

We make every day a little easier

ICA Gruppen AB is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic, which are primarily grocery retail operations, Apotek Hjärtat, which conducts pharmacy operations, ICA Real Estate, which owns and manages properties, and ICA Bank, which offers financial services. ICA Gruppen has around 23,000 employees.

The shared vision for all operations within ICA Gruppen is to make every day a little easier.

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A shared vision

The various operations within ICA Gruppen are unified by a shared vision of making every day a little easier, in everything from buying food and other groceries to a trip to the pharmacy, attending to simple healthcare needs or accessing banking services.

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A year characterised by Covid-19

In 2020 broad and extensive efforts were made within ICA Gruppen to ensure safety in stores and workplaces.

[Read more on page 6](#)

ICA Gruppen as an investment

The Group structure provides a strong platform for continued long-term and sustainable growth in a market in transition, as well as a good return for shareholders.

[Read more on page 13](#)

Strategy and targets

ICA Gruppen's strategy is aimed at ensuring long-term growth with sustained profitability – in a market in major transition.

[Read more on page 14](#)

Performance in 2020

Despite significant challenges in the world around us, ICA Gruppen saw positive development in 2020 – in terms of both sales and profits. Important advances were also made in the area of sustainability.

[Read more on page 27](#)



This is ICA Gruppen

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 S Sustainability Report
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All sections marked B and F in the table of contents have been audited. Sections marked S refer to ICA Gruppen AB's Sustainability Report, which is also the statutory sustainability report of ICA Gruppen AB (publ), as defined on page 5. The Sustainability Report has been reviewed by the Company's auditors.

THE YEAR IN BRIEF

A very different year

2020 was largely characterised by Covid-19 and efforts to limit the consequences of the pandemic in various ways. The pandemic affected communities, businesses and the lives of individuals to an extent never seen before. On page 6 there is an account of what ICA Gruppen has done and is doing to support communities and individuals, and to make its stores and workplaces safe.



Five million Stammisar

Stammis (regular customer) was launched at the beginning of 2020. It is ICA Gruppen's loyalty programme which, in addition to ICA, includes Apotek Hjärtat, ICA Bank and ICA Insurance. At the end of 2020 there were almost 5 million Stammisar. A total of more than 1.5 million payment cards are connected to the programme.



Launch of ICA Växa



To increase the offering of sustainable, plant-based food produced in Sweden, while also promoting innovation, the ICA Växa (ICA Grow) initiative was launched in 2020. The initiative will primarily focus on supporting product development and the scaling up of sustainable, plant-based food. This will also contribute to ICA Gruppen's ambition of cutting the climate impact of customers' grocery purchases in half by 2030.



Strong online growth

Online sales rose substantially in 2020. The ICA stores' online sales of grocery items and meal kits increased by 117%. The increase in online sales for Apotek Hjärtat was 92%. This growth was partly due to the ongoing pandemic, but also to important initiatives implemented in recent years.

New Group climate target

ICA Gruppen reached its climate neutrality target in 2020. Since 2006 emissions of greenhouse gases have decreased by 76% and the remaining emissions are offset through climate compensation. The new climate ambition, which extends to 2030, aims for net zero emissions in the Group's own operations and halved climate impact from customers' grocery purchases. ICA Gruppen also has an existing goal for its suppliers to adopt science-based climate targets (see page 21).



Establishing a mortgage company and acquisition of deposit and lending portfolios

During the year ICA Bank continued work on establishing a mortgage company jointly with partners. The new mortgage company will offer competitive products on the Swedish home loans market. The launch is planned for spring 2021. At the end of the year FOREX Bank's deposit and lending portfolios were acquired. The transaction, that is expected to close during the second quarter of 2021, will result in around 235,000 FOREX Bank customers becoming customers of ICA Bank.

Sales in 2020

SEK **126** bn

Operating margin¹ in 2020

4.6%

Operating profit¹ in 2020

SEK **5.8** bn

¹ Excluding items affecting comparability.



THE YEAR IN BRIEF

Financial key ratios

See page 71 for information and definitions.

Group, SEK m	2020	2019	2018	Recalculated 2018 ¹
Net sales	126,283	119,295	115,354	115,354
Operating profit before depreciation/amortisation (EBITDA)	11,141	10,193	6,302	9,850
Operating profit excluding items affecting comparability	5,831	5,356	4,651	4,811
Operating profit	5,774	4,934	4,498	4,658
Profit before tax	5,308	4,402	4,227	4,057
Profit for the year	4,173	3,450	3,647	3,508
Cash flow from operating activities	11,641	9,748	6,802	10,326
Operating margin excluding items affecting comparability, %	4.6	4.5	4.0	4.2
Operating margin, %	4.6	4.1	3.9	4.0
Return on capital employed, %	9.2	7.9	10.2	7.7
Return on equity, %	11.7	10.1	11.1	10.6
Earnings per share, SEK	20.65	17.06	18.05	17.35
Dividend per share, SEK ²	13.00	12.00	11.50	11.50

¹ The introduction of IFRS 16 in 2019 had a substantial effect on ICA Gruppen's financial reports. To facilitate comparison and to supplement the presentation of the formal comparison figures for 2018, ICA Gruppen has chosen to also present 2018 recalculated for IFRS 16. The 2018 figures have been recalculated as if IFRS 16 had been applied from 1 January 2018, with the leases that were effective at the time. The segments within ICA Gruppen continues to report all rentals as operating leases. Segment reporting is therefore unchanged after the implementation of IFRS 16.

² Board's proposal.

Performance in 2016–2020



ICA Gruppen enjoyed good sales growth in 2020 and operating profit was higher than in the previous year. Comparable operating margin increased by 0.1 percentage points to 4.6%.

Sustainability performance indicators

See page 113 for information and definitions.

Group	2020	2019	2018
ICA Gruppen's operations are to be climate neutral by 2020. Emissions decrease compared to 2006, %	-76	-66	-62
ICA Gruppen corporate brand suppliers (in high-risk countries) that have had a social audit, %	92	95	95
Quality-certified ICA Gruppen corporate brand suppliers, %	91	87	86
Halve food waste in warehouses and stores by 2025: decrease compared with 2016, %	-14	-7	-3

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, ICA Gruppen AB (publ) has chosen to prepare the statutory sustainability report as a separate document from the Annual Report. The Sustainability Report, the content of which is indicated in the table of contents, can be found on pages 10–12, 14–24, 26, 43–48, 60, 112 and 114–133 of this document.



THE YEAR IN BRIEF

Initiatives in response to Covid-19

ICA Gruppen's operations fill several functions that are critical in society. Having access to food, medicines and financial services is critical if a society is to function properly. In 2020 a significant number of steps were taken to protect employees, customers and suppliers to the greatest extent possible, while also enabling business to continue unaffected as far as possible. All decisions were based on a precautionary approach, taking into account the recommendations issued by the relevant authorities.

Safe stores and an adapted offering

Ensure safe stores and workplaces

Reducing the risk of spreading the infection in stores, pharmacies and warehouses was a top priority. Efforts to prevent infection involved a broad spectrum of measures, including continuously assessing the risks in workplaces and processes, strict cleaning and hygiene protocols, information on staying at a safe distance, plexiglass shields at checkouts and various measures to reduce the risk of crowding.

Meeting greater online demand

To handle the significant increase in e-commerce, major initiatives were implemented during the year not only by ICA Sweden and Apotek Hjärtat, but also by local retailers. They included a substantial upscaling in logistics and transportation.

Fast rollout of ICA Pronto

To enable the stores to offer more deliveries of ready meal solutions and other products, ICA brought forward the launch of the ICA Pronto app in 2020.

Support for impacted households

A joint initiative was implemented during the year within Rimi Baltic to support households that had lost their source of income due to the pandemic. This included grocery donations.

Support for local producers and small businesses

During the year, several initiatives were implemented aimed at making it easier for local, smaller suppliers to sell their products directly to ICA. The initiatives included increased communication and simplified procedures.

Local retailer initiatives

In 2020 the individual ICA retailers shouldered a major responsibility in a challenging situation. Importantly, they came up with creative solutions that made life easier for customers in risk groups. Most ICA retailers have also donated food and groceries to healthcare facilities and personnel.

Launch of online shopping by Rimi Baltic brought forward

In response to the Covid-19 pandemic, Rimi Baltic brought forward its online shopping launch in Lithuania and Estonia in 2020. Online shopping has thus been offered in all three Baltic countries since April 2020.

Information in multiple languages

To increase knowledge in the community about how to reduce the spread of Covid-19, ICA and Apotek Hjärtat have provided information on the recommendations issued by the Public Health Agency of Sweden in several different languages.

Partnership with the Red Cross to deliver food and groceries to people in risk groups

Through the partnership with the Red Cross, ICA, Apotek Hjärtat and Rimi Baltic helped to increase the availability of food and medicines at the local and national levels for these groups.



Safe workplaces

New ways of working and working from home

All employees within the Group that were able to work from home during the year were encouraged to do so. Physical meetings were avoided as far as possible and replaced by digital ones.

Frequent employee surveys

To get a picture of how employees were feeling during the year about their mental health, a number of surveys were carried out on a recurring basis. The results showed that in general the employees were staying in good shape mentally.

Securing the supply of products

A lot of effort was put into securing the supply of groceries to Sweden, Estonia, Latvia and Lithuania during the year. Rapid changes in demand and customer behaviour resulted in short-term shortages of some specific products in individual stores and pharmacies during the year. There were, however, no lasting shortages.

Transport partnership with Volvo

In order to ensure an important part of the Swedish food supply, in spring 2020 ICA Sweden entered into a partnership with AB Volvo, enabling ICA to use Volvo's freight trains to transport products from Europe to Sweden.



Coronavirus book for children

In 2020 Apotek Hjärtat produced a digital book on the coronavirus to help parents talk to their children about the disease – in language they could understand.



Stable development during a very different year

2020 was very much characterised by the pandemic and its consequences, but it was also a year in which we continued to focus on our forward-looking initiatives. During a year of significant challenges – all around the world and for us – the fact that we still managed to perform well in meeting our financial targets clearly shows the strength of our offering.

2020 will go down in history as a year like no other. It was a year that none of us could have predicted or planned for. The pandemic swept through the world and presented decision-makers, businesses and individuals with challenges they had never seen before.

In this situation, ICA Gruppen – due to our size and the nature of our operations – has a major responsibility and an important function to fill. We worked hard throughout the year to maintain the supply of products to our stores and pharmacies, to make sure our stores were safe and secure, to scale up our online channels and to help our wider communities in various ways. One important task was of course to make life easier for risk groups. Our initiatives include working with the Red Cross on delivering groceries and medicines to people's homes. We also invested significantly in making it easier for local, often small, suppliers and small businesses to sell directly to individual stores. By, for example, streamlining processes and improving system support, we were able to

welcome 500 new suppliers during the year.

But perhaps the biggest difference was made by the independent ICA retailers themselves. Through their ingenuity and innovation, and by leveraging their local presence, they were able to help customers in their local markets in impressive ways.

Varying impacts of the pandemic

Despite significant challenges in the external environment, 2020 was another strong year for ICA Gruppen. Financially, our performance was well in line with our targets. Net sales, adjusted for divestments, increased by 6.3% to SEK 126.3 billion. Our operating profit excluding items affecting comparability increased to SEK 5.8 billion, representing an operating margin of 4.6%. Positive development within ICA Sweden, largely driven by a significant increase in wholesale volumes, is the main reason for this strong result.

Our operations across the board were affected by the pandemic, but they were impacted in various ways and experienced different outcomes.

For ICA Sweden and ICA Real Estate the net financial effect was positive, while for other operations it was negative. For ICA Bank this mainly took the form of slightly higher credit losses. The year was particularly challenging for Apotek Hjärtat and the entire pharmacy market. Considerable hoarding of products in the first quarter resulted in significant fluctuations in sales – from strong growth at the beginning of the year to a marked decrease in sales and a large loss of volume during the rest of the year. Tough restrictions in Estonia, Latvia and Lithuania resulted in fewer customer visits and a decline in sales for Rimi Baltic. Stores in city centre locations and shopping centres were affected the most. For the Group as a whole, the positive and negative financial effects of the pandemic largely balanced each other out.

During a year of multiple challenges, the fact that we still managed to perform well in meeting our financial targets clearly shows the strength of our offering. It also shows that the entire ICA system is flexible

and agile. I am deeply impressed by how we as a system handled the situation and the commitment we showed as we took on challenges and responded to new conditions. We didn't stop, we adapted.

The new normal

The pace of change in all of ICA Gruppen's markets has been high for several years. Rapid digitalisation, new consumption patterns and extensive blurring of industry lines are fundamentally changing the markets. These trends have been around for several years, but some have been very noticeably reinforced as a consequence of the pandemic. It is likely that certain of these will be lasting trends.

Substantial increase in online sales

One of the most obvious consequences is the substantial increase in online sales and digitalisation. This is a trend that is reflected very clearly in our own statistics. The ICA stores' online sales of grocery items and meal kits increased by 117% during the year. The increase in online sales

CEO'S COMMENTS



"In a digital world, we are now applying the new model to become even stronger."



for Apotek Hjärtat was 92%. Rimi Baltic launched its online shopping solution in Estonia and Lithuania during the year. Latvia has offered this service since the end of 2019. All three countries saw strong growth, albeit from low levels. In the fourth quarter of 2020, e-commerce accounted for just over 2% of total sales.

This strong increase in online sales is very much in line with our plans for the next few years, the key aspects of which are the completion of a new e-commerce warehouse in Gothenburg and, most importantly, the partnership with Ocado to develop our future e-commerce solutions. We are now entering an intensive phase. Over the next two years we will take several important steps to enhance the customer experience and scale up capacity and efficiency.

