

Second quarter 2020

Strong quarter – with mixed Covid-19 impact

Second quarter 2020

- Consolidated net sales increased by 4.6% to SEK 31,924 million (30,529)
- Operating profit excluding items affecting comparability increased to SEK 1,452 million (1,365)
- Consolidated sales and operating profit were affected by the ongoing Covid-19 pandemic. ICA Sweden has benefited, while other segments have been negatively impacted. The overall earnings effect during the second quarter is estimated to be in the range of SEK -60 million
- Profit for the period was SEK 976 million (520). Profit for the corresponding period a year ago included a capital loss of SEK 382 million on the sale of Hemtex
- Earnings per share were SEK 4.83 (2.56)
- Cash flow from operating activities, excluding ICA Bank, was SEK 2,911 million (3,047)

January-June 2020

- Consolidated net sales amounted to SEK 62,290 million (58,627), an increase of 6.2%
- Operating profit excluding items affecting comparability increased to SEK 2,762 million (2,490)
- The impact of the Covid-19 pandemic on operating profit for the period is estimated to be approximately SEK -10 million
- Profit for the period was SEK 1,952 million (1,333). Profit for the corresponding period a year ago included a capital loss of SEK 382 million on the sale of Hemtex
- Earnings per share were SEK 9.66 (6.58)
- Cash flow from operating activities, excluding ICA Bank, was SEK 4,920 million (4,656)

Events after the end of the quarter

- Decision made to summons an Extraordinary General Meeting on 22 September to address the Board's proposal for payment of a dividend of SEK 6 per share in addition to the first dividend payment of SEK 6 per share what was made in April 2020

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Group						
Net sales	31,924	30,529	62,290	58,627	122,958	119,295
Operating profit before depreciation/ amortisation (EBITDA)	2,775	2,284	5,399	4,723	10,869	10,193
Operating profit (EBIT) excluding items affecting comparability	1,452	1,365	2,762	2,490	5,628	5,356
Operating profit (EBIT)	1,454	975	2,763	2,090	5,607	4,934
Profit before tax	1,338	837	2,521	1,811	5,112	4,402
Profit for the period	976	520	1,952	1,333	4,069	3,450
Cash flow from operating activities	4,021	3,068	6,402	4,737	11,413	9,748
Cash flow from operating activities excluding ICA Bank	2,911	3,047	4,920	4,656	10,187	9,923
Operating margin excluding items affecting comparability, %	4.5	4.5	4.4	4.2	4.6	4.5
Operating margin, %	4.6	3.2	4.4	3.6	4.6	4.1
Return on capital employed, %	—	—	9.0	7.7	9.0	7.9
Return on equity, %	—	—	11.8	9.7	11.8	10.1
Earnings per share, SEK	4.83	2.56	9.66	6.58	20.14	17.06

CEO's comments

The ongoing pandemic continues to impact the market, customer behaviours and thus all aspects of our business. The impacts are varied however, and while ICA Sweden is benefiting from the situation with higher sales and earnings, Apotek Hjärtat and Rimi Baltic in particular had a considerably tougher quarter. The very high growth for e-commerce continues to accelerate.

The grocery retail market's growth in Sweden was higher than normal during the entire quarter. Even though food price inflation grew – especially in April and May – underlying volume growth in the market was very high, at 4.6%. Last year it was 1.6%. This development has mainly been driven by customers eating at home to a greater extent. What also really stands out, is the shift to e-commerce and the accelerating growth for food online, which we saw during the entire quarter with a growth rate of over 100% every month. Much to our satisfaction, we have continued to outperform the market's growth online – both for groceries and pharmacy products.



ICA Sweden – strong volume growth and larger online share

The strong sales growth has had a positive impact on ICA Sweden's earnings. It is clear that customers are eating at home to a greater extent and also seem to be spending more time preparing food, which benefits us. We can also note that the average spend is increasing, while the number of customer visits is decreasing. Customers are looking for a wide product range on every shopping occasion, which means that the larger stores are experiencing better growth, all else equal. ICA has a relatively larger share of small and medium-sized stores spread across the entire country. Many of these stores have extra good growth during the holiday periods, when our customers spend more time at their vacation homes. This year, domestic travel is down compared with a normal year due to Covid restrictions, which together with customers' bigger shopping at larger stores, is a main reason why despite continued high growth, during the second quarter as well we did not quite grow as fast as the market.

Our e-commerce growth increased month-for-month during the quarter and was a full 165% in June. Online sales as a share of total store sales more than doubled during the quarter. Above all we achieved very high growth for e-commerce via stores (click & collect), where ICA stores have succeeded at meeting the higher demand. It now appears very likely that e-commerce has passed a development threshold with this past spring's events and that a large share of the increase that has taken place will remain once the situation has normalised. Our ongoing initiatives, with a strong focus on meeting this trend with effective online solutions, are becoming increasingly important, but will also require great attention in years ahead.

Rimi Baltic – tough situation in shut down market. Apotek Hjärtat – large Covid-19 impacts, but reversal of trend from first quarter

Rimi Baltic has been negatively impacted by the strict shutdown that took place in the three Baltic countries. This resulted in weak sales during the quarter with the exception of Lithuania, where our stores – owing to their locations – were not as exposed to reduced customer traffic. The countries have now begun opening up for some time, but customer traffic has not resumed to normal levels. Rimi Baltic has stable underlying growth, but it is important going forward that we can accelerate growth, as we are still not keeping pace with growth of the market. A number of initiatives are currently in progress that are also coupled to forthcoming competitive changes arising out of Lidl's entry to Estonia and Latvia. In the meantime we are also nearing the date on which we will have our new warehouse up and running, which will be an important milestone for Rimi Baltic. Since April we have also been offering online sales in all three countries.

During the quarter, Apotek Hjärtat and the entire pharmacy market experienced a sharp reversal of the first quarter's hoarding effects. Development during the second quarter went in the exact opposite direction, with lower sales and a large drop in volume, especially in April and May. The effects were larger than what we had expected, and they will likely also continue longer than we had previously thought. To address this trend we have worked hard at adjusting costs and improving efficiency in all parts of operations – not least in e-commerce, which continues to grow at a fast pace.

Favourable underlying performance for ICA Bank with slight Covid-19 impact. Limited exposure for ICA Real Estate

We experienced continued favourable performance for ICA Bank, even though we see that certain parts of the business have been hurt by the current situation. A decrease in travel has dampened card revenue, for example. We expect to see these effects for the rest of the year.

ICA Real Estate also posted a favourable result, but with a slightly negative earnings impact from Covid-19. We have informed that certain of our external tenants may encounter problems in the current market situation, but our exposure on the whole is limited.

Sustainability work – on track to achieving current climate target

Compared with the base year 2006, as per the end of the quarter we have reduced our greenhouse gas emissions by 71% on a rolling 12-month basis. The goal is to reach -70% by year-end 2020 and to compensate for the remainder in 2021 through offsets. All indications now are that we will achieve this, which creates a good base when we set out toward our new climate target in 2021, which we presented in the preceding sustainability report and which will lead us to net zero GHG emissions from own operations by 2030.

During the quarter, we also launched our Växa ("Grow") Initiative in Sweden, representing a major effort to increase the share of Swedish-produced, plant-based food.

Continued impacts from Covid-19

It has been a very different first half of the year, with many varying challenges. Together with the ICA retailers and our business partners we have managed to handle this difficult and challenging time in a good way. Hopefully we are now seeing the beginning to the end of the most acute consequences of the pandemic. What is clear, however, is that the immediate impacts of the pandemic on society and our business that we have seen since March will be more enduring than what we could believe a few months ago. It is also clear that we will not go back to square one and that the world after Covid-19 will look different. This pertains, for example, to the view of price and price value, the increase in the e-commerce share, the accelerated digitalisation in a broader sense and the greater focus on locally produced foods. I nonetheless feel that we are strongly poised for the future and for the changes it will bring.

Per Strömberg
CEO ICA Gruppen

Group performance

Net sales and earnings

Second quarter 2020

Consolidated net sales increased by 4.6% during the quarter compared with 2019. Excluding currency effects and adjusted for the sale of Hemtex, the increase was 4.8%. This performance is explained by positive price and mix effects in all operations except for ICA Bank and positive volume effects in ICA Sweden's wholesale operation, ICA Real Estate and ICA Bank. In contrast to ICA Sweden, the Covid-19-related volume effect was strongly negative for Rimi Baltic and Apotek Hjärtat.

Operating profit excluding items affecting comparability grew to SEK 1,452 million (1,365), which is SEK 71 million higher than for the preceding year, excluding Hemtex. Operating profit improved for ICA Sweden and ICA Real Estate, while profit decreased for other businesses. All earnings changes were strongly affected by the prevailing Covid-19 situation, and the overall volume impact was negative due to the performance of Apotek Hjärtat and Rimi Baltic. Apart from the volume impact, gross profit developed in a positive direction, and the overall cost level was slightly lower during the quarter. On the one hand, costs associated with continued ventures in digital business development and e-commerce increased. On the other hand, a number of measures have been carried out to cut costs in order to meet the negative volume development during the quarter. The operating margin excluding items affecting comparability was unchanged at 4.5% (4.5%). Profit for the period was SEK 976 million (520), which includes the result of divestments and impairment losses for a combined total of SEK 3 million (-390). Operating profit for the second quarter a year ago included a capital loss of SEK -382 million on the sale of Hemtex, which is also the main reason why earnings per share were higher at SEK 4.83 (2.56).

January-June 2020

Consolidated net sales increased by 6.2% during the first half of the year compared with 2019. Excluding currency effects and adjusted for the sale of Hemtex, the increase was 6.6%. The leap year day in February accounted for +0.3 percentage points of the increase. Operating profit excluding items affecting comparability increased to SEK 2,762 million (2,490), which is SEK 236 million higher than the same period a year ago, excluding Hemtex. Operating profit includes the effect of the leap year day in February, by approximately SEK 22 million. The operating margin excluding items affecting comparability grew to 4.4% (4.2%). Profit for the period was SEK 1,952 million (1,333). Profit for the period includes the result of divestments and impairment losses for a combined total of SEK 2 million (-400). Operating profit for the same period a year ago included a capital loss of SEK -382 million on the sale of Hemtex. Earnings per share were SEK 9.66 (6.58).

Effect of IFRS 16

The segments are reported excluding IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level in ICA Gruppen. The effect of IFRS 16 on consolidated operating profit excluding items affecting comparability was SEK 42 million (42) during the second quarter and SEK 86 million (82) for the entire period.

Estimated effects of the Covid-19 pandemic

Covid-19 is estimated to have affected consolidated sales growth during the quarter by +0.3% and consolidated operating profit by approximately SEK -60 million. During the first half of the year sales are estimated to have been affected by +1.6%, with an earnings impact of approximately SEK -10 million. Included in the Covid-19-effects are some general government support payments, mainly sick-leave contributions.

