderssons ICA Kvantum in Södra Sandby outside Lund since 1992. He has been Chairman of the Association of ICA Retailers since 2011 where he has been a member of the Board since 1997. Peter Berlin was also a Board member of ICA AB in 2005–2011. He holds a graduate business degree from the University of Lund.

Independent in relation to the company, management but not in relation to the company's principal owner.



Cecilia Daun Wennborg

Born 1963

Shareholding 2,500 shares

Cecilia Daun Wennborg was elected to the Board at the 2005 Annual General Meeting. She has been Vice President at Ambea AB, with responsibility for strategy and corporate governance, and President of Carema Vård och Omsorg AB. She was previously acting CEO of Skandiabanken and in charge of Skandia's Swedish operations, President of SkandiaLink Livförsäkrings AB and Financial and Administrative Director of SkandiaLink Livförsäkrings AB. Cecilia Daun Wennborg is a member of the Boards of Getinge AB, Proffice AB, Carnegiefonderna AB, Ikanobanken AB, Eniro AB and Sophiahemmet. She holds a degree in economics, with supplementary studies in journalism and languages.

Independent in relation to the company, management and the company's principal owner.



Magnus Moberg

Born 1966

Shareholding 35,000 shares

Magnus Moberg was elected to the Board at the 2008 Annual General Meeting. Magnus Moberg is an ICA retailer in ICA Supermarket Alingsås. He has also been a Board member of the Association of ICA Retailers since 2006. He was also a Board member of the Association of ICA Retailers during the period 2002–2005. Magnus Moberg has attended a number of courses at the ICA Academy.

Independent in relation to the company, management but not in relation to the company's principal owner.



Andrea Gisle Joosen

Born 1964

Shareholding 660 shares

Andrea Gisle Joosen was elected to the Board at the 2010 Annual General Meeting. She is President of Boxer Access TV AB. She was Nordic President of Panasonic Nordic AB in 2006–2011. She was previously Managing Director of Chantelle AB and Twentieth Century Fox AB. Prior to that she held a number of senior positions within Johnson & Johnson AB, Procter & Gamble AB and Mars Inc. She has an M.Sc. in Economics and Business Administration from Copenhagen Business School.

Independent in relation to the company, management and the company's principal owner.



Jan Olofsson

Born 1948

Shareholding 2,400 shares

Jan Olofsson was elected to the Board at the Annual General Meeting 2005. Jan Olofsson was during the period 1992–2009 operating within Handelsbanken Markets including head of Mergers and Acquisitions and Deputy Head of Corporate Finance. Prior to that he held several senior positions in Esselte AB, most recently as Vice President / Deputy CEO 1985–1991. Jan Olofsson is Chairman of Init AB and a director of a small family company. He has an MBA from Stockholm School of Economics.

Independent in relation to the company, management and the company's principal owner.

HAKON INVEST'S EXECUTIVE MANAGEMENT



Claes-Göran Sylven

PRESIDENT & CEO

Born 1959

Shareholding 493,796 shares

Claes-Göran Sylven has been employed at Hakon Invest since 2003. Claes-Göran Sylven is President of the Association of ICA Retailers, Chairman of the Board of ICA AB and a Member of the Board of Svensk Handel. Claes-Göran Sylven was originally an ICA retailer, and together with his family he owns ICA Kvantum Flygfyren in Norrtälje.



Göran Blomberg

CFO

Born 1962

Shareholding 11,000 shares

Göran Blomberg has been employed at Hakon Invest since 2009. Göran Blomberg was previously CFO of RNB Retail and Brands AB in 2001–2009, of Portwear AB in 1998–2001 and of Pronyx AB in 1994–1998. He is a member of the Board of ICA AB and Retail Finance AB. Göran Blomberg has an M.Sc. in Economics.



Fredrik Häggglund

General Counsel

Born 1967

Shareholding 10,400 shares (incl. related parties)

Fredrik Häggglund has been employed at Hakon Invest since 2002. He has a Bachelor of Law degree and worked as a lawyer at Clifford Chance, Brussels in 1999–2002 and as assistant lawyer at Linklaters in 1996–1999. Fredrik Häggglund also worked in Anita Gradin's cabinet for the European Commission. He is a Member of the Board of ICA AB, Eurocommerce and UGAL and Vice President of the Association of ICA Retailers.



Stein Petter Ski

SVP, Investments and Portfolio Companies

Born 1967

Shareholding 18,500 shares (incl. related parties)

Stein Petter Ski has been employed at Hakon Invest since 2005. Stein Petter Ski in 2003–2005 was a partner at ABG Sundal Collier specialized in Corporate Finance. In 2001–2002 he worked within the Swedish Ministry of Enterprise, Energy and Communications and prior to that he held various positions within Enskilda Securities 1989–2001. Stein Petter Ski is a member of the Board of Kjell & Co Elektronik AB and Cervera Holding AB and Chairman of Hemtex AB.

BOARD OF DIRECTORS' REPORT

The Board of Directors and the CEO of Hakon Invest AB (publ) hereby submit their annual accounts and consolidated accounts for the fiscal year 2012. A separate corporate governance report has been prepared in accordance with Chapter 6, § 8 of the Swedish Annual Accounts Act. The corporate governance report is presented on pages 58–65 of this annual report. The company's registered office is in Stockholm municipality and the registered number is 556048-2837. All amounts are in SEK million unless otherwise stated.

Operations

Hakon Invest makes long-term investments in retail-oriented companies with a geographic focus on the Nordic and Baltic regions. The vision, with ownership of ICA AB as a foundation, is to be the leading Nordic development partner for companies in the retail sector. The 40% holding in ICA AB forms the base of the ownership philosophy and operations. Through active and responsible ownership Hakon Invest will contribute to create value growth in ICA and develop the portfolio companies, all of which are independent companies with their own earnings and profitability responsibility. Added value will be created for Hakon Invest's shareholders through value growth in the investments combined with a good dividend yield.

Significant events during the year

- *October 2012 – ICA loses tax dispute in the Administrative Court of Appeal*

On October 4, the Administrative Court of Appeal affirmed the Administrative Court's decision to disallow ICA interest deductions of approximately SEK 3.4 billion for the years 2004–2008 and also imposed a tax surcharge for the 2007 tax assessment year. The total tax claim amounted to approximately SEK 1.3 billion and for Hakon Invest, this resulted in an earnings impact of SEK –512 million in the third quarter.

- *September 2012 – Ahold to review strategic options for its holding in ICA AB*

The Dutch company Ahold, which is an owner partner in ICA AB together with Hakon Invest, announced on September 4, 2012, that the company has decided to explore strategic options for its holding in ICA AB.

- *August 2012 – ICA improves administrative efficiency in Norway*

ICA has decided to implement administrative efficiency improvements in Norway and as a result of this decision a SEK 59 million provision was made in ICA Norway in the second quarter.

- *June 2012 – Forma will continue to operate with Hakon Invest as owner*

In autumn 2011, Hakon Invest started a process to review its ownership in the wholly owned subsidiary Forma Publishing Group. As part of this process Forma Contract and Forma Magazines' Finnish operations were sold during the spring. Remaining in Forma after the sale are Forma Magazines and Forma Books, which will continue to operate with Hakon Invest as owner. The sale of these operations generated a capital gain of SEK 94 million for Hakon Invest in the second quarter of 2012.

- *April 2012 – ICA divests ICA Maxi in Norway*

ICA reached an agreement with Lagopus Eiendomsutvikling AS in April 2012 relating to the transfer of a number of lease agreements and eight properties linked to ICA Maxi in Norway. Lagopus has taken over a total of 17 lease agreements and eight properties. The divestment generated a capital gain on the property portfolio of SEK 232 million, which is included in ICA Real Estate's operating profit for the second quarter, and costs of SEK 367 million, which are included in ICA Norway's operating result in the second quarter, including goodwill impairment, costs for sales of inventories and overhead costs for refurbishment of premises. Taken overall, including capital gains and nonrecurring costs, the sale of ICA Maxi resulted in a charge against the ICA Group's operating profit of SEK -135 million in the second quarter of 2012.

- *April 2012 – Hannu Ryöppönen elected as new Chairman of the Board at Hakon Invest's AGM*

At Hakon Invest's Annual General Meeting, which was held on Thursday, April 19, 2012, Hannu Ryöppönen was elected as the new Chairman of the Board of Hakon Invest. Lars Otterbeck, who has been Chairman of Hakon Invest since 2005, had declined re-election.

- *April 2012 – Per Strömberg took over as CEO of the ICA Group*

Per Strömberg took up the position of CEO of the ICA Group in April when he took over from Kenneth Bengtsson.

Significant events after the end of the fiscal year

- *January 2013 – ICA Norway enters into a cooperation agreement with Norgesgruppen*

ICA Norway has concluded a cooperation agreement with Norgesgruppen within sourcing and distribution. The agreement is important for ICA Norway's ability to offer competitive prices and achieve long-term profitability in operations.

- February 2013 – Hakon Invest acquires remaining shares in ICA

Hakon Invest has signed an agreement with Ahold to acquire the remaining 60% of the shares in ICA for a cash consideration of SEK 20 billion, corresponding to a value of approximately SEK 33 billion for 100% of the shares in ICA. By ICA and Hakon Invest becoming one group, ICA Gruppen, the best conditions are created for ICA to continue its development in the long term.

Hakon Invest is financing the acquisition of ICA with existing cash and a secured bridge financing from Handelsbanken and Nordea. Following completion of the deal, the bridge financing is intended to be repaid via an underwritten share issue to Hakon Invest's shareholders of approx. SEK 5 billion, long-term debt financing and preference shares in ICA Real Estate. Due to the bridge financing and the subsequent share issue, Hakon Invest will not distribute any dividend during 2013. From 2014 onwards, the group is anticipated to return to distributing an annual dividend to shareholders.

Upon completion, the Hakon Invest group will have a net debt (excluding pension debt), excluding the ICA Bank, of approx. SEK 20 billion. Hakon Invest plans to carry out financing steps within 12 to 18 months which will cut the net debt in half to a level corresponding to approximately 2 times earnings before depreciation and amortization (EBITDA). The ambition is that the new group will establish a capital structure over time that entails an indebtedness corresponding to 1.0–1.5 times EBITDA and, at the same time, ensure that shareholders receive a stable, satisfactory return on investment and long-term value appreciation.

In connection with the completion of the acquisition, Hakon Invest's principal owner, the Association of ICA Retailers, has agreed to sell ordinary shares in Hakon Invest, corresponding to 10% of the capital and voting rights, to Industrivärden. The Association of ICA Retailers and Industrivärden have committed themselves to subscribe for their respective pro rata shares as well as to underwrite the remaining portion of the share issue.

The transaction is, inter alia, conditioned upon approval by the relevant authorities.

To compensate Ahold for the contingency that the acquisition of Ahold's shares is not completed, Hakon Invest has undertaken to pay compensation of SEK 550 million to Ahold should the relevant approvals from the competition authorities not be obtained.

ICA's CEO, Per Strömberg, is envisioned as CEO of the new ICA Gruppen, following the completion of the transaction. Hakon Invest's CEO, Claes-Göran Sylvé, will remain CEO of the Association of ICA Retailers, a role he has held since 2003.

- February 2013 – Norwegian Competition Authority considers temporarily prohibiting ICA's agreement with Norgesgruppen

The Norwegian Competition Authority issued a notification stating that they were considering temporarily prohibiting the implementation of the cooperation agreement between ICA and Norgesgruppen.

- February 2013 – Swedish Competition Authority approves Hakon Invest's acquisition of the remaining shares in ICA

The Swedish Competition Authority has left Hakon Invest's notice of assessment without action. This means that the Swedish Competition Authority approves Hakon Invest's acquisition of the remaining shares in ICA.

- March 2013 – Norwegian Competition Authority approves Hakon Invest's acquisition of remaining shares in ICA

The Norwegian Competition Authority has left Hakon Invest's notice of assessment without action. This means that the Norwegian Competition Authority approves Hakon Invest's acquisition of the remaining shares in ICA.

Group

Sales and earnings

Consolidated net sales in 2012 amounted to SEK 2,726 million (2,498).

Operating profit in the Hakon Invest Group amounted to SEK 256 million (302). Operating profit excluding Hakon Invest's share of ICA's extra tax expense of SEK 512 million amounted to SEK 768 million (538). In earnings for the previous year, Hakon Invest's share of ICA's goodwill impairment of SEK 236 million was excluded.

Share of profits of ICA AB amounted to SEK 352 million (544). Share of profits of ICA was negatively affected in 2012 by a extra tax expense of SEK 512 million and negatively affected in 2011 by a goodwill impairment related to ICA Norway of SEK 236 million.

Net financial items amounted to SEK 32 million (–50), of which return from the Parent Company's investment management amounted to SEK 56 million (–35). Investment management generated a return of 5.4% (–3.3).

Loss from discontinued operations in the previous year amounted to SEK 216 million.

Tax income of SEK 18 million (23) is reported for the full year which largely consists of the effects of the changed corporate tax rate. Profit for the year amounted to SEK 306 million (59). Earnings per share for continuing operations amounted to SEK 2.02 (1.97).

Financial position

At December 31, 2012, the Group's cash and cash equivalents and the current value of short-term investments amounted to SEK 1,446 million, compared with SEK 1,001 million at December 31, 2011.

The Hakon Invest Group's interest-bearing liabilities amounted to SEK 453 million at December 31, 2012, compared with SEK 438 million at December 31, 2011.

The equity/assets ratio at the end of the period was 86.1%, compared with 85.6% at December 31, 2011.

Cash flow

Cash flow from operating activities amounted to SEK 825 million (669). Dividend received from ICA AB amounted to SEK 800 million (760). Cash flow from investing activities amounted to SEK -308 million (9). Changes in short-term investments are included with SEK -421 million (250), while acquisitions of non-current assets are included with SEK -57 million (-241) and the sale of subsidiaries is included with SEK 170 million (0). Cash and cash equivalents amounted to SEK 291 million at December 31, 2012, compared with SEK 248 million at December 31, 2011. The value of short-term investments amounted to SEK 1,155 million at December 31, 2012, compared with SEK 753 million in the previous year.

Holdings

ICA

ICA AB is a joint venture of which Hakon Invest owns 40% and the Dutch company Royal Ahold owns 60%. Through the shareholder agreement between Hakon Invest and Royal Ahold, the owners have joint control of ICA AB, through a contractual requirement for unanimity for all decisions made by General Meetings and the Board of Directors. The ICA Group is one of the Nordic region's largest retail companies with a focus on food, and has approximately 2,200 own and retailer-owned stores in Sweden, Norway, and the Baltic countries.

ICA AB is the Parent Company of the ICA Group. The Group includes ICA Sweden, ICA Norway and Rimi Baltic, as well as ICA Bank which offers financial services in Sweden, and ICA Real Estate which manages the Group's property portfolio and leases.

The ICA Group's net sales amounted to SEK 96,863 million (95,179) during the 12-month period, an increase of 1.8%. Adjusted for the sold ICA Maxi stores, net sales rose 4.0% or 4.2% at constant exchange rates. Operating profit amounted to SEK 3,274 million (2,505), corresponding to an operating margin of 3.4% (2.6). Operating profit includes net nonrecurring costs relating to the discontinuation of ICA Maxi in Norway of SEK -133 million as well as costs relating to administrative efficiency improvements in Norway of SEK -59 million. Earnings in the previous year were charged with a goodwill impairment in Norway of SEK 592 million.