Greater focus on value for money
As the economy declines and unemployment rises, customers are expected to focus more on price and value for money. ICA Gruppen is not aiming to be a price leader, but instead to always be perceived as offering the best value for money based on our assortment, offering and other added value. Our new

loyalty programme, Stammis, plays an important role in this endeavour, as does the continued development of our private label products.

A lot of interest in health and wellbeing
Among the most obvious trends in society is people focusing more on their physical and mental health.

Interest in wellbeing and lifestyle choices has been increasing for many years. Because we have numerous customer interactions across a broad front, we are well positioned to have a positive impact in this area. To concentrate our efforts, we adopted a shared health ambition in 2020 for all our operations in Sweden – covering everything from food and healthcare to insurance and sound personal finances. Children and young people make up a target group we are prioritising in particular. We are conducting this initiative both directly through our various businesses, but also in various partnerships with other actors.

Raised climate ambition
In 2020 we reached the high target we set for climate neutrality. Since 2006 we have reduced greenhouse gas emis-

sions by 76% and all emissions that we were not able to eliminate in 2020 are offset through climate compensation. Reaching this target has spurred us on to step up our efforts further. Our new climate ambition for the years 2021–2030 goes further, aiming for net zero emissions from our own operations and including emissions from customers' grocery purchases. Just as before, suppliers are also included in this ambition.

We aim to be a leader in corporate responsibility. For several years now we have been working actively and in a structured way to constantly improve all parts of the value chain. We are doing this within our own organisation, but also in cooperation with other actors – both nationally and internationally. We have been a signatory to the UN Global Compact since 2004.

Future focus
The operations within ICA Gruppen are unified by a shared vision to make every day a little easier for our customers. It is based on this vision that we have built our strategy and successively developed our Group structure. Overall, we have a well-functioning business char-

acterised by good profitability and strong cash flow. We also have a financial position that enables continued proactive investments and initiatives.

As we now look to the future, we do so from a strong foundation and with a strategy that is well-suited to the new normal. We intend to continue to grow within our core business of grocery retail, but also within our complementary operations of non-food, pharmacy, banking & insurance and real estate. We will do this through continued improvement in each of our business areas, but also through increased collaboration and – if the right opportunities arise – also through add-on acquisitions. Digitalisation is now creating entirely new possibilities. Increased cooperation within the Group and linking the physical and digital channels more clearly will provide entirely new opportunities to create even more attractive customer offerings.

Ambition 2025
To take advantage of new opportunities and ensure long-term growth, we need to maintain a fast pace of investment in our online channels as well in physical stores and pharmacies. Specific initiatives

for 2021 include further investments in our highly automated customer fulfilment centre in Brunna outside Stockholm. Another top priority is establishing a new mortgage company. This is a key aspect of ICA Bank's housing loan initiative. The new company will allow us to compete in the housing loan market in an entirely new way.

While we have a strong starting position, we should not underestimate the challenges ahead. We are still in the midst of a pandemic which in all probability will leave its mark on at least the first half of 2021. The focus for all our various operations will continue to be providing safe stores, pharmacies and workplaces, supporting local suppliers and small businesses, and helping in various ways to make every day a little easier for our customers.

A strategy more relevant than ever
The developments in the world around us, the consequences of the pandemic and the transition to a new normal have not required us to change our strategy. On the contrary, the past year has shown us that our strategy – which emphasises digitalisation, sustainability,

health and value for money – is more relevant than ever and, if anything, requires a faster pace of change.

In order to deliver fully on our strategy we do, however, need to combine our strengths in a number of key areas. On pages 17–24 we describe our ambition for 2025. This establishes where we want to be around five years from now, so that we are in the strongest position to continue leading development in a market undergoing significant changes.

Right from the start in 1917, the ICA Idea – with its focus on cooperation between independent retailers – has been the basis of our business model and our value creation. In a digital world, we are now applying the new model to become even stronger. This will also enable us to continue to generate value for shareholders, independent ICA retailers, employees and customers.

Stockholm, February 2021
Per Strömberg
CEO ICA Gruppen

VISION



Our vision:

We make every day a little easier

ICA Gruppen operates in a number of areas important to people's everyday lives, including grocery, pharmacies, banking and insurance. The core business is grocery retail. The idea is for other operations to support the core business, but they may also be developed further to embrace new business opportunities and themselves contribute to profitability and continued growth.

The operations are unified by a common vision of making every day a little easier.



Grocery retail

The heart of ICA Gruppen's operations is grocery retail, where the hub consists of some 1,550 grocery stores in Sweden, Estonia, Latvia and Lithuania. In Sweden grocery retail is operated in cooperation with independent ICA retailers, who own their own stores. This cooperation is based on the ICA Idea – a unique business model where economies of scale are combined with the entrepreneurship of the local retailers. In Estonia, Latvia and Lithuania all stores are owned and operated by the wholly-owned subsidiary Rimi Baltic.



Read more on pages 31 and 35.



Pharmacies

With around 390 pharmacies and extensive online operations, Apotek Hjärtat is Sweden's largest pharmacy chain. Around a quarter of the pharmacies are at the same location as ICA stores and in several areas processes are coordinated with ICA Sweden. Apotek Hjärtat is a co-owner of Min Doktor, one of Sweden's largest providers of digital primary care services.



Read more on page 37.



Banking

ICA Bank fills a number of important functions within ICA Gruppen. In addition to providing a growing range of user-friendly banking services, ICA Bank helps strengthen loyalty to the ICA stores while also reducing the cost of the financial flows in the ICA system.



Read more on page 41.



Insurance

ICA Insurance offers general insurance to private individuals and ICA retailers. The aim is to challenge the major established actors in the market by offering better insurance policies at better prices.



Read more on page 41.



Real estate

ICA Real Estate is one of the largest retail real estate companies in the Nordic region. Its overall mission is to meet ICA Gruppen's long-term need for appropriate properties in the right locations – for stores as well as warehouses and logistics operations.



Read more on page 39.

CREATING VALUE

A corporate structure that provides important advantages

Since ICA Gruppen was established in 2013 it has focused on building a strong and synergetic corporate structure that is well-equipped to meet changes in consumer behaviour, rapid digitalisation and extensive blurring of industry lines.

The change process has included numerous structural changes. The goal has also been to take greater advantage of synergies within the Group. Coordination has gradually been increased, intensified and broadened and now includes key areas such as offerings, customer insights, locations and marketplaces, investment and sourcing. Working together and leveraging economies of scale – physical as well as digital – brings benefits for the customers, the businesses, the employees, society in general and for ICA Gruppen.

Increased cooperation in multiple areas...



Offering

Coordination between the various operations makes it possible to provide strong and relevant customer offerings.



Customer insights

Access to data-driven customer insights from loyalty programmes provides valuable information on preferences and behaviour – and enables personalised offerings to be provided.



Locations and marketplaces

Co-location strengthens local marketplaces and makes life easier for the customers.



Investments

Coordination of investments benefits all operations and also promotes high financial efficiency.



Sourcing

Coordinated sourcing ensures good prices and the right quality. It enables the Group to have coordinated social and environmental requirements for suppliers.

...which provides benefits for:

The customers...

- Making every day a little easier
- Attractive and relevant offerings
- Co-location of operations means people can get different things done all in one place
- Integrated loyalty programmes – bonus in all channels
- Value for money and quality

...the businesses...

- Strong brand loyalty
- Opportunities for synergies and economies of scale
- Attractive marketplaces through co-location of operations
- Access to extensive customer insights

...the employees...

- Ability to contribute to a simpler and more sustainable everyday life
- Growth that creates development opportunities for individual employees
- Exciting opportunities for internal mobility between different types of operations
- An entrepreneurial culture with considerable opportunities to make a difference, individually and with others

...and society in general

- Coordinated environmental, health and quality initiatives
- Jobs and tax revenue
- Robust rural communities
- Secure and efficient infrastructure for the supply of groceries and medicines, as well as banking and insurance services



CREATING VALUE

ICA Gruppen's revenue model

ICA Gruppen's core revenue is generated by grocery retail in Sweden and the Baltic countries, accounting for just over 80% of the Group's revenue.



Distribution of revenue

Retail sales

Consisting of sales within Apotek Hjärtat, Rimi Baltic, non-food items in Maxi ICA stores, and the ICA stores that are not yet independently owned and thus still consolidated in ICA Sweden.

Rental income

Income from properties rented out by ICA Real Estate and ICA Sweden, mainly to ICA retailers, but also to other external tenants.

Net interest income and commission ICA Bank

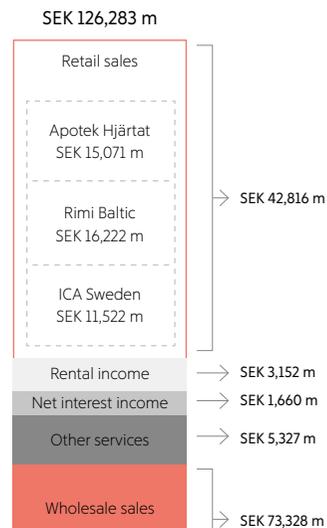
The net amount of ICA Bank's revenues and costs from lending, card services, brokering housing loans and other income associated with banking operations.

Other services for ICA retailers

Includes various services for ICA retailers as well as the retailers' financing of central departments within ICA Sweden. The ICA stores' profit sharing and royalty payments are also included here.

Wholesale sales

Revenue from all goods that ICA Sweden sells to ICA stores around Sweden.

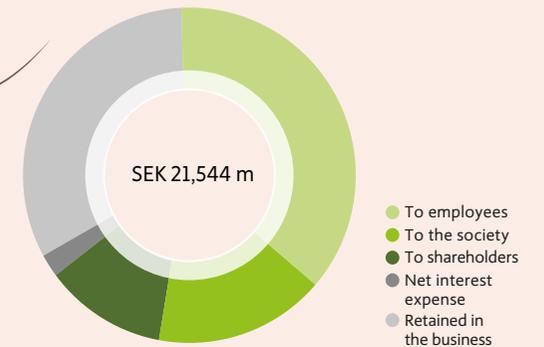


Cost of goods and services



The vast majority of the Group's product purchasing – around 85% – takes place locally (Nordic/Baltic region). Around 13% comes from Europe and the remainder from the rest of the world.

Distributed economic value



Sound and sustainable financial growth is necessary if ICA Gruppen is to be a positive force over time. Growth and a good financial return provide the foundation for future investments and initiatives, as well as good dividends to shareholders. They also enable ICA Gruppen to continue to contribute to society by paying salaries and taxes.

In addition, ICA Gruppen is involved in fundraising activities for various organisations. In 2020, for example, Swedish companies within ICA Gruppen and their customers together donated SEK 55.5 million to Pink Ribbon, and in cooperation with ICA Stiftelsen around SEK 19 million to the Red Cross. ICA Stiftelsen supports projects, ideas and organisations that make a lasting difference in society with a focus on health, wellbeing, diversity and integration. In Sweden, customers also contributed around SEK 7.5 million to the Red Cross via the so-called Red Cross button on deposit machines for beverage bottles in ICA stores.



Leader in corporate responsibility

ICA's ambition is to be a leader in corporate responsibility. Our sustainability work is wide-ranging and includes numerous activities and initiatives. For structured strategy development and communication, the concept of For a Good Tomorrow is used. This is broken down into five defined areas: local, environment, health, inclusion and diversity, and quality.

For more information on our sustainability work

Read more on pages 17–24, 25, and 112–133



Local

We will actively contribute to the local communities where we operate

EXAMPLES OF INITIATIVES:

- Major efforts to promote locally produced food (pages 18, 20 and 115)
- Support for local communities and risk groups during the Covid-19 crisis (page 115)
- Increased access to simple health-care services (pages 19 and 121)
- Extensive sponsorship nationally and locally (pages 11, 115, 121 and 122)



Environment

We will minimise our environmental impact, create climate-neutral operations and help our customers make more sustainable choices

EXAMPLES OF INITIATIVES:

- ICA Gruppen's joint climate ambition (page 21)
- Active efforts to reduce the amount of plastic packaging and switch to recyclable, recycled and renewable plastics (pages 20, 116)
- Focused efforts to reduce food waste (page 20)
- Launch of the ICA Växa (ICA Grow) initiative (page 20)



Health

We will actively contribute to improved public health by leveraging the strength of our entire organisation

EXAMPLES OF INITIATIVES:

- ICA Gruppen's joint health ambition (page 19)
- Mental health support for young people (page 121)
- Partnership between ICA and Min Doktor (page 121)
- Inspiring healthy eating habits, movement and exercise (page 121)



Inclusion & diversity

We work proactively with openness, diversity and equality in order to be the most inclusive workplace and contribute to a more inclusive society

EXAMPLES OF INITIATIVES:

- ICA Gruppen's joint ambition for inclusion and diversity (page 23)
- Initiatives to improve the employment prospects of people who are far from the labour market (page 23)
- Training and workshops to create an inclusive culture (page 122)
- ICA 50/50 (page 23)



Quality

We will ensure that quality and social responsibility always guide our operations and our business relationships

EXAMPLES OF INITIATIVES:

- Social audits of suppliers (page 125)
- Targeted work to ensure product safety (page 125)
- Continuous initiatives to reduce food fraud (page 125)
- Pilot project for risk analysis according to HRDD (Human Rights Due Diligence) (page 125)

Direct impact



Indirect impact



Direct impact



Indirect impact



Direct impact



Indirect impact



Direct impact



Indirect impact



Direct impact



Indirect impact



The UN's Global Goals overlap to some extent, and ICA Gruppen's operations have a direct or indirect impact on all of them. However, ICA Gruppen has decided to focus in particular on Goals 3, 5, 8, 12 and 13 – areas with a substantial bearing on the Group's activities.