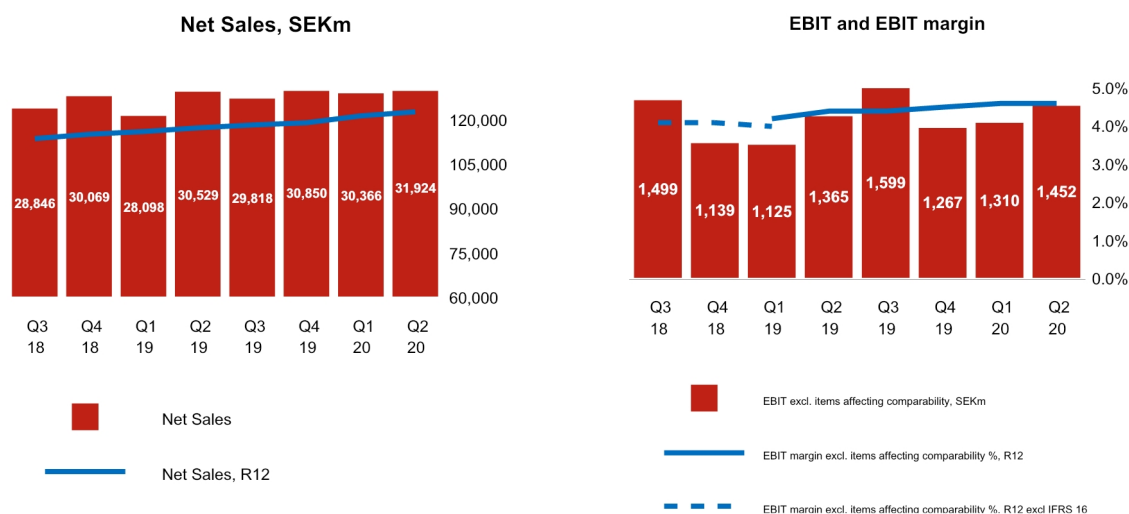
Net sales per segment

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
ICA Sweden	23,496	21,880	44,926	41,673	88,440	85,187
Rimi Baltic	4,051	4,071	8,149	7,845	16,472	16,168
Apotek Hjärtat	3,638	3,778	7,725	7,412	15,091	14,778
ICA Real Estate	696	686	1,396	1,362	2,765	2,731
ICA Bank	408	391	825	761	1,634	1,570
Hemtex ¹⁾	—	93	—	306	—	306
Other	322	299	641	600	1,238	1,197
Intra-Group sales	-688	-669	-1,372	-1,331	-2,681	-2,640
Net sales	31,924	30,529	62,290	58,627	122,958	119,295

Operating profit excluding items affecting comparability per segment

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
ICA Sweden	1,113	949	2,029	1,774	3,967	3,712
Rimi Baltic	147	175	299	320	723	744
Apotek Hjärtat	66	142	196	238	422	464
ICA Real Estate	154	133	296	242	558	504
ICA Bank	50	55	67	94	217	244
Hemtex ¹⁾	—	-16	—	-36	—	-36
Other	-120	-115	-212	-225	-430	-443
Operating profit excluding items affecting comparability by segment	1,409	1,323	2,675	2,408	5,456	5,189
IFRS 16 Leases	42	42	86	82	170	166
Operating profit excluding items affecting comparability	1,452	1,365	2,762	2,490	5,628	5,356

1) Hemtex was included in consolidated sales and profit through 14 May 2019. See also Note 4.



Key ratios for 2018 that are affected by IFRS 16 and that are based on rolling 12-month data are presented only for the full-year 2018, as data for 2017 has not been recalculated for IFRS 16. Thus the EBIT and EBIT margin chart above presents only the EBIT margin including IFRS 16 for periods from Q4 2018 and forward. The chart includes the EBIT margin excluding IFRS 16 for periods up to and including Q4 2018. See also Note 1.

Net financial items and tax

Net financial items during the quarter amounted to SEK -116 million (-139). Interest expenses excluding IFRS 16 were lower than a year ago due to completed refinancing. Interest expenses coupled to IFRS 16 are included in net financial items in the amount of SEK -81 million (-87) for the second quarter and SEK -164 million (-176) for the first half of the year.

The tax cost for the quarter was SEK -363 million (-317), corresponding to a tax rate of 27.1% (37.9%). The difference compared to the nominal tax rate of 21.4% is mainly attributable to tax on dividends received from Rimi Baltic. The preceding year's tax cost includes the same effect, where the non-deductible capital loss on the sale of Hemtex drove up the tax cost. The tax cost for the first half of the year was SEK -570 million (-478), corresponding to a tax rate of 22.6% (26.4%).

Paid tax during the quarter totalled SEK -311 million (-188) and was SEK 123 million higher than a year ago due to a higher monthly preliminary tax payment than during the same period a year ago. Paid tax for the period January–June was SEK -705 million (-376). The increase of SEK 329 million includes, in addition to what is reported for the second quarter, also an extra payment of SEK 214 million in preliminary tax during the first quarter.

Cash flow

Cash flow from operating activities during the quarter (excluding ICA Bank) was SEK 2,911 million (3,047), which is a decrease of SEK 136 million. Higher operating profit during the quarter was countered by less favourable development of working capital, which in turn was mainly associated with the hoarding that took place at the end of the first quarter. Added to this was an increase in paid tax. Cash flow for the first half-year increased by SEK 264 million and was mainly affected by a positive change in working capital, which in turn can be coupled to the higher Covid-19–related sales during the first quarter. This development was partly countered by higher paid tax.

Cash flow from investing activities was affected by a higher level of investments than the same period a year ago. Cash flow from financing activities during the quarter was affected by a lower dividend payout than in the same period a year ago, while for the first half of the year it was affected by the issue of new bonds in February.

On 28 February ICA Gruppen issued two bonds for a combined total of SEK 2.25 billion. One of the bonds was for SEK 1.75 billion with a tenor of three years, and one was for SEK 0.5 billion with a tenor of five years.

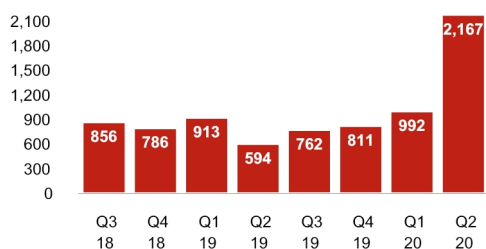
Effect of IFRS 16 on cash flow

Lease payments (interest and principal) during the second quarter of 2020 totalled SEK -869 million (-906). The corresponding amount for the period January–June was SEK -1,836 million (-1,831).

Consolidated statement of cash flows, excluding ICA Bank

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Cash flow						
From operating activities before change in working capital	2,572	2,463	4,741	4,681	10,019	9,959
Change in working capital	341	583	180	-25	170	-35
From operating activities	2,911	3,047	4,920	4,656	10,187	9,923
Investing activities, net	-2,128	-359	-2,990	-1,221	-4,580	-2,811
Before financing activities	784	2,688	1,930	3,435	5,608	7,113
Financing activities, net	-2,099	-3,488	-849	-3,728	-4,165	-7,044
Cash flow for the period	-1,315	-800	1,081	-293	1,443	69

Capex (cash flow), SEKm



Investments and divestments

The Group's investments amounted to SEK 2,167 million (594) during the quarter. The level of investment increased mainly for ICA Real Estate and is largely attributable to the acquisition of a logistics property in Västerås in April, for approximately SEK 1 billion. ICA Sweden also increased its level of investment, mainly pertaining to investments in IT and e-commerce. The higher level of investment by Rimi Baltic pertains to the ongoing warehouse project in Riga and store investments. Of total investments, SEK 1,512 million (156) is attributable to ICA Real Estate.

Total investments for 2020 are expected to amount to approximately SEK 5 billion, including SEK 2.6 billion in ICA Real Estate. Major capex projects include the acquisition of the warehouse property, purchases of future store locations, investments in the Group's e-commerce, IT investments, the new warehouse in Riga, and new stores.

Investments (cash flow) by segment

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
ICA Sweden	259	145	423	280	799	656
Rimi Baltic	275	178	569	356	1,198	985
Apotek Hjärtat	62	62	115	120	221	226
ICA Real Estate	1,512	156	1,926	637	2,281	992
ICA Bank	27	6	41	8	70	37
Hemtex	—	2	—	4	—	4
Other	34	46	86	103	162	179
Investments	2,167	594	3,159	1,507	4,732	3,080

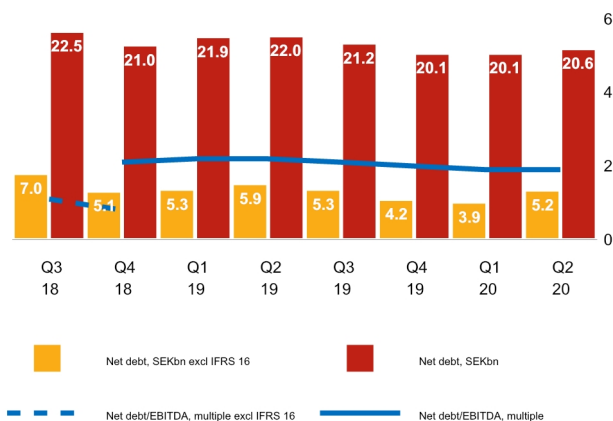
Depreciation/amortisation by segment

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
ICA Sweden	151	137	295	267	593	565
Rimi Baltic	102	86	198	170	380	352
Apotek Hjärtat	41	37	79	75	151	147
ICA Real Estate	132	125	253	254	500	501
ICA Bank	6	7	12	14	26	28
Hemtex	—	2	—	7	—	7
Other	36	33	70	63	144	137
Depreciation/amortisation by segment	466	428	907	850	1,793	1,736
IFRS 16 Leases	854	873	1,726	1,765	3,444	3,483
Depreciation/amortisation	1,321	1,301	2,633	2,615	5,237	5,219

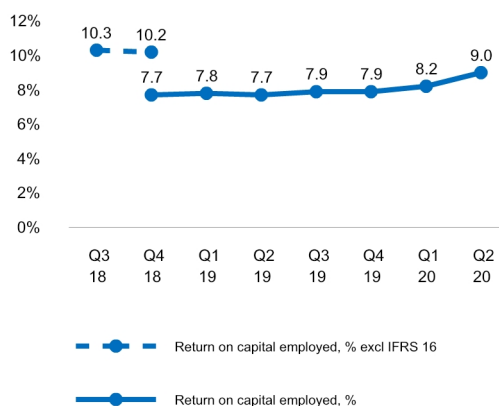
Financial position

The Group's net debt excluding IFRS 16 (i.e., excluding lease liabilities, ICA Bank and pension liabilities) amounted to SEK 5.2 billion (5.9) at the end of the quarter. The lower level of net debt is mainly attributable to a positive cash flow from operating activities as well as a lower dividend paid than in the second quarter last year. The Group's net debt including IFRS 16 (excluding ICA Bank and pension liabilities) amounted to SEK 20.6 billion (22.0) at the end of the quarter. At 30 June 2020 net debt in relation to EBITDA was 1.9 (2.2), which is well in line with the Group's long-term target of <3.0. Return on capital employed was 9.0% (7.7%) on a rolling 12-month basis.

Net debt and Net debt/EBITDA



Return on capital employed, R12



Key ratios for 2018 that are affected by IFRS 16 and that are based on rolling 12-month data are presented only for the full year 2018, as data for 2017 has not been recalculated for IFRS 16. Thus the chart Net debt and Net debt/EBITDA above includes only net debt/EBITDA including IFRS 16 in periods from Q4 2018 forward, and the chart for return on capital employed above includes only IFRS 16 in periods from Q4 2018 and forward. The charts include net debt/EBITDA excluding IFRS 16 and return on capital employed excluding IFRS 16 up until Q4 2018. Net debt includes recalculation for IFRS 16 for 2018. See also Note 1.

Important events during the quarter

7 April – Against the background of the ongoing Covid-19 pandemic, ICA Gruppen's board of directors decided to change its dividend proposal to the Annual General Meeting. The new proposal entailed that instead of a dividend of SEK 12 per share, a dividend of SEK 6 was paid in April. The Board also announced its intention to summons an Extraordinary General Meeting later in 2020 to decide on an additional dividend payment of SEK 6 per share.

21 April – ICA Gruppen's Annual General Meeting approved the Board's dividend proposal of SEK 6 per share.

22 April – It was announced that Anna Nyberg has been named as new CEO of ICA Real Estate. She assumed her position on 17 August.

29 April – ICA Real Estate completed its acquisition of a logistics property in Västerås. The purchase price was SEK 1.1 billion before a tax deduction, corresponding to SEK 1 billion after a tax deduction.

Important events after the end of the quarter

18 August – ICA Gruppen's board of directors has summoned an Extraordinary General Meeting to be held on 22 September. The Board proposes that the Extraordinary General Meeting resolve in favour of an additional dividend payment of SEK 6 per share on top of the SEK 6 per share already paid out. The dividend for the year would thereby amount to a total of SEK 12 per share.

Sustainability Report

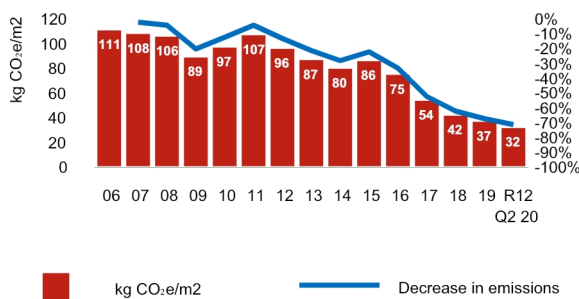
Sustainability is an integral part of the daily activities of all of ICA Gruppen's operations. All segments work actively on improving the value chain, by setting standards for and working in cooperation with suppliers, working towards common goals and certifications, and by developing new, sustainable products and services that make it easier for customers to make healthy and sustainable choices.