ICA Sweden

ICA Sweden's operating profit increased to SEK 2,849 million (2,617), as a result of higher sales. Among other things sales in the Cura pharmacies increased.

ICA Norway

Operating loss for ICA Norway amounted to SEK 1,023 million (1,255). Operating result includes nonrecurring costs relating to the discontinuation of ICA Maxi in Norway of SEK 368 million as well as costs for improving administrative efficiency in Norway of SEK 59 million. In the previous year, earnings were charged with an impairment of goodwill in Norway of SEK 592 million. Excluding nonrecurring costs the operating result improved to SEK -597 million (-663) during the 12-month period.

Rimi Baltic

Rimi Baltic's operating profit rose to SEK 224 million (173), due to higher sales, improved margins and good control of costs. Earnings include costs for impairment of the Supernetto brand as well as associated properties in Lithuania with a total of SEK 35 million (21).

ICA Bank

ICA Bank's operating profit amounted to SEK 181 million (171) and business volumes rose 11.6%. Higher volumes resulted in increased commissions and higher net interest which is the key reason for the improved earnings.

ICA Real Estate

ICA Real Estate's operating profit amounted to SEK 1,297 million (1,005), including capital gains from property sales of SEK 307 million (30) and impairments of SEK 5 million (3). Excluding capital gains and impairment, operating profit increased to SEK 985 million (978), mainly because depreciation on the sold Norwegian Maxi properties in Norway ceased.

Forma Publishing Group

Forma Publishing Group is a wholly owned subsidiary of Hakon Invest. The company's media business includes magazines and books. The Finnish magazines business and the Swedish contract operations were sold during the year. Forma's revenues for the 2012 fiscal year amounted to SEK 533 million (847). Operating loss amounted to SEK 35 million (57), of which SEK -6 million (-45) relates to IFRS recalculation of the Forma Group's PRI liability. Earnings include a capital gain of SEK 94 million.

Kjell & Company

Kjell & Company, which is 50% owned by Hakon Invest, is one of Sweden's largest retailers of home electronics accessories. During the 2012 fiscal year Kjell & Company's revenues amounted to SEK 814 million (684). This corresponds to a sales increase of 19%. Like-for-like sales rose 11%. At

year-end 2012, Kjell & Company had 66 stores in Sweden. Operating profit amounted to SEK 61 million (38).

Cervera

Cervera is a well-established retail chain in Sweden for high-quality products for the kitchen and dining area. Cervera is owned to 91.4% by Hakon Invest. Cervera's revenues amounted to SEK 723 million (722) in the 2012 fiscal year. Like-for-like sales were unchanged. Operating loss amounted to SEK 7 million (12).

inkClub

inkClub is a wholly owned subsidiary of Hakon Invest. Online retailer inkClub sells ink cartridges and other printer accessories over the internet. The company's operations also include sales of beauty products, light bulbs, vacuum cleaner bags, batteries and photo accessories. inkClub's revenues for the 2012 fiscal year amounted to SEK 529 million (504) and operating profit was SEK 38 million (34).

Hemtex

Hemtex is a home textiles specialist with operations in Sweden and Finland. Hakon Invest owns 68.5% of the shares in Hemtex. Hemtex's revenues in 2012 amounted to SEK 941 million (929) and operating loss amounted to SEK 46 million (116).

Parent Company

The Parent Company's revenues in 2012 amounted to SEK 0 million (0). Operating loss amounted to SEK 66 million (64). Net financial items amounted to SEK 856 million (522), of which dividend from ICA AB accounted for SEK 800 million (760). Impairment of shares in subsidiaries affected earnings in the previous year by SEK 203 million. Return on investment management amounted to SEK 56 million (-35). Tax income is recognized for the period of SEK 0 million (2). Profit for the year amounted to SEK 790 million (460).

The Parent Company's cash and cash equivalent and the current value of short-term investments at December 31, 2012, amounted to SEK 1,294 million, compared with SEK 797 million at December 31, 2011. At the end of December 2012 financial investments were as follows: 18% equities (31), 53% fixed-income securities (35), 19% hedge funds (28) and 10% cash and cash equivalents (6).

Future outlook

The global economy slowed in the second half of 2012 and many challenges still remain. The fiscal problems in many EU countries, combined with political uncertainty and a weakened economy, have affected confidence in the future for households, companies and financial markets. In Sweden, which has been comparatively resilient, the economy has felt the effects of the increasingly obvious slowdown with

falling global export demand and a deterioration in the labor market. The wave of redundancies in the autumn have spread concern when we start a new year and will make households cautious in the immediate future, which will probably lead to a tightening of consumption.

Total retail sales in 2012 showed an upturn of 2.1%. This is slightly weaker than normal but a clear improvement compared with the previous year when the increase stayed at 0.8%. It was mainly food retail that contributed to the improvement with an increase of 3.3% while consumer durables rose by a modest 1.1%. The fact that the economic downturn is reflected in retail was particularly clear through a weaker Christmas trade. It was the first time since 1995 that sales in December, measured in current prices, fell.

The prospects for 2013 are uncertain and there are still a number of unanswered questions. A global economy that has become increasingly multi-faceted and an accelerating European debt crisis mean that the ongoing recession, particularly in Europe, will be considerably more drawn out than expected. Many challenges remain and retail development will be affected to a large extent by consumers' and the economy's belief in the future.

Share information

Ownership structure

At December 31, 2012, Hakon Invest is owned to 67.3% by ICA-handlarnas Förbund (the Association of ICA Retailers), which is thus the Parent Company of Hakon Invest. The remaining 32.6% is owned by approximately 14,200 shareholders. The company's common shares are listed on Nasdaq OMX Stockholm in the Large Cap segment.

Share capital in Hakon Invest amounts to SEK 402,293,590 distributed among 160,917,436 shares, each with a quota value of SEK 2.50. At year-end, the number of C shares amounted to 82,067,892 and the number of common shares after repurchases was 78,597,674. In addition, Hakon Invest owns 251,870 treasury shares. Common shares and C shares carry the same voting rights, but different dividend entitlement. While common shares have an unlimited dividend entitlement, C shares do not carry entitlement to cash profit distribution. C shares carry entitlement to profit distribution through distribution in kind. All C shares are held by the Association of ICA Retailers, which is the majority owner of Hakon Invest with 67.3% of the shares and voting rights.

The Association of ICA Retailers has decided on conversion of its holding of non-dividend paying C shares in Hakon Invest into common shares which carry dividend entitlement. This decision means that the Association of ICA Retailers has lodged a request with the Board of Hakon Invest on January 1, 2011, for conversion of all C shares into common shares, and that the share structure in Hakon Invest with effect from January 1, 2016, will only comprise common shares which carry dividend entitlement.

Guidelines for remuneration to senior executives

For the CEO and other senior executives in the company, the guidelines approved by the 2012 Annual General Meeting are applied. The company's remuneration for senior executives shall be on market terms, be long-term and quantifiable, and promote Group unity. Improvements, primarily in earnings per share, will be rewarded and there must be a ceiling for variable remuneration. Total remuneration shall comprise the following components: basic salary, pension benefits, terms for termination and severance pay, bonus, share-based incentive program and other benefits. The basic salary shall be market adjusted and based on expertise, responsibility and performance.

The targets for the bonus program shall be decided by the Board for each fiscal year. The targets shall be both quantitative and qualitative and based on factors that support the company's long-term strategy. The bonus may amount to a maximum of six monthly salaries for the CEO and four monthly salaries for other senior executives.

The share-based incentive program for 2010–2012 includes the CEO and other senior executives. The program requires own investment with a three-year vesting period. The program means that participants actively purchase new shares (Saving shares) at a market price and lock their Saving shares during a three-year period. Provided the participant is still employed and is still in possession of his or her Saving shares, a number of rights can be exercised to redeem Matching shares. If some clearly defined performance requirements are met, additional rights can be exercised to redeem Performance shares. Allocation of shares based on these rights takes place after three years. The total number of Matching and Performance shares may amount to a maximum of 99,800 with regard to the CEO and other senior executives for the three incentive programs.

For other senior executives a defined contribution pension plan shall be applied which means that a maximum of 35% of pensionable salary can relate to pension premiums which will be paid during the employment period. Senior executives with contracts entered into prior to the 2006 Annual General Meeting, are entitled to retire at the age of 62 with a defined benefit pension during the period until normal retirement age at 65. The CEO has a gross salary limit, where he may decide the size of the pension provision.

A mutual notice period of six months shall be applied for senior executives. Severance pay shall be paid to senior executives with up to 18 months fixed cash salary if employment is terminated by the company. The severance pay shall be deductible. Senior executives with contracts dated prior to 2005 are in some cases entitled to a non-deductible severance pay. The CEO is subject to a mutual notice period of six months. The President is not entitled to severance pay.

Risk management

Hakon Invest works with a number of basic principles for managing risks in different parts of its operations. This is regulated and managed via a formal work plan for the CEO and the Board. All investments are inherently uncertain and ahead of each investment Hakon Invest carries out a careful evaluation designed to identify and if possible reduce the risks that may be associated with the investment. The most comprehensive risk within Hakon Invest is the financial development of the individual portfolio companies, where a worst case scenario is the loss of Hakon Invest's entire investment in a company.

The holding in ICA AB constitutes a significant part of the company's assets and is therefore of particular importance for an assessment of Hakon Invest. Via ICA AB, Hakon Invest also has significant exposure to the Nordic and Baltic food retail sector. A less favorable business climate or political decisions, such as raised taxes, are factors that could have a negative impact on ICA's sales and earnings. Hakon Invest's financial policy stipulates how financial risks are to be managed and limited. The policy also provides a framework for management of financial assets. More information about Hakon Invest's risk management is provided in Note 2 on pages 82–83 of this annual report.

Environmental and HR issues

Hakon Invest's organization is small and the business is mainly conducted in an office environment which means that negative environmental impact is limited. Internal sustainability work is therefore focused on the employees' work environment. Guidelines for environmental work are stipulated in the working environment policy, as well as an equal opportunities and diversity policy. Hakon Invest has a strategy for sustainability issues, which is also used as a starting point in corporate governance in the holdings. Employee welfare is a prioritized area for Hakon Invest. All employees are invited to participate in a keep-fit program and are able to exercise during working hours.

Proposed disposition of profits

The following profits are at the disposal of the Annual General Meeting	(SEK 000s)
Retained earnings	2,378,347
Profit for the year	789,848
Total	3,168,195

The Board of Directors proposes that profits be distributed as follows:

To be carried forward	3,168,195
-----------------------	-----------

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Note	2012	2011
Revenues	4, 5	2,726	2,498
Cost of goods sold	5, 6, 7	-1,494	-1,399
Gross profit		1,232	1,099
Other operating income	5	73	67
Cost of sales	5, 6, 7, 8	-1,140	-1,056
Administrative expenses	5, 6, 7, 8	-372	-361
Other operating expenses		-7	—
Share of profit of companies accounted for using the equity method	5, 9	376	553
Profit/loss from participations in group companies	5	94	—
Operating profit	4, 5	256	302
Financial income	10	42	45
Financial expenses	11	-31	-31
Profit/loss from participations in group companies	3	—	9
Change in fair value of financial instruments	12	21	-73
Net financial items		32	-50
Profit before tax	4	288	252
Tax	13	18	23
Profit for the year from continuing operations		306	275
Profit/loss from discontinued operations		—	-216
Profit for the year	4	306	59
Other comprehensive income for the year			
Change in fair value reserve, net after tax ¹⁾		-28	1
Change in translation reserve, net after tax ¹⁾		8	-9
Change in hedging reserve, net after tax ¹⁾		-7	-8
Total other comprehensive income		-27	-16
Comprehensive income for the year		279	43
Profit for the year attributable to owners of the parent		324	99
Profit/loss for the year attributable to non-controlling interests		-18	-40
Comprehensive income for the year attributable to owners of the parent		297	83
Comprehensive income for the year attributable to non-controlling interests		-18	-40
Earnings per share, before and after dilution, SEK	14		
Common share		2.02	0.62
C share		2.02	0.62
Common share, continuing operations		2.02	1.97
C share, continuing operations		2.02	1.97
Common share, discontinued operations		—	-1.35
C share, discontinued operations		—	-1.35

1) Change attributable to holding recognized according to equity method.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

SEKm	Note	Dec. 31, 2012	Dec. 31, 2011
Non-current assets			
Goodwill	15	574	687
Trademarks	15	935	967
Other intangible assets	15	86	90
Equipment	16	48	66
Interests in companies recognized according to the equity method	9	5,721	6,185
Other non-current receivables		2	—
Deferred tax assets	13	223	237
Total non-current assets		7,589	8,232
Current assets			
Inventories	17	433	496
Trade and other receivables	18,19	132	155
Receivables from companies recognized according to the equity method		—	17
Tax assets		10	8
Other current receivables		34	37
Prepaid expenses	21	119	114
Short-term investments	22	1,155	753
Cash and cash equivalents	23	291	248
Total current assets		2,174	1,828
TOTAL ASSETS	4	9,763	10,060

EQUITY AND LIABILITIES

SEKm	Note	Dec. 31, 2012	Dec. 31, 2011
Equity	24		
Share capital		402	402
Other paid-in capital		2,778	2,778
Reserves		259	286
Retained earnings including profit for the year		4,825	4,990
Equity attributable to owners of the parent		8,264	8,456
Non-controlling interests		139	157
Total equity		8,403	8,613
Non-current liabilities			
Provisions for pensions and similar commitments	25	199	198
Deferred tax liabilities	13	212	259
Interest-bearing loan	27	186	15
Other non-current liabilities		29	45
Total non-current liabilities		626	517
Current liabilities			
Advance payments from customers		116	132
Trade and other payables	26	443	483
Interest-bearing loan	27	61	198
Other current liabilities		105	106
Deferred income		2	3
Current provisions	25	7	8
Total current liabilities		734	930
TOTAL EQUITY AND LIABILITIES		9,763	10,060
Pledged assets	28	456	468
Contingent liabilities	28	12	16

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm (Note 24)	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Reserves companies recognized according to equity method	Retained earnings incl. profit for the year			
Opening equity, January 1, 2011	402	2,778	302	5,372	90	8,944	
Profit/loss for the year	—	—	—	99	-40	59	
Other comprehensive income	—	—	-16	—	—	-16	
Comprehensive income for the year	—	—	-16	99	-40	43	
New issue Hemtex	—	—	—	-4	102	98	
Adjustment	—	—	—	-5	5	0	
Dividend	—	—	—	-472	—	-472	
Closing equity, December 31, 2011	402	2,778	286	4,990	157	8,613	
Profit/loss for the year	—	—	—	324	-18	306	
Other comprehensive income	—	—	-27	—	—	-27	
Comprehensive income for the year	—	—	-27	324	-18	279	
Incentive program	—	—	—	2	—	2	
Dividend	—	—	—	-491	—	-491	
Closing equity, December 31, 2012	402	2,778	259	4,825	139	8,403	

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	Note	2012	2011
Operating activities			
Profit before tax		288	37
Adjustment for non-cash items	29	-346	-214
		-58	-177
Dividends from companies recognized according to the equity method	9	815	802
Income tax paid		-18	-8
Cash flow from operating activities before change in working capital		739	617
Change in working capital			
Inventories		56	45
Current receivables		-24	37
Current liabilities		54	-30
Cash flow from operating activities		825	669
Investing activities			
Investments in non-current assets		-57	-24
Acquisition of subsidiaries	3	—	-217
Sale of subsidiaries		170	—
Change in short-term investments		-421	250
Cash flow from investing activities		-308	9
Financing activities			
Borrowing		112	15
Amortization of loans		-95	-222
New issue Hemtex		—	102
Dividends paid		-491	-472
Cash flow from financing activities		-474	-577
Cash flow for the year		43	101
Cash and cash equivalents at beginning of the year		248	147
Exchange differences in cash and cash equivalents		0	0
Cash and cash equivalents at the end of the year	23	291	248

Disclosures about interest paid

Interest paid during the year amounted to SEK 19 million (28)

Interest received during the year amounted to SEK 19 million (15)

Disclosures on cash flow from discontinued operations

Hemma's cash flow was included in 2011 with SEK -30 million in the item *Cash flow from operating activities*, with SEK -8 million in the item *Cash flow from investing activities* and with SEK 36 million in the items *Cash flow from financing activities*.