ICA Gruppen as an investment

ICA Gruppen is a leading retail company with a focus on food and health. Over the past few years the Group has gone through a large number of structural changes involving both divestments and acquisitions. The Group structure provides a stable foundation and a strong platform for continued long-term and sustainable growth in a market undergoing a significant transition – as well as a good return for shareholders.



A stable basis for continued profitable growth

Leading positions and strong brands

The companies within ICA Gruppen hold leading positions today in their respective segments. ICA is one of Sweden's best-known brands and a market leader in grocery retail in Sweden. The Rimi brand is strong in Estonia, Latvia and Lithuania – both among customers and Rimi as an employer. Apotek Hjärtat is Sweden's largest pharmacy chain, with a growing offering in healthcare as well.

Unique business model in Sweden

ICA Gruppen's single largest segment consists of ICA Sweden, which in 2020 accounted for 72% of total sales and around 73% of operating profit. ICA's strong position in Sweden is largely due to its unique business model, under which the commitment, market knowledge and entrepreneurship of local retailers is combined with central economies of scale and efficiency within ICA Sweden. This model is a strong factor in ICA's growth and its position as market leader.

Attractive online channels

All of ICA Gruppen's operations have in recent years invested significantly in developing their online offering – and further investments will be made in the years to come.

Supporting market trends

ICA Gruppen's development is also supported by several strong market trends – particularly population growth in Sweden, an increased focus on health and the great potential offered by e-commerce.

Strong financial position, investment capacity and stable returns

Today ICA Gruppen has a strong financial position and a business that generates strong cash flows. Combined, these factors enable continued investment in the business and a good and stable return for the shareholders.

Opportunities for additional synergies

Stronger customer offering through increased internal cooperation

The operations within ICA Gruppen are united by the common vision: to make every day a little easier. The priorities going forward include leveraging the strength in the Group structure to an even greater extent. Increased cooperation and stronger links between physical and digital channels will provide new opportunities to create even more attractive offerings – benefitting the customers, the individual businesses and ICA Gruppen as a whole.

Extensive digital initiatives

The pace of change within ICA Gruppen is high. Within the Group numerous digital initiatives are underway with the potential to increase internal efficiency and to strengthen and develop the customer offerings. Several of the projects involve increasing the use of data, automation and artificial intelligence.

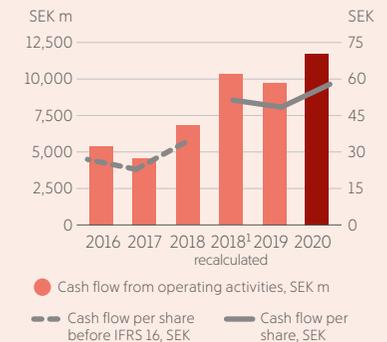
Attractive historical return

Gradual dividend increase

Since it was formed in 2013, ICA Gruppen has gradually increased its ordinary dividend while also managing to maintain a high level of investment.

The Group's financial targets include providing a dividend of at least 50% of profit for the year. The target reflects ICA Gruppen's stable earnings and is to be at a competitive level for the sector.

Cash flow and cash flow per share



¹ In addition to the formal IFRS reports, in Recalculated 2018 amounts are presented as if IFRS 16 had been applied from 1 January 2018.

Dividend per share and dividend yield



¹ Board's proposal.



STRATEGY AND TARGETS

A strategy more relevant than ever before

ICA Gruppen's strategy is aimed at ensuring long-term growth with sustained profitability – in a market in major transition. The pace of change has been fast for many years, but increased further over the past year as a result of Covid-19. Overall, developments have shown that ICA Gruppen's strategy – with its strong focus on digitalisation, online, health and value for money, among other things – is more relevant than ever.

A guiding vision

We make every day a little easier

Clear long-term strategic objectives...

The strategy is based on five long-term strategic objectives which provide a framework and set the course for all operations within ICA Gruppen.



...a shared ambition for 2025...

Ambition 2025 sets out this course in more detail, stating overall ambitions within four areas that are key for all parts of ICA Gruppen's operations.

AMBITION 2025



...and prioritised step-change areas in 2021

To deliver on the strategy and develop the business in line with the vision and Ambition 2025, the Group needs to join forces in a number of important areas. Five of these involve initiatives that are relevant to all or large parts of the Group. There are also others that are relevant to ICA Gruppen's individual segments. The five step change areas that are relevant to all or large parts of ICA Gruppen are:

- Strengthened food ecosystem
- Data-driven transformation supported by AI/AA
- Transformation to reduce costs and build new capabilities
- Climate beyond neutrality
- Make healthy choices easy

Clear and inspiring objectives

Financial targets

The Group's financial targets exist to ensure that ICA Gruppen creates shareholder value over the long term and to reflect the Group's focus on stable grocery retail sales.

Sustainability targets

ICA Gruppen's sustainability work shall lead to significant results and ensure a sustainable value chain – from production to stores and pharmacies. To drive this process and achieve real change, the sustainability targets are ambitiously set.



From trends to the new normal

The pace of change in all of ICA Gruppen's markets is high. New technology, rapid digitalisation, new consumption patterns and extensive blurring of industry lines are fundamentally changing the markets. These trends have been around for several years, but some have been very noticeably reinforced by Covid-19. Among other things, the pandemic has contributed to a marked increase in online shopping and even greater interest in health and well-being. It is also expected to bring price and value for money more sharply into focus as time goes on.



Digitalisation, new business models and changed purchasing behaviour

Rapid technological development and digitalisation are affecting both consumers and businesses. They are changing purchasing behaviour and enabling new actors with new business models to enter the arena. In retail, every part of the value chain is affected – from product development, sourcing, logistics and product supply to online sales and data-driven, personalised offerings.



Value for money

Growth in e-commerce and greater price transparency combined with the expansion of discount chains has brought about a sharper focus on price and value for money. This is expected to increase further as economic conditions become more challenging.



Sustainability and responsibility

Corporate responsibility, environmental impact, business ethics and control are increasingly important from both a business and a risk perspective. Customers are demanding sustainable products and services, while long-term collaboration with suppliers is essential for innovation and development. Corporate responsibility is also increasingly valued highly among employees of today and tomorrow.



Health and wellbeing

Among the most obvious trends in society is an increased focus on physical and mental health. The health aspects span a broad spectrum of areas – with diet, exercise and work/life balance being increasingly important lifestyle issues. Interest in what food and medicines contain and how they are produced has increased significantly in recent years.



Easy, convenient, tasty and fast

Customers want better availability, service and offerings. Many also feel that they do not have enough time and this is increasing the demand for ready meal solutions, online shopping and more efficient delivery. It needs to be easy, convenient, tasty, healthy – and fast.

Impact on grocery retail

- New technological opportunities
- Ever-increasing expectations from customers – of offerings, corporate responsibility and prices
- Increased competition, less predictability and a shorter planning horizon

Consequences for ICA Gruppen

- Need for continued fast pace of investment – in both core processes and growth areas
- Greater need for increased agility, knowledge exchange and more agile ways of working
- Increasing relevance of data and customer insights
- Clear values – important for both customers and employees

Ambition 2025

The vision and the strategic objectives set the long-term course for all operations within ICA Gruppen. Ambition 2025 sets out this course in more detail and states where ICA Gruppen is to be in around five years' time, in response to identified changes and drivers in the world around us. Ambition 2025 has been created jointly by management, other key individuals within the Group and independent ICA retailers.

PERSONAL & LOCAL

ICA is for everyone. We serve all customer segments with relevant price-value and locally adapted offerings.

We have the leading everyday food ecosystem built around inspiring local marketplaces with supporting products, services and infrastructure.

HEALTHY & SUSTAINABLE

We are recognised as one of the companies doing the most to improve public health.

We are industry leader in progressing towards a climate net zero business.

We are known as a trusted source of guidance to make healthy and sustainable choices.

ATTRACTIVE

We are the most attractive and appreciated employer with the proudest employees.

We are known for entrepreneurship, modern ways of working, continuous learning and that together we make a difference.

DATA-DRIVEN

We are a trusted data-driven company, with relevant and personal products and services, based on data that we use across the ICA system, to the benefit of all stakeholders.

We are deeply data-driven in our daily work and we leverage data to develop our business.



AMBITION 2025

PERSONAL & LOCAL



Prioritised step-change area

- Strengthened food ecosystem

The new highly automated customer fulfilment centre is expected to go live in 2022.

Comprehensive investment in e-commerce

The process of developing ICA Gruppen's various e-commerce offerings will continue. All businesses are now making considerable investments in technology and infrastructure that will help enhance the customer experience, improve the efficiency of internal processes and speed up deliveries.

Automated e-commerce solution

One of the single largest e-commerce projects is ICA Sweden's investment in an automated e-commerce solution. The project includes the e-commerce platform from British e-commerce company Ocado and a new, highly automated customer fulfilment centre in Brunna, north of Stockholm. The e-commerce platform will go live in 2021. The new customer fulfilment centre is expected to be completed in 2021 and commissioned in the first half of 2022.

Major investment in last-mile solutions at Apotek Hjärtat

Apotek Hjärtat is making various significant investments focusing on the last mile, including in the Click & Collect



concept. In 2021 joint deliveries with ICA will also be trialled.

Launch of online shopping in Estonia, Latvia and Lithuania

At the beginning of 2020 Rimi Baltic launched its online shopping solution in Estonia and Lithuania. In Latvia online shopping was launched in 2019. The launch was well received and the rollout will continue in the coming year.

Central e-commerce warehouse in Gothenburg

At the end of 2020 a new central e-commerce warehouse was completed in Gothenburg. The warehouse, which will be taken into operation in the second quarter of 2021, will offer independent ICA retailers in the Gothenburg region picking and direct delivery to the end customer.

Launch of ICA Pronto

In 2020 the launch of ICA Pronto continued. This service makes it possible to order prepared food as well as other products from ICA using a phone app. Everything is then delivered to the chosen address in less than an hour.



Greater focus on value for money

Customers are expected to focus more on price and value for money going forward. ICA Gruppen's ambition is not be a price leader, but to always be perceived as offering value for money. Development of private label products will continue. The private label product assortment offers benefits for customers, stores and pharmacies alike. It broadens the product range and helps strengthen the uniqueness of the brands while also creating the necessary conditions for good profitability.

Greater personalisation

Work to make everyday life easier using smart ecosystems of products and services will continue. An important element in this is to make these more personalised and relevant. There are digitalisation projects currently under way within ICA Gruppen to produce tools that will enable us to be even better and more efficient at meeting customer needs. An important part of this is Stammis, the new loyalty programme that was launched in 2020. At the end of 2020 there were almost 5 million active regular customers in the programme.

Continued focus on meal solutions

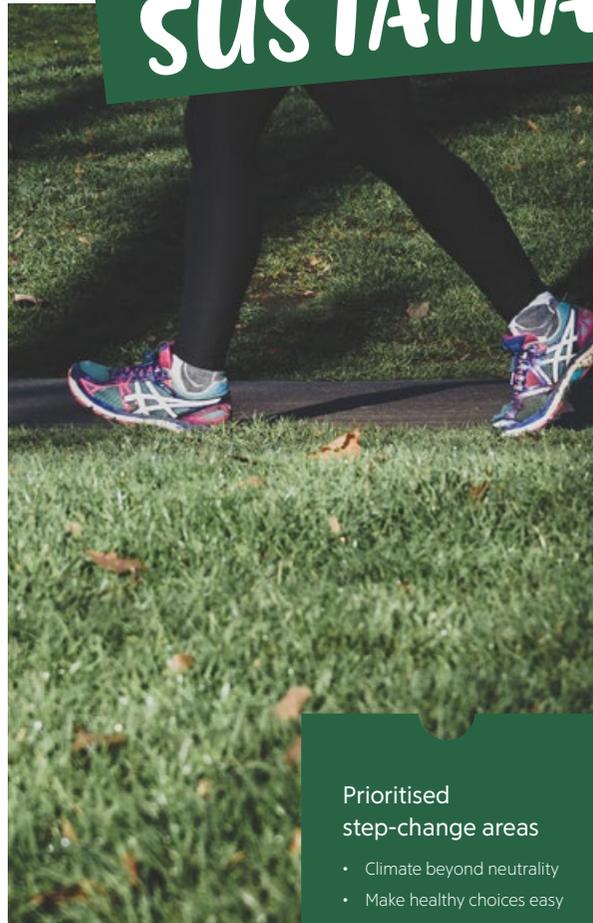
The focus on smart meal solutions will continue. One of the main trends in the grocery retail market is increased demand for ready and easily prepared meals. ICA Sweden and Rimi Baltic are meeting this demand with a growing range of meal solutions – to eat at the store or take out.

Expanding the range of local products

There is substantial and growing demand for locally produced food, both in Sweden and in the Baltic countries. Increasing numbers of consumers want to eat more food that has been produced locally. Both ICA Sweden and Rimi Baltic are actively working to continually increase the number of locally produced items in the product assortment, for example by simplifying sourcing processes for local producers and small businesses. ICA Växa (see page 20) is also helping to strengthen local ecosystems between retailers, small businesses and producers.

AMBITION 2025

HEALTHY & SUSTAINABLE



Prioritised step-change areas

- Climate beyond neutrality
- Make healthy choices easy



90% of ICA retailers are involved in sports activities for children & young people

Wide-ranging efforts for better public health

ICA Gruppen wants to contribute to better public health. By virtue of ICA Gruppen's size and through cooperation, the various businesses within the Group are well-equipped to reach out and in various ways inspire people to live a healthier life – thereby making a difference to both individuals and society. The health aspects include not only preventive activities in the form of healthy eating habits and regular exer-

cise, but also simple healthcare services and advice on both medicines and personal finances.