Outcome – sustainability targets

- ICA Gruppen's greenhouse gas emissions have decreased by 71% on a rolling 12-month basis compared with the base year 2006. Emissions decreased during the reporting period due to a gradual increase in the use of refrigerants with a lower climate impact in stores and a switch to renewable electricity by Rimi Baltic. Greenhouse gas emissions are decreasing steadily, and the trend indicates that ICA Gruppen will reach the target to reduce emissions in own operations by 70% by year-end 2020. Remaining emissions will be climate-offset in 2021
- The outcomes for the quarter for the targets for social audits and quality certification of suppliers of ICA Gruppen's corporate brands were level with the preceding period. We have noted, however, a continued declining trend in the number of socially audited suppliers in high-risk countries. This is because the Covid-19 pandemic has led to closed factories, reduced access to factories to perform audits, and travel restrictions. Opportunities to perform audits have therefore been dramatically affected. The impact of Covid-19 will in all likelihood adversely affect the outcomes for supplier targets during the coming quarters

Key Performance Indicators

Emissions kg CO₂e/m² 2006-Q2 2020



ICA Gruppen's operations will be climate-neutral by 2020

	12 months	12 months
	Jul 2019 - Jun 2020	Jul 2018 - Jun 2019
Decrease in emissions compared with 2006	-71%	-63%

Outcome other sustainability targets

	12 months	12 months
	Jul 2019 - Jun 2020	Jul 2018 - Jun 2019
100% of suppliers of ICA Gruppen's corporate brands in high-risk countries will be socially audited	93%	95%
At least 90% of suppliers of ICA Gruppen's corporate brands in high-risk countries will have a valid follow-up social audit by year-end 2020	87%	82%
90% of suppliers of ICA Gruppen's corporate brands will be quality certified by year-end 2020	88%	86%

Sustainability activities during the quarter

Local

Focus on support to local communities

During the second quarter a number of initiatives were carried out to support local communities in our presently different daily life. ICA Gruppen and the ICA retailers have a high level of local engagement at the core, but the need for action becomes extra clear when society is affected by crises such as that posed by Covid-19. Providing support to risk groups in society as well as to small, local businesses is now urgent.

Ensuring that Swedish and local food production can prosper even in these difficult times is highly important. Through simplification measures more than 300 new, local vendors have been able to sell their products directly to ICA stores.

ICA and the Swedish Red Cross's many years of collaboration have been further strengthened when ICA – through ICA Sweden, ICA Stiftelsen and Apotek Hjärtat – contributed SEK 12 million to the Red Cross's work on helping more people during the Covid-19 pandemic. A nationwide collaboration has been started to increase availability of food and medicines for people in risk categories. ICA retailers across Sweden have engaged themselves in an effort to ensure home delivery of food to elderly people and people in other risk categories, and Apotek Hjärtat has taken measures to ensure access to medicines. This work will now be further developed and strengthened in partnership with the Red Cross.

Rimi Baltic has provided support to local communities and the categories of people most afflicted by the Covid-19 pandemic by, among other things, delivering food packages to healthcare personnel, donating food to Food Bank, and designating special opening hours for seniors to do their grocery shopping.

Environment

Toward a sustainable food system

During the quarter ICA published the future-focused report Matrevolutionen – Ett hållbart matsystem för framtida generationer ("The Food Revolution – a sustainable food system for future generations"). Together with leading experts and supported by research, ICA has identified the three change areas with the greatest potential to make a difference for a more sustainable food system: a greater share of sustainable, plant-based food; a more Sweden-based food loop; and diversity in agriculture. To increase the offering of sustainable food and stimulate more innovation, during the quarter ICA also launched its Växa ("Grow") Initiative, which entails a major effort to increase the share of Swedish-

produced, plant-based foods. The initiative will also be a key part of ICA's new climate ambition to cut the climate impact of customers' grocery purchases in half by 2030.

ICA is also participating in a new pilot project that will study if an algae-based feed additive can lead to reduced emissions of methane from cows. The project will continue through year-end and is unique, as it includes participation of actors from the entire value chain, who together are studying how to scale up climate-effective solutions for a more sustainable food system.

Continued work with plastics shift

Work is continuing with ICA Gruppen's plastics strategy, which entails among other things that all food packaging of ICA's private label products shall be recyclable or reusable after 2022 and that after 2030 packaging shall be made of recycled or renewable material. In April 2020 Rimi Baltic switched to new material for all of its baked-goods bags. The previously used bags with a plastic window have now been replaced with bags with a paper-based window. The switch will result in a reduction in plastics use by approximately 70 tonnes per year. Apotek Hjärtat has launched a new line of foot care products, Apolosophy Fot, with packages made of recycled or renewable plastic. The new packages are made of sustainable material, such as tubes made of sugar cane-based plastic and jars made of 100% recycled PET.

Rimi Baltic focusing on sustainable fish

Rimi Baltic has decided – as the first food retailer in the Baltic countries – to adhere to the Baltic countries' fish guide and has thereby stopped purchases of seafood products using red-listed species. The fish guide has been compiled by the Estonian Fund for Nature (ELF), Pasaules Dabas Fonds (Latvia's associated partner of WWF), and the Lithuanian Fund for Nature. For some time ICA Sweden has been adhering to WWF's Swedish fish guide for its purchases of fish and shellfish.

Sustainability funds – sustainable choices

To make it easier for ICA Bank's customers to save money according to sustainability practices, during the quarter ICA Bank's three own funds, Modig, Måttlig and Varlig, were upgraded to include a sustainability orientation. To ensure ethical and sustainable holdings in the funds, ICA Bank is working actively on selecting and influencing companies. In addition to excluding companies active in the areas of tobacco, alcohol, pornography, arms, military contracts, cannabis, commercial gambling, fossil fuels and controversial weapons, the funds also exclude all companies that are active in the extraction, production and distribution of fossil fuels. Moreover, none of the companies included in the funds may be in contravention of the UN's Global Sustainable Development Goals or the ten principles of the UN Global Compact business initiative.

Climate-smart choices for e-commerce deliveries

Apotek Hjärtat, as the first Swedish pharmacy chain, has made it easier for customers to make climate-smart choices when shopping online – an initiative that has been made possible through analyses of the climate impact of various transports. Customers can choose their shipping alternative based on the climate impact, price and delivery time. To further drive development of sustainable shipping, Apotek Hjärtat is participating in a newly started research project being conducted by Linköping University and Stockholm University, with funding by Vinnova, aimed at giving consumers greater opportunities to help reduce greenhouse gas emissions.

Health

Mental health support for young people

During the quarter ICA Bank and ICA Insurance launched the Vardagsvän ("Friend in Need") initiative, which focuses on mental illness among children and adolescents. The initiative is being conducted in partnership with Jourhavande Kompis, which is part of the Swedish Red Cross's Youth Federation. The partnership aims to promote Jourhavande Kompis as a support channel for young people in need of someone to talk to. The partnership also aims to support recruitment of volunteers for the youth federation.

Diversity

Extended partnership with Swedish Football Association

ICA is a long-standing partner to the Swedish Football Association (SvFF), and one of the core pillars of this partnership entails giving children and youths opportunities for meaningful recreation. ICA will continue to support SvFF's initiative Alla är olika, Olika är bra ("Everyone is different, Different is good"), which conducts training and provides material to associations that want to make a difference in gender equality, diversity and democracy issues. ICA is also engaged in Fotbollsskolan ("Football School"), a concept used by football associations to run football training facilities for children and youths.

Rainbow flags at offices and warehouses

In Sweden, ICA Gruppen raised rainbow flags at all offices and warehouses during the time Pride festivals were held in the following cities: Gothenburg (3–7 June) and Global Pride (27 June), and Stockholm (27 July–2 August). The flags were flown at all offices and warehouses during these times.

Criticism, media debates and dialogues

During the quarter Apotek Hjärtat published its 2019 Sustainability Report:

https://www.apotekhjartat.se/globalassets/omoss/hallbarhet/apotek_hjartat_hallbarhetsrapport_2019_200608.pdf.

Awards and distinctions

Apotek Hjärtat received a number of awards in this year's Guldägget marketing event, which is arranged by trade organisation Sveriges Kommunikationsbyråer. The campaign "A Hard Pill to Swallow" won two golden eggs, a silver egg and a diploma. The campaign "The 10 mg Clarity on its way" won a silver egg and a gold award for best copy.

About this report

This is a quarterly status report with information about ICA Gruppen's work with issues related to sustainability. The report highlights continuing developments during the year and covers all companies in ICA Gruppen. The criteria applied in preparation of this report are based on the annual sustainability report published by ICA Gruppen. The quarterly report is not prepared in accordance with the GRI Guidelines and therefore does not address certain issues. ICA Gruppen publishes the actual Sustainability Report once a year, which provides a comprehensive picture of the Group's sustainability work. For reporting principles, boundaries and a materiality analysis, see ICA Gruppen's 2019 Annual Report: <https://www.icagruppen.se/globalassets/3.-investerare/5.-rapporter/arkiv--finansie/engelska/2020/02.-annual-report-2019/icagruppen-annual-report-2019.pdf> pages 119–121 and 130–132. In the first quarter of 2020, the reporting principle for goods transports within ICA Gruppen's Swedish companies was adjusted; greenhouse gas emissions from goods transports are now reported directly from contracted transport firms.

ICA Sweden

ICA Sweden conducts grocery retail business in cooperation with independent ICA retailers. The retailers own and manage their own stores, but have agreements with ICA Sweden in areas such as purchasing, logistics, market communication and store development. ICA Sweden also includes ICA Special, which is responsible for sales of non-food items at Maxi ICA (Hypermarket) stores.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level.

Net sales and earnings

Second quarter 2020

ICA Sweden's net sales increased by 7.4% compared with a year ago. The increase is mainly attributable to positive volume effects in the wholesale operations, but price effects also contributed to the increase. The Covid-19 effect on sales is estimated to have been 3.4%.

Operating profit excluding items affecting comparability increased to SEK 1,113 million (949). The positive earnings effect of the sales increase was partly countered by higher volume-related costs, mainly coupled to the dark store in Stockholm. The gross margin overall was roughly level with the same period a year ago, and the logistics operation showed continued good cost control and efficiency performance. A higher private label share also had a favourable effect. However, IT costs and other overheads were higher than in the same period a year ago, which can be attributed to ongoing investments and development projects as well as competence broadening activities. Profit distribution from ICA stores was slightly lower than a year ago, as a relatively larger share of profit distributions in 2019 were made during the second quarter. Operating profit for the quarter also included a non-recurring item of approximately SEK 20 million related to an insurance matter.

Covid-19 is estimated overall to have impacted operating profit for the quarter by approximately SEK +130 million. The operating margin rose to 4.7% (4.3%).

January-June 2020

ICA Sweden's net sales increased by 7.8% during the first half of the year compared with the same period a year ago, of which Covid-19 effects are estimated to have been 3.2%. The leap year day in February contributed 0.3%.

Operating profit excluding items affecting comparability increased to SEK 2,029 million (1,774). The earnings impact of the leap year day in February is estimated to have been approximately SEK +15 million, and Covid-19 effects for the entire period January–June are estimated to have been approximately SEK +165 million. The operating margin rose to 4.5% (4.3%).

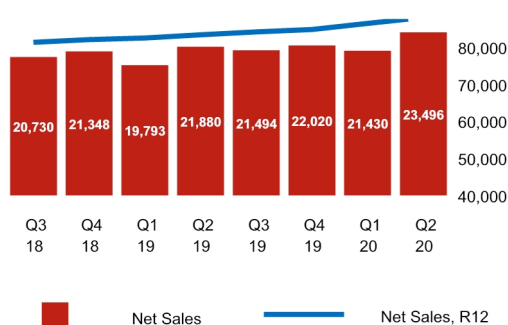
Estimated effects of Covid-19 pandemic

The effect on sales and operating profit is described above. The sales increase, which during the quarter was mainly driven by the fact that customers are eating more food at home, has been favourable for the ICA system on a net basis, but the differences between individual stores are considerable. Stores located near Norway and Finland as well as in shopping centres have in many cases experienced sharp drops in sales. The eating-at-home effect will likely continue for some time.