NOTES

I Accounting principles

Company's registered office, etc.

The company Hakon Invest AB has its registered office in the municipality of Stockholm. Hakon Invest is a public company and is owned to 67.3% by ICA-handlarnas Förbund (the Association of ICA Retailers) (reg. no. 802001-5577). The address of the company's head office is Hakon Invest AB, Box 1508, SE-171 29 Solna, Sweden. The company's website is www.hakoninvest.se and its telephone number is +46 8 55 33 99 00. The corporate registration number is 556048-2837.

The consolidated financial statements will be presented for approval to the Annual General Meeting on May 20, 2013, and were approved for publication according to a Board decision on March 14, 2013. The company's operations are described in the Board of Directors' report.

Accounting principles

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) that have been endorsed by the EU. The accounting principles described apply to the Hakon Invest Group including associates and joint ventures, but several of the principles are only significant for accounting for the holding in ICA AB.

The Swedish Financial Reporting Board's recommendation RFR 1 Complementary Accounting Standards for Groups is also applied. All principles applied are unchanged compared with the previous year, except as specified in the following section.

Changed accounting principles and disclosure requirements 2012

New or changed IFRS standards and interpretations issued by IFRIC to be applied with effect from 2012 are of limited extent and have not had any effect on Hakon Invest's financial statements.

Key estimates, assumptions and assessments

In applying the accounting principles, the Board of Directors and the CEO make a number of estimates, assumptions and assessments. Actual results may differ from these estimates, assumptions and assessments which might affect the value of the recognized assets and liabilities. For Hakon Invest, this primarily involves the carrying amounts for goodwill, other intangible assets with an indefinite useful life (see Note 15), interests in companies recognized according to the equity method (see Note 9).

Interests in joint ventures are recognized according to the equity method. A joint venture is a business enterprise undertaken by two or more partners whose cooperation is contractually regulated and where the contract gives the parties joint control of the enterprise. At classification of a shareholding as a joint venture an assessment is made of the contractual relationship and other circumstances in order to determine whether or not joint control exists.

At the acquisition of the remaining 45% of the shares in ink-Club in 2011 the holding was transferred from investments in joint ventures recognized according to the equity method to interests in subsidiaries. The previously owned interests were remeasured at an estimated fair value of SEK 374 million on the basis of an external valuation, with an earnings impact of SEK 9 million.

The remeasurement provides the basis for determining the cost of the previously owned interests and has a direct impact on the carrying amount for goodwill.

For preparation of ICA's own financial statements, the most significant estimates and assessments concern taxes, sale and lease-back, impairment of non-current assets, reporting of pensions as well as claims and provisions.

Basis of the financial statements

The consolidated financial statements are based on historical costs, except for derivative financial instruments and certain financial assets, which are measured at fair value. The Parent Company's functional currency is Swedish kronor, which also comprises the presentation currency for the Parent Company and the Group. All amounts in the financial statements are stated in SEK millions (SEK million) until otherwise indicated.

Consolidated financial statements

The consolidated financial statements include the Parent Company, Hakon Invest AB, and its subsidiaries. A subsidiary is included in the consolidated financial statements from the date the Parent Company has control over the company and is no longer included from the date the Parent Company's control over the company ceases. Subsidiaries are reported in the consolidated financial statements according to the acquisition method.

For step acquisitions previous equity interests in the acquired company are remeasured at fair value on the acquisition date. Any gain or loss arising at remeasurement is recognized in profit or loss.

The financial statements of the Parent Company and subsidiaries included in the consolidated financial statements refer to the same period and are prepared according to the accounting principles that apply for the Group. Uniform accounting principles are applied to all units included in the consolidated financial statements.

All intra-Group receivables and liabilities, income and expenses, gains or losses arising from transactions between companies included in the consolidated financial statements are eliminated in their entirety.

Acquisition of non-controlling interests

In the event of acquisition of additional interests, after control is acquired, the entire difference between the consideration transferred and the carrying amount of the non-controlling interest acquired is recognized directly in equity.

Investments in associates

An associate in an entity in which the Group has significant influence but not control. Holdings in associates are accounted for using the equity method.

Use of the equity method means that investments in associates are recognized in the statement of financial position at cost, with the addition of changes in the Group's share of the associate's net assets and minus any impairment and dividend. Profit for the year in the statement of comprehensive income reflects the Group's share of associates' profit after tax. The financial statements for associates which are used at application of the equity method relate to the same period and are prepared according to the accounting principles that apply to the Group.

The Group's investments in associates include goodwill items treated in accordance with the accounting principles for goodwill stated below. The carrying amounts of interests in associates are tested for possible impairment.

Investments in joint ventures

A joint venture is a business enterprise undertaken by two or more partners whose cooperation is contractually regulated and where the contract gives the parties joint control of the enterprise. Hakon Invest reports joint ventures using the equity method and testing for impairment is carried out in the same manner as described above for associates.

Group companies

Group companies, with regard to the statement of financial position, refer to the Parent Company and sister companies of Hakon Invest AB.

Translation of foreign currency

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the presentation currency for the Parent Company and Group.

Transactions in foreign currency are reported in the accounts at their spot rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are reported in the statement of financial position at the closing rate. Any exchange rate differences are reported in profit or loss for the period.

Income, expenses, assets and liabilities of operations with a functional currency other than SEK – i.e. normally, foreign subsidiaries – are translated into SEK. These assets and liabilities are reported in the statement of financial position translated into SEK according to the closing rate. Income and expenses are reported in the consolidated statement of comprehensive income translated at the average exchange rate for the year. The exchange differences that arise in translation are recognized directly in equity. When such an operation is sold the accumulated exchange differences are recognized in profit or loss for the period as part of the gain or loss on the disposal.

Property, plant and equipment

Property, plant and equipment are recognized at cost after deduction for accumulated depreciation and any impairment losses. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life to an estimated residual value. The residual value and useful life are tested in conjunction with every period-end report and adjusted in the event of new assessments.

Carrying amounts of property, plant and equipment are tested when events or changed circumstances indicate that the carrying amount may not be recoverable. The test entails a comparison of the carrying amount with the higher of the asset's net selling price and its value in use. Value in use consists of the present value of the future net cash flow generated by the asset. If an individual asset does not generate a cash flow that is independent of other assets, the cash flow is calculated for a group of assets, a cash-generating unit. Present value is calculated according to a discount factor before tax that reflects the risks inherent with the asset.

If the carrying amount exceeds the higher of the asset's net selling price and value in use, an impairment loss is recognized for the asset to the higher of these values. Impairments are reported in profit or loss for the year.

Goodwill and other intangible assets with an indefinite useful life

Goodwill represents the portion of the acquisition cost that exceeds the fair value of acquired net assets on the acquisition date. Net assets refer here to the difference between identifiable assets and liabilities in an acquired subsidiary, associate or joint venture. It is assumed that the useful life of goodwill is indefinite. Goodwill and other intangible assets with an indefinite useful life are not amortized.

The carrying amount of intangible assets that are not amortized is tested annually for impairment as well as any indication of impairment. Impairment losses are included in profit or loss for the year.

The goodwill amount calculated at a business combination is attributed in conjunction with the acquisition to assets that generate a cash flow independent of other assets (cash-generating units). If the carrying amount of the cash-generating unit's assets exceeds the present value of the future cash flow or the selling price with deduction for selling costs, the carrying amount is impaired to the higher of the present value of these amounts. Present value is calculated according to a discount factor before tax that reflects the inherent risks in the asset.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognized in the statement of financial position at cost with deduction for accumulated amortization. The cost of identifiable intangible assets acquired as part of a company acquisition consist of the assessed fair value at the acquisition date. Intangible assets with a finite useful life are amortized on a straight-line basis over the assessed useful life to an assessed residual value. The carrying amounts of the intangible assets are tested for impairment when events or changed circumstances indicate that the value may not be recoverable or if other impairment indications exist.

Development costs

Development costs are recognized as an expense as incurred, although expenditure for development attributable to a single project, such as an IT system, is recognized as an asset when it can be shown that it will generate financial rewards. The asset is amortized during the period in which it is used. In other cases development costs are recognized as an expense when incurred.

The carrying amount of development costs recognized as an asset is tested annually for possible impairment, provided the asset has not yet gone into operation. Subsequently, the value is tested if events or changed circumstances indicate that the carrying amount may not be recoverable.

Financial instruments

Financial instruments are recognized in the statement of financial position when the Group becomes a party to the contractual conditions of the instrument. Financial assets are derecognized from the statement of financial position when the contractual rights to cash flows from the asset cease to exist. Financial liabilities are derecognized from the statement of financial position when the commitment is fulfilled, annulled or ceases to exist.

Classification of financial instruments is provided in Note 18. This note also specifies the measurement level in the fair value hierarchy to which Hakon Invest's financial instruments belong if measurement is at fair value in the statement of financial position.

Level 1 relates to financial assets for which quoted prices for identical instruments are observable in an active market. Level 2 relates to financial assets for which measurement is performed using a model based on observable market inputs.

Short-term investments and long-term securities holdings

Hakon Invest's short-term investments and other equities are recognized at fair value through profit or loss for the period, and management follows up the investments in this way.

All normal acquisitions and disposals of financial assets are recognized on the settlement date, i.e. the date on which delivery takes place. Normal acquisitions or disposals refer to acquisition or sales of financial assets that require that the assets are delivered within the timeframe customarily imposed by law or market convention.

In order to determine a fair value for financial assets and liabilities official market listings are used for the assets and liabilities that are traded in an active market. For investments that are actively traded in the market, the fair value is determined when the market closes on the balance sheet date. For investments that do not have a market listing, the fair value is determined as the actual market price for another instrument that is essentially similar or at an amount calculated on the basis of anticipated cash flows.

Derivatives pertaining to financial instruments

Derivatives of financial instruments such as currency forward contracts and interest swaps are used to a limited extent to reduce the risks involved in interest and exchange rate fluctuations. These derivatives are recognized at fair value. Official quotations on the balance sheet date are used when determining fair value of derivatives.

Trade and other receivables

Receivables are reported in the amounts in which they are expected to be received. Trade receivables, for which payment is normally due after 10–90 days, are initially reported at the invoiced amount. An assessment of doubtful debts is made when it is no longer probable that the full amount will be received.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, as well as short-term investments with an original maturity of not more than three months.

Interest-bearing loans

All loans are initially reported at cost, which corresponds to the fair value of the amount received, less expenses related to the borrowing. The loan debt is subsequently reported at amortized cost, implying that the value is adjusted for any discounts or premiums in connection with the loan and that costs in connection with the procurement of the loan are distributed over the term of the loan. The distribution over time is calculated on the basis of the effective interest of the loan. Gains and losses that arise when a loan is redeemed are recognized in profit or loss for the year.

Financial instruments in ICA's financial statements

In ICA's financial statements which provide the basis for Hakon Invest's accounts, financial assets are primarily classified as loans and receivables as well as available-for-sale financial assets. Loans and receivables are recognized at amortized cost while

available-for-sale assets are recognized at fair value with changes in value recognized in other comprehensive income until the asset is derecognized from the statement of financial position whereby previously recognized change in value is recognized through profit or loss. Financial liabilities are mainly classified as other financial liabilities which are recognized at amortized cost.

In addition derivatives are used to hedge currency flows from import of goods and to hedge interest rate payments. Derivatives for these cash flow hedges are recognized at fair value whereby changes in value are recognized in other comprehensive income pending the hedged item's recognition in profit or loss or as an initial cost in the statement of financial position. The ineffective portion of changes in value is recognized through profit or loss.

ICA Bank's lending in the form of unsecured and card credits to consumers belongs to the category loans and receivables. They are recognized at amortized cost taking into account confirmed and probable loan losses. ICA Bank's borrowing belongs to the category other financial liabilities. Investments of ICA Bank's surplus liquidity is included in the category available-for-sale financial assets.

Inventories

Inventories are valued at the lower of cost and net selling price.

The net selling price corresponds to the estimated selling price under normal circumstances, less estimated manufacturing and selling costs.

Provisions

Provisions are reported in the statement of financial position when the Group has a contractual or constructive obligation as the result of events that have occurred and it is probable that payments will be required to fulfill the obligation and the amount can be calculated in a reliable manner. If it is almost certain that reimbursement will be received corresponding to the provision made, for example through an insurance contract, the reimbursement is recognized as an asset in the statement of financial position.

The value of the provision is determined by a present value calculation of anticipated future cash flow and the gradual increase in the allocated amount as a result of the present value calculation is recognized as an interest expense in the statement of comprehensive income.

Share-based payments

Hakon Invest has three combined share matching and performance based incentive programs directed to all employees in the Parent Company. The programs require own investment with a vesting period and a redemption period. The programs mean that participants actively purchase new shares (so-called Saving shares) at a market price and lock the Saving shares over a period. Provided the participant is still employed and still in possession of the Savings shares, a number of rights can be exercised to redeem so-called Matching shares. If some clearly defined performance requirements are met, additional rights can be exercised to redeem so-called Performance shares. Share-based payments which are settled with equity instruments mean a charge is accrued and recognized during the vesting period. The cost is based on an initially identified value per share as well as an assessment made on every closing date of how many shares will finally be issued taking into account the earnings and performance terms. During the vesting period a provision is made

for the social security costs that are paid. Purchase of treasury shares in order to meet commitments according to the program are recognized directly in equity.

In the portfolio companies there are in some cases option programs for board chairmen and senior executives. The option programs consist of synthetic options and in some cases call options. These programs are cash-settled and changes in the value of the options are included in profit or loss for the year.

Pensions and other post-retirement benefits

Pension commitments are classified as defined contribution or defined benefit plans. The present value of defined benefit obligations for current or former employees is calculated on the basis of actuarial assumptions at least once a year. Actuarial assumptions comprise the company's best assessment of the different variables that determine the cost of providing the benefits. Since actuarial assumptions are used, actuarial gains and losses arise. These may be caused by a high or low employee turnover, salary changes and changes in the discount rate. Hakon Invest recognizes actuarial gains and losses directly in profit or loss as they arise. Reporting of defined benefit plans is changed with effect from 2013, see further below under Future accounting rules. The company's responsibility for the defined contribution plans is limited to paying premiums to an insurance company, which means premiums paid are recognized as an expense.