To concentrate its efforts on areas where ICA Gruppen has the most potential to make a difference, during the year a shared health ambition was adopted for all of ICA Gruppen's operations in Sweden. The ambition identifies three focus areas, and children and young people are priority target groups.

"We want to make it easier for our customers to live a healthy life that fits in with their own situation and circumstances, so that they can reach their full potential."

Three focus areas in the ambition to improve health

Physical wellbeing

Make it easier to live a healthier everyday life.

Mental wellbeing

Help people feel secure and calm through life's different stages.

Sustainable antibiotic use

Promote a healthy, safe approach to the use of antibiotics.

How ICA Gruppen contributes to better public health

ICA Sweden

Healthy food, inspiring people to make healthy choices and extensive community engagement for an active lifestyle.

Apotek Hjärtat

Advice on medicines and preventive health – at the pharmacy, by phone and at apotekhjartat.se.

ICA Insurance

Insurance for a more secure everyday life.

ICA Bank

Control over personal finances – including simple ways to save and easily accessible tips and advice.

ICA Real Estate

Safe locations that also encourage exercise and movement.

Min Doktor

Healthcare and treatment – digitally and at drop-in clinics.

Rimi Baltic

Healthy food and inspiring people to make healthy choices and live an active life.



Read more about what ICA Gruppen is doing to contribute to better public health on page 121.

AMBITION 2025 | HEALTHY & SUSTAINABLE



Phasing out fossil plastics from the central assortment



New target for increased consumption of fruit and vegetables

The Swedish National Food Agency recommends that people consume at least 500 grams of fruit and vegetables a day, but average consumption is currently lower than this. In light of this knowledge, in 2020 ICA Sweden adopted a new target in line with the Group ambition for health: for customers' purchases of fruit and vegetables to equal the recommended consumption of at least 500 grams a day by 2025.

ICA Växa – for a food system that is sustainable long-term

Increasing the share of plant-based food is the single most important transition towards creating a food system that is sustainable long-term. To increase the offering of sustainable, plant-based food produced in Sweden, while also promoting innovation, the ICA Växa (ICA Grow) initiative was launched in 2020. ICA Växa will focus on the sustainability efforts that have the greatest impact in the shortest time and that bring about the greatest positive change in the Swedish

food system as a whole. The initiative will primarily focus on supporting product development and the scaling up of sustainable plant-based food, but will also collaborate with R&D to develop sustainable ingredients produced in Sweden. ICA Växa will also work to encourage local ecosystems between retailers, small businesses and producers.

ICA Växa will be an important part of ICA Sweden's work towards ICA Gruppen's new climate ambition of cutting the climate impact of customers' grocery purchases in half by 2030 (read more on page 21).

Circular and sustainable use of plastics

To contribute to a circular and more sustainable plastics system, in 2018 ICA Gruppen adopted a Group-wide plastics strategy. In line with this, most single-use items made from fossil-based plastics have since been phased out of the central assortment. Single-use plastics have instead been replaced by biological materials. After 2022 all plastic food packaging used for ICA Gruppen's private label products is to be reusable or recy-

clable, and after 2030 will be made from recycled or renewable materials.

One major initiative in 2020 was ICA Sweden's switch to recycled plastics for the packaging of more than 200 of ICA's own meat products. The switch means that 250 tonnes of plastic per year is being replaced by recycled plastic. Packaging size is also reduced, thereby reducing plastics consumption by 60 tonnes a year. The newly developed packaging also enables a longer shelf life.

Food waste

ICA Gruppen's target is to cut food waste from warehouses and stores in both Sweden and the Baltic countries in half by 2025 compared with a base year of 2016. Key aspects of this work include better sourcing processes as well as recording, monitoring and causal analysis of food waste. Individual ICA stores and Rimi Baltic are actively working to reduce food waste in stores. Their efforts include optimisation of sourcing and forecasting, product processing, clearance of short-dated products and partnerships with organisations such as Stadsmissionen, Food Bank, Karma and Food2Change.



Food waste from warehouses and stores to be halved by 2025

AMBITION 2025 | HEALTHY & SUSTAINABLE

Raised climate ambitions – towards net zero and halving customers' footprint

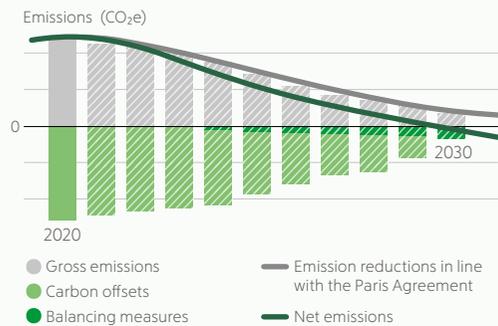
In 2020 ICA Gruppen achieved its target of becoming climate neutral in its own operations. Compared to the base year 2006, emissions of greenhouse gases have been reduced by 76 percent. Emissions that have not been possible to eliminate in 2020 have been offset through climate compensation. The new climate ambition adopted for 2021–2030 goes further: setting a net zero target for the Group's own operations, and including emissions from customers' grocery purchases. Just as before, suppliers are also included in this ambition. The net zero target means a continued focus on reducing the Group's own climate impact at least in line with the Paris Agreement, in parallel with a gradual transition from traditional carbon offsetting to balancing measures – if possible also within the Group's value chain.

As of 2020 ICA Gruppen is climate neutral

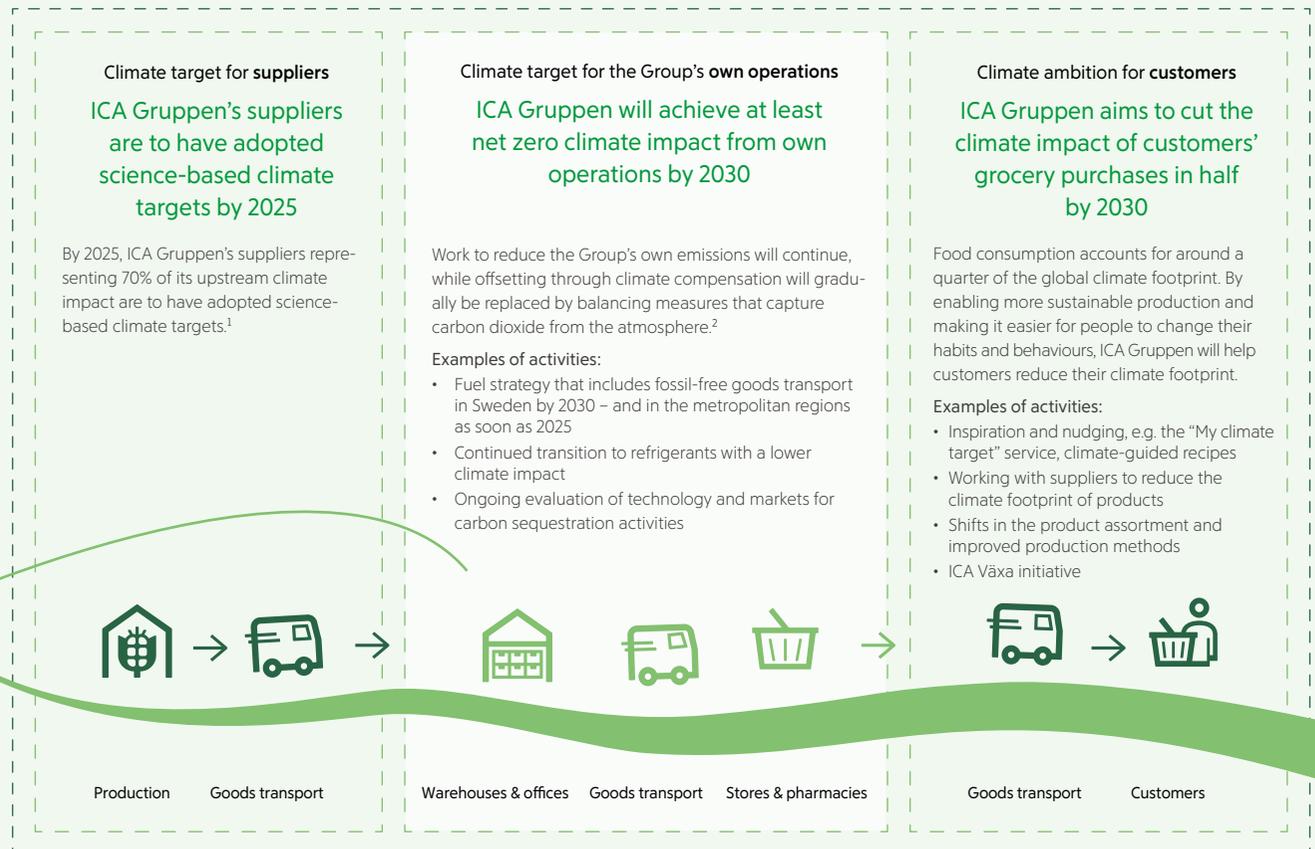
Emissions of greenhouse gases in our own operations that cannot be eliminated are offset. Offsetting takes place outside of our own value chain and includes both projects to prevent carbon emissions (e.g. protecting forests, renewable energy) and projects that capture carbon dioxide from the atmosphere (e.g. planting forests).

In 2030 ICA Gruppen's climate impact is to be net zero

Emissions of greenhouse gases remaining after further reductions must be balanced in the same time period. Unlike previously, only projects or measures that capture carbon dioxide from the atmosphere (e.g. planting forests or carbon capture and storage (CCS) measures) will count. Our ambition is to also integrate initiatives in our own value chain.



ICA Gruppen's new, expanded climate ambition



¹ Target approved by Science Based Targets initiative.

² At present there is no established definition of net zero, nor a standard setting out which actions count towards a science-based net zero target. A final guide and standard from Science Based Targets initiative is expected at the end of 2021. ICA Gruppen intends to follow the Science Based Targets standard for net zero and to have the target officially approved by the organisation.

AMBITION 2025

ATTRACTIVE



Prioritised step-change area

- Transformation to reduce costs and build new capabilities

Rapid advances in the business environment are placing high demands on agility and continuous development – for ICA Gruppen as an organisation and also for every employee. To support this development, numerous strategic initiatives are ongoing relating to leadership, learning, health and inclusion and diversity.

Continued focus on new ways to lead and work

Enabling faster deliveries and greater customer focus demands speed and flexibility in processes for both decision-making and implementation. There is a general shift of emphasis in ICA Gruppen's leadership and employeeship towards self-leadership, where individual employees and teams are given authority and responsibility to largely make decisions themselves.



The need for increased agility is also affecting structures and ways of working. In 2020 activity-based approaches were introduced at Rimi Baltic's office in Riga and at ICA Bank's office in Borås. These are already in use at ICA Gruppen's head office in Stockholm and at Rimi Baltic's office in Vilnius.



Launch of digital learning platforms

A culture of continuous learning

Being able to deal with change and act in highly uncertain situations will become increasingly important in the future – as will the ability to continually share knowledge, try new things and relearn. Both ICA Gruppen as a whole and individual employees will continually need to develop and improve their skills in both existing and new areas.

Today, learning has been decentralised and is primarily driven by the individual employee. Continual learning is partly about culture, habits and approaches, but also requires effective

learning platforms and structures. To integrate on-the-job learning, increase opportunities for just-in-time learning and put the conditions in place for networking and exchange of experiences, in recent years digital support has been provided through the Group-wide learning platform Grow at ICA. This platform, which offers inspiration, tools and materials, has very noticeably facilitated and contributed to a greater degree of continual learning among employees.

“In all parts of the organisation active efforts are being made to support and encourage continuous learning.”

AMBITION 2025 | ATTRACTIVE

Major focus on health and wellbeing

ICA Gruppen wants to offer a safe and secure work environment that allows employees to have a sustainable career in a changing world. A number of big initiatives are under way within the Group aimed at ensuring a good physical, social and organisational work environment. The main focus is on preventive measures. Overall, the initiatives span a large number of areas including new types of management training, increased wellbeing allowance, a rehabilitation programme and more effective processes in cases of sickness-related absence.

Inclusion and diversity

ICA Gruppen is working actively to spread knowledge about equality, inclusion and diversity. Important

aspects of this include increasing awareness of unconscious bias and preventing discrimination. The goal is to ensure a culture that makes the most of the creativity and added value that people's differences and diverse interactions provide, thereby creating a dynamic organisation that can offer high quality products and services.

During the year there was continued focus on efforts to improve the employment prospects of people who are far from the labour market. These included Apotek Hjärtat's initiatives to help newcomers to Sweden get into the labour market. Work to ensure gender balance among senior executives also continued during the year. Specific efforts include the initiative ICA 50/50. This involves two networks: one to increase and promote the number of

women managers in senior positions within ICA Gruppen, and one to support women with the potential to take on more senior roles.

In 2020 a Group-wide inclusion and diversity ambition was adopted, expressly focusing on three areas: increased openness, increased diversity and increased equality. Together these three create inclusion, which is the heart of ICA Gruppen's ambition. For each focus area there are specific plans and associated activities. In 2021, focus will be on reinforcing the link to actual business benefits for ICA Gruppen's various operations. This will include taking the Group-wide ambition as a basis for adopting own goals and activities that contribute to achieving the overall company and business goals in each area of business.

“Increased openness and increased equality will naturally lead to increased diversity. Together this leads to increased inclusiveness.”

The inclusion and diversity ambition focuses on three areas

Increased openness

We will identify, welcome and make the most of people's differences.

Increased diversity

We will work for and raise awareness of diversity to enable positive change.

Increased equality

We will create the conditions for equal rights and opportunities, to enable participation on equal terms.