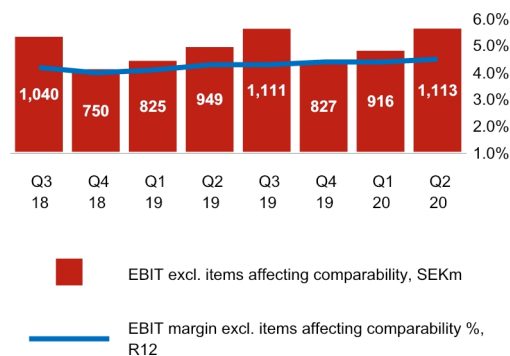
ICA Sweden

	Second quarter		Jan-Jun		12 months	Full Year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Net sales, SEKm	23,496	21,880	44,926	41,673	88,440	85,187
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,264	1,087	2,325	2,042	4,560	4,277
Operating profit excl. items affecting comparability, SEKm	1,113	949	2,029	1,774	3,967	3,712
Operating margin excl. items affecting comparability, %	4.7	4.3	4.5	4.3	4.5	4.4
Investments, SEKm	259	145	423	280	799	656
Depreciation/amortisation, SEKm	151	137	295	267	593	565
Average number of employees	—	—	8,243	8,261	—	8,292
Private label share of store sales, %	—	—	27.2	25.9	—	25.8

Net Sales, SEKm



EBIT and EBIT margin



The market and ICA store sales

Sales (excluding VAT) for Swedish ICA stores increased by 7.5% during the quarter and by 7.3% on a like-for-like basis. According to the Food Retail Index (DVI), market growth was 8.1% during the second quarter of the year. Sales growth for ICA stores during the quarter was thus slightly lower than growth for the market. The relatively high share of small and medium-sized stores in ICA's store network is believed to have had a continued unfavourable effect on growth during the second quarter, while larger stores have experienced higher growth.

The estimated calendar effect for the quarter was 0.0%. Food price inflation was 3.5% (2.7%) during the second quarter and 2.6% during the preceding quarter. Adjusted for inflation and the calendar effect, estimated volume growth for ICA stores during the quarter was 4.0% and approximately 3.7% on a like-for-like basis.

Sales growth during the quarter continued to be affected by the Covid-19 pandemic and was driven exclusively by a sharply higher average spend and a higher number of items purchased per customer visit at the same time that customer visits were fewer. The share of promotional sales was lower during the entire quarter than a year ago, but slightly higher towards the end of the period. Product categories that performed strongly during the period were dry goods, fruits & vegetables, frozen products and meat. Average prices per item increased mostly for fruit, meat, coffee and charcuterie products.

Private label products as a share of accumulated sales amounted to 27.2% (25.9%).

Three new stores opened during the second quarter and two stores were closed. A total of eight to ten new stores are planned to be established during 2020.

E-commerce

Online sales grew sharply during the second quarter to SEK 1,420 million (572), an increase of 148% over the same period a year ago. The e-commerce share for the ICA stores that offer food online was 6.4% (3.1%). According to the Food Retail Index (DVI), the e-commerce market for food in Sweden grew by 113.5% during the second quarter.

Online sales totalled SEK 2,186 million (1,142) during the first half of the year, an increase of 91.4%. The online market grew by 69.7% during the same period.

At the end of the period, 338 (291) ICA stores were active with e-commerce (food online), and 635 (636) stores offered the ICA Matkassen meal kit concept.

Note: DVI = Dagligvaruindex (Food Retail Index), which is published monthly by the Swedish Food Retailers Federation and HUI Research.

ICA store sales, incl. retailer-owned stores

Store sales in Sweden

Store sales excl. VAT	Second quarter 2020			January-June 2020		
	SEKm	All stores %	Like-for-like %	SEKm	All stores %	Like-for-like %
Maxi ICA Stormarknad	10,983	11.8	10.1	20,566	11.3	9.9
ICA Kvantum	8,160	8.2	7.7	15,676	8.5	7.7
ICA Supermarket	9,591	2.8	4.1	18,469	3.9	5.2
ICA Nära	5,026	6.6	6.8	9,510	7.5	7.6
Total	33,761	7.5	7.3	64,222	7.8	7.6

Number of stores in Sweden

Format	December 2019	New	Converted	Closed	June 2020
Maxi ICA Stormarknad	86	1	0	0	87
ICA Kvantum	129	0	0	-1	128
ICA Supermarket	423	1	0	-2	422
ICA Nära	632	4	0	-4	632
Total	1,270	6	0	-7	1,269

Rimi Baltic

Rimi Baltic conducts grocery retail business via 277 wholly owned stores in Estonia, Latvia and Lithuania. Store formats include Rimi Hyper, Rimi Super, Rimi Mini and Rimi Express. Rimi Baltic also includes the properties owned by the Group in the three Baltic countries.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level.

Net sales and earnings

Second quarter 2020

Rimi Baltic's net sales decreased by 0.8% during the quarter (the decrease in SEK was 0.5%). Positive price effects were not sufficient to compensate for the negative volume effects that arose due to the Covid-19-related shutdowns in all three Baltic countries during the spring. Covid-19 is estimated to have impacted sales by a combined total of approximately -5.0%.

Operating profit excluding items affecting comparability decreased by SEK 28 million to SEK 147 million (175). Continued positive mix effects (products and stores) and lower costs for shrinkage and logistics strengthened both gross profit and the gross margin. The improvement in gross profit was not enough to compensate for higher store costs coupled to investments in the store network and inflation. Added to this were higher costs for marketing and e-commerce, which has now been launched in all three countries. To address the negative consequences of the Covid-19 pandemic, several measures have been taken to reduce costs and increase efficiency. Covid-19 is estimated to have impacted operating profit for the second quarter by approximately SEK -65 million. The operating margin decreased to 3.6% (4.3%)

January-June 2020

Rimi Baltic's net sales increased by 2.5% during the first half of the year (the increase in SEK was 3.9%). Covid-19 is estimated to have impacted sales during the period by approximately -2.1%, while the leap year day in February accounted for a sales contribution of approximately 0.6%. The store conversions completed in Latvia during the preceding year had a continued slight negative impact on sales.

Operating profit excluding items affecting comparability decreased to SEK 299 million (320), and the operating margin for the period fell to 3.7% (4.1%). The accumulated impact of Covid-19 on operating profit is estimated to have been approximately SEK -70 million.

Other

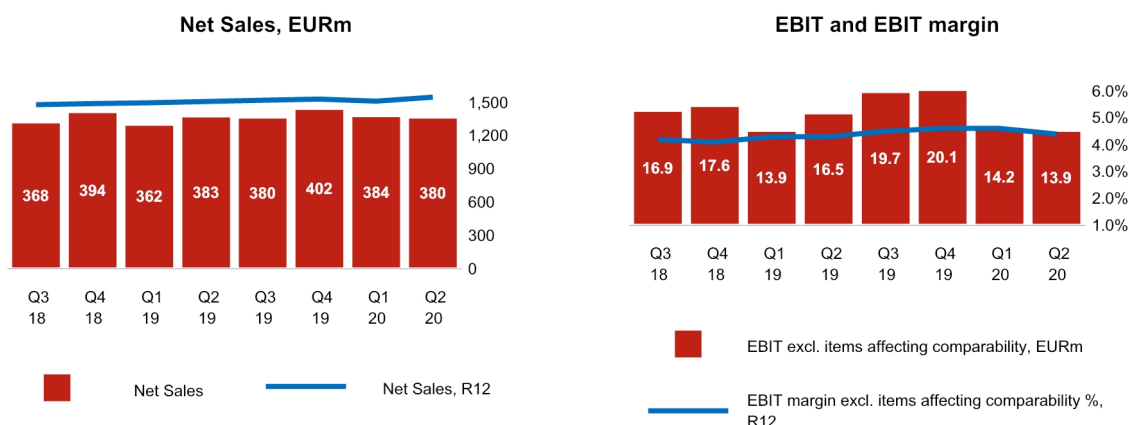
Operating profit includes a net earnings effect of SEK 2 million (-8) from property sales/impairment losses on properties during the second quarter and SEK -1 million (-17) for the first half of the year.

Estimated effects of Covid-19 pandemic

The effects on sales and operating profit are described above. The shutdown of society that took place in all three countries has had a substantial, negative effect on sales for stores in central locations, near borders and in shopping centres. The negative effect for Rimi Baltic was greatest in Estonia, lower in Latvia, while the impact in Lithuania has been more limited. The differences between the countries are related to how the store networks are configured in the respective countries, which also explains Rimi Baltic's performance relative to the market. The societies in all three countries are now opening up, but Covid-19 will continue to affect business during the second half of the year.

Rimi Baltic

	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Net sales, SEKm	4,051	4,071	8,149	7,845	16,472	16,168
Operating profit before depreciation/amortisation (EBITDA), SEKm	250	262	499	491	1,105	1,097
Operating profit excl. items affecting comparability, SEKm	147	175	299	320	723	744
Operating margin excl. items affecting comparability, %	3.6	4.3	3.7	4.1	4.4	4.6
Investments, SEKm	275	178	569	356	1,198	985
Depreciation/amortisation, SEKm	102	86	198	170	380	352
Average number of employees	—	—	10,358	10,466	—	10,494
Private label share of sales, %	—	—	24.1	24.7	—	23.9
EUR/SEK exchange rate, average	10.6537	10.6182	10.6611	10.5230	10.6575	10.5869



The market, store sales and e-commerce

Market growth during the second quarter was 2.0%, which is considerably lower than growth during the first quarter, which was 8.8%. Growth in the respective countries was (first quarter in parentheses): Estonia 3.3% (7.9%), Latvia 5.3% (9.8%), and Lithuania -0.6% (8.7%).

At the same time, food price inflation was 2.2% (3.3%), which is slightly lower than during the first quarter, when it was 2.8%. Food price inflation in the respective countries was: Estonia 0.9%, Latvia 2.0% and Lithuania 3.0%. Inflation has decreased in all three countries.

The Covid-19 pandemic impacted performance for the entire quarter. With extensive restrictions and shutdowns, the number of customer visits decreased sharply, while the average spend increased. As a consequence of reduced customer traffic, seven smaller stores (Rimi Express) have been temporarily closed since March 2020. Five of these re-opened during the latter part of the second quarter.

Rimi Baltic has a slightly lower market share thus far in 2020 than in 2019, approximately 14.5%, which has been affected in part by business in Latvia, where the conversion of Supernetto stores has had a negative impact on market share, and in part by the slightly weaker performance that Rimi Baltic has had when the countries were in shutdown. The level of promotional activity in Rimi Baltic was slightly lower than in the preceding year.

Rimi Baltic launched e-commerce in Latvia during the fourth quarter of 2019. Due to the Covid-19 pandemic, demand online has grown dramatically, and therefore the launches in Lithuania and Estonia were brought forward. Rimi Baltic has been offering online shopping in all three countries since April 2020 and currently has more than 20 pick-up locations. Home delivery is also offered in the larger cities. The share of total sales is low, but contributed to some extent – especially in Latvia – to buttressing sales during the quarantine period.

Rimi Baltic opened four stores during the quarter and closed four. A total of 16 to 18 store openings are planned for 2020.

Store sales in the Baltic countries

Store sales excl. VAT	Second quarter 2020			January-June 2020		
	EURm	All stores %	Like-for-like %	EURm	All stores %	Like-for-like %
Estonia	90.2	-7.9	-10.1	186.3	-1.4	-4.5
Latvia	200.4	0.9	-2.1	398.5	2.7	0.8
Lithuania	86.3	3.5	0.2	172.9	6.9	3.9
Total	376.9	-0.8	-3.6	757.6	2.6	0.1

Number of stores in Baltic countries

Country	December 2019	New	Closed	June 2020
Estonia	86	1	-3	84
Latvia	130	3	-2	131
Lithuania	61	2	-1	62
Total	277	6	-6	277

Apotek Hjärtat

Apotek Hjärtat is the second-largest actor in the Swedish pharmacy market, with 388 pharmacies. Apotek Hjärtat is also a part owner of the digital healthcare company Min Doktor.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level.

Net sales and earnings

Second quarter 2020

Net sales for the quarter amounted to SEK 3,638 million (3,778), a decrease of 3.7%. Owing to higher average prices for prescription drugs and the product mix, the price effects were positive. Volume growth, however, was negative owing to Covid-19 effects, which are estimated to have impacted sales by -11%.

Operating profit excluding items affecting comparability decreased by SEK 76 million to SEK 66 million (142). Earnings performance is mainly attributable to negative Covid-19-related volume effects and to some degree to higher costs for shrinkage. To address this development, a number of measures have been taken to ensure efficient e-commerce and lower costs in offices, pharmacies and warehouses. Covid-19 is estimated to have impacted operating profit for the quarter by approximately SEK -105 million. The operating margin was 1.8% (3.8%). Operating profit for the period includes SEK -9 million (-11) for Min Doktor.