Leasing

Leases are classified in the Group as either operating or finance leases. Finance leases are leases where essentially all economic risks and rewards incidental to ownership are transferred from the lessor to the lessee. All other leases are operating leases.

In Hakon Invest's consolidated financial statements there are only operating leases, which are recognized as an expense on a straight-line basis during the leasing period.

Sale and leaseback

When a property is sold that is then leased back an overall assessment is made of who bears the essential risks and rewards in the property and whether the seller still has a significant interest in the sold property. If the assessment is that the essential risks and rewards taken as a whole remain with the seller no income is recognized from the sale on the transaction date, and not until the interest ceases and these risks and rewards are transferred to the purchaser.

A significant interest exists, for example, if the leased back property is rented out to an independent ICA retailer. If the risks and rewards remain in ICA, alternatively ICA has a continued interest in the property, the ICA Group continues to recognize the property in the balance sheet as if no sale had taken place and depreciation continues on the basis of assessed useful life. The purchase price received from the sale is regarded as a loan and recognized as a liability. Any lease payments made are allocated between interest expense and amortization of the debt.

Contingent liabilities

A contingent liability exists when there is a possible obligation attributable to past events and whose existence is confirmed only by one or more uncertain future events, or when there is an obligation that is not recognized as a liability or provision since it is not probable that an outflow of resources will be required or the

amount of the obligation cannot be estimated in a sufficiently reliable manner. Disclosure is made provided the probability of an outflow of resources is not extremely small.

Revenue

Revenue is recognized to the extent to which the financial rewards are likely to accrue to the Group and revenue can be estimated in a reliable manner.

Sale of goods

Revenue is recognized when the significant risks and rewards associated with ownership of the goods are transferred to the purchaser and when the revenue can be estimated in a reliable manner.

Other operating income

Other operating income primarily consists of income from contract magazine operations, subscription income for publications and income from various forms of consulting services. Other operating income in ICA includes royalties, franchise fees, income from various forms of consulting services to ICA retailers and bonuses from suppliers. Other operating income is recognized when it is earned.

Interest

Interest income is reported as it is earned. Interest income is calculated on the basis of the return on the underlying asset, according to the effective interest rate.

Dividends

Dividend income is reported in the income statement when the right to receive the payment is established.

Rental revenue

Rental income from investment properties is reported straight-line over the term of the lease.

Tax

Tax in the Group consists of current and deferred tax.

Hakon Invest's current tax consists of those taxes to be paid or received for the current year. Deferred tax is reported in accordance with the balance-sheet method. This implies that deferred taxes are calculated as per the balance sheet date – that is, the difference between the tax base of the assets or the liabilities on the one hand and the values reported in the statement of financial position.

Deferred tax liabilities are recognized in the statement of financial position for all temporary differences except when they are related to goodwill or an asset or liability in a transaction that is not a business combination and which, at the date of the transaction, affected neither the reported nor taxable profit or loss during the period. In addition, temporary differences that are attributable to investments in subsidiaries, associates and interests in joint ventures are only taken into account to the extent it is probable that the temporary differences can be reversed in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and unutilized loss carry forwards to the extent it is probable that future taxable profits will be available and against which the temporary differences or unutilized loss carry forwards can be utilized. The carrying amounts of deferred tax assets are

tested on each balance sheet date and reduced to the extent it is no longer probable that a sufficiently large taxable profit will be available to utilize all or parts of the deferred tax assets.

Deferred tax assets and tax liabilities are calculated on the basis of tax rates (and tax legislation) that prevail or prevail in practice on the balance sheet date. The current tax rate in Sweden is 26.3% (22.0% from 2013), in Finland 26%, in Norway 28%, in Denmark 25%, in Estonia 0% and in Latvia 15%.

Future accounting standards

New or amended IFRS standards or interpretations of these which have been published but not yet come into effect are not applied.

The following new and amended standards will be applied starting in 2013.

IFRS 13 Fair Value Measurement. This standard contains uniform rules for calculation of fair value where other standards require recognition at or disclosures on fair values. New types of disclosures will be provided to clarify which valuation models are applied and which data is used in them.

Amendments to IAS 1 Presentation of Financial Statements. Requires grouping of items within other comprehensive income. Items which may later be reclassified to the income statement must be reported separately. The proposal does not change the actual content of other comprehensive income but only presentation.

Amendments to IAS 19 Employee Benefits. Significant changes primarily relating to accounting for defined benefit pension plans. Vesting for the year of defined benefit pensions, gains and losses which arise on settlement of a pension liability and financial items relating to the defined benefit plan are recognized in profit or loss. Actuarial gains and losses, which are currently recognized

in profit or loss on a current basis, will instead be recognized in Other comprehensive income.

The following new and amended standards (except for IFRS 9) will be applied starting in 2014.

IFRS 10 Consolidated Financial Statements. The standard contains uniform rules of which entities are consolidated and will replace IAS 27 Consolidated Financial Statements and SIC 12 which deals with Special Purpose Entities. The new standard does not affect Hakon Invest's present group structure.

IFRS 11 Joint Arrangements. This standard replaces IAS 31 Interests in Joint Ventures and prescribes accounting treatment for joint arrangements. Such jointly controlled investments are divided into two categories, joint venture and joint operation, for which different accounting rules will apply. Hakon Invest is currently assessing the effects of the new standards.

IFRS 12 Disclosures of Interests in Other Entities. Extended disclosure requirements for subsidiaries, joint arrangements and associates have been placed in one standard and will result in some extensions to Hakon Invest's disclosures.

IFRS 9, Financial Instruments. This standard is part of a complete revision of the present standard IAS 39. The standard will lead to a reduction in the number of measurement categories for financial assets, an unchanged number of categories for financial liabilities and rules for how changes in own credit spread should be disclosed when own liabilities are measured at fair value. The standard will be complemented with rules on impairment, hedge accounting and derecognition from the statement of financial position. IFRS 9 must be applied for fiscal years that start on January 1, 2015, or later. The EU has not endorsed the standard and at present there is no timetable for endorsement.

2 Risks

Hakon Invest's operations are exposed to a number of risks which are measured and followed up continuously. One key part of this work is to minimize risks through preventive measures. The most important risks and how Hakon Invest works to manage and prevent them are described below.

Risks in asset management

Hakon Invest's assets under management at year-end 2012 amounted to SEK 1,155 million (753). DNB Investment Management handles most of asset management. The other assets under management comprise Ahold shares, hedge/investment funds and cash and cash equivalents.

The financial and investment management policy provides a framework for how financial risks are managed, both in the day-to-day operations and in asset management. The policy is adopted annually by the Board and compliance is monitored by the Audit Committee. Work based on the policy is ongoing with a quarterly more in-depth follow-up and measurement of risks.

Currency risk

Currency risk comprises the risks that arise in conjunction with transactions made in foreign currency and when assets and liabilities are held in foreign currency.

Hakon Invest's financial and investment management policy stipulates that speculative position-taking designed to create reve-

nue from exchange rate fluctuations may not take place. Foreign currency flows are not normally hedged but Hakon Invest can decide to make an exception. In cases where Hakon Invest holds net assets or liabilities in foreign currency these should be hedged if they comprise more than 2% of consolidated equity.

According to the financial and investment management policy, no hedging needs to be effected within management of assets in foreign currency. Hakon Invest has chosen to accept the earnings impact that might arise from these currency fluctuations. At year-end 2012, Hakon Invest's exposure to foreign currency amounted to EUR 6.0 million (5.8) through shareholdings (Ahold), which corresponded to 4.5% of the assets in the portfolio. An exchange rate fluctuation of 10% against EUR would affect Hakon Invest's earnings and equity by approximately SEK 5 million (6) before tax.

Interest rate risk

Borrowing which is interest-bearing contains an inherent interest rate risk since changes in interest rates affect the company's interest expenses.

According to Hakon Invest's policy the average fixed-interest term may not exceed 12 months in the loan portfolio and individual fixed-interest terms may not exceed five years. Interest rate risk, the cost of a 1 percentage point change in interest rates, may amount to a maximum of 20% of consolidated profit for the year before tax, based on results in the immediately preceding 12 months.

At year-end 2012, the Parent Company had no interest-bearing financial liabilities and the Group had SEK 453 million (438) in interest-bearing liabilities. A one percentage point change in interest rate would have no effect on the Parent Company's earnings and a very marginal impact on consolidated earnings.

In investment management the portfolio's fixed-income securities, both directly owned and owned via fixed-income funds, have an average duration of a maximum of 5 years. At year-end 2012 the duration was 1.3 years (1.2) and it also averaged less than 5 years during the year. If interest rates were to change by one percentage point, the Parent Company's and the Group's earnings and equity would be affected by approximately SEK 7 million (4) before tax.

Liquidity risk

Liquidity risk is the risk of being unable to meet payment commitments on the due date without the cost of obtaining means of payment increasing significantly. For a financial instrument the liquidity risk means that the asset cannot immediately be converted into cash without losing value. Hakon Invest's policy stipulates that cash and unutilized credit facilities must be available to guarantee a good payment capacity. At year-end 2012, payment capacity was good and most of the short-term investments could be released within three days. The Board has decided that the company's limit for the debt/equity ratio should be 70%. At year-end 2012, the debt/equity ratio was 5.4% (5.1) for the Group. When the acquisition of 60% of the shares in ICA from Ahold is carried out, the Hakon Invest Group's net debt (excluding pension liabilities) will amount to approximately SEK 20 billion, which will be repaid through a new issue to Hakon Invest's shareholders of approximately SEK 5 billion, long-term debt financing and preference shares in ICA Real Estate. See description in the Directors' report on page 69.

Credit risk

Credit risk means that counterparties fail to meet their obligations and the risk that pledged collateral does not cover the debt. Hakon Invest's financial and investment management policy stipulates that a counterparty in financial transactions must have a credit rating of at least BBB/Baa from Standard & Poor's and Moody's respectively. In asset management limits apply to the portfolio as shown below, where percentages relate to proportions of the total market value of the portfolio.

Approved counterparties for transactions with the portfolio's assets, according to the financial and investment policy, are Swedish banks, securities institutions or other institutions that have the Swedish Financial Supervisory Authority's permission to conduct trading in financial instruments or currencies.

Share price risk

Share price risk is the risk that the value of a financial instrument will fluctuate due to changes in share prices.

The target for Hakon Invest's investment management is to achieve a return that corresponds to the change in the consumer price index (CPI) plus 4 percentage points. At the end of 2012, the equities portion of the portfolio amounted to 18%. If share prices were to change by 10 percentage points, the Group's earnings and equity would be affected by approximately SEK 23 million (25) before tax.

The market value of directly-owned equities, bonds and other financial instruments attributable to an individual issuer may comprise a maximum of 10% of the portfolio's total market value. An exception applies to the Swedish government or securities guaranteed by the Swedish government, a Swedish housing finance institution and Swedish municipalities and county councils.

Of the portfolio's investments in Swedish and foreign equities, depository receipts and share-related instruments, at least 90% must be listed. At year-end 2012 all own investments in securities were in listed companies or registered funds.

Risks related to holdings and investments

Stock market trends and interest rates

A negative stock market trend could impact the assessment of the value of both Hakon Invest's listed shareholdings as well as Hakon Invest's unlisted holdings. Interest rates are another factor that could impact the assessed value of the holdings. The interest-rate situation also impacts the cost of loan financing.

Decline in value of asset management portfolio and shareholdings

For the asset management portfolio and the shareholding in Ahold, which combined at December 31, 2012, amounted to SEK 1,555 million (753), adjustments of the book values are made on the basis of changes in share prices and exchange rates, which could have a negative impact on Hakon Invest.

Factors related to the holdings

Hakon Invest's earnings are affected significantly by its interest in the earnings of the holdings. Accordingly, factors that could have a negative impact on the holding's operations, financial position and earnings could have a less than insignificant impact on Hakon Invest. The future development of the unlisted holdings in associates and joint ventures and/or changes in external factors could affect the assessment of the value of these holdings and, accordingly, in the case an assessment results in an estimation of a reduced value, require an impairment of book values.

Issuer category	Issuer/security ¹⁾	Max. share of portfolio per issuer category, %	Max. share of the portfolio per issuer, %
1.	Swedish government or securities guaranteed by the Swedish government: securities with AAA/Aaa ratings	100	100
2.	Swedish housing finance institutions	70	30
3.	Swedish municipalities and county councils: securities with AA/Aa rating	50	20
4.	Securities with A/A rating	40	10
5.	Securities with BBB/Baa rating	30	10

1) Rating from rating institutes Standard & Poor's and Moody's respectively. Where appropriate, Issuer/security should be credit-rated by at least one of these institutes. In the event of a split rating, the lower rating shall apply.

3 Business combinations

In December 2011, Hakon Invest acquired, via its subsidiary inkClub Intressenter AB, the remaining 45% of the shares in inkClub Development AB for a cash consideration of SEK 199 million, whereupon inkClub Development AB is owned to 100%. This acquisition leads to additional exposure to online retail, which is a growing part of the retail sector and makes it possible to increase the rate of investment in inkClub in order to be able to develop the business towards new growth areas and markets.

On the acquisition date, the former holding was remeasured to a fair value of SEK 374 million on the basis of an external valuation, which provides a total cost of SEK 573 million. The remeasurement resulted in a profit of SEK 9 million which is reported on the line "Profit from participations in group companies".

The purchase price allocation provided a carrying amount for intangible assets of SEK 658 million, of which trademarks accounted for SEK 315 million, customer relations SEK 21 million

and goodwill SEK 322 million. Goodwill is related to inkClub's organization, employees and other technical factors which provide strategic advantages for development of businesses towards new growth areas and markets. Of the goodwill amount, nothing is expected to be deductible for tax purposes. Trademarks and goodwill are assessed as having indefinite useful lives and are not amortized. Customer relations will be amortized over a five-year period.

Fair value of acquired current receivables amounted to SEK 35 million and gross agreed value SEK 50 million. Fair value is estimated to correspond to the amount that will be received.

inkClub is reported as a subsidiary with effect from December 31, 2011. How inkClub would have affected Hakon Invest's sales and earnings if the acquisition has been made on January 1, 2011, is shown below.

In 2011, Forma PG acquired 51% of the shares in the Finnish company Susamuro OY for SEK 18 million.

	Hakon Invest Group	Acquisition inkClub	Hakon Invest Group pro forma
Net sales	2,498	504	3,002
Profit for the year	59	13	72
		inkClub Development AB	
Purchase price allocation	Carrying amount in acquired company	Value according to PPA	
Trademarks	7	315	
Goodwill	46	0	
Other intangible assets	8	21	
Property, plant and equipment	5	5	
Inventories	38	38	
Current receivables	35	35	
Cash and bank balances	6	6	
Deferred tax liabilities	-2	-86	
Non-current liabilities	-34	-34	
Current liabilities	-49	-49	
Acquired identifiable net assets	60	251	
Goodwill		322	
Acquired net assets incl. goodwill		573	
Cost		573	
Acquisition cost for acquisitions for the year		199	
Cash and cash equivalents in acquired subsidiary		-6	
Change in the Group's cash and cash equivalents at acquisitions in 2011		193	

4 Segment information

Hakon Invest has the following segments: Forma, Cervera, Hemtex, inkClub, Kjell & Co and ICA. The segment Hemma was sold as of December 1, 2011, and is reported on the line Discontinued operations. inkClub is reported as a separate segment with effect from December 31, 2011.