AMBITION 2025

DATA-DRIVEN



190

digital colleagues in 2020

Great opportunities to improve efficiency through automation

More and more automated processes

More and more processes will be automated in future, including through greater use of digital colleagues and chatbots. Automation of manual tasks makes it possible to reduce costs, increase efficiency and improve the quality of both the business and the offering.

Major initiatives within AI and advanced analytics

Artificial intelligence (AI) and advanced analytics offer great potential, and extensive investments are currently being made in both areas. AI represents a paradigm shift that will provide opportunities for entirely new types of customer value and will also affect upstream processes such as sourcing, warehouse management and logistics. Advanced analytics will make it possible to predict events and anticipate deviations in an entirely new way.

Using new technology to enhance customer offerings

Various projects are in progress within ICA Gruppen in which digital technology is being used to enhance the customer offerings and increase interaction between the Group's different companies. The ICAX innovation hub is to identify and analyse new business opportunities and digital innovations – and turn them into new or updated customer offerings. The hub focuses on the Group's own digital development projects as well as strategic collaborations. This investment combines the stability, resources and customer base of a big company with the agility of the start-up world.



The right focus for sustainability

Data-driven analytics can direct resources into the right areas for improving sustainability. For example, in 2020 work began on collecting better data to find out not just what kind of food waste occurs in stores, but also why – enabling efforts in this area to be optimised. There is great potential to combine large-scale analysis of sales in store with the actual climate footprint of each product, in order to decide on strategic priorities and take action where it can do the most good.

Climate-smart properties

More and more stores and warehouses are now being connected to systems that make it possible to send and receive information in real time. Access to data improves the ability to optimise, and thereby reduce, energy consumption. It also provides greater opportunities for preventive maintenance.

Better HR decisions based on data-driven insights

Various initiatives are under way at ICA Gruppen to provide system support and procedures to make data-driven analysis more efficient and enable fact-based decisions in the area of HR. In 2020 the focus was on establishing data-driven insights within recruitment. New system support for employee surveys was also established, providing new ways to analyse and act on the quantitative and qualitative information that employees share. Among other things, this has been used for ongoing employee pulse surveys – to monitor wellbeing among employees during the year and allow appropriate action to be taken as needed. The main focus going forward will be on implementing data-driven analysis in more areas such as wellbeing, inclusion and diversity, and ways of working. A review is also in progress to enable the automation and efficient collection and compilation of data.

Prioritised step-change area

- Data-driven transformation supported by AI/AA

Financial targets

Grow faster than the market

Good sales development and a strong market position are key factors in achieving and maintaining good profitability and value growth.

Achieve an operating margin excluding items affecting comparability of 4.5%

The target level provides room for investments in the business and a return on invested capital, and is at a good level for the industry. The target is measured excluding items affecting comparability.

Achieve a return on capital employed of 7.5%

The target level indicates that the Group is using capital effectively. The target was changed at the beginning of 2019 due to accounting changes under IFRS 16. ICA Bank is not included in the calculation because banking legislation stipulates that its assets and liabilities are not available to the Group. Instead ICA Bank has a target for return on equity that is a more appropriate target for banking operations.

Dividend of at least 50% of profit for the year

The intention is to provide shareholders with a good dividend while also being able to make value-adding operational investments.

Net debt/EBITDA < 3

A good balance between earnings and borrowing gives the company the freedom and ability to act, even in times of recession.

Outcome 2020

Development in 2020 for all of the Group's grocery retail segments has been significantly impacted since March by the ongoing Covid-19 pandemic, with ICA Sweden seeing favourable volume growth while Rimi Baltic and Apotek Hjärtat developed in the opposite direction.

Outcome 2020

The improved operating profit for ICA Sweden and ICA Real Estate combined enabled the Group to reach its margin target of 4.5% in 2020. This was possible despite the lower operating profit reported for other operations after the negative impact of the Covid-19 pandemic.

Outcome 2020

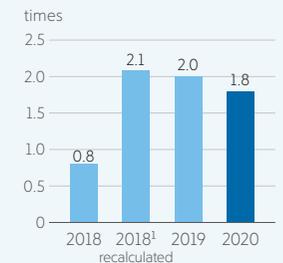
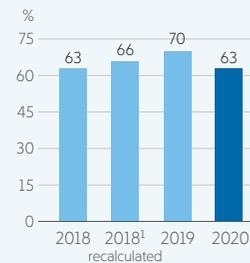
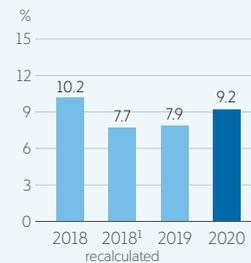
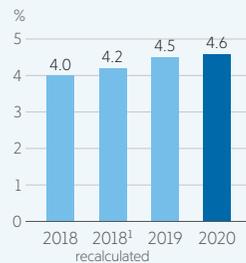
Although the average capital employed increased in 2020, the target was reached thanks to an improved result. The outcome was 9.2% (7.9).

Outcome 2020

The Board of Directors proposes that the dividend is increased by SEK 1.00 to SEK 13.00 per share. If the Annual General Meeting votes in favour of the Board's proposal the dividend will therefore increase by 8.3% and the dividend will amount to 63% of profit for the year.

Outcome 2020

The Group's net debt fell slightly during the year due to lower lease liabilities. The underlying net debt, excluding the effects of IFRS 16, increased slightly, primarily due to a significantly higher level of investment in 2020 than the previous year. Net debt was around 1.8 times EBITDA at the end of the year, which is well in line with the Group's target ratio of below 3 times.



1 In addition to the formal IFRS reports, in Recalculated 2018 amounts are presented as if IFRS 16 had been applied from 1 January 2018.

Sustainability targets

New sustainability targets from 2021

[Read more on page 114](#)

100% of the suppliers of ICA Gruppen's corporate brand products in high-risk countries will be socially audited

It is ICA Gruppen's conviction that all commercial activity must take place under humane conditions. ICA Gruppen's supplier agreements contain special provisions regarding respect for human rights. Social audits of suppliers in high-risk countries that produce ICA Gruppen's corporate brand products are conducted on site. The audits are to be performed according to a model approved by the Group or using ICA Gruppen's own social audit tool. At least 90% of the suppliers of ICA Gruppen's corporate brand products in high-risk countries are to have an approved social re-audit by year-end 2020.

Outcome 2020

At the end of 2020 a total of 92% of suppliers of ICA Gruppen's corporate brand products in high-risk countries had undergone a social audit, and 86% had an approved re-audit. The target for social audits of suppliers was thus not reached, which was partly due to the severe impact of the pandemic on ICA Gruppen's suppliers. Opportunities to conduct audits were limited, and the highest priority was to make it easier for suppliers to keep their businesses going. After 2020, ICA Gruppen will continue to monitor and report the percentage of suppliers of corporate brand products in high-risk countries that have undergone a social audit.

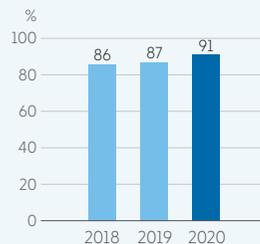


90% of the suppliers of ICA Gruppen's corporate brand products are to be quality-certified by the end of 2020

Customers should feel safe shopping with ICA Gruppen. ICA Gruppen's focus on quality includes ensuring that suppliers have safe production processes. This is done through provisions in agreements with all suppliers. Suppliers of the Group's corporate brand products are also required to have certification according to a standard accepted by the Group.

Outcome 2020

At the end of 2020 a total of 91% of suppliers of ICA Gruppen's corporate brand products were quality-certified. From 2021 onwards the number of quality-certified suppliers will continue to be monitored and reported to ensure that quality work remains at a high level.



By 2020 ICA Gruppen is to be perceived by consumers as the actor in the market that is best at helping them make healthy choices

Helping customers to feel good and guiding them to make healthy choices is a priority for ICA Gruppen, partly because customers call for it and partly because the Group, as a major player, has a great opportunity to positively impact people's health. Success in achieving this goal is monitored through customer surveys.

Outcome 2020

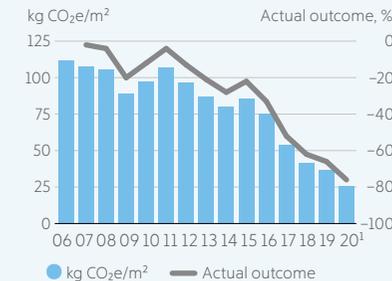
- In the 2020 NKI customer satisfaction index, ICA came in second place among Swedish grocery retailers when respondents answered the question "Who inspires me to eat healthily?".
- In a Nielsen Omnibus survey in November, Rimi came in first place in Estonia and Latvia, and in fourth place in Lithuania, when respondents were asked to associate grocery retailers with the statement "Offers healthy products and guides customers to choose a healthier lifestyle".
- In a brand tracking survey performed by Nepa during the autumn, Apotek Hjärtat was seen to be second best in the industry in taking responsibility for improving public health in Sweden, and was seen to be one of the pharmacy chains most associated with making it easy for customers to make sustainable choices.

ICA Gruppen's operations will be climate neutral by 2020

Climate change affects everyone. To contribute to the UN's goal to limit global temperature rise, ICA Gruppen has a target that its operations will be climate neutral by 2020. The target includes the climate impact caused by operations at stores, pharmacies, warehouses and offices. This is to be achieved by constant reductions in greenhouse gas emissions, achieving at least a 70% decrease in climate impact compared with the 2006 level, and through increased resource efficiency. The climate impact that remains in 2020 is offset through carbon credits. By 2025, ICA Gruppen's suppliers representing 70% of its upstream climate impact are to have adopted science-based climate targets.

Outcome 2020

ICA Gruppen reached its climate neutrality target in 2020. Since the base year of 2006 emissions of greenhouse gases have decreased by 76%, mainly due to major efforts and improvements in the areas of energy, refrigerants, logistics flows and goods transport. Altogether, emissions have decreased from an average of 111 kg CO₂e per square metre to 26 kg CO₂e per square metre. All 2020 emissions are offset through climate compensation. The outcome for the supplier target at the end of 2020 was 26%.



1 All emissions for 2020 are offset through the purchase of carbon credits.

ICA Gruppen will cut food waste from warehouses and stores in half by 2025

Food accounts for about a quarter of humanity's total impact on the climate and it is therefore of utmost importance to take care of the food that is produced. ICA Gruppen's target is to cut food waste from warehouses and stores in both Sweden and the Baltic countries in half by 2025 compared with the base year 2016. Food waste is measured using an international standard created by the Food Loss and Waste Protocol (FLW Protocol). Important factors for reaching the new target include smarter algorithms for sourcing and product processing, and having procedures and tools for early identification of food that is at risk of being wasted.

Outcome 2020

ICA Gruppen's food waste has by the end of 2020 been reduced with 14% compared with the base year 2006. A continued focus on purchasing processes, and on registering, following up and analysing the cause of waste has led to an increased pace in reducing food waste. Especially the stores in Sweden have improved their work with systematically measuring and following up on their food waste, which also improves the reliability of data.





PERFORMANCE IN 2020

Stable development despite extraordinary circumstances

ICA Gruppen's performance in 2020 in both earnings and sales was positive overall. Performance is close to the long-term financial targets. The following pages describe the various segments, their markets and their important focus areas going forward.

Group performance

Underlying operating profit for ICA Gruppen increased in 2020 by just over 8% after eliminating divestments. The Covid-19 pandemic, which has been ongoing since the end of the first quarter, resulted in significantly higher earnings for ICA Sweden, while the impact was negative for Rimi Baltic, Apotek Hjärtat and ICA Bank. ICA Real Estate also saw increased earnings due to acquisitions and favourable pandemic effects. There was also strong growth in online sales. The pace of investment was high and cash flows remained strong.

Net sales and earnings

Consolidated net sales in 2020 amounted to SEK 126,283 million (119,295). In local currency and adjusted for the divestment of Hemtex the increase was 6.3%. The assessed impact of Covid-19 on sales growth is +1.9 percentage points. The growth in sales was driven by both volumes and prices. The volume effect was positive in all parts of the Group with the exception of Apotek Hjärtat and Rimi Baltic. ICA Sweden in particular experienced a strong positive volume effect. Online sales grew very significantly during the year.

Operating profit excluding items affecting comparability was SEK 5,831 million (5,356). Earnings growth was significantly impacted by the Covid-19 pandemic, leading to increased earnings for ICA Sweden and to some extent for ICA Real Estate while other segments were able to partly mitigate negative Covid-19 effects by various measures. The overall estimate is that the effect of Covid-19 on the Group's operating profit was around SEK -10 million, with large variations between

the quarters and the segments' performance. Higher profit sharing revenue from ICA stores and acquisitions within ICA Real Estate also contributed to the profit increase. Fast growth in e-commerce and investments made in light of this to increase capacity and efficiency long term resulted in higher costs in 2020.

The operating margin excluding items affecting comparability amounted to 4.6% (4.5).

Profit for the year amounted to SEK 4,173 million (3,450). This includes SEK -58 million (-422) in capital losses on divestments and impairment losses, with the previous year being impacted significantly by capital losses of SEK -382 million on the divestment of Hemtex. Earnings per share for the year amounted to SEK 20.65 (17.06).

Other Covid-19 effects

Covid-19 effects on sales and results are described above. The Covid-19 effects include some general government assistance of around SEK 125 million, mainly to cover the cost of sick pay.