January-June 2020

Net sales for the period amounted to SEK 7,725 million (7,412), an increase of 4.2%. Covid-19 is estimated to have impacted sales by -2.9%. Operating profit excluding items affecting comparability was SEK 196 million (238). Covid-19 is estimated to have impacted operating profit for the period by approximately SEK -70 million. The operating margin was 2.5% (3.2%). Operating profit for the period includes SEK -25 million (-18) for Min Doktor.

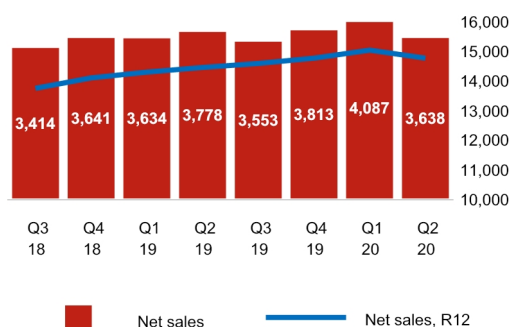
Estimated effects of Covid-19 pandemic

The impact on sales and earnings is described above. During the second quarter, in contrast with the first quarter, Covid-19 had a negative impact on the pharmacy market. A reversed hoarding effect, a reduction in cross-border shopping, fewer healthcare visits and lower customer traffic near pharmacy locations in shopping centres and at hospitals altogether had a much larger impact than expected. Performance was considerably better for pharmacies located near grocery stores. These general Covid-19 effects are expected to continue during the second quarter, but to a slightly declining degree.

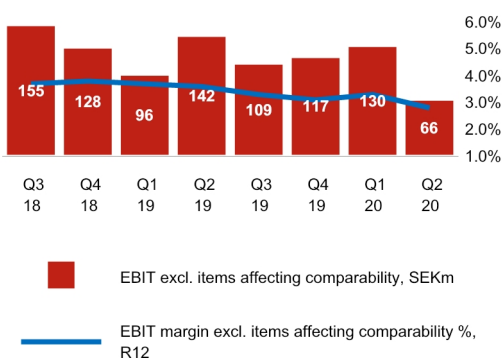
Apotek Hjärtat

	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Net sales, SEKm	3,638	3,778	7,725	7,412	15,091	14,778
Of which, prescription drugs	2,677	2,805	5,747	5,524	11,342	11,119
Of which, OTC drugs	353	393	766	759	1,460	1,453
Of which, other products and services	608	580	1,212	1,129	2,289	2,206
Operating profit before depreciation/amortisation (EBITDA), SEKm	107	179	275	313	573	611
Operating profit excl. items affecting comparability, SEKm	66	142	196	238	422	464
Operating margin excl. items affecting comparability, %	1.8	3.8	2.5	3.2	2.8	3.1
Investments, SEKm	62	62	115	120	221	226
Depreciation/amortisation, SEKm	41	37	79	75	151	147
Average number of employees	—	—	3,057	3,076	—	3,132
Private label share of other products, %	—	—	19.2	19.3	—	19.8

Net sales, SEKm



EBIT and EBIT margin



Market trend and e-commerce

The growth in the pharmacy market during the first quarter led to an opposite effect during the second quarter, as several Covid-19-related factors had a negative effect on the market, especially during April and May. In total the pharmacy market contracted by 0.8% during the second quarter. Apotek Hjärtat's pharmacy sales decreased by 3.1% during the quarter. Market growth for traded goods was 10.9% however, while Apotek Hjärtat's sales of traded goods increased by 5.1%.

A strong shift to the e-commerce channel took place during the quarter, and online sales of pharmacy products grew 68.7% during the period. Apotek Hjärtat's e-commerce sales (incl. click & collect) grew by 104.3%. E-commerce sales as a share of the total pharmacy market were approximately 15% during the period January–June. Apotek Hjärtat's e-commerce share for the same period was slightly higher than 7%.

Growth in e-commerce during the first half of the year was 58.9% for the market and 79.9% for Apotek Hjärtat.

One pharmacy was opened during the quarter and four were closed. During 2020, six to eight new openings are planned, most at locations near ICA stores. Over the last 12-month period, Apotek Hjärtat's market share was essentially unchanged from the preceding year, at approximately 31%.

Number of pharmacies

	December 2019	New	Closed	June 2020
Apotek Hjärtat	390	2	-4	388

ICA Real Estate

ICA Real Estate's mission is to satisfy the Group's future needs for premises in the right marketplaces in Sweden. The real estate company is an active buyer and seller of properties and both develops shopping centres from scratch and buys strategic properties with existing ICA stores.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level.

Net sales and earnings

Second quarter 2020

Net sales during the quarter totalled SEK 696 million (686). The sales increase can mainly be attributed to store investments. Price effects were negligible.

Operating profit excluding items affecting comparability increased to SEK 154 million (133). Apart from the revenue increase, operating profit was affected above all by a slightly lower level of costs associated with seasonally lower maintenance. In addition, the investment in the warehouse in Västerås resulted in an increase in operating profit for the quarter by just under SEK 9 million. Revenue from joint ventures was slightly lower during the quarter, mainly owing to costs associated with refinancing of loans. Covid-19 effects during the quarter were approximately SEK -6 million, attributable to the bankruptcy of an external tenant.

January-June 2020

Net sales for the period totalled SEK 1,396 million (1,362), and operating profit excluding items affecting comparability increased to SEK 296 million (242).

Other and investments

Operating profit includes a net earnings effect of SEK 0 million (-1) from property sales/impairment losses on properties for the second quarter and SEK 2 million (-2) for the first half of the year.

Investments during the quarter were considerably higher than a year ago and amounted to SEK 1,512 million (156). The increase is mainly attributable to the acquisition of the logistics property for SEK 1 billion in April. Added to this were a few large stores and ongoing e-commerce projects. Investments for the entire period increased by SEK 1,289 million. Divestments during the first half of the year, pertaining mainly to building rights, totalled SEK 29 million (-1).

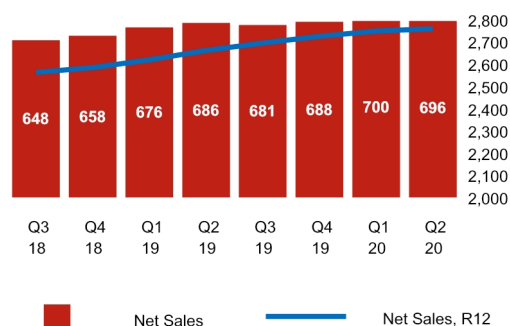
Estimated effects of Covid-19 pandemic

There continues to be a risk that certain tenants in the Group's, Ancore's and Secore's properties may develop a reduced capacity to pay if the crisis becomes long-term. This pertains mainly to tenants engaged in other businesses than grocery retail, but also certain grocery stores at locations that have been put at a disadvantage by the current situation.

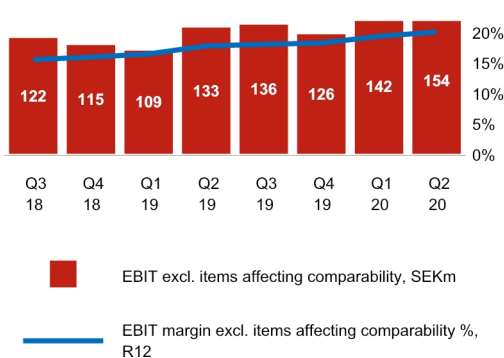
ICA Real Estate

	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Net sales, SEKm	696	686	1,396	1,362	2,765	2,731
Of which, rental income from owned properties, SEKm	295	268	571	533	1,118	1,080
Operating profit before depreciation/amortisation (EBITDA), SEKm	285	258	551	495	1,059	1,003
Operating profit excl. items affecting comparability, SEKm	154	133	296	242	558	504
Operating margin excl. items affecting comparability, %	22.1	19.4	21.2	17.8	20.2	18.4
Investments, SEKm	1,512	156	1,926	637	2,281	992
Divestments, SEKm	0	0	29	-1	29	-1
Depreciation/amortisation, SEKm	132	125	253	254	500	501
Yield, %	—	—	7.0	6.8	—	6.8
Occupancy rate, %	—	—	98.3	98.8	—	98.6
Number of owned properties	—	—	129	122	—	123
Number of owned square metres, 000 sq. m.	—	—	829	667	—	668
Average number of employees	—	—	111	110	—	110

Net Sales, SEKm



EBIT and EBIT margin



ICA Bank

ICA Bank and ICA Insurance (which is part of ICA Bank) offer a full range of financial services and insurance in Sweden. The goal is to increase customer loyalty to ICA and to reduce transaction costs for ICA stores and ICA Gruppen.

The segments are reported excl. IFRS 16. The total effect of IFRS 16 is reported only on a consolidated basis at the ICA Gruppen level.

Revenue and earnings

Second quarter 2020

ICA Bank's revenue, including ICA Insurance, increased to SEK 408 million (391) compared with the same period a year ago. The increase is attributable to higher lending volume, a higher repo rate and continued higher sales by ICA Insurance. The positive volume effects were countered in part by lower commission income from bank cards, home mortgages and cash handling.

Operating profit excluding items affecting comparability was SEK 50 million (55). Profit for the banking business before loan losses continued to improve in pace with the increase in revenue. Added to this were significant positive effects from lower costs. However, loan losses were SEK 15 million higher than a year ago and have increased in pace with higher lending volumes. The earnings impact of Covid-19 during the quarter is estimated to have been approximately SEK -8 million, mainly owing to lower card revenue associated with a decrease in travel.

Operating profit for ICA Insurance was SEK 2 million (3). Operating profit for the second quarter a year ago included a one-off effect of SEK 8 million from dissolution of a claims reserve. Underlying earnings performance was thus positive.

January-June 2020

ICA Bank's revenue, including ICA Insurance, increased to SEK 825 million (761) compared with a year ago.

Operating profit excluding items affecting comparability amounted to SEK 67 million (94). Loan losses for the entire period totalled SEK -107 million (-61). Operating profit for the corresponding period a year ago included a positive one-off effect of SEK +18 million in ICA Insurance from dissolution of a claims reserve. The comparable operating profit was thus SEK 9 million lower than in the preceding year. Covid-19 is estimated to have impacted profit for the period by a combined total of SEK -34 million.

Estimated effects of COVID-19 pandemic

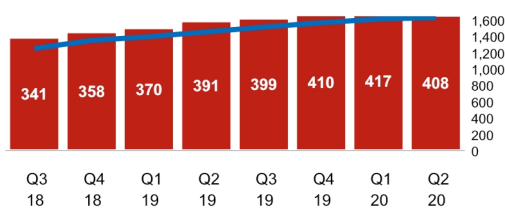
Of total loan losses during the first half of the year, SEK 26 million is attributable to the estimated higher risk for loan losses coupled to the ongoing Covid-19 pandemic. To date approximately SEK 5 million of this reserve has been utilised. In addition, going forward the pandemic and its consequences may continue to have a negative impact on loan volumes and revenue from bank cards, where the effect to date is approximately SEK -8 million. ICA Insurance is judged to not be affected to a significant extent.

ICA Bank

	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Revenues, SEKm	408	391	825	761	1,634	1,570
Of which, net interest income, SEKm	168	147	341	289	654	602
Operating profit before depreciation/amortisation (EBITDA), SEKm	56	62	79	108	243	272
Operating profit excl. items affecting comparability, SEKm	50	55	67	94	217	244
C/I ratio, %	—	—	79.2	79.6	—	78.5
Return on equity, % ¹⁾	—	—	7.2	8.4	—	9.0
Loan loss ratio, %	—	—	-1.4	-0.9	—	-0.7
Common Equity Tier I ratio, % (ICA Banken AB)	—	—	14.0	14.5	—	14.9
Business volume, SEKm	—	—	47,335	49,224	—	50,515
Average number of employees	—	—	438	417	—	423

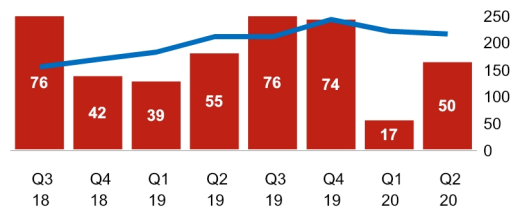
1) The calculation of return on equity for ICA Bank excludes the effect of Group contributions. The definition of return on equity for ICA Bank was changed in 2019, and the value for 2019 has been recalculated according to the new definition.