Forma conducts publishing operations with both magazines and books. Cervera sells glass, porcelain and kitchen equipment and Hemtex sells home textiles.

inkClub is an online retailer which sells different types of consumables over the internet and Kjell & Co sells electronic accessories.

ICA AB's risks and opportunities have been identified in ICA's Annual Report in the following operating segments: ICA Sweden, ICA Norway, Rimi Baltic, ICA Real Estate, and ICA Bank. The first three relate to retail operations in each geographic area. ICA Real Estate conducts property management and ICA Bank conducts banking operations.

	External revenues		Operating profit/loss		Profit/loss after financial items		Profit/loss for the year	
	2012	2011	2012	2011	2012	2011	2012	2011
Forma	533	847	-35 ¹⁾	-57 ²⁾	-42	-69	-42	-52
Cervera	723	722	-7	-12	-10	-17	-19	-13
Hemtex	941	929	-46	-116	-52	-125	-52	-125
inkClub	529	—	35 ³⁾	-4	28	-4	33	-4
Kjell & Co	—	—	23	14	23	14	23	14
ICA	—	—	352	544	352	544	352	544
Discontinued operations	—	—	—	—	—	—	—	-216
Other	—	—	-66	-67	-11	-91	11	-89
Total	2,726	2,498	256	302	288	252	306	59

	Assets		Liabilities		Investments		Depreciation and impairment	
	2012	2011	2012	2011	2012	2011	2012	2011
Forma	378	608	376	561	7	31	17	9
Hemma	—	—	—	—	—	8	—	92
Cervera	401	408	298	284	1	7	13	18
Hemtex	560	622	275	286	20	3	28	36
inkClub	188	146	103	86	29	—	8	—
Kjell & Co	134	126	—	—	—	—	—	—
ICA	5,568	6,041	—	—	—	—	—	—
Other	2,534	2,109	308	230	—	199	—	—
Total	9,763	10,060	1,360	1,447	57	248	66	155

1) Including capital gain from the sale of subsidiary of SEK 94 million and IFRS recalculation of the PRI liability with SEK -6 million.

2) Including IFRS recalculation of PRI liability with SEK -45 million. The item is recognized in comprehensive income in Forma's financial statements.

3) Including amortization of surplus values of SEK 3 million.

Of 2012 net sales, SEK 2,327 million (2,336) came from Sweden, SEK 181 million (147) from Finland and SEK 218 million (15) from other countries. The origins of the revenues are based on where the store is located. Financial items mainly relate to interest expenses on loans. Other mainly includes earnings in the Parent Company. Assets outside Sweden amount to an insignificant amount.

5 Income statement classified by nature of expense

	2012	2011
Revenues	2,726	2,498
Other operating income	73	67
Share of profits in companies recognized according to the equity method	376	553
Cost of goods sold	-1,344	-1,180
Other external costs	-862	-778
Employee benefit expenses	-742	-795
Profit from participations in group companies	94	—
Depreciation/amortization and impairment of tangible and intangible assets	-65	-63
Operating profit	256	302

6 Depreciation

	2012	2011
Cost of goods sold	5	9
Selling costs	40	48
Administrative expenses	21	6
Total	66	63

Hemma's (discontinued operations) depreciation amounted to SEK 3 million in 2011. Goodwill impairment of SEK 89 million was effected relating to the Hemma stores.

Depreciation refers mainly to equipment but also includes rebuilding, buildings and leases. The following depreciation schedules are applied within the Group:

Buildings and service facilities	20–50 years
Land improvements	20 years
Computer equipment	3 years
Equipment, other	3–10 years
Other intangible assets	5–10 years

7 Fees to auditors

	2012	2011
Ernst & Young, audit assignment	5	5
Ernst & Young, tax assignment	0	0
Ernst & Young, other services	3	1
Total	8	6

Hemma's (discontinued operations) fees to auditors amounted to SEK 0.3 million in 2011 for audit assignment and SEK 0.2 million for other services.

8 Average number of employees, salaries, other remuneration and social security contributions

Average number of employees is calculated on the basis of normal working hours in the Group of 1,800 hours.

Average number of employees in the Group	2012	2011
Women	910	952
Men	202	185
Average number of employees in the Group, total	1,112	1,137
Salaries and remuneration amounted to (SEKm):		
Board of Directors and Presidents	36	32
Other employees	482	502
Social security contributions, statutory and contractual	156	153
Pension costs	51	48
Total salaries, remuneration, social security contributions and pension costs	725	735

Hemma's (discontinued operations) salaries, remuneration, pensions and social security contributions amounted to SEK 69 million in 2011.

Remuneration to the Board of Directors

The Chairman of the Board and Board members are paid fees determined by a decision of the Annual General Meeting. Fees to Board members are reported in thousands of kronor (SEK 000s).

Fees to Parent Company's Board members 2012, SEK 000s ¹⁾	Board fee	Commit-tee work	Total fee 2012	Total fee 2011
Lars Otterbeck	0	0	0	646 ²⁾
Hannu Ryöppönen	275	0	275	0
Anders Fredriksson	330	25	355	380
Cecilia Daun				
Wennborg	220	75	295	270
Jan Olofsson	220	25	245	245
Andrea Gisle Joosen	220	25	245	245
Magnus Moberg	220	25	245	270
Thomas Strindeborn	0	0	0	135
Peter Berlin	220	25	245	160
	1,705	200	1,905	2,351

1) Remuneration excluding social security contributions.

2) Including an amount which corresponds to social security costs when fee invoiced via a company.

Remuneration to the CEO and other senior executives

Remuneration to the CEO and other senior executives consists of a basic salary, pension benefits, severance pay, bonus, share-based incentive program and other benefits. Other senior executives refers to the individuals who, with the CEO, form Executive Management. Remuneration to senior executives is reported in SEK thousands (SEK 000s).

The CEO and other senior executives are included in an annual remuneration system in the form of a cash bonus. The bonus can amount to a maximum of SEK 2.0 million for the CEO and four monthly salaries for other senior executives. For 2012, a bonus of SEK 2.0 million (1.0) has been reserved for the CEO and SEK 2.3 million (1.1) for other senior executives.

2012, SEK 000s ¹⁾	Salary	Benefits	Pension cost	Bonus	Total
CEO ²⁾	1,342	113	3,941	2,028	7,424
Other senior executives ³⁾	6,916	375	2,223	2,300	11,814
	8,258	488	6,164	4,328	19,238

1) Remuneration excluding social security contributions.

2) Total remuneration package of SEK 7.4 million comprises salary, vacation, social security contributions, pension costs and other overheads such as company car, etc. Bonus is not included in the total remuneration package.

3) Other senior executives in 2012 comprised 3 people, all of whom are men.

2011, SEK 000s ¹⁾	Salary	Benefits	Pension cost	Bonus/ incentive	Total
CEO ²⁾	1,233	361	4,389	1,014	6,997
Other senior executives ³⁾	6,432	961	2,104	1,066	10,563
	7,665	1,322	6,493	2,080	17,560

1) Remuneration excluding social security contributions.

2) Total remuneration package of SEK 7.4 million comprises salary, vacation, social security contributions, pension costs and other overheads such as company car, etc. Bonus is not included in the total remuneration package.

3) Other senior executives in 2011 comprised 3 people, all of whom are men.

Terms and conditions for the CEO

The CEO has a total remuneration package of SEK 7.4 million (7.4). The package includes salary, vacation pay, social security contributions, pension costs and other costs in the form of company car, etc. The CEO can make free use of the package in a manner that is cost neutral for the company. The notice period is six months, during which time the total remuneration package is available at 1/12 per month. The CEO is not entitled to any severance pay. The company and the CEO are both entitled to require the CEO to retire at the age of 65. Within the total remuneration package described above, the CEO decides the size of the pension provisions to be made.

Notice periods and severance pay for other senior executives

Between the Company and other senior executives of the Hakon Invest Group, termination of employment is subject to a mutual notice period of six months. Moreover, if the termination of employment is triggered by the Company, the other senior executives are entitled to severance pay of up to 18 monthly basic salaries. Severance pay is deductible. Senior executives whose contracts were signed prior to 2005 have in some cases the right to a non-deductible severance pay. When giving their notice, other senior executives are, under certain circumstances, entitled to compensation for a non-competition clause that applies for six months following termination of employment. Compensation is limited to a maximum of 60% of the basic cash salary and applies only during the period the non-competition clause applies.

Pension benefits for other senior executives

Other senior executives have a defined contribution pension plan. This means that a maximum of 35% of pensionable salary can be used for pension premiums, which are paid during the service period. Senior executives with contracts signed prior to the 2006 Annual General Meeting are entitled to retire at 62 with a defined benefit pension for the period until normal retirement age at 65.

Incentive programs

Share-based incentive program 2012

The CEO and other senior executives are included in a combined share matching and performance based incentive program, which requires own investment with a three-year vesting period. The program means that participants actively purchase new shares (so-called Saving shares) at a market price and lock the Saving shares over a three-year period. For each Savings share acquired by the participant, the participant is allocated a right which carries entitlement, free of charge on a date decided by the Board, approximately three years after the allocation, to receive one common share in Hakon Invest (so-called Matching shares) as well as additional rights that entitle the participant, free of charge and on a date decided by the Board, approximately three years after allocation, provided special performance requirements are met, to receive additional common shares in Hakon Invest (so-called Performance shares).

The total number of Matching and Performance shares may amount to a maximum of 34,800 for the CEO and other senior executives. The total cost of the program for the CEO and other senior executives is estimated at SEK 2.5 million excluding social security contributions. The share-based incentive program also includes other employees on the same terms as for senior executives. The total number of Matching and Performance Shares can amount to 12,800 for other employees.

The number of purchased savings shares amounts to 2,700 for the CEO, 6,000 for other senior executives and 3,200 for other employees. During 2012, SEK 0.8 million was placed in a reserve for the built up costs for the 2012 incentive program. The participants' maximum gain is limited to SEK 213 per Matching or Performance share (three times the average closing price for Hakon Invest shares in February 2012). If the value of the allocation of Matching and Performance Shares exceeds SEK 213, the number of shares the employee is entitled to will be reduced by a corresponding amount.

Note 8, cont.

Share-based incentive program 2011

The CEO and other senior executives are included in a combined share matching and performance based incentive program, which requires own investment with a three-year vesting period. The program means that participants actively purchase new shares (so-called Saving shares) at a market price and lock the Saving shares over a three-year period. For each Savings share acquired by the participant, the participant is allocated a right which carries entitlement, free of charge on a date decided by the Board, approximately three years after the allocation, to receive one common share in Hakon Invest (so-called Matching shares) as well as additional rights that entitle the participant, free of charge and on a date decided by the Board, approximately three years after allocation, provided special performance requirements are met, to receive additional common shares in Hakon Invest (so-called Performance shares).

The total number of Matching and Performance shares may amount to a maximum of 32,500 for the CEO and other senior executives. The total cost of the program for the CEO and other senior executives is estimated at SEK 3.0 million excluding social security contributions.

The share-based incentive program also includes other employees on the same terms as for senior executives. The total number of Matching and Performance Shares can amount to 6,600 for other employees. The number of purchased savings shares amounts to 2,000 for the CEO, 4,500 for other senior executives and 3,300 for other employees. During 2012, SEK 0.9 million was placed in a reserve for the built up costs for the 2011 incentive program. A total of SEK 1.5 million has been placed in reserve for the built up costs for the 2011 incentive program. The participants' maximum gain is limited to SEK 346 per Matching or Performance share (three times the average closing price for Hakon Invest shares in January 2011). If the value of the allocation of Matching and Performance Shares exceeds SEK 346, the number of shares the employee is entitled to will be reduced by a corresponding amount.

Share-based incentive program 2010

The CEO and other senior executives are included in a combined share matching and performance based incentive program, which requires own investment with a three-year vesting period.

The program means that participants actively purchase new shares (so-called Saving shares) at a market price and lock the Saving shares over a three-year period. For each Savings share acquired by the participant, the participant is allocated a right which carries entitlement, free of charge on a date decided by the Board, approximately three years after the allocation, to receive one common share in Hakon Invest (so-called Matching shares) as well as additional rights that entitle the participant, free of charge and on a date decided by the Board, approximately three years after allocation, provided special performance requirements are met, to receive additional common shares in Hakon Invest (so-called Performance shares).

The total number of Matching and Performance shares may amount to a maximum of 32,500 for the President and other senior executives. The total cost of the program for the CEO and other senior executives is estimated at SEK 2.6 million excluding social security contributions.

The share-based incentive program also includes other employees on the same terms as for senior executives. The total number of Matching and Performance Shares can amount to 7,520 for other employees.

The number of purchased savings shares amounts to 2,000 for the CEO, 4,500 for other senior executives and 3,760 for other employees. During 2012 SEK 1.0 million was placed in a reserve for built up costs for the 2010 incentive program. A total of SEK 2.6 million has been placed in a reserve for the built up costs for the 2010 incentive program.

The participants' maximum gain is limited to SEK 343.00 per Matching or Performance share (three times the average closing price for Hakon Invest shares in January 2010). If the value of the allocation of Matching and Performance Shares exceeds SEK 343.00, the number of shares the employee is entitled to will be reduced by a corresponding amount.

9 Interests in companies recognized according to the equity method

	Dec. 31, 2012	Dec. 31, 2011
Opening balance	6,185	6,818
Changes for the year		
– Dividends	–815	–802
– Profit from interests recognized according to equity method	376	553
– Reclassification to subsidiary	–	–366
– Items recognized in other comprehensive income	–25	–18
Total	5,721	6,185

	Number	Share % ¹⁾	Book value Dec. 31, 2012 SEKm	Book value Dec. 31, 2011 SEKm	Share of profit 2012 SEKm	Share of profit 2011 SEKm
Group						
ICA AB	2,000,000	40.0	5,568	6,041	352	544
Bra Förlag AB	500	50.0	9	9	0	0
Trade Press AS	50	40.0	10	9	1	–1
Kjell & Co Elektronik AB	5,600	50.0	134	126	23	14
inkClub Development AB	100,000	100.0	–	–	–	–4
Total			5,721	6,185	376	553

1) The ownership interest above indicates the share of voting rights, which matches share of equity in every case.

	Corporate reg. no.	Reg. office
ICA AB	556582–1559	Stockholm
Bra Förlag AB	556424–7921	Stockholm
Trade Press AS	966 705 086	Oslo
Kjell & Co Elektronik AB	556400–5378	Malmö

Joint ventures

ICA AB is a joint venture of which Hakon Invest owns 40% and 60% is owned by the Dutch company Royal Ahold N.V. Through the shareholder agreement between Hakon Invest and Ahold, the owners have joint control of ICA AB through a contractual require-

ment for unanimity in all decisions at General Meetings of shareholders and in the Board of Directors. The agreement runs until year-end 2040. The shareholder agreement stipulates that right of first refusal exists between the parties at market price in the event of share transfers. Transfers may only be made to a party who becomes a party to the shareholder agreement.