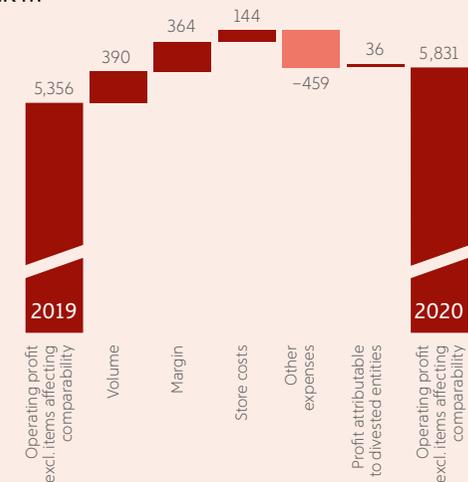
Net financial items and tax

The Group had a net financial expense of SEK -466 million (-532), including an interest expense associated with IFRS 16 of SEK -321 million (-342). Underlying interest expense was lower due to refinancing and positive currency effects.

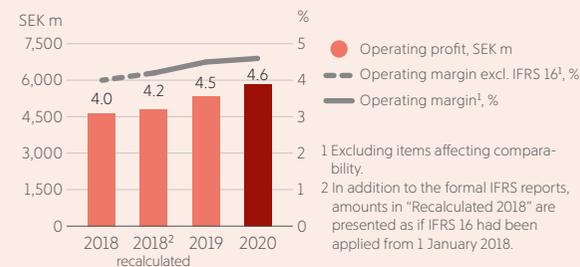
The tax expense for the year was SEK -1,135 million (-951), representing a tax rate of 21.4% (21.6). Tax expense for the year was negatively impacted by higher tax, SEK -205 million (-130), on dividends from Rimi Baltic. According to a new estimation, this outcome includes accruals of SEK -97 million for dividends that are expected to be received in 2021. The previous year's tax cost was negatively impacted by a non-deductible capital loss arising in connection with the divestment of Hemtex. Paid tax totalled SEK -1,078 million (-584). The increase depends on additional tax payments for 2019 totalling SEK 214 million as well as payment of a higher amount of preliminary tax of SEK 262 million.

Operating profit development, SEK m

ICA Gruppen's operating profit excluding items affecting comparability increased by SEK 475 million. The increase was mainly volume-driven, with volume growth reported for ICA Sweden's wholesale operations, ICA Bank and ICA Real Estate. Store costs were down due to fewer consolidated stores within ICA Sweden, while corresponding costs increased for Apotek Hjärtat and Rimi Baltic. The profit-sharing revenue within ICA Sweden was higher. Other expenses were also higher, primarily due to a sustained high level of activity associated with business development and digitalisation. This was impacted in particular by increased e-commerce.



Operating profit, SEK m and operating margin, %¹



Net sales



GROUP PERFORMANCE

Financial position

The Group's net debt (excluding ICA Bank and pension liabilities) at the end of the year amounted to SEK 19.9 billion (20.1). Excluding IFRS 16 (i.e. excluding lease liabilities, ICA Bank and pension liabilities), net debt at the end of the year amounted to SEK 4.9 billion (4.2). The increase in net debt, excluding lease liabilities, is mainly due to the higher investment level in 2020. As of 31 December 2020 net debt in relation to EBITDA was 1.8 (2.0), which is well in line with the Group's long-term target of < 3.0.

Cash flow

Cash flow from operating activities (excluding ICA Bank) amounted to SEK 10,444 million (9,923). The increase is due to improved operating profit and a positive change in working capital, which partly offset the higher amount of tax paid. The change in cash flow from investing activities for 2020 is mainly attributable to a significantly higher level of investment.

Investments

Investments amounted to SEK 5,372 million (3,080), of which SEK 3,005 mil-

lion (992) was attributable to ICA Real Estate. The higher investment level was mainly due to a significantly higher level of investment in ICA Real Estate, with the acquisition of a logistics building in Västerås for around SEK 1 billion and ongoing e-commerce warehouse projects in Stockholm and Gothenburg accounting for a large portion of the increase. The level of investment in IT and digitalisation remained at a high level. The considerable investment in a new warehouse in Riga was completed during the year.

Parent Company

The Parent Company's net sales were SEK 1,192 million (1,106). Profit after financial items amounted to SEK 3,283 million (8,026). The change from the previous year is essentially attributable to lower dividends from subsidiaries.

Seasonal variations

Grocery retail sales are affected by 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.



Net sales by segment

SEK m	2020	2019	2018
ICA Sweden	91,684	85,187	82,411
Rimi Baltic	16,373	16,168	15,255
Apotek Hjärtat	15,178	14,778	14,110
ICA Real Estate	2,840	2,731	2,591
ICA Bank	1,699	1,570	1,353
Hemtex	-	306	1,020
Other	1,282	1,197	1,042
Intra-Group sales	-2,773	-2,640	-2,429
Net sales	126,283	119,295	115,354

Cash flow statement,
Group excluding ICA Bank

SEK m	2020	2019	2018	Recalculated 2018 ¹
Cash flow				
From operating activities before change in working capital	10,133	9,959	5,430	8,977
Change in working capital	310	-35	1,125	1,101
From operating activities	10,444	9,923	6,555	10,078
Investing activities, net	-5,184	-2,811	-3,577	-3,577
Before financing activities	5,259	7,113	2,979	6,502
Financing activities, net	-4,802	-7,044	-4,500	-8,023
Cash flow for the period	457	69	-1,521	-1,521

1 In addition to the formal IFRS reports, amounts in the Recalculated column are presented as if IFRS 16 had been applied from 1 January 2018.

Operating profit excluding items affecting comparability by segment

SEK m	2020	2019	2018
ICA Sweden	4,240	3,712	3,332
Rimi Baltic	703	744	631
Apotek Hjärtat	383	464	533
ICA Real Estate	603	504	417
ICA Bank	174	244	170
Hemtex	-	-36	13
Other	-446	-443	-444
IFRS 16 Leases²	175	166	160
Operating profit excl. items affecting comparability²	5,831	5,356	4,811
Operating profit excluding items affecting comparability by segment	5,657	5,189	4,651³

2 The amount for 2018 on this line is the recalculated amount as if IFRS 16 had been applied on 1 January 2018.

3 The cost of the planned integration of IKI is included in the amount of SEK -26 million in 2018, of which SEK -23 million is for Rimi Baltic and SEK -3 million for Other.

ICA Gruppen's segments

ICA Gruppen's operations are divided into five segments: ICA Sweden, Rimi Baltic, Apotek Hjärtat, ICA Real Estate and ICA Bank.



ICA Sweden

With 1,266 stores and a market share of around 35%¹ (for 2019), ICA Sweden is the leading grocery retail actor in the country. The independent ICA retailers own and operate their own stores, but have agreements with ICA Sweden in areas such as coordinated sourcing, logistics, market communication and store development.

Net sales, SEK m and operating margin, %



Rimi Baltic

Rimi Baltic operates a grocery retail business and has 283 wholly owned stores in Estonia, Latvia and Lithuania. The properties owned by the Group in the Baltic region are also part of Rimi Baltic. At year-end Rimi Baltic had 84 stores in Estonia, 131 in Latvia and 68 in Lithuania. Rimi Baltic's combined market share in the region is slightly more than 14%¹.

Net sales, SEK m and operating margin, %



Apotek Hjärtat

With 391 pharmacies, extensive online operations and a market share of around 31%, Apotek Hjärtat is the largest company in the Swedish pharmacy market. Pharmacy operations complement grocery retail and play an important role in ICA Gruppen's efforts to achieve a leading position in health.

Net sales, SEK m and operating margin, %



ICA Real Estate

ICA Real Estate has a large and actively managed property portfolio within the retail segment. Its overall mission is to meet ICA Gruppen's long-term need for appropriate properties in the right locations. This consists of acquiring, developing and managing market-places adjacent to existing or planned ICA stores, and selling fully developed properties on an ongoing basis.

Net sales, SEK m and operating margin, %



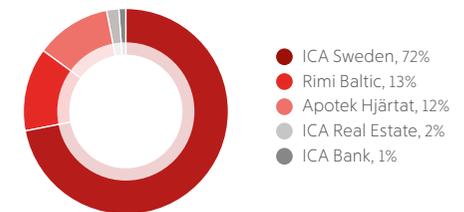
ICA Bank

ICA Bank provides a broad range of banking and insurance services to private and corporate customers. In addition, ICA Bank helps to strengthen customer loyalty to ICA stores, while reducing transaction costs for both the stores and ICA Gruppen.

Net sales, SEK m and return on equity², %



Share of ICA Gruppen's sales, %



1 For a definition of market share, see page 31.

2 The calculation of return on equity for ICA Bank excludes the effect of Group contributions.

ICA Sweden

Grocery retail in sustained transition

The market for groceries, food and meals is changing. There is a noticeable blurring of the lines between industries, with more and more overlap between different operators' offerings. At the same time consumption patterns are changing fast in terms of when and where consumption takes place. This is particularly evident in the rapidly growing e-commerce segment. These trends have been around for several years, but were intensified further in 2020 as a result of Covid-19.

In exactly the same way as in other retail segments, grocery retail was impacted during the year by Covid-19 and the effects of the pandemic. Grocery retail has fared better than durable goods retail, but with significant differences between stores and locations. Volumes dropped in particular for cross-border shopping during the year, as well as for more specialised

food stores and those in city centre locations.

Overall, grocery retail sales grew by 7.6% (3.1) according to the Swedish Food Retail Index (DVI). Adjusted for price and calendar effects, the volume increased by 5.2% (0.3). Competition continued to intensify during the year, mainly due to the continued opening of new discount stores, but also to some extent due to the continued blurring of industry lines and increased online sales.

Sharp growth in online sales

Online sales of food and meal kits have grown relatively sharply in recent years, albeit from low levels. The average annual growth in Sweden in 2018–2019 was a bit more than 24%. In 2020 sales grew by a full 95% and the share of the total market was around 4.8%, compared with just below 3% the previous year. Click and collect is the format that has increased the most, but home deliveries have also grown significantly. The strong increase in 2020 was largely related to Covid-19. Although e-commerce may fall off to some extent after the crisis is over, it is likely to remain at a new, significantly higher level than before.

Moderate but stable growth

Grocery retail is less sensitive to economic fluctuations than other retail segments. The growth rate can be described as moderate but stable over time, although it was very high in 2020 due to the effects of the pandemic. Sales growth has over time largely followed population growth. Svensk Handel predicts that grocery retail sales will grow by 1% per year in fixed prices up to 2025. This forecast is largely based on historical trends in recent years and is also in line with Statistics Sweden's population forecast. The factors that drive sales revenue are primarily inflation and an ever-increasing share of value-added products, including complete meal solutions.

Calculating market share is complex

According to Statistics Sweden, total consumption of groceries in Sweden grew by 3.2% to SEK 378.4 billion (366.7) in 2019, with ICA's market share at around 35%. Calculating the market share of various actors is complex, however. The total size of the market depends on which segments and operators are included. It also depends on whether you choose to look at actual consumption by consumers irrespective of where it takes place, or whether you select a number of operators.

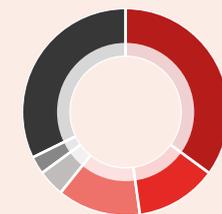


Development of the grocery retail market in Sweden¹



¹ DHI 2016–2017, DVI 2018–2020
Source: Statistics Sweden, HUI, Swedish Food Retailers Federation

Market share, groceries Sweden



● ICA, 35% ● Bergendahls, 4%
● Coop, 13% ● Lidl, 3%
● Axfood, 13% ● Other, 32%

Share of total grocery consumption in 2020
Source: Statistics Sweden, HUI, ICA analysis

ICA SWEDEN

Strong volume growth with an exceptional increase in e-commerce in a market characterised by Covid-19

For ICA Sweden, 2020 was characterised by focused efforts to adapt the business to the prevailing situation with very high demand. The main priorities included securing sufficient capacity in logistics and that other activities were efficient in order to meet the sharp increase in online shopping. Throughout the year a significant amount of effort was also put into ensuring that the stores were safe for customers and providing safe workplaces for employees. Altogether, these efforts contributed to good sales growth and strong earnings development during a very turbulent year.

ICA stores' sales

Sales in the Swedish ICA stores increased by 7.2% (3.1) in 2020. The increase for comparable units amounted to 7.0% (3.0). The considerable sales increase, where online stood for more than 30% of the growth, was exclusively driven by a higher average spend and more items purchased per

customer visit. Due to the pandemic, the number of in-store customer visits fell during the year.

A total of 8 new stores were opened and 12 stores were closed. Store space increase by around 0.8%, measured as an average over 12 months. Most of the newly opened stores are located in metropolitan areas.

Strong online growth

One of the more distinguishing features of 2020 was a marked increase in online sales. Altogether the ICA stores' online sales of grocery items and meal kits increased by 117% (33) during the year, compared with an 95% increase in grocery sales for the market as a whole (according to the Swedish Food Retail Index, DVI). Online sales as a percentage of total sales in stores offering the service amounted to almost 8% during the fourth quarter of the year, compared with just over 3% the previous year.

At year-end 374 stores were offering online sales (grocery items) and 632 were offering the ICA Matkassen meal kit concept.

New e-commerce warehouses for improved delivery efficiency

During the year work continued on a new e-commerce platform and a new,

highly automated customer fulfilment centre in Stockholm. The new platform will be operational in 2021 and the e-commerce warehouse will open in 2022. Read more on page 18.

Construction of a central e-commerce warehouse in Gothenburg also continued during the year. The warehouse will offer independent ICA retailers in the Gothenburg region picking and direct delivery to the end customer from the spring 2021. It will result in increased efficiency and better service for both stores and consumers. Since a similar e-commerce warehouse was launched in Stockholm in spring 2018, online sales in the catchment area have increased more than 200%.

Increased sales of private label products

Investments in private label products and ready meal solutions continued during the year. The private label line provides breadth and depth in the product assortment at low prices, and strengthens ICA's brand while also contributing to good profitability. Altogether, the percentage of total sales accounted for by private label products increased to 26.9% (25.8). Sales of private label products benefited from the sharp increase in online

sales during the year, with these products' percentage of online sales exceeding that for in-store sales, but there were also positive sales effects from the pandemic in general.