Revenues, SEKm



■ Revenues
— Revenues, R12

EBIT excl. items affecting comparability, SEKm



■ EBIT excl. items affecting comparability
— EBIT excl. items affecting comparability, R12

Other, Group

Seasonal variations

Grocery retail sales are affected by the year's national holidays and when these occur. Christmas and Easter in particular are key holidays. For a large part of the retail sector the fourth quarter is seasonally the strongest quarter of the year.

Risks and uncertainties

ICA Gruppen works at the Group level to systematically identify and manage the risks associated with its operations. The risk management process is an integrated part of the strategy and planning work of each unit. Risks are consolidated, and risk management is reported to and monitored by ICA Gruppen's Executive Management and Board of Directors.

ICA Gruppen has significant exposure to the Swedish and Baltic grocery retail sector, and to the Swedish pharmacy market. An economic downturn and political decisions are factors that could have a negative impact on the Group's sales and earnings. ICA Gruppen's finance policy stipulates how financial risks are to be managed and mitigated. The policy also provides a framework for the Group's treasury management. More information about risk management is provided on pages 47-51 of ICA Gruppen's 2019 Annual Report.

Related party transactions

No significant transactions have taken place between ICA Gruppen and related parties.

Parent Company

Second quarter 2020

The Parent Company's net sales amounted to SEK 304 million (279). Profit after financial items totalled SEK 3,434 million (3,233).

January-June 2020

The Parent Company's net sales amounted to SEK 598 million (559). Profit after financial items totalled SEK 3,378 million (3,141).

Share information

ICA Gruppen's share capital amounts to SEK 502,866,988 distributed among 201,146,795 shares, each with a share quota value of SEK 2.50. All shares have the same voting rights and carry equal dividend entitlement.

During 2020 through 30 June the share price increased by 1.1% to SEK 441.80. The OMX Stockholm Index was -5.0% during the same period.

Ownership structure – Largest identified shareholders in ICA Gruppen as per		30 June 2020
	Number of shares	Share of capital and votes, %
ICA-handlarnas Förbund	108,643,330	54.0%
BlackRock	3,989,958	2.0%
Vanguard	2,493,731	1.2%
Handelsbanken Fonder	2,166,678	1.1%
AMF Försäkring & Fonder	1,990,219	1.0%
Spiltan Fonder	1,956,316	1.0%
Swedbank Robur Fonder	1,540,832	0.8%
Folksam	1,335,100	0.7%
Leif Jönsson	1,279,601	0.6%
Första AP-fonden	1,100,237	0.5%
Ten largest shareholders total	126,496,002	62.9%
Other shareholders	74,650,793	37.1%
Total	201,146,795	100.0%
<i>Of which, foreign shareholders in total</i>	<i>39,578,692</i>	<i>19.7%</i>

Source: Euroclear Sweden AB and Modular Finance AB (The table include sums of holdings per owner)

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	Second quarter		Jan-Jun		12 months	Full year
		2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Net sales		31,924	30,529	62,290	58,627	122,958	119,295
Cost of goods and services sold		-26,586	-25,197	-51,695	-48,330	-101,693	-98,328
Gross profit		5,337	5,332	10,595	10,298	21,264	20,967
Selling expenses		-3,111	-3,232	-6,278	-6,360	-12,621	-12,703
Administration expenses		-886	-853	-1,768	-1,667	-3,423	-3,322
Other operating income		99	108	192	196	375	379
Other operating expenses		—	—	—	—	—	—
Share of profits of associates and joint ventures	2	12	11	20	24	30	34
Operating profit (EBIT) excl items affecting comparability		1,452	1,365	2,762	2,490	5,628	5,356
Capital gains/losses from sale of subsidiaries and non-current assets	3, 4	3	-382	5	-382	5	-382
Impairment and impairment reversals	3	—	-8	-3	-18	-24	-39
Operating profit	7	1,454	975	2,763	2,090	5,607	4,934
Financial income		5	1	8	3	9	4
Financial expenses	7	-121	-140	-250	-283	-503	-536
Net financial items		-116	-139	-242	-280	-494	-532
Profit before tax		1,338	837	2,521	1,811	5,112	4,402
Tax		-363	-317	-570	-478	-1,043	-951
Profit for the period		976	520	1,952	1,333	4,069	3,450
Other comprehensive income, items that may not be reclassified to profit or loss, net after tax							
Remeasurement defined benefit pensions		-215	—	-215	-154	-609	-548
Other comprehensive income, items that may be reclassified to profit or loss, net after tax							
Change in translation reserve		-138	42	18	86	-2	66
Change in hedging reserve		-120	-48	-95	-15	-108	-28
Share of other comprehensive income of joint ventures		1	1	1	4	15	18
Total items that may be reclassified to profit or loss		-257	-5	-76	75	-95	56
Comprehensive income for the period		503	515	1,660	1,254	3,364	2,958
Profit for the period attributable to							
Owners of the parent		971	516	1,943	1,324	4,051	3,432
Non-controlling interests		3	4	8	9	18	19
Comprehensive income for the period attributable to							
Owners of the parent		498	509	1,649	1,242	3,341	2,934
Non-controlling interests		5	6	11	12	24	25
Earnings per share, SEK							
Earnings per share		4.83	2.56	9.66	6.58	20.14	17.06

Condensed consolidated statement of financial position

SEKm	Note	30 June 2020	30 June 2019	31 December 2019
ASSETS				
Non-current assets				
Goodwill		16,301	16,301	16,301
Trademarks		12,932	12,936	12,926
Other intangible assets		1,945	1,689	1,826
Land, buildings and investment properties		17,228	14,859	15,278
Right of use assets	7	15,487	16,451	16,142
Interests in joint ventures and associates	2	1,207	1,274	1,224
ICA Bank's lending and investments		13,925	12,594	13,474
Deferred tax assets		63	286	71
Other non-current assets		2,555	2,360	2,547
Total non-current assets		81,643	78,752	79,789
Current assets				
Inventories		4,653	4,434	4,611
ICA Bank's lending and investments		3,763	3,530	3,516
Other current assets		7,535	7,559	7,696
Assets held for sale	4	131	4	158
ICA Bank's cash and cash equivalents		3,630	2,472	2,311
Cash and cash equivalents		1,937	491	846
Total current assets		21,649	18,489	19,138
TOTAL ASSETS		103,292	97,241	98,927
EQUITY AND LIABILITIES				
Equity		34,277	32,170	33,844
Non-current liabilities				
Provisions		4,337	3,379	3,978
Deferred tax liabilities		3,792	4,049	3,882
Non-current interest-bearing liabilities		4,673	4,625	2,713
Non-current lease liabilities		12,012	12,721	12,521
Other non-current liabilities		151	24	87
Total non-current liabilities		24,965	24,799	23,182
Current liabilities				
Current interest-bearing liabilities		2,512	1,734	2,340
Deposits ICA Bank		18,724	16,234	16,698
Current lease liabilities		3,315	3,391	3,390
Other current liabilities		19,498	18,912	19,474
Total current liabilities		44,049	40,272	41,901
TOTAL EQUITY AND LIABILITIES		103,292	97,241	98,927

Condensed consolidated statement of cash flows

SEKm	Note	Second quarter		Jan-Jun		12 months	Full year
		2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Operating profit		1,454	975	2,763	2,090	5,607	4,934
Depreciation, amortisation and impairment		1,321	1,309	2,636	2,633	5,262	5,259
Dividend from joint ventures		50	10	50	10	130	90
Other non-cash items		95	403	37	400	169	532
Income tax paid		-311	-188	-705	-376	-913	-584
Cash flow from operating activities before change in working capital		2,609	2,510	4,781	4,758	10,253	10,230
Change in working capital:							
Inventories		271	-25	-81	-78	-271	-268
Current receivables		32	-339	33	21	-95	-107
Current liabilities		48	928	337	190	578	431
ICA Bank's net of deposits, lending and investments		1,062	-6	1,333	-154	949	-538
Cash flow from operating activities		4,021	3,068	6,402	4,737	11,413	9,748
Acquisitions of property, plant and equipment and intangible assets		-2,167	-594	-3,159	-1,507	-4,732	-3,080
Sale of property, plant and equipment and intangible assets		13	9	73	57	75	59
Change in financial assets		-1	-10	50	-28	-18	-96
Interest received		1	1	3	1	3	1
Investments in joint ventures and associated companies		—	-1	-11	-1	-17	-7
Divestment of subsidiaries	4	—	222	—	222	0	222
Cash flow from investing activities		-2,153	-374	-3,044	-1,257	-4,687	-2,900
Dividend paid to shareholders of ICA Gruppen AB		-1,207	-2,313	-1,207	-2,313	-1,207	-2,313
Change in loans		20	-219	2,147	494	850	-803
Interest paid		-21	-30	-41	-56	-111	-126
Interest paid IFRS 16 Leases		-81	-87	-164	-176	-330	-342
Amortisation IFRS 16 Leases		-788	-819	-1,672	-1,655	-3,274	-3,257
Capital contributions, acquisitions, and dividends relating to non-controlling interests		-20	-20	-20	-23	-50	-53
Cash flow from financing activities		-2,097	-3,488	-957	-3,729	-4,123	-6,895
Cash flow for the period	5	-229	-794	2,401	-248	2,601	-48
Cash and cash equivalents at beginning of period		5,801	3,749	3,157	3,206	2,963	3,206
Exchange differences in cash and cash equivalents		-5	8	9	5	3	-1
Cash and cash equivalents at end of period	5	5,567	2,963	5,567	2,963	5,567	3,157

Condensed consolidated statement of changes in equity

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2020	33,604	240	33,844
Change in non-controlling interests	—	—	—
Dividend	-1,207	-20	-1,227
Comprehensive income for the period	1,649	11	1,660
Closing equity, 30 June 2020	34,047	231	34,277

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2019	32,984	265	33,249
Change in non-controlling interests	—	—	—
Dividend	-2,313	-20	-2,333
Comprehensive income for the period	1,242	12	1,254
Closing equity, 30 June 2019	31,913	257	32,170

Supplementary disclosures – Group

NOTE 1, ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and calculation methods have been used as in the 2019 Annual Report. There are no new or amended IFRSs or IFRIC interpretations that have an impact on the 2020 financial statements.

Disclosures in accordance with IAS 34:16A are provided – in addition to in the financial statements – also in other parts of the interim report. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

New standards from IASB to be applied after 2020 with relevance for ICA Gruppen

No new or amended IFRSs or interpretations have been endorsed that are believed to have an effect on the financial statements after 2020. IFRS 17 Insurance Contracts, published in May 2017 with recommendations for amendments published in June 2019, is believed will have a limited effect on ICA Gruppen's financial statements. ICA Gruppen is monitoring the outcome of the approval process for IFRS 17 including the proposed amendments.

Effects of the Covid-19 pandemic on reported asset values

ICA Gruppen conducts continuous impairment testing of asset values and recognises impairment losses if the recoverable amount of an asset falls below the carrying amount. No material effects from the Covid-19 pandemic have been recognised in the values of property, plant and equipment or intangible assets. Nor are there any material effects on financial assets other than in ICA Bank. ICA Bank has recognised an increased expected loan loss as a result of the Covid-19 pandemic. See also the description in the ICA Bank segment.

Government assistance

ICA Gruppen reports government assistance when it is reasonable certain that it will be received and that the conditions for receiving the assistance have been met. Reporting is done in the income statement, and allocation is done based on when the costs that the assistance is intended to compensate are incurred.

Recalculation of 2018 for IFRS 16

IFRS 16 Leases began to be applied prospectively as from 2019. To facilitate comparisons with 2018, including key ratios, ICA Gruppen has complemented the formal amounts for 2018 with a recalculation of 2018 figures as if IFRS 16 had been applied from the start of 2018. The principles for this recalculation are outlined in the 2019 Annual Report.

Important assumptions and assessments

Preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect application of the accounting principles and the amounts reported in the income statement and carried on the balance sheet. Estimates and assumptions are based on historical experience and a number of factors that are considered reasonable based on the current circumstances. The results of these estimates and assumptions are used to assess the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assessments.