Kjell & Co Elektronik AB is a joint venture that is 50% owned by the Hakon Invest Group and 50% by the brothers Fredrik, Markus and Mikael Dahnelius together with their father Kjell Dahnelius. Kjell & Co Elektronik AB has been 50% owned by the Hakon Invest Group since July 2006.

The tables below show summary income statements and balance sheets for the ICA Group and Kjell & Co Elektronik AB.

Note 9, cont.

Balance sheet	ICA Group		Kjell & Co Elektronik AB	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Intangible assets	3,080	2,967	16	26
Property, plant and equipment	14,825	14,638	18	12
Financial assets	6,507	5,327	—	—
Deferred tax	25	41	—	—
Inventories	4,133	4,520	151	147
Current receivables	7,843	9,050	28	21
Cash and cash equivalents	4,469	3,009	54	30
Non-current assets held for sale	26	1,409	—	—
Total assets	40,908	40,961	267	236
Equity	10,218	11,359	95	86
Non-current liabilities	6,800	7,277	13	12
Current liabilities	23,890	22,325	159	138
Total equity and liabilities	40,908	40,961	267	236

Income statement	ICA Group		Kjell & Co Elektronik AB	
	2012	2011	2012	2011
Revenues	96,863	95,179	814	684
Cost of goods sold	-83,026	-81,702	-410	-348
Selling and administrative expenses	-11,178	-11,244	-347	-299
Other operating income	615	272	2	—
Operating profit		2,505	59	37
Net financial items	-337	-349	0	0
Income tax	-2,018	-761	-16	-10
Profit for the year	919	1,395	43	27

Associates

The Hakon Invest Group had two associates at year-end 2012: Bra Förlag AB and Trade Press AS which are recognized according to the equity method.

The table on the right shows a summary of Hakon Invest's share of the assets and liabilities, revenues and profits of the associates.

Impairment test in the ICA Group

The ICA Group has goodwill relating to ICA Norway of SEK 882 million (869) and Rimi Baltic SEK 950 million (986). Impairment testing of goodwill is performed annually or more often if there is an indication of impairment. For Rimi Baltic, impairment testing was based on estimated future cash flows in budgets and forecasts for the next five years. Cash flows beyond this period are extrapolated with a percentage based on anticipated inflation. Growth in Rimi Baltic is estimated at 2% and the discount rate before tax amounts to 9.3% (11.6). The test did not result in any recognition of impairment. For ICA Norway testing of goodwill is based on the business plan prepared after the cooperation agreement with Norgesgruppen. The business plan runs until 2017. Thereafter growth corresponding to inflation of 2.5% is assumed. The discount rate before tax amounts to 11.1% (13.1).

The test did not result in recognition of any impairment. A change in the discount rate of 1 percentage point will change the recoverable amount by SEK 746 million.

Associates	2012	2011
Hakon Invest's share of net assets:		
Non-current assets	3	2
Current assets	15	15
Non-current liabilities and provisions	-1	-1
Current liabilities	-4	-4
	13	12
Goodwill	6	6
Share in associates	19	18
Hakon Invest's share of revenues and profits of associates:		
Revenues	29	35
Profit for the year	1	-1

10 Financial income

	2012	2011
Dividends	17	23
Interest income	21	6
Exchange differences	4	15
Other financial income	—	1
Total	42	45

11 Financial expenses

	2012	2011
Interest expenses	-21	-24
Exchange differences	-6	-7
Other financial expenses	-4	—
Total	-31	-31

Hemma's (discontinued operations) interest expenses amounted to SEK 4 million in 2011.

12 Change in fair value of financial instruments

	2012	2011
Short-term investments	21	-73
Total	21	-73

The above items include both unrealized and realized changes in value.

13 Tax

	2012	2011
Items included in tax expenses are shown below		
Current income tax		
Tax expense for the year	-7	—
Tax attributable to previous years	-12	—
Deferred income tax		
Deferred tax attributable to loss carry forwards	30	23
Deferred tax pertaining to temporary differences	-2	—
Effect of changed tax rate	9	—
Tax expense recognized in the income statement	18	23
Reconciliation of effective tax expense		
Profit before tax	288	36
Tax based on applicable tax rate in Sweden 26.3%	-76	-9
Tax effect of:		
Shares of profit according to the equity method	99	145
Goodwill impairment	—	-23
Capital gain/loss	25	-16
Non-capitalized loss carry forwards	-48	-65
Capitalized loss carry forwards	31	—
Tax attributable to previous years	-12	—
Effect of changed tax rate	9	—
Other non-taxable revenues	0	1
Non-deductible expenses	-7	-10
Other	-3	0
Company's effective tax expense 6.3% (9.2)	18	23

Note 13, cont.

	2012	2011
Deferred tax at December 31 pertains to the following:		
Deferred tax liabilities		
Non-current assets	-210	-259
Untaxed reserves	-2	—
Deferred tax liabilities	-212	-259
Deferred tax assets		
Pension provisions	21	22
Loss carry forwards	202	215
Deferred tax assets	223	237

The Group's loss carry forwards in Sweden at December 31, 2012, amounted to SEK 1,700 million (1,488). A deferred tax asset of SEK 202 million (214) is recognized in the balance sheet relating to a loss carry forward of SEK 918 million (814).

The Group has no unrecognized deferred tax assets and liabilities on temporary differences. Loss carry forwards in Sweden are perpetual.

14 Earnings per share before and after dilution

All shares, both common and C shares, carry the same voting rights. While common shares have unrestricted entitlement to dividends, as decided by the General Meeting, C shares do not carry the right to cash dividends. However, C shares are entitled to dividends through distribution in kind, in the form of shares or other participation rights in ICA AB or in current or future subsidiaries or associates in the ICA Group or in companies that could take over operations that are operated or which could be operated within the ICA Group. The C shares, which comprise 51% of the total number of shares, are held by ICA-handlarnas Förbund (the Association of ICA Retailers).

C shares can be converted into common shares with effect from 2016. Common shares and C shares have an equal share in earnings per share.

The Association of ICA Retailers has decided on conversion of its holding of non-dividend paying C shares in Hakon Invest into common shares which carry dividend entitlement. This decision means that the Association lodged a request with the Board of Hakon Invest on January 1, 2011, for conversion of all C shares into common shares, and that the share structure in Hakon Invest with effect from January 1, 2016 will only comprise common shares which carry dividend entitlement.

Earnings per share before dilution for common shares and C shares are calculated by dividing the profit for the year that accrues to the holders with the weighted average number of shares outstanding during the year.

Hakon Invest's share-based incentive programs for 2010–2012 can dilute the number of shares by a maximum of 126,720 shares.

The tables below show the earnings and number of shares used in the calculation of earnings per share for common shares:

	2012	2011
Net profit that accrues to holders of common shares and C shares, SEK million	297	83
Weighted average of number of shares before dilution, thousands	160,665	160,665
Weighted average of number of shares after dilution, thousands	160,705	160,745

No other transactions with common shares or potential common shares took place during the period from the balance sheet date to the date of preparation of these financial reports.

15 Intangible assets

	Goodwill		Trademarks		Tenancy rights		Other intangible assets	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Opening cost	971	715	968	694	79	81	110	77
Changes for the year								
– Acquisitions	–	345	–	316	–	–	31	33
– Sales and disposals	–113	–89	–31	–42	–	–2	–14	–
Closing accumulated cost	858	971	937	968	79	79	127	110
Opening amortization	–	–	–1	–	–51	–44	–48	–29
Changes for the year								
– Acquisitions	–	–	–	–1	–	–	–	–4
– Amortization	–	–	–1	–	–8	–8	–19	–15
– Sales and disposals	–	–	–	–	–	1	6	–
Closing accumulated amortization	–	–	–2	–1	–59	–51	–61	–48
Opening impairment	–284	–284	–	–	–	–	–	–
Changes for the year								
– Impairment	–	–	–	–	–	–	–	–
Closing accumulated impairment	–284	–284	–	–	–	–	–	–
Closing book value	574	687	935	967	20	28	66	62

Acquired goodwill and trademarks with an indefinite useful life were allocated to four different cash-generating units. Every year, and in the event of any indication of a decline in value, an impairment test is performed for goodwill and trademarks with indefinite useful lives. Trademarks comprise 112 ink SEK 7 million (7), inkClub SEK 308 million (308), Cervera SEK 82 million (82), Hemtex SEK 500 million (500), B Wahlströms förlag SEK 22 million (22), Damm förlag SEK 6 million (6). The magazine Hälsa SEK 10 million (10).

These trademarks are assessed as having an indefinite useful life and there is no indication that use of these trademarks will decrease.

Carrying amount of goodwill and trademarks allocated to cash-generating units

	Goodwill		Trademarks	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Publishing operations, Forma	122	235	38	70
Home furnishings operations, Hemtex	104	104	500	500
Home furnishings operations, Cervera	26	26	82	82
Online retailing, inkClub	322	322	315	315
	574	687	935	967

Publishing operations (Forma Publishing Group)

Hakon Invest owns 100% of the shares and votes in the subsidiary Forma Publishing Group AB. The publishing operations for newspapers, magazines and other publications are fully integrated and are the cash-generating unit in Forma to which the intangible values relate.

Home furnishings operations (Hemtex AB)

Hakon Invest owns 68.5% of the shares and votes in Hemtex AB. Hemtex is a home textiles chain in Sweden and Finland.

Home furnishings operations (Cervera AB)

Hakon Invest's wholly owned subsidiary Cervera Intressenter AB owns 91.4% of the shares and votes in Cervera AB. Cervera is a store chain with products for kitchen and dining areas.

Online retailing (inkClub Development AB)

Hakon Invest has owned 100% of the shares and votes in inkClub Development AB since December 31, 2011. inkClub is an online retailer that sells various types of consumables over the internet.

Impairment test

The recoverable amount for intangible assets with indefinite useful lives has been assessed on the basis of value in use. Present value is calculated on future cash flow from each cash-generating unit. The future cash flow has been calculated on the basis of company management's forecasts for a five-year period and also reflects historical experience.

Note 15, cont.

Key variables	Method for estimating values
Growth	Growth is assessed on the basis of business plans and market trends during the forecast period. After the forecast period a long-term growth is assessed of 2% for Forma (2) and 2.5% (3) for other companies.
Gross profit	Assessment of gross profit takes into account pricing, purchasing processes and assortment mix.
Other	An assessment is made of the level for fixed and variable costs as well as costs associated with expansion.
Investments	Investments include an assessment of maintenance investments.
Working capital	The change in working capital is affected by the demands set for other variables.
Discount rate	Hemtex 12.3% (11.6) Cervera 11.6% (10.9) Forma 11.0% (10.0) Kjell & Company 9.5% (10.4) inkClub 13.8% (13.8)
	The discount rate is determined taking into account prevailing interest rates and special risk factors for each company. The discount rate corresponds to the companies' WACC.

Sensitivity analysis

The estimated recoverable amount for intangible assets with indefinite useful lives exceeds the carrying amount. An increase of the discount rate by 1.5 percentage points or a reduced sales growth of 1.5 percentage points would not eliminate the difference between the recoverable amount and the carrying amount.

16 Equipment

	Dec. 31, 2012	Dec. 31, 2011
Opening balance	328	392
– Purchases	21	11
– Business combinations	–	6
– Sales and disposals	–64	–81
– Exchange rate differences	–1	–
Closing accumulated cost	284	328
Opening accumulated depreciation	–262	–289
– Business combinations	–	–2
– Sales and disposals	57	70
– Exchange rate differences	2	–
– Depreciation	–33	–41
Closing accumulated depreciation	–236	–262
Closing book value	48	66

17 Inventories

	Dec. 31, 2012	Dec. 31, 2011
Finished goods	433	496
Total	433	496

Inventories consist of books SEK 53 million (126), home furnishings SEK 344 million (332) and online stocks SEK 36 million (38).

18 Financial assets and liabilities by category

2012	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Trade and other receivables	–	132		132
Other current receivables	–	34		34
Short-term investments ¹⁾	1,155	–		1,155
Cash and cash equivalents	–	291		291
Total financial assets	1,155	457		1,612
Non-current interest-bearing loans			186	186
Trade and other payables			443	443
Current interest-bearing loans			61	61
Other current liabilities			105	105
Total financial liabilities			795	795

1) SEK 162 million of short-term investments are classified according to level 2. Measurement level 2 relates to financial assets for which measurement is carried out using a model based on observable market inputs. The remaining SEK 993 million is classified according to level 1. Measurement level 1 relates to financial assets for which quoted prices for identical instruments are observable in an active market.

2011	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Trade and other receivables	—	172		172
Other current receivables	—	37		37
Short-term investments ¹⁾	753	—		753
Cash and cash equivalents	—	248		248
Total financial assets	753	457		1,210
Non-current interest-bearing loans			15	15
Trade and other payables			483	483
Current interest-bearing loans			198	198
Other current liabilities			106	106
Total financial liabilities			802	802

1) SEK 106 million of short-term investments are classified according to level 2. Measurement level 2 relates to financial assets for which measurement is carried out using a model based on observable market inputs. The remaining SEK 647 million is classified according to level 1. Measurement level 1 relates to financial assets for which quoted prices for identical instruments are observable in an active market.

For trade receivables, trade payables, other current receivables and liabilities measured at cost the maturity is short and therefore fair value corresponds to carrying amount. Since the loans carry floating interest, the carrying amount of the loans corresponds to fair value.

19 Trade receivables

	Dec. 31, 2012	Dec. 31, 2011
Trade receivables not past due	81	128
Trade receivables past due 0–90 days	16	18
Trade receivables past due 90–180 days	2	2
Trade receivables past due >180 days	16	18
Reserve for bad debts	–15	–22
Total trade receivables	100	144

20 Related party transactions

Forma Publishing Group during 2012 sold goods to ICA AB for SEK 54 million (100). Forma's receivable from ICA AB at December 31, 2012, amounted to SEK 7 million (17). In 2012, Hakon Invest purchased services from ICA AB for SEK 1 million (1).

21 Prepaid expenses

	Dec. 31, 2012	Dec. 31, 2011
Production and distribution costs	28	32
Rental costs	59	58
Other prepaid expenses	32	24
Total	119	114

22 Short-term investments

	Dec. 31, 2012	Dec. 31, 2011
Breakdown of short-term investments:		
Equities	180	193
Hedge funds	239	227
Fixed-income securities	684	273
Ahold shares	52	60
Book value	1,155	753
Cash and cash equivalents	291	248
Total short-term investments and cash and cash equivalents	1,446	1,001

At year-end 2012 the Parent Company's investments were allocated as follows: 18% equities (31), 53% fixed-income securities (35), 19% hedge funds (28) and 10% cash and cash equivalents (6). The hedge fund holding refers to the hedge funds Adrigo, Alcur, Brummer Multi-Strategy, Brummer Nektar and SEB Fonder. These items are measured at fair value through profit or loss. In order to establish fair value, official market listings were used.

23 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances totaling SEK 291 million (248). Unutilized bank overdraft facilities as of December 31, 2012, amounted to SEK 251 million (124).

24 Equity

Share capital, number of shares, 000s	Dec. 31, 2012	Dec. 31, 2011
Common shares of SEK 2.50 per share	78,597	78,597
C shares of SEK 2.50 per share	82,068	82,068
Total	160,665	160,665

Shares have the same quota value (SEK 2.50) and equal voting rights. Share capital totals SEK 402,294,000.