Launch of Stammis

Stammis (regular customers) was launched at the beginning of 2020. It is ICA Gruppen's loyalty programme which, in addition to ICA, includes Apotek Hjärtat, ICA Bank and ICA Insurance. At the end of 2020 there were almost 5 million active regular customers in the programme. Altogether more than 1.5 million external payment cards are connected to the programme and during the year the number of "Stammisar" increased by 230,000. The new programme will make it possible to offer a more personalised experience and make it easier to reach customers with the right offering, in the right channel and at the right price.



"In 2021 we will take several important steps to further develop the e-commerce offering, including the launch of a new e-commerce warehouse in Gothenburg and implementation of our new e-commerce platform."

Anders Svensson, CEO ICA Sweden

Future focus

A major focus area in 2021 will be developing the e-commerce offering. The main activities will include implementation of the new e-commerce platform developed by Ocado and the launch of the e-commerce warehouse in Gothenburg. Implementation of the new e-commerce platform is expected to start in the second quarter and to be fully rolled out in the fourth quarter.

Another top priority is ensuring good value for money. This will be done though, for example, continued investment in private label products, efficient personalised campaigns and an active focus on the price strategy and value for money. The number of new store launches is expected to be 8-12 in 2021. The pace of renewal of the existing store network will remain high, involving around 250 stores.

Prioritised step-change areas

- Strengthened food ecosystem
- Best in class grocery e-commerce offer
- Strengthen customer loyalty and price-value proposition





ICA SWEDEN

Sales growth and number of stores including retailer-owned stores

Profile	Store sales (excluding VAT)			Number of stores in Sweden				Dec. 2020
	2020, SEK m	Change, all stores %	Change, like-for-like %	Dec. 2019	New	Converted	Closed	
Maxi ICA Stormarknad hypermarkets	42,092	10.5	9.3	86	1	0	0	87
ICA Kvantum	31,719	7.4	7.0	129	1	0	-1	129
ICA Supermarket	37,454	3.6	4.6	423	2	0	-3	422
ICA Nära	19,419	6.9	7.2	632	4	0	-8	628
Total	130,684	7.2	7.0	1,270	8	0	-12	1,266

Performance indicators

	2020	2019	2018
Net sales, SEK m	91,684	85,187	82,411
Operating profit before depreciation and amortisation (EBITDA), SEK m	4,851	4,277	3,787
Operating profit excl. items affecting comparability, SEK m	4,240	3,712	3,332
Of which:			
Non-recurring items relating to organisational changes and store closures	27	50	110
Operating margin excl. items affecting comparability, %	4.6	4.4	4.0
Investments, SEK m	825	656	868
Depreciation/amortisation, SEK m	611	565	456
Average number of employees	8,412	8,292	8,199
Private label share of store sales, %	26.9	25.8	25.4

Financial performance

ICA Sweden's revenue increased during the year by 7.6%. The increase was mainly due to Covid-19-related volume effects in wholesale operations. Operating profit increased by SEK 528 million as a result of the increase in revenue. Added to this were improved outcomes for logistics, higher profit-sharing revenue from ICA stores, and improved operating profit from non-food and store subsidiaries. This was offset by higher costs associated with new and ongoing development projects and investments, such as in e-commerce.

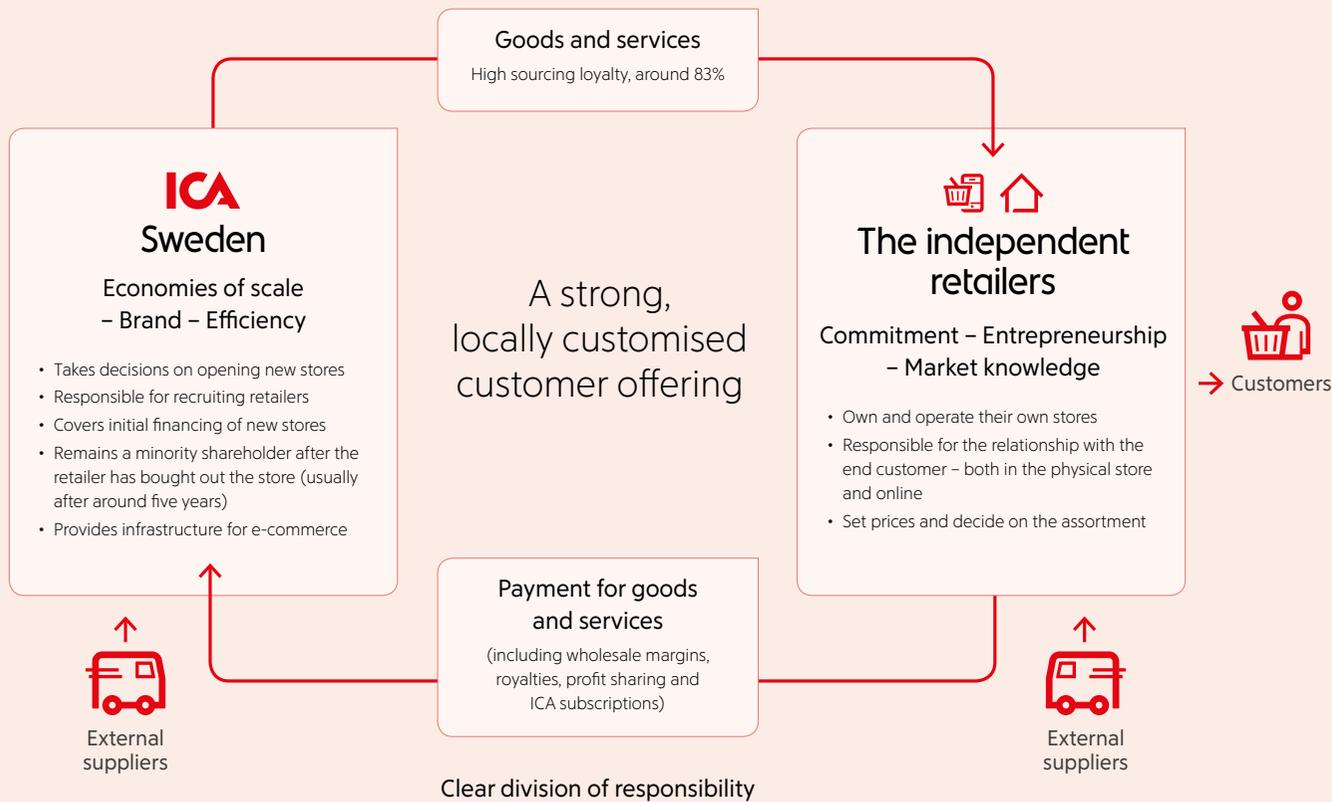
Estimated effects of the Covid-19 pandemic

As a consequence of the Covid-19 pandemic, which has been ongoing since March, customers have been cooking and eating at home to a far greater extent, which has had a favourable impact on grocery sales, resulting in higher sales volumes. The estimated impact on ICA Sweden's sales is SEK +3.7% and on operating profit SEK +385 million. The effect on earnings includes some general government assistance of around SEK 97 million, mainly to cover the cost of sick pay.

ICA SWEDEN

The ICA Idea – a unique business model

ICA Sweden's operations are based on a unique business model where economies of scale are combined with the local retailers' commitment, entrepreneurial skills and market knowledge. In this structure ICA Sweden owns the rights to the store location and the brand, while the retailer owns and operates the store.



The relationship between ICA Sweden and the individual ICA retailers is regulated in an agreement. The agreement sets out, among other things, how the store network will be operated and how new

stores will be financed. Key elements of the agreement include the overall division of responsibility between ICA Sweden and the retailer, the principles governing the rights to the ICA brand and ICA

Sweden's right to compensation in the form of royalties and, in some cases, profit sharing. It also contains a pre-emption clause in the event that ICA retailers want to sell their company or its operations.

ICA Sweden's revenue and earnings

Revenue that contributes to profits

- Revenue from wholesale sales
- Sales in stores owned by ICA Sweden
- ICA Sweden's own non-food sales in Maxi ICA Stormarknad hypermarkets
- Revenue from add-on services in competitive environments
- Performance-based revenue in the form of royalties and profit sharing

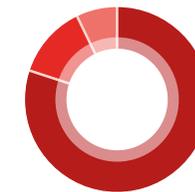
Revenue that provides cost coverage

- Revenue from ICA subscriptions (fees from ICA retailers to finance the joint organisation)
- Compensation for logistics, infrastructure
- Add-on services not exposed to competition

Factors affecting ICA Sweden's profits

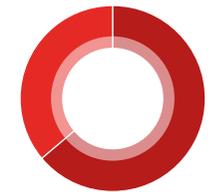
ICA Sweden's earnings come largely from wholesale sales. The size of the mark-up is set out in an agreement with ICA-handlarnas Förbund. It is the same for all stores and varies depending on the type of product. Other compensation with a direct impact on profits includes royalties and profit sharing from the stores. Profits are also generated from non-food products, store subsidiaries and add-on services.

ICA Sweden's revenue in 2020



- Wholesale, 80%
- Store subsidiaries and non-food sales at Maxi ICA Stormarknad hypermarkets, 13%
- Other sales/revenue, 7%

ICA Sweden's earnings in 2020



- Wholesale, 64%
- ICA agreements (royalties and profit sharing) and other (store subsidiary sales, ICA's own non-food sales, add-on services), 36%

Rimi Baltic

Tough competition and an emphasis on price

There are both similarities and differences between the grocery retail markets in the three Baltic countries. They share a fast pace of expansion in recent years, especially in the discount segment in Lithuania.

Grocery retail markets in Estonia, Latvia and Lithuania are characterised by tough competition and a strong focus on price and price perception. The direct competition varies between the three countries. In Estonia the primary competitors are Coop, Maxima, Selver and Prisma. In Latvia they are Maxima, Top1, Mego and Elvi. In Lithuania the main competitors are Maxima, IKI, Norfa and Lidl. Competition is expected to become even tougher going forward due to the anticipated opening of Lidl stores in Estonia and Latvia as well. Decreased or unchanged population rates will also have a negative effect on growth in underlying demand. This will, however, be offset by positive growth in buying power, which is above the EU average.

Weak market growth

The pandemic did not have such a significant impact on the grocery retail markets in the three Baltic countries during the year as in Sweden.

Altogether the market grew in 2020 by 5.2% (5.0). The underlying volume growth improved in Latvia and Estonia, but weakened in Lithuania. Food price inflation fell to 1.9% (3.0). In total, sales in the Baltic grocery retail market were around EUR 10.9 billion in 2020, with Lithuania accounting for around 46%, Latvia for around 29% and Estonia for around 25%.

Sharp increase in online sales

As a result of Covid-19, online sales increased sharply during the year – albeit from low levels. Previously there were relatively few actors offering groceries online, but the number increased in 2020.

Smaller market share due to conversion and closures

Rimi Baltic's market share in the Baltic countries in 2020 is estimated at 14.2%, somewhat lower than in 2019. The decrease is mainly due to reduced sales resulting from store conversions and general periodic closures, which impacted Rimi Baltic more than the market in general.

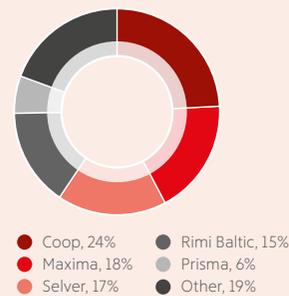


Development of the grocery retail market in the Baltics

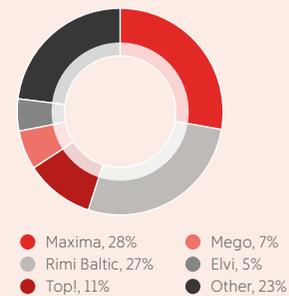


Source: Government statistics

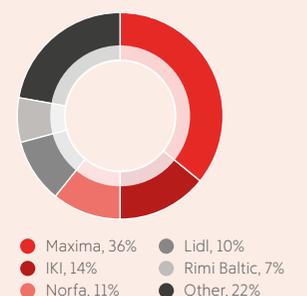
Market share, groceries Estonia¹



Market share, groceries Latvia¹



Market share, groceries Lithuania¹



¹ 2019 government statistics, the companies' annual reports and Rimi Baltic's analysis.

RIMI BALTIC

A year characterised by Covid-19

For Rimi Baltic, 2020 was dominated by the Covid-19 pandemic. Extensive restrictions and closures resulted in a significant decline in the number of customer visits for many months of the year. Stores in city centre locations and shopping centres were affected the most, as well those in border locations. The negative development in the number of customers was offset to some extent by a higher average spend, positive mix effects and lower logistics costs.

Launch of online shopping in Lithuania and Estonia

In response to the Covid-19 pandemic, Rimi Baltic brought forward its online shopping launch in Lithuania and Estonia in 2020. Online shopping has thus been offered in all three countries since April 2020. At the end of the year there were around 20 collection locations. In the larger cities of Tallinn, Riga, Vilnius,

Klaipeda and Kaunas, home delivery was also offered. The rollout of home delivery to additional cities has begun.

Online sales as a percentage of total sales developed well, rising week by week during the year, and accounting for just over 2% of total sales in the fourth quarter.

New central warehouse in Riga

The extensive expansion of the central warehouse in Riga was completed in 2020. The process of moving operations back into the warehouse began in the third quarter and will continue gradually until spring 2021. The expanded warehouse now serves to a greater extent as a central warehouse for Estonia and Lithuania.

Increased coordination

The pace of renewal in existing stores was high in 2020. After the completion of the conversion of previous discount stores in Latvia, all stores in Estonia, Latvia and Lithuania are now being operated under the Rimi brand. Repositioning of the former discount stores and the focus on one brand will enable margins to be improved and synergies to be achieved in marketing and the private label assortment.