NOTE 2, INTERESTS IN JOINT VENTURES AND ASSOCIATES

Share of profit	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
SEKm						
Ancore Fastigheter AB	13	15	29	27	56	54
Secore Fastigheter AB	8	9	16	16	32	32
MD International AB (Min Doktor)	-9	-11	-25	-18	-60	-53
Fastighetsaktiebolaget Postgården AB	—	—	0	0	0	0
Total	12	11	20	24	30	34

Book value, SEKm	30 June 2020	30 June 2019	31 December 2019
	Ancore Fastigheter AB	736	750
Secore Fastigheter AB	125	138	134
MD International AB (Min Doktor)	321	380	346
Fastighetsaktiebolaget Postgården AB	7	7	7
Other	17	—	6
Total	1,207	1,274	1,224

Information regarding Ancore Fastigheter AB

Ancore Fastigheter AB is a joint arrangement between the pension insurance company Alecta and ICA Gruppen. The parties each own 50% of the company. All significant decisions about the operations of Ancore must be made as a joint understanding between the two owners. Ancore Fastigheter AB owns and manages properties at 33 marketplaces in Sweden that house ICA stores in which operations are conducted by non-consolidated ICA retailers. Based on all relevant information in the joint arrangement, Ancore Fastigheter AB is classified as a joint venture. Consolidation is done according to the equity method.

Ancore Fastigheter AB	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
SEKm						
Income	123	111	246	222	472	448
Expenses	-47	-43	-101	-95	-196	-190
Operating profit	75	68	145	127	276	258
Net financial items	-38	-27	-65	-54	-118	-107
Tax	-10	-10	-21	-19	-42	-40
Profit for the period	27	30	59	54	116	111
Other comprehensive income	2	1	2	8	31	37
Comprehensive income for the period	29	32	61	62	147	148
Non-current assets			5,493	4,958		5,528
Current assets			189	392		140
Total assets			5,682	5,351		5,668
Equity			1,412	1,436		1,401
Non-current liabilities			4,099	3,724		2,843
Current liabilities			171	191		1,424
Total equity and liabilities			5,682	5,351		5,668

Information regarding Secore Fastigheter AB

Secore Fastigheter AB is a joint arrangement between Första AP-fonden and ICA Gruppen. The parties each own 50% of the company. All significant decisions about the operations of Secore Fastigheter AB must be made as a joint understanding between the two owners. Secore Fastigheter AB owns and manages properties at 40 marketplaces in Sweden that house ICA stores in which operations are conducted by non-consolidated ICA retailers. Based on all relevant information in the joint arrangement, Secore Fastigheter AB is classified as a joint venture. Consolidation is done according to the equity method.

Secore Fastigheter AB	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
SEKm						
Income	45	45	91	89	181	179
Expenses	-23	-21	-46	-44	-91	-89
Operating profit	23	24	46	45	91	90
Net financial items	-7	-7	-14	-14	-29	-29
Tax	-4	-4	-8	-8	-16	-16
Profit for the period	11	12	23	22	46	45
Other comprehensive income	—	—	—	—	—	—
Comprehensive income for the period	11	12	23	22	46	45
Non-current assets			2,356	2,354		2,349
Current assets			33	71		66
Total assets			2,388	2,425		2,415
Equity			770	815		797
Non-current liabilities			1,565	1,564		1,080
Current liabilities			52	46		537
Total equity and liabilities			2,388	2,425		2,415

Information regarding MD International AB (Min Doktor)

MD International AB (Min Doktor) is a joint arrangement between ICA Gruppen and a number of other parties, including EQT Ventures Fund. ICA Gruppen currently owns 49.37% of the company through Apotek Hjärtat. All significant decisions pertaining to the operations of Min Doktor are made through joint agreement between the owners. Min Doktor is one of Sweden's largest actors in digital primary care services and operates a number of drop-in clinics located primarily adjacent to larger ICA stores. Based on all relevant information in the joint arrangement, Min Doktor is an associated company and is consolidated according to the equity method.

NOTE 3, ITEMS AFFECTING COMPARABILITY

SEKm	Second quarter		Jan-Jun		Full year
	2020	2019	2020	2019	2019
Capital gains/losses net on sale of subsidiaries and non-current assets					
ICA Sweden	—	0	—	0	0
Rimi Baltic	2	0	2	1	1
ICA Real Estate	0	-1	2	-2	-2
Other	1	-381	1	-381	-381
Total	3	-382	5	-382	-382
Impairment and impairment reversals					
Rimi Baltic	—	-8	-3	-18	-24
ICA Real Estate	—	—	—	—	-16
Other	—	—	—	—	1
Total	—	-8	-3	-18	-39
Total items affecting comparability	3	-390	2	-400	-422

NOTE 4, SALES OF OPERATIONS, AND ASSETS HELD FOR SALE

For all reported periods, assets held for sale pertain to properties in Sweden and the Baltic countries.

On 14 May 2019 ICA Gruppen sold all of its shares in Hemtex to the Norwegian home textiles chain Kid ASA. The purchase price was SEK 226 million on a debt-free basis. The cash flow effect, including the buyer's repayment of loans, was SEK 222 million, and a capital loss of SEK -382 million was recognised after transaction costs. The main assets sold pertain to trademarks and inventory.

NOTE 5, CONSOLIDATED CASH FLOW STATEMENT

January–June 2020, SEKm	Group 2020	ICA Bank 2020 ¹⁾	Group excl. ICA Bank 2020
Cash flow from operating activities before change in working capital	4,781	40	4,741
Change in working capital			
Inventories	-81	—	-81
Current receivables	33	-55	88
Current liabilities	337	164	173
ICA Bank's net of deposits, lending and investments	1,333	1,333	—
Cash flow from operating activities	6,402	1,482	4,920
Cash flow from investing activities	-3,044	-54	-2,990
Cash flow from financing activities	-957	-108	-849
Cash flow for the period	2,401	1,319	1,081
Cash and cash equivalents at the beginning of the period	3,157	2,311	846
Exchange differences in cash and cash equivalents	9	—	9
Cash and cash equivalents at the end of the period	5,567	3,630	1,937
January–June 2019, SEKm	Group 2019	ICA Bank 2019 ¹⁾	Group excl. ICA Bank 2019
Cash flow from operating activities before change in working capital	4,758	77	4,681
Change in working capital			
Inventories	-78	—	-78
Current receivables	21	-161	182
Current liabilities	190	320	-130
ICA Bank's net of deposits, lending and investments	-154	-154	—
Cash flow from operating activities	4,737	82	4,656
Cash flow from investing activities	-1,257	-36	-1,221
Cash flow from financing activities	-3,729	-1	-3,728
Cash flow for the period	-248	45	-293
Cash and cash equivalents at the beginning of the period	3,206	2,427	779
Exchange differences in cash and cash equivalents	5	—	5
Cash and cash equivalents at the end of the period	2,963	2,472	491

1) The column includes external leasing costs for ICA Bank. The effect of IFRS 16 on the bank is immaterial.

NOTE 6, FINANCIAL INSTRUMENTS

As per 30 June 2020, financial assets measured at fair value in ICA Gruppen amounted to SEK 2,023 million (3,075). In the fair value hierarchy, the entire amount is attributable to Level 1. Financial liabilities measured at fair value amounted to SEK 215 million (67) as per 30 June 2020. The carrying amount corresponds to fair value for all assets and liabilities, except for bond issues, where the fair value is less than the carrying amount by SEK 7 million (higher than the carrying amount by 79).

For effects on loan losses of the Covid-19 pandemic, see the report on the Group's performance and the segments.

NOTE 7, LEASES

SEKm	Second quarter		Jan-Jun	
	2020	2019	2020	2019
Total lease revenue incl variable revenue	721	703	1,445	1,391
Variable lease payments	-171	-52	-119	-89
Interest expenses, lease liabilities	-81	-87	-164	-176

There are leases of low value and leases with a term shorter than 12 months, for which the amounts are immaterial.

Total right-of-use assets, SEKm	2020
At start of year, 1/1/2020	16,142
Changed and new contracts	1,059
Depreciation	-1,726
Translation differences	12
Book value, 30/06/2020	15,487

Right-of-use assets consist mainly of properties and premises, but also include forklifts, trucks and passenger cars.

Condensed parent company income statement

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Net sales ¹⁾	304	279	598	559	1,145	1,106
Cost of services sold	-295	-268	-569	-537	-1,080	-1,048
Gross profit	9	11	29	22	64	57
Administrative expenses	-117	-119	-224	-240	-458	-474
Operating profit/loss	-109	-107	-195	-217	-395	-417
Profit/loss from participations in Group companies	3,500	3,328	3,500	3,328	8,500	8,328
Financial income, Group companies	69	46	132	91	250	209
Financial income	5	0	5	7	18	20
Financial expenses, Group companies	0	0	0	0	0	—
Financial expenses	-32	-34	-65	-67	-112	-114
Profit/loss after financial items	3,434	3,233	3,378	3,141	8,263	8,026
Appropriations	—	—	—	—	1,214	1,214
Profit before tax	3,434	3,233	3,378	3,141	9,477	9,240
Tax	14	20	25	39	-210	-196
Profit for the period	3,447	3,253	3,403	3,180	9,267	9,044

1) Of net sales for the second quarter, SEK 302 million (271) pertains to Group companies, and SEK 595 million accumulated (545).

Condensed parent company balance sheet

SEKm	30 June 2020	30 June 2019	31 December 2019
ASSETS			
Non-current assets			
Investments in Group companies	29,702	29,553	29,703
Other intangible assets	137	136	136
Deferred tax assets	25	222	26
Non-current receivables from Group companies	1,123	657	1,118
Other non-current assets	214	189	205
Total non-current assets	31,201	30,757	31,190
Current assets			
Current receivables from Group companies	19,564	12,149	18,053
Other current assets	380	215	320
Cash and cash equivalents	1,602	30	326
Total current assets	21,546	12,394	18,699
TOTAL ASSETS	52,747	43,152	49,889
EQUITY AND LIABILITIES			
Equity	37,815	29,757	35,619
Provisions	445	422	440
Non-current liabilities			
Non-current interest-bearing liabilities	3,750	3,700	2,700
Other non-current liabilities	102	24	36
Total non-current liabilities	3,852	3,724	2,736
Current liabilities			
Current interest-bearing liabilities	2,512	1,734	1,427
Current liabilities to Group companies	7,676	7,125	9,261
Other current liabilities	446	390	405
Total current liabilities	10,634	9,249	11,093
TOTAL EQUITY AND LIABILITIES	52,747	43,152	49,889

Quarterly overview

Quarterly overview with recalculated amounts for 2018

	Q3 2018 ¹⁾	Q4 2018 ¹⁾	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Net sales, SEKm	28,846	30,069	28,098	30,529	29,818	30,850	30,366	31,924
Operating profit before depreciation/amortisation (EBITDA), SEKm	2,805	2,491	2,439	2,284	2,894	2,576	2,624	2,775
Operating profit (EBIT) excl. items affecting comparability, SEKm	1,549	1,180	1,125	1,365	1,599	1,267	1,310	1,452
Operating margin excl. items affecting comparability, %	5.4	3.9	4.0	4.5	5.4	4.1	4.3	4.5
Operating profit (EBIT), SEKm	1,453	1,212	1,115	975	1,595	1,249	1,309	1,454
Operating margin, %	5.0	4.0	4.0	3.2	5.3	4.0	4.3	4.6
Profit before tax, SEKm	1,314	1,077	974	837	1,469	1,122	1,183	1,338
Profit for the period, SEKm	1,055	892	813	520	1,202	915	976	976
Earnings per share, SEK	5.22	4.42	4.02	2.56	5.96	4.52	4.83	4.83
Equity per share, SEK	159.52	163.29	167.62	158.66	163.23	167.06	172.79	169.26
Share price at the end of period, SEK	282.00	316.80	373.00	399.20	454.80	437.20	417.90	441.80
Return on equity, %	N/A ²⁾	10.6	10.9	9.7	10.0	10.1	10.6	11.8
Return on capital employed, %	N/A ²⁾	7.7	7.8	7.7	7.9	7.9	8.2	9.0
Cash flow from operating activities, SEKm	1,955	3,124	1,669	3,068	1,915	3,096	2,381	4,021
Cash flow per share from operating activities, SEK	9.72	15.53	8.30	15.25	9.52	15.39	11.84	19.99
Investing activities (cash flow), SEKm	856	786	913	594	762	811	992	2,167
Capital employed excl. ICA Bank, average, SEKm	N/A ²⁾	58,251	58,762	58,866	59,080	59,278	59,799	60,102
Net debt, SEKm	-22,455	-20,988	-21,939	-21,980	-21,233	-20,117	-20,134	-20,573
Net debt/EBITDA	N/A ²⁾	2.1	2.2	2.2	2.1	2.0	1.9	1.9

1) In addition to the formal IFRS financial statements, recalculated figures are presented for 2018 as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

2) Key ratios for 2018 based on rolling 12-month data are presented only for the full year 2018, as 2017 figures have not been recalculated for IFRS 16.