The total holding of treasury shares amounts to 251,870 common shares (252,130) after buybacks. For information on incentive programs, see Note 8.

Fair value reserve	Dec. 31, 2012	Dec. 31, 2011
OB January 1, 2012	7	6
Changes during the year	-28	1
CB December 31, 2012	-21	7

Hedging reserve	Dec. 31, 2012	Dec. 31, 2011
OB January 1, 2012	203	211
Changes during the year	-7	-8
CB December 31, 2012	196	203

Translation reserve	Dec. 31, 2012	Dec. 31, 2011
OB January 1, 2012	76	85
Changes during the year	8	-9
CB December 31, 2012	84	76

Hedging reserve

The hedging reserve includes the effective component of accumulated net change in fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Fair value reserve

The fair value reserve includes changes in value attributable to tangible and intangible non-current assets. In step acquisitions revaluation is recognized for previously owned share of assets in the fair value reserve.

Translation reserve

The translation reserve includes all exchange rate differences that arise in translation of financial reports from foreign operations that prepare their financial reports in a currency other than the currency in which the Group's financial reports are presented.

Other capital provided

Other capital provided essentially consists of the contribution in addition to share capital provided by the owners.

Dividend

Common shares carry unrestricted entitlement to receive dividends decided by a General Meeting, while C shares (which comprise 51% of the total number of shares and are held by ICA-handlarnas

Förbund (the Association of ICA Retailers)) do not carry entitlement to cash dividends. Such rights can accrue to C shares in 2016 at the earliest. However, C shares are entitled to dividends through distribution in kind, in the form of shares or other interests in ICA AB or in current or future subsidiaries or associates in the ICA AB Group or in companies that could take over operations that are operated or which could be operated within the ICA AB Group. The Association of ICA Retailers has decided on conversion of its holding of non-dividend paying C shares in Hakon Invest into common shares which carry dividend entitlement. This decision means that the Association has lodged a request with the Board of Hakon Invest on January 1, 2011, for conversion of all C shares into common shares, and that the share structure in Hakon Invest with effect from January 1, 2016 will only comprise common shares which carry dividend entitlement.

Hakon Invest's target is that the dividend rate will normally be at least 50% of the Parent Company's profit after tax. 100% of dividends are distributed among 49% of the shares since the C shares are not entitled to cash dividends. This policy assumes that the Company's position and liquidity allows it to issue a dividend to the extent referred to above.

Management of Group's capital

The Group's managed capital comprises equity. The Group's target for management of capital is to enable good growth of operations and to be prepared to take advantage of business opportunities. The size of the capital is adjusted through dividends and new issues. The Hakon Invest Groups' financial targets are:

- To distribute at least 50% of the Parent Company's profit for the period.
- An equity ratio for the Group that exceeds 70%.
- In each individual holding the average total return on Hakon Invest's invested capital to amount to at least 15% during the holding period.
- Average return of at least the CPI plus four percentage points per year over rolling five-year periods within asset management.

Paid and proposed dividends SEKm

Decided and paid during the year

Dividend on common shares:
Dividend for 2011: SEK 6.25/share 491

Dividend proposal to the 2013 Annual General Meeting:

Dividend on common shares:
Dividend for 2012, SEK 0/share 0

The Association of ICA Retailers, which at December 31, 2012, owns 82,067,892 C shares, is not entitled to a cash dividend. The Board of Hakon Invest AB has decided to propose to the Annual General Meeting on May 20, 2013, an ordinary dividend of SEK 0. See also Note 14, Earnings per share regarding dividend rules in the Articles of Association.

25 Provisions for pensions and similar obligations

Hakon Invest makes a provision in its balance sheet in accordance with the PRI system. These obligations are insured through FPG. For the ITP Plan, the company applies the so-called ten-fold

earner solution for high earners with detached premiums. Obligations in addition to PRI and ITP are insured, among other things, with endowment insurance.

Recognized pension cost	Dec. 31, 2012	Dec. 31, 2011
ITP Plan		
Defined benefit plans:		
Current service cost	4	5
Actuarial gains/losses	6	36
Interest expense	9	10
Total cost for defined benefit plans	19	51
Cost of defined contribution plans	42	40
Total pension costs	61	91
Change in pension obligations		
Present value of obligations, opening balance	212	168
Benefits earned during the period	4	5
Pension payments	-7	-7
Interest	9	10
Present value of obligation at sale	-12	
Actuarial gains(-)/losses(+)	6	36
Present value of pension obligations, closing balance	212	212

Recognized pension cost	Dec. 31, 2012	Dec. 31, 2011
Change in plan assets		
Opening plan assets	6	6
Contributions paid by employer	—	—
Transferred plan assets	—	—
Actuarial gains(-)/losses(+)	—	—
Closing balance, plan assets	6	6
Actual return on plan assets	0	0

In 2012, obligation discounted in Sweden on the basis on interest on corporate bonds.

Assumptions for actuarial calculations:

Discount rate	3.5%	4.0%
Future annual salary increases	3.0%	3.0%
Future annual pension increases	2.0%	2.0%
Expected return on plan assets	0.0%	0.0%

Provisions recognized in the balance sheet	2012	2011	2010	2009	2008
Present value of defined benefit pensions	212	212	169	160	151
Plan assets	-6	-6	-7	-6	-6
Provisions at year-end	206	206	162	154	145
Of which:					
Long-term component	199	198	155	147	139
Short-term component	7	8	7	7	6
Experience-based adjustments for obligations	0	0	0	3	0
Experience-based adjustments for plan assets	0	0	0	0	0

Other pension commitments

Other pension commitments are paid in amounts that correspond to the value of funds in pledged endowment insurance policies. The capital value of the commitment amounted to SEK 27 million (27) at December 31, 2012, thus corresponding to the value of the endowment insurance.

26 Trade and other payables

	Dec. 31, 2012	Dec. 31, 2011
Trade payables	281	288
Accrued salaries and vacation pay	75	89
Accrued social security contributions	36	34
Other accrued expenses	51	72
Total	443	483

27 Interest-bearing loans

	Dec. 31, 2012	Dec. 31, 2011
Non-current liabilities		
Bank loans	186	15
Total	186	15
Current liabilities		
Current portion of bank loans	23	111
Bank overdraft facility	38	87
Total	61	198

The Group has five loans from credit institutions the loans carry floating interest and have the following terms:

Loan amount Dec. 31, 2012	Interest rate Dec. 31, 2012
SEK 70 million	3.95
SEK 10 million	3.26
SEK 1 million	5.40
SEK 15 million	2.69
SEK 13 million	2.69
SEK 100 million	3.29

Payments	Amortization and interest				
	2013	2014	2015	2016	After 2016
SEKm	30	94	23	22	61

29 Adjustment for non-cash items

	2012	2011
Depreciation and impairment of non-current assets	66	79
Measurement at fair value	19	73
Capital gain from sale of non-current assets	-94	0
Change in provisions	25	56
Interests recognized according to the equity method	-376	-553
Sale of Hemmabutikerna	-	134
Other	14	-3
Total	-346	-214

28 Contingent liabilities and pledged assets

	Dec. 31, 2012	Dec. 31, 2011
Guarantee for Försäkringsbolagets Pensionsgaranti	3	3
Other guarantees	9	13
Total	12	16

Operating leases

The Group has signed leases relating to stores and offices with the following commitments.

	2012	2011
Cost for the year	290	296

Hemma's costs for rents and leasing in 2011 amounted to SEK 32 million.

Future minimum lease payment according to operating leases amount to:

Payments due	2012	2011
2012	-	270
2013	261	181
2014	206	123
2015	159	84
2016	74	76
2017 and later	47	-
Total	747	734

The operating leases specified above are rent for premises, renting of office machines and car rentals. Hakon Invest's interest in joint venture company ICA's total investment commitments amounts to SEK 182 million (139). Hakon Invest and the other holdings have no significant investment commitments at the closing date. ICA's contingent liabilities amount to SEK 273 million (1,487) and mainly relate to tax disputes.

Pledged assets	Dec. 31, 2012	Dec. 31, 2011
Corporate mortgages	427	441
Endowment insurance pledged as collateral for pension obligation	29	27
Total	456	468

PARENT COMPANY INCOME STATEMENT

	Note	2012	2011
Revenues		—	—
Operating expenses			
Administrative expenses	3,4,5	-66	-64
Operating profit/loss		-66	-64
Result from financial investments			
Result from interests in joint ventures	6	800	760
Financial income	7	42	45
Financial expenses	8	-7	-7
Result from interests in subsidiaries	11	—	-203
Change in fair value of financial instruments	9	21	-73
Total result from financial investments		856	522
Profit after financial items		790	458
Tax	10	0	2
Profit for the year¹⁾		790	460

1) Since comprehensive income for the Parent Company corresponds to profit for the year according to the income statement, no separate statement of comprehensive income is presented.

PARENT COMPANY BALANCE SHEET

ASSETS

SEKm	Note	Dec. 31, 2012	Dec. 31, 2011
Non-current assets			
Interests in group companies	11	1,255	1,198
Interests in joint ventures	12	2,960	2,960
Deferred tax asset	10	193	192
Equipment		0	1
Other non-current receivables	13	27	27
Non-current receivables group companies	14	754	878
Total non-current assets		5,189	5,256
Current assets			
	21		
Current receivables			
Receivables from group companies		3	54
Current tax assets		3	3
Prepaid expenses and accrued income		18	8
Total current receivables		24	65
Short-term investments			
	21		
Securities under separate management	15	1,103	693
Other shares	16	52	60
Total short-term investments		1,155	753
Cash and bank balances		139	44
Total current assets		1,318	862
TOTAL ASSETS		6,507	6,118

PARENT COMPANY BALANCE SHEET

EQUITY AND LIABILITIES

SEKm	Note	Dec. 31, 2012	Dec. 31, 2011
Equity			
Restricted equity			
Share capital		402	402
Statutory reserve		2,772	2,772
Total restricted equity		3,174	3,174
Unrestricted equity			
Retained earnings		2,379	2,408
Profit for the year		790	460
Total unrestricted equity		3,169	2,868
Total equity		6,343	6,042
Non-current liabilities			
Provisions for pensions and similar commitments	17	32	31
Other non-current liabilities		1	2
Total provisions		33	33
Current liabilities	21		
Trade payables		8	2
Liabilities to group companies		102	21
Other current liabilities		8	9
Accrued expenses and deferred income	18	13	11
Total current liabilities		131	43
TOTAL EQUITY AND LIABILITIES		6,507	6,118
Pledged assets	19	27	27
Contingent liabilities	20	248	277

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Share capital	Statutory reserve	Retained earnings	Profit for the year	Total equity
Balance at January 1, 2011	402	2,772	2,304	574	6,052
Disposition of earnings for previous year	—	—	574	-574	0
Dividend	—	—	-472	—	-472
Incentive programs	—	—	2	—	2
Profit for the year	—	—	—	460	460
Equity at December 31, 2011	402	2,772	2,408	460	6,042
Disposition of earnings for previous year	—	—	460	-460	0
Dividend	—	—	-491	—	-491
Incentive programs	—	—	2	—	2
Profit for the year	—	—	—	790	790
Equity at December 31, 2012	402	2,772	2,379	790	6,343

Share capital consists of 78,849,544 common shares and 82,067,892 C shares, each with a quota value of SEK 2.50 per share. All share classes have the same voting rights. Total holding of treasury shares amounts to 251,870 common shares (252,130) after buybacks.

PARENT COMPANY CASH FLOW STATEMENT

SEKm	Note	2012	2011
Operating activities			
Profit before tax		790	458
Adjustment for non-cash items	22	26	281
		816	739
Income tax paid		-5	-5
Cash flow from operating activities before change in working capital		811	734
Change in working capital			
Receivables		6	-40
Liabilities		88	24
Cash flow from operating activities		905	718
Investing activities			
Shareholder contribution provided		—	-203
New issue Hemtex		—	-225
Acquisition of property, plant and equipment		-22	0
Long-term lending to group company		—	-84
Repayment of non-current receivable from group company		124	—
Change in short-term investments		-421	250
Cash flow from investing activities		-319	-262
Financing activities			
Dividends paid		-491	-472
Cash flow from financing activities		-491	-472
Cash flow for the year		95	-16
Cash and cash equivalents at beginning of the year		44	60
Cash and cash equivalents at end of the year		139	44

PARENT COMPANY'S NOTES

1 Accounting principles

The Parent Company's annual accounts are prepared in accordance with Swedish law and applying RFR 2 (Reporting of Legal Entities) from the Swedish Financial Reporting Board. This means that the Parent Company shall comply with IFRS as much as possible. The Group's accounting principles are set out in Note 1 in the section Notes to the consolidated financial statements. Any deviations that arise between the accounting principles of the Parent Company and the Group are due to restrictions in the possibility to apply IFRS in the Parent Company due to the Annual Accounts Act and the Pension Obligations Vesting Act, and in some instances for tax reasons.

All amounts in the annual accounts are in SEK millions (SEKm) unless stated otherwise.

Income statement and names of financial statements

In accordance with the requirements in the Swedish Annual Accounts Act, the Parent Company presents an income statement complemented with a separate statement of comprehensive income as well as the statement that shows the Parent Company's financial position called the balance sheet.

Pensions and other post-retirement benefits

In Sweden all employees are covered by pension benefits according to collective agreements which means that salaried employees receive defined benefit pensions according to the ITP Plan. Pension obligations are secured through provisions in the balance sheet and pension premiums. Pension obligations are calculated annually on the balance sheet date according to the actuarial bases established in the FPG/PRI system and by the Swedish Financial Supervisory Authority.

Group contribution and shareholder contributions

Starting in 2011 group contributions received are recognized as financial income and group contributions provided are recognized as a financial expense. Starting in 2013 Hakon Invest will recognize group contributions received and provided as appropriations.

Shareholder contributions are recognized directly in equity by the recipient and capitalized as shares and participations by the issuer, to the extent no impairment loss is identified.

Associates and joint ventures

Interests in associates and joint ventures are reported in the Parent Company's income statement and balance sheet according to the cost method, alternatively at the amount on the closing date after impairment of cost. In the consolidated financial statements, interests in associates and joint ventures are reported according to the equity method alternatively at fair value in accordance with IAS 28 paragraph 1.

2 Financial risks

In Hakon Invest's operations, exposures arise primarily in currency risk, interest rate risk, liquidity risk, credit risk and share price risk. For more information about financial risks, see Note 2, in the consolidated financial statements.

3 Average number of employees, salaries, other remuneration and social security contributions

	2012	2011
Average number of employees, broken down by gender amounted to:		
Women	6	7
Men	6	7
Total	12	14
SEKm	2012	2011
Salaries and remuneration paid to		
Board and CEO	5	5
Other senior executives	8	7
Other employees	11	8
Total salaries and remuneration	23	20
Social security contributions, statutory and contractual	10	7
Pension costs	8	9
Total social security contributions and pension costs	18	16
Total salaries, remuneration, social security contributions and pension costs	41	36

During the year, a fee of SEK 275 thousand (600) was paid to the Chairman of the Board. Board fees are paid in the spring with 50% in advance and 50% in arrears. Of the pension amount, SEK 3,846 thousand (4,389) pertains to the CEO. Salary paid to the company's CEO during the year amounted to SEK 1,342 thousand (1,594). A total remuneration package of SEK 7.4 million (7.4) has been agreed with the CEO. The package includes salary, vacation, social security contributions, pension costs and other costs in the form of a car, etc. Retirement age is 65. The notice period is six months during which period the total remuneration package is available at 1/12 per month. The CEO is included in an annual bonus program. The bonus may amount to a maximum of six monthly salaries for the CEO. For the CEO who has a gross remuneration package, the bonus-based monthly salary for 2012 was SEK 338 thousand. For 2012, SEK 2.0 million (1.0) was allocated to a reserve in bonus for the CEO.

Board members and senior executives

	Number on Dec. 31, 2012	Of whom men	Number on Dec. 31, 2011	Of whom men
Board members	7	5	7	5
CEO and other senior executives	4	4	4	4

4 Depreciation

Depreciation of property, plant and equipment amounts to SEK 150 thousand (215).

5 Fees to auditors

	2012	2011
Ernst & Young, audit assignments	1	1
Ernst & Young, tax assignment	0	0
Ernst & Young, other assignments	2	1
Total	3	2

6 Result from interests in joint ventures

	2012	2011
Dividend	800	760
Total	800	760

7 Financial income

	2012	2011
Dividends	17	23
Interest income	20	14
Interest income from group companies	2	2
Exchange differences	3	6
Total	42	45

8 Financial expenses

	2012	2011
Exchange differences	7	7
Total	7	7

9 Change in fair value of financial instruments

	2012	2011
Short-term investments	21	-73
Total	21	-73

10 Tax

	2012	2011
Items included in the tax expense are specified below:		
Income statement		
<i>Current income tax</i>		
Tax attributable to previous years	—	—
<i>Deferred income tax</i>		
Capitalized loss carry forward	31	—
Effect of changed corporate tax rate	-31	—
Deferred tax attributable to temporary differences	0	2
Tax expense/income (-/+) recog- nized in the income statement	0	2
Reconciliation of effective tax expense		
Profit before tax	790	458
Tax according to current tax rate in Sweden, 26.3%	-208	-120
<i>Tax effect of:</i>		
Capitalized loss carry forward	31	—
Effect of changed corporate tax rate	-31	—
Dividend	210	200
Non-capitalized loss carry forward	-1	-25
Impairment of shares in subsidiary	—	-53
Other items	-2	1
Company's effective tax cost 0% (0.4)	0	2

Deferred tax at December 31 pertains to the following:

	2012	2011
<i>Deferred tax assets</i>		
Loss carry forwards	186	185
Pension provisions	6	7
Deferred tax assets	192	192

The Parent Company's loss carry forwards at December 31, 2012, amounted to SEK 914 million (895). A deferred tax asset of SEK 186 million (185) is recognized in the balance sheet relating to a loss carry forward of SEK 844 million (704).

11 Participations in Group companies

	Corp. reg. no.	Reg. office	Number of shares	Equity and voting rights, %	Book value Dec. 31, 2012	Book value Dec. 31, 2011
Forma Publishing Group AB	556045-0297	Västerås	26,700	100	200	178
Kjell & Co Intressenter AB	556703-2924	Solna	1,000	100	1	1
Hakon Invest Förvärvsbolag 1 AB	556720-3210	Solna	1,000	100	0	0
Cervera Intressenter AB	556720-9563	Solna	1,000	100	155	120
inkClub Intressenter AB	556720-3467	Solna	1,000	100	5	5
Hemtex AB	556132-7056	Borås	65,650,195	68.5	894	894
					1,255	1,198

	Corp. reg. no.	Reg. office	Equity and voting rights, %
Subsidiaries of Forma Publishing Group AB			
Forma Books AB	556045-0297	Västerås	100
Forma Magazines AB	556279-4940	Västerås	100
Tidningsförlaget 11097 AB	556759-0731	Stockholm	100
ICA Bokförlag AB	556071-2241	Västerås	100
ICA Facktidningar AB	556372-6529	Västerås	100
ICA Kuriren AB	556609-2234	Västerås	100
Idé-förlaget i Västerås AB	556306-7783	Västerås	100
Tidskriften Hus & Hem AB	556609-2010	Västerås	100
Subsidiaries of Cervera Intressenter AB			
Cervera AB	556701-1209	Stockholm	91.4
Subsidiaries of Cervera AB			
Cervera Butiks AB	556565-8977	Strängnäs	100
Northern Classic AB	556590-7465	Stockholm	100
Deco Trade Sweden AB	556556-2435	Strängnäs	100
Cervera Jönköping AB	556492-3588	Jönköping	100
Cervera Burlöv AB	556659-3918	Burlöv	100
Cervera Backaplan AB	556674-8256	Strängnäs	100
Cervera Malmö Downtown AB	556498-4903	Malmö	100
Cervera Inköps o Försäljning AB	556331-3732	Strängnäs	100
Cervera Växjö City AB	556457-7071	Täby	100
Glas & Porslin i Valbo AB	556659-4536	Gävle	100
Cervera Gumsbacken AB	556727-8097	Nyköping	91
Cervera Marieberg AB	556696-7005	Örebro	100
Cervera Örebro AB	556553-1281	Örebro	100
Cervera Östersund AB	556730-6245	Strängnäs	91
Cervera I Falkenberg AB	556583-5781	Strängnäs	100
Cervera i Gävle AB	556614-1494	Gävle	100

	Corp. reg. no.	Reg. office	Equity and voting rights, %
Subsidiaries of inkClub Development AB			
inkClub AB	556712-5777	Uppsala	100
112ink AB	556664-4968	Uppsala	100
Metrocos AB	556697-8127	Uppsala	100
distriPak SA	2006/03752	Lausanne	100
ePayment Service Europe AB	556483-9586	Uppsala	100
Subsidiaries of Hemtex AB			
Hemtex Oy, Finland	1650-251-5	Helsinki	100
Hemtex A/S, Denmark	21 48 12 46	Kongens Lyngby	100
Hemtex International AB	556905-3845	Borås	100
Hemtex Shanghai LTD	66938216	Shanghai	100

	Dec. 31, 2012	Dec. 31, 2011
Opening cost	1,198	973
– Purchases	22	–
– New issue Hemtex	–	225
– Impairment of shares in subsidiary	–	–203
– Shareholder contribution	–	203
Closing cost	1,220	1,198

12 Interests in joint ventures

	Dec. 31, 2012	Dec. 31, 2011			
Opening cost	2,960	2,960			
Closing cost	2,960	2,960			
	Book value Dec. 31, 2012	Book value Dec. 31, 2011			
	Number	Par value	Share, %		
ICA AB	2,000,000	200	40.0	2,960	2,960

The participating interest shown above refers to a share of voting rights that corresponds to share of capital, however there is a shareholder agreement between the parties (Hakon Invest and Ahold) under which they have joint control. The agreement runs until year-end 2040. The shareholder agreement stipulates that right of first refusal exists between the parties at market price in the event of share transfers. Transfers may only be made to a party who becomes a party to the shareholder agreement.

	Corporate reg. no.	Reg. office
ICA AB	556582-1559	Stockholm

13 Other non-current receivables

	Dec. 31, 2012	Dec. 31, 2011
Opening accumulated cost	27	29
– Investment	4	2
– Payment	–4	–4
Closing accumulated cost	27	27
Closing book value	27	27

Of which pledged endowment insurance of SEK 27 million (27).

14 Non-current receivables from Group companies

	Dec. 31, 2012	Dec. 31, 2011
Kjell & Co Intressenter AB	76	102
Hakon Invest Förvärvsbolag 1 AB	1	1
Cervera Intressenter AB	120	120
inkClub Intressenter AB	557	655
Total	754	878

15 Securities under separate management

	Dec. 31, 2012	Dec. 31, 2011
Equities	180	193
Hedge funds	239	227
Fixed-income securities	684	273
Book value	1,103	693
Market value	1,103	693

For more information about securities under separate management, see section Consolidated financial statements Notes 2 and 22.

16 Other shares

Other shares refers to 595,000 shares in Royal Ahold at a price of EUR 10.16 (10.41). The amount is translated into SEK at exchange rate 8.62 (8.91).

17 Provisions for pensions and similar commitments

	Dec. 31, 2012	Dec. 31, 2011
Provision PRI pensions	5	4
Provision other pensions	27	27
Total	32	31

18 Accrued expenses and deferred income

	Dec. 31, 2012	Dec. 31, 2011
Accrued vacation pay and social security contributions	4	3
Other accrued costs	9	8
Total	13	11

19 Pledged assets

	Dec. 31, 2012	Dec. 31, 2011
Endowment insurance pledged as collateral for pension obligations	27	27
Total	27	27

20 Contingent liabilities

	Dec. 31, 2012	Dec. 31, 2011
Guarantee to subsidiaries	248	277
Total	248	277

21 Financial assets and liabilities by category

Dec. 31, 2012	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Non-current receivables from group companies	—	754		754
Receivables from group companies	—	3		3
Short-term investments ¹⁾	1,155	—		1,155
Cash and cash equivalents	—	139		139
Total financial assets	1,155	896		2,051
Trade and other payables			8	8
Liabilities to group companies			102	102
Other current liabilities			8	8
Total financial liabilities			118	118

1) SEK 162 million of short-term investments is classified according to level 2. Valuation level 2 relates to financial assets which are valued using a model based on observable market inputs. The remaining SEK 993 million is classified according to level 1. Valuation level 1 relates to financial assets for which quoted prices for identical assets are observable in an active market.

Dec. 31, 2011	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities	Total carrying amount
Non-current receivables from group companies	—	878		878
Receivables from group companies	—	53		53
Short-term investments ¹⁾	753	—		753
Cash and cash equivalents	—	44		44
Total financial assets	753	975		1,728
Trade and other payables			2	2
Liabilities to group companies			21	21
Other current liabilities			9	9
Total financial liabilities			32	32

1) SEK 106 million of short-term investments is classified according to level 2. Valuation level 2 relates to financial assets which are valued using a model based on observable market inputs. The remaining SEK 647 million is classified according to level 1. Valuation level 1 relates to financial assets for which quoted prices for identical assets are observable in an active market.

Trade receivables, trade payables, other current receivables and liabilities measured at cost have short maturities and therefore fair value matches carrying amount. Since loans carry floating interest, carrying amount of the loan also corresponds to fair value.

22 Other non-cash items

	Dec. 31, 2012	Dec. 31, 2011
Change in provisions	1	—
Incentive program	2	2
Measurement at fair value	19	73
Impairment of shares in subsidiary	—	203
Other	4	3
Total	26	281

The undersigned hereby affirm that to the best of their knowledge the consolidated and Parent Company financial statements have been prepared in accordance with the international financial reporting standards IFRS, that have been endorsed by the EU, and generally accepted accounting principles and give a true and fair view of the Group's and the Parent Company's financial

position and results of operations, and that the Board of Directors' Report provides a fair review of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the companies included in the Group.

Stockholm, March 14, 2013

Hannu Ryöppönen
Chairman

Cecilia Daun Wennborg
Board member

Andrea Gisle Joosen
Board member

Anders Fredriksson
Board member

Peter Berlin
Board member

Magnus Moberg
Board member

Jan Olofsson
Board member

Claes-Göran Sylvén
CEO

Our audit report was submitted on March 14, 2013

Ernst & Young

Thomas Forslund
Authorized Public Accountant

AUDIT REPORT

To the annual meeting of the shareholders of Hakon Invest AB
Corporate identity number 556048-2837

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Hakon Invest AB (publ) for the year 2012. The annual accounts and consolidated accounts of the company are included on pages 68–110.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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 December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Account Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2012, and of their financial performance and cash flows in accordance with International Financial Report-

ing Standard, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Hakon Invest AB (publ) for the year 2012.

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, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the annual 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 are discharged from liability for the financial year.

Stockholm, March 14, 2013
Ernst & Young AB

Thomas Forslund
Authorized Public Accountant

DEFINITIONS

Capital employed

Balance sheet total less non-interest bearing liabilities and provisions.

Cash flow per share

Cash flow for the period divided by the average number of shares outstanding.

Dividend ratio

Dividend as a percentage of the profit for the period in the Parent Company.

Earnings per C share

Same definition as Earnings per common share, since common shares and C shares provide entitlement to equal participation in earnings and equity. C shares do not carry entitlement to a cash dividend, which is the case for common shares.

Earnings per common share

Profit for the period excluding non-controlling interests divided by the total average number of shares outstanding.

Equity/assets ratio

Equity including non-controlling interests as a percentage of balance sheet total.

Equity per share

Equity excluding non-controlling interests divided by the total number of shares outstanding.

Gross margin

Gross profit as a percentage of revenues.

Net margin

Profit for the period as a percentage of revenues.

Operating margin

Operating profit as a percentage of revenues.

Return on capital employed

Profit after financial items plus financial expenses, calculated on the basis of a rolling 12-month period, as a percentage of average capital employed during the same period.

Return on equity

Profit for the period, excluding non-controlling interests, calculated on the basis of a rolling 12-month period, as a percentage of average equity excluding non-controlling interests during the same period.

ANNUAL GENERAL MEETING AND FINANCIAL CALENDAR

Annual General Meeting 2013

The Annual General Meeting of shareholders in Hakon Invest will be held on Monday, May 20, 2013, at 17:00 CET at Näringslivets Hus, Storgatan 19, Stockholm. Notice of the Meeting will be issued via a press release and a notice in the daily newspapers. The notice and other information regarding the Annual General Meeting are also available at www.hakoninvest.se under Corporate Governance. Shareholders who have proposals or opinions regarding the work of the Nomination Committee are requested to submit these no later than Friday, March 29, 2013. A shareholder who wishes to have a matter examined at the Annual General Meeting shall submit such a request no later than Monday, April 1, 2013. Such a request shall be addressed to "The Chairman of the Board" and sent to Fredrik Häggglund, Hakon Invest, Box 1508, SE-171 29 Solna, or via e-mail to Fredrik.haggglund@hakoninvest.se.

Attendance

In order to attend the Annual General Meeting shareholders must (i) be listed in the shareholder register maintained by Euroclear Sweden AB and (ii) have notified their intention to attend the Annual General meeting no later than Tuesday, May 14, 2013. The notice of the Annual General Meeting will be published on Wednesday, April 17, 2013.

Nominee-registered shares

In order to be entitled to attend the Annual General Meeting, shareholders whose shares are registered with a nominee must temporarily register the shares in their own name with Euroclear Sweden AB. Shareholders who wish to effect such registration must inform the nominee in good time, although no later than Tuesday, May 14, 2013.

Financial calendar

Annual General Meeting 2013, May 20, 2013
Interim report, January–March, April 29, 2013
Interim report, January–June, August 21, 2013
Interim report, January–September, November 13, 2014

The reports and other information from the company are published continuously on the company's website www.hakoninvest.se. It is also possible to subscribe to receive financial reports and other news in electronic form. Financial reports and press releases intended for the capital market are published in Swedish and English.

Contacts

Head of Investor Relations
Pernilla Grennfelt
Tel. +46 8 55 33 99 55
pernilla.grennfelt@hakoninvest.se

CFO
Göran Blomberg
Tel. +46 8 55 33 99 99
goran.blomberg@hakoninvest.se



Hakon Invest AB (publ), Box 1508, SE-171 29 Solna, Sweden
Visiting address: Svetsarvägen 12. Telephone: +46 8 55 33 99 00. www.hakoninvest.se