Quarterly data by segment

Net sales by segment

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
ICA Sweden	20,730	21,348	19,793	21,880	21,494	22,020	21,430	23,496
Rimi Baltic	3,827	4,066	3,774	4,071	4,044	4,279	4,098	4,051
Apotek Hjärtat	3,414	3,641	3,634	3,778	3,553	3,813	4,087	3,638
ICA Real Estate	648	658	676	686	681	688	700	696
ICA Bank	341	358	370	391	399	410	417	408
Hemtex	237	343	213	93	—	—	—	—
Other	262	282	301	299	288	309	319	322
Intra-Group sales	-613	-628	-662	-669	-641	-668	-684	-688
Net sales	28,846	30,069	28,098	30,529	29,818	30,850	30,366	31,924

Operating profit before depreciation/amortisation by segment (EBITDA)

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
ICA Sweden	1,152	869	955	1,087	1,255	980	1,061	1,264
Rimi Baltic	260	267	229	262	300	306	249	250
Apotek Hjärtat	196	217	134	179	146	152	168	107
ICA Real Estate	252	242	237	258	260	248	266	285
ICA Bank	82	57	46	62	83	81	23	56
Hemtex	11	58	-15	-11	—	—	—	—
Other	-51	-103	-80	-469	-52	-91	-58	-84
Operating profit before depreciation/amortisation (EBITDA) by segment	1,902	1,606	1,506	1,369	1,993	1,674	1,709	1,878
IFRS 16 ¹⁾	903	885	933	916	901	901	916	896
Operating profit before depreciation/amortisation (EBITDA)¹⁾	2,805	2,491	2,439	2,284	2,894	2,576	2,624	2,775

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

Operating profit excluding items affecting comparability by segment

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
ICA Sweden	1,040	750	825	949	1,111	827	916	1,113
Rimi Baltic	175	182	145	175	211	213	152	147
Apotek Hjärtat	155	128	96	142	109	117	130	66
ICA Real Estate	122	115	109	133	136	126	142	154
ICA Bank	76	42	39	55	76	74	17	50
Hemtex	5	53	-20	-16	—	—	—	—
Other	-74	-130	-110	-115	-85	-133	-92	-120
Operating profit excluding items affecting comparability by segment	1,499	1,139	1,085	1,323	1,558	1,223	1,266	1,409
IFRS 16 ¹⁾	50	41	40	42	42	42	44	42
Operating profit excluding items affecting comparability¹⁾	1,549	1,180	1,125	1,365	1,599	1,267	1,310	1,452

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

Depreciation/amortisation by segment

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
ICA Sweden	112	120	130	137	144	154	144	151
Rimi Baltic	84	84	84	86	89	93	96	102
Apotek Hjärtat	40	40	38	37	37	35	38	41
ICA Real Estate	130	131	129	125	125	122	121	132
ICA Bank	7	7	7	7	7	7	6	6
Hemtex	6	5	5	2	—	—	—	—
Other	24	25	30	33	32	42	34	36
Depreciation/amortisation by segment	403	411	422	428	434	452	441	466
IFRS 16 ¹⁾	854	844	892	873	859	859	872	854
Depreciation/amortisation¹⁾	1,257	1,255	1,314	1,301	1,293	1,311	1,312	1,321

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors. Figures for 2017 have not been recalculated for IFRS 16.

Financial key ratios

ICA Gruppen relies on a number of financial key ratios in its interim reporting, some of which are not defined in IFRS but are so-called Alternative Performance Measures. The aim is to provide additional information that contributes to a more thorough comparison of year-on-year development and to give an indication of the Group's performance and financial position. The APMs used by ICA Gruppen are generally recognised within the sectors that ICA Gruppen works in. Data on these APMs and definitions is also provided at <https://www.icagruppen.se/en/investors/#!/financial-data/lb/en/investors/financial-data/definitions/>. The most important of these measures are those for which the Board of Directors has set financial targets. These are: to grow faster than the market in the grocery retail and pharmacy businesses; to achieve an operating margin (excluding items affecting comparability) of 4.5%; to achieve a return on capital employed of 7.5%; and to maintain net debt in relation to EBITDA that is lower than a factor of 3. In addition, the Group has set a target to distribute at least 50% of net profit for the year in shareholder dividends. More information about this is available on ICA Gruppen's website, www.icagruppen.se.

Reconciliation EBITDA

SEKm	Second quarter		Jan-Jun		12 months	Full year
	2020	2019	2020	2019	Jul 2019 - Jun 2020	2019
Operating profit (EBIT)	1,454	975	2,763	2,090	5,607	4,934
Depreciation/amortisation	1,321	1,301	2,633	2,615	5,237	5,219
Impairment and impairment reversals	—	8	3	18	24	39
Operating profit before depreciation/amortisation (EBITDA)	2,775	2,284	5,399	4,723	10,869	10,193

Reconciliation EBITDA

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Operating profit (EBIT) excl IFRS 16	1,403	1,172	1,075	932	1,552	1,207	1,265	1,412
Depreciation/amortisation excl IFRS 16	403	411	422	428	434	452	441	466
Impairment and impairment reversals	96	23	10	8	6	15	3	—
Operating profit before depreciation/amortisation (EBITDA) excl IFRS 16	1,902	1,606	1,506	1,369	1,993	1,674	1,709	1,878
IFRS 16 Operating profit (EBIT) ¹⁾	50	41	40	43	42	42	43	42
IFRS 16 Depreciation/amortisation ¹⁾	854	844	892	873	859	859	872	854
Operating profit before depreciation/amortisation (EBITDA)¹⁾	2,805	2,491	2,439	2,284	2,894	2,576	2,624	2,775

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

Reconciliation Net debt excluding ICA Bank

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Non-current interest-bearing liabilities	-3,627	-3,626	-4,625	-4,625	-3,713	-2,713	-3,761	-4,673
Current interest-bearing liabilities	-3,872	-2,233	-1,956	-1,734	-1,926	-2,340	-3,414	-2,512
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Cash and cash equivalents	487	779	1,283	491	334	846	3,256	1,937
Net debt excl IFRS 16	-7,012	-5,079	-5,297	-5,869	-5,304	-4,207	-3,919	-5,248
Non-current lease liabilities ¹⁾	-12,113	-12,553	-13,176	-12,721	-12,527	-12,521	-12,790	-12,011
Current lease liabilities ¹⁾	-3,330	-3,355	-3,466	-3,390	-3,402	-3,389	-3,425	-3,314
Net debt¹⁾	-22,455	-20,988	-21,939	-21,980	-21,233	-20,117	-20,134	-20,573

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

Reconciliation Capital employed excluding ICA Bank 2019 and recalculated 2018

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Equity ¹⁾	32,355	33,110	33,988	32,170	33,075	33,844	35,001	34,277
Provisions for pensions	2,896	3,072	3,309	3,353	3,843	3,928	3,979	4,301
Other provisions	3	32	15	14	8	37	31	30
Non-current interest-bearing liabilities	3,627	3,626	4,625	4,625	3,713	2,713	3,761	4,673
Current interest-bearing liabilities	3,872	2,233	1,956	1,734	1,926	2,340	3,414	2,512
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Other non-current liabilities	50	45	20	24	23	87	63	151
Non-current lease liabilities ¹⁾	12,113	12,553	13,176	12,721	12,527	12,521	12,790	12,011
Current lease liabilities ¹⁾	3,330	3,355	3,466	3,390	3,402	3,389	3,425	3,314
Capital employed¹⁾	58,247	58,025	60,554	58,032	58,517	58,859	62,465	61,270
Average capital employed¹⁾	N/A²⁾	58,251	58,762	58,866	59,080	59,278	59,799	60,102

1) The amounts for 2018 on this line are recalculated as if IFRS 16 had been applied as per 1 January 2018, see Note 1. These amounts have not been reviewed by the auditors.

2) Key ratios for 2018 based on rolling 12-month data are presented only for the full year 2018, as 2017 figures have not been recalculated for IFRS 16.

Definitions of key ratios

Business volume (ICA Bank)

Sum of lending, deposits, fund savings and home mortgages (including volume intermediated via collaborations).

Capital employed

Equity plus interest-bearing liabilities.

Cash flow from operating activities per share

Cash flow from operating activities for the period divided by the average number of shares outstanding.

C/I ratio (ICA Bank)

Total costs in relation to total income.

Common Equity Tier I ratio (ICA Bank)

The bank's capital base in relation to risk-weighted assets.

Divestments

Payments received for sold tangible and intangible non-current assets during the period according to the statement of cash flows.

Earnings per share

Profit for the period, excluding non-controlling interests, divided by the average number of shares outstanding.

EBITDA

Operating profit before depreciation, amortisation and impairment losses (Earnings Before Interest, Taxes, Depreciation and Amortisation).

Equity/assets ratio

Equity including non-controlling interests in relation to total assets.

Equity per share

Equity, excluding non-controlling interests, divided by the total number of shares outstanding.

Gross profit

Net sales less cost of goods sold.

Investments

Investments paid in tangible and intangible non-current assets during the period according to the statement of cash flows.

Items affecting comparability

Gain/loss on disposal of non-current assets, impairment of non-current assets and major structural changes.

Like-for-like store/pharmacy sales

Sales for stores/pharmacies that generated sales both in the reporting period and in the comparison period.

Loan loss ratio (ICA Bank)

Loan losses in relation to average lending.

Net debt

Interest-bearing liabilities excluding pensions, ICA Bank and cash and cash equivalents.

Net debt excl IFRS 16

Interest-bearing liabilities excluding lease liabilities, pensions, ICA Bank and cash and cash equivalents.

Net debt/EBITDA

Interest-bearing liabilities excluding pensions, ICA Bank and cash and cash equivalents in relation to EBITDA rolling 12 months.

Net interest (ICA Bank)

The difference between the bank's interest income and interest expense.

Net margin

Profit for the period as a percentage of net sales.

Occupancy rate (ICA Real Estate)

Market rents for rented properties divided by total rental value (contracted annual rent + market rent for unrented premises).

Operating margin

Operating profit as a percentage of net sales.

Operating profit/loss

Profit/loss before net financial items and tax.

Return on capital employed

Operating profit plus financial income (rolling 12 months) in relation to average capital employed. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed.

Return on equity

Profit for the period (rolling 12 months) in relation to average equity. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on equity.

Yield (ICA Real Estate)

Operating net in relation to the average book value of properties.

This half-year interim report provides a true and fair view of the Parent Company's and the Group's operations, financial position and earnings, and describes material risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 19 August 2020

Claes-Göran Sylvén
Chairman of the Board

Cecila Daun Wennberg

Lennart Evrell

Andrea Gisle Joosen

Fredrik Hägglund

Jeanette Jäger

Magnus Moberg

Fredrik Persson

Bo Sandström

Anette Wiotti

Jonathon Clarke

Magnus Rehn

Per Strömberg
CEO ICA Gruppen

Contacts and calendar

For further information, please contact:

Frans Benson, Head of Investor Relations
tel. +46 8-561 500 20

ICA Gruppen press service

Tel +46 10 422 52 52

Conference call for the media and financial market

ICA Gruppen will hold a webcast conference call at 10.00 CET on Wednesday, 19 August 2020, during which CEO Per Strömberg and CFO Sven Lindskog will present the interim report. The conference call will be conducted in English and can be followed at www.icagruppen.se/ investors. To participate, call tel. +46850558365 or +443333009266.

Calendar

23 October 2020	Q3 interim report
9 December 2020	Capital Markets Day
10 February 2021	Year-end report 2020

The information in this report is such that ICA Gruppen AB is obligated to disclose pursuant to EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted, by the agency of the contact person above, for publication at 07.00 CET on Wednesday, 19 August 2020.

ICA Gruppen AB (publ) is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic, which mainly conduct grocery retail, Apotek Hjärtat, which conducts pharmacy operations, ICA Real Estate, which owns and manages properties, and ICA Bank, which offers financial services in Sweden.

For more information, see icagruppen.se.

ICA Gruppen AB (publ)
Kolonnvägen 20
SE-169 04 Solna
Tel. +46 8 561 500 00
www.icagruppen.se
Reg. no. 556048-2837