"In 2021 we will scale up our e-commerce concept in all three countries, while also significantly expanding the store network primarily in Lithuania."

Edgar Sesemann, CEO Rimi Baltic

Performance indicators	2020	2019	2018
Net sales, SEK m	16,373	16,168	15,255
Operating profit before depreciation and amortisation (EBITDA), SEK m	1,111	1,097	969
Operating profit/loss excl. items affecting comparability, SEK m	703	744	631
Operating margin excl. items affecting comparability, %	4.3	4.6	4.1
Investments, SEK m	1,068	985	362
Depreciation/amortisation, SEK m	405	352	336
Average number of employees	10,647	10,494	9,572
Private label share of store sales, %	23.4	23.9	24.3
EUR exchange rate, average	10.48	10.59	10.26

Store format by country

Concept	Estonia	Latvia	Lithuania	Total
Rimi Hyper	17	37	36	90
Rimi Super	20	34	18	72
Rimi Mini	44	53	5	102
Rimi Express	3	7	9	17
Total	84	131	68	283

Sales development and number of stores

Country	Store sales (excluding VAT)			Number of stores			
	2020, EUR m	Change, all stores %	Change, like-for-like %	Dec. 2019	New	Closed	Dec. 2020
Estonia	382.4	-2.1	-4.4	86	1	-3	84
Latvia	805.0	2.5	-1.4	130	4	-3	131
Lithuania	360.0	6.9	2.6	61	8	-1	68
Total	1,547.4	2.3	-1.3	277	13	-7	283

Financial performance

Net sales increased by 2.3% during the year in local currencies. The increase was mainly price-driven, while sale volumes decreased, negatively impacted by Covid-19 in Estonia and Latvia. Operating profit was reduced by SEK 41 million as a consequence of the volume reduction and higher costs.

Future focus

Going forward, much effort will be put into meeting increasingly tough competition from existing and new discount actors. One of the ways of doing this will be a strong emphasis on price and value for money. There will be an emphasis on efficiency improvement in stores, internal cost optimisation and the continued introduction of new work processes. Development of the new central warehouse in Riga will continue in 2021. This will include automation of some processes and the construction of a production unit for prepared foods adjacent to the warehouse.

The major activities planned for 2021 also include upscaling of the e-commerce concept in all three countries and continued investments in private label products and prepared food concepts. A significant expansion of the store network is expected in Lithuania with a considerable increase in the number of stores, from 68 today to around 100 in 2023. A particular emphasis will be placed on the Supermarket and Convenience concepts. Many new stores will also be added in Latvia in 2021, while Estonia will see a slower pace of expansion. A total of 22-25 new stores are expected to be opened in 2021.

Prioritised step-change areas

- E-commerce and digital transformation
- Price, promotion and assortment
- Expand convenience and meal solutions

Estimated effects of the Covid-19 pandemic

The effect of the pandemic on Rimi Baltic's sales development is estimated at -2.2% (in local currency) and operating profit by SEK -130 million.

Apotek Hjärtat

Pharmacy market in transition

The Swedish pharmacy market has seen a marked increase in the percentage of e-commerce in recent years. This trend accelerated in 2020, driven by the Covid-19 pandemic, and had a significant effect on market development in 2020.

Strong increase in e-commerce

The Covid-19 pandemic has precipitated the move towards online sales channels in the pharmacy market. The share of online sales of total market sales for the full year is estimated at 16.2% (10.7), and growth at 59%. In 2020 the number of outpatient pharmacies in Sweden totalled 1,426. The vast majority of these belonged to one of the five largest pharmacy chains. With a sustained high growth rate in the online channel, the number of pharmacies is expected to fall over the next few years. The majority of the chains currently offer online sales. There are also three pure-play e-commerce operators, with the largest one, Apotea, in particular showing strong growth in recent years.

2020 characterised by the pandemic

The combined sales during the year amounted to around SEK 493 billion,

representing an increase of 4.6% compared with 2019. After a brief period in March with significant effects from people hoarding certain products in response to the outbreak of Covid-19, the market in 2020 was characterised by lower growth than in the previous year. This was true in particular for sales of both prescription drugs and self-care medicines.

Regulated sourcing and retail prices

Prescription drugs account for around 73% of total market sales, self-care medicines for around 8% and other commercial goods and services for around 18%. Both purchase prices and retail prices for prescription drugs within the reimbursement system are set in the price model and according to regulations established by the Swedish Government through the Dental and Pharmaceutical Benefits Agency (TLV). The pharmacies' trade margin consists of a fixed amount and a percentage supplement based on the purchase price.

As a result of economic conditions, pharmacies have generally broadened and intensified their offering of OTC drugs and of other commercial goods and services. They have also contributed to the consolidation of the market that has taken place in recent years.

Market share

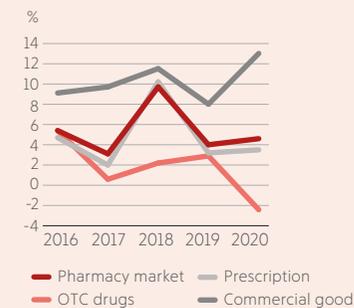
Like grocery retail, the pharmacy market is characterised by extensive blurring of industry lines and fierce competition – not least from pure-play e-commerce operators. Apotek Hjärtat's market share was around 31%, which means that Apotek Hjärtat in 2020 became market leader.

Proposed legislative amendment

In 2019 the Swedish Medical Products Agency recommended that the Government review the possibility of healthcare companies owning pharmacies, and vice versa. One of the reasons for this is the risk of over-prescribing and of inappropriate drug treatment. In its response, the Swedish Pharmacy Association pointed out that there is insufficient evidence that a partnership or ownership structure between outpatient pharmacies and care providers would lead to these potential risks materialising.

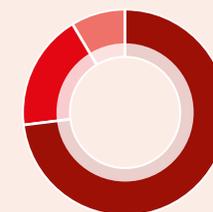


Growth of the pharmacy market in Sweden 2016–2020

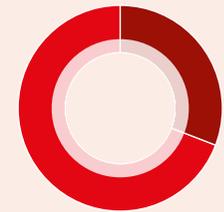


Source: Swedish Pharmacy Association

Pharmacy market sales, Sweden



Pharmacy market share, Sweden



APOTEK HJÄRTAT

Strong fluctuations in sales due to Covid-19

2020 was a challenging year for Apotek Hjärtat. The focus during the year was on fending off strong fluctuations in sales, managing strong growth in the e-commerce channel and at the same time ensuring that the work environment was safe for employees.

Covid-19 dominated 2020 for Apotek Hjärtat. Considerable hoarding of products in the first quarter resulted in significant fluctuations in sales – from strong growth at the beginning of the year to a marked decrease in sales and a large loss of volume during the rest of the year.

Marked increase in online sales

One of the main consequences included a sharp increase in online sales of prescription drugs as well as other medicines and products. Altogether online sales increased by 92%, compared to market growth of 59%. Online sales during the year accounted for 8% of total sales, which is nearly double the figure for the previous year.

In 2020 there was a strong emphasis on developing both the product assortment and delivery services. At

the end of the year all pharmacies were offering the Click & Collect concept, where customers can shop online but opt to pick up their purchase within two hours from the pharmacy of their choice. The fast home delivery pilot project also continued during the year.

Continued growth in the pharmacy network

Altogether six new pharmacies were opened and five were closed during the year. The new pharmacies – the vast majority of which are co-located with ICA stores – follow Apotek Hjärtat's store concept, combining traditional pharmacy services with a broad offering within health and wellbeing, including simple health services.

Expansion of Min Doktor

Min Doktor saw sustained positive growth in 2020. Use of digital primary care services increased by 33% during the year. The number of visits to the physical clinics fell slightly as a direct consequence of Covid-19. Expansion continued during the year with the opening of one additional clinic.

Refinancing at the end of the year raised around SEK 280 million for the business. This will enable continued expansion and investment in both digital and physical product and service development.

“The focus going forward will be on further strengthening Apotek Hjärtat's position as the leading player in the Swedish pharmacy market. There will also be considerable investment in increasing internal cooperation – both between digital and physical channels, and between ICA and Min Doktor.”

Anders Nyberg, Vd Apotek Hjärtat

Performance indicators	2020	2019	2018
Net sales, SEK m	15,178	14,778	14,110
Of which:			
Prescription drugs, SEK m	11,384	11,119	10,512
OTC drugs, SEK m	1,389	1,453	1,435
Other products and services, SEK m	2,405	2,206	2,163
Operating profit before depreciation and amortisation (EBITDA), SEK m	550	611	740
Operating profit excl. items affecting comparability, SEK m	383	464	533
Operating margin excl. items affecting comparability, %	2.5	3.1	3.8
Investments, SEK m	212	226	193
Depreciation/amortisation, SEK m	167	147	157
Average number of employees	3,067	3,132	3,085
Private label share of other products, %	18.5	19.8	19.6
Min Doktor, share of operating profit, excluding items affecting comparability	-43	-53	-10

Number of pharmacies	Dec. 2019	New	Closed	Dec. 2020
Apotek Hjärtat	390	6	-5	391

Financial performance

Apotek Hjärtat's net sales increased by 2.7% in 2020 and operating profit excluding items affecting comparability decreased by SEK 81 million. Both sales and operating profit have been negatively affected since March by the ongoing Covid-19 pandemic, mainly due to lower sales volumes and higher costs. Operating profit for the year includes structural costs of SEK 17 million, which will result in estimated annual savings of approximately SEK 20 million. The previous year's operating profit included costs from disruptions at the warehouse in Norrköping of around SEK -40 million. Min Doktor is also included, in the amount of SEK -43 million (53).

Future focus

The focus going forward will be on maintaining and further strengthening Apotek Hjärtat's position as the leading player in the Swedish pharmacy market. Continued development of the e-commerce channel will be a strong priority. There will also be considerable investment in increasing internal cooperation – both between digital and physical channels, and between ICA and Min Doktor. The plan is to open 6–8 new pharmacies, all of them in locations near ICA stores, while maintaining a high pace of renewal at existing pharmacies.

There will also be an emphasis on continued development of fast and flexible delivery options. In 2021 joint deliveries with ICA will be trialled.

Prioritised step-change areas

- Strengthened food ecosystem
- Online profitable growth
- Min Doktor success

Estimated effects of the Covid-19 pandemic

Covid-19 had a significant impact on Apotek Hjärtat's operational and financial performance during the year. After a clear tendency to hoard certain products began in March, having a positive effect on sales, the trend turned around and for the rest of the year there was a reversed hoarding effect, less cross-border shopping, fewer healthcare appointments, and a decrease in customer flows at pharmacies located in shopping centres and hospitals. Altogether the impact on sales is estimated to be -3.9% and on profits around SEK -200 million. The Covid-19 effects include some general government assistance of around SEK 22 million, mainly to cover the cost of sick pay.

"The focus in 2021 will be on implementing projects linked to strategic land and property acquisitions. There will also be a strong emphasis on developing attractive and sustainable sites adjacent to ICA stores and Apotek Hjärtat pharmacies."

Anna Nyberg, CEO ICA Real Estate



ICA Real Estate

Strong market for grocery retail and logistics properties continues

In 2020 the commercial property market was characterised by low interest rates, good access to capital and considerable interest from both domestic and foreign investors. In general, high-quality properties in the right locations became more expensive while other properties saw weaker development.

The transaction volume for 2020 remained high despite Covid-19. Although the number of transactions fell, the total transaction volume remained high thanks to the completion of some larger transactions. The market is still adapted to a situation with

long-term low interest rates and low inflation. The decline in alternative returns on other assets indicates that the property market will remain strong, with stable and long-term cash flows being a priority.

Strong market for grocery retail and logistics properties

The market for grocery retail properties in 2020 remained strong, with high property prices and low yield requirements. During the year properties in which ICA is the tenant were sold at record prices and interest in properties with a high percentage of grocery retail operations was high from both institutional and foreign capital. This is also part of the explanation for the growth in value of ICA Real Estate's portfolio.

Logistics properties also performed

well, largely driven by the growth in e-commerce. A number of large transactions during the year were at record levels.

Cautious development for other commercial real estate

The market for commercial properties not housing grocery retail operations declined, with fewer transactions and falling prices. One of the reasons for this is concern over the impact of e-commerce and its effect on the profitability of retailers.

There was some diversification of rent levels for commercial properties during the year. In attractive locations rents increased, while in other areas they went down. ICA Real Estate's exposure to types of retail other than grocery retail remains limited.

Stable development for ICA Real Estate

2020 was largely a year of continued development and planning for marketplaces in locations close to cities. Work continued on ensuring that the properties are being managed in a sustainable, customer-focused and value-creating way in order to support and develop ICA Sweden's store network.

Development continued during the year on a number of larger urban development projects which, in addition to grocery retail, include other commercial activity, housing, offices, restaurants, care and other community services. These are all long-term projects, in many cases lasting several years. An example of a new project in 2020 is a new neighbourhood development in the Limhamn district of Malmö. In addition to an ICA Supermarket, the development

includes around 70 new homes. The homes above the ground floor level are possible thanks to three-dimensional property formation in cooperation with JM. ICA Real Estate has several similar projects under way, such as around 250 homes planned in Lund, around 1,000 in Sollentuna and around 120 in Enköping. All projects include new stores and are being run in cooperation with municipalities and other actors.

ICA REAL ESTATE

Projects completed in 2020 include construction of a new ICA store in Lindvallen made entirely from wood. There were no significant divestments during the year.

Review of the portfolio strategy

In 2020 an updated review was conducted of the potential risks relating to external circumstances and developments in the retail market, particularly in light of the strong growth of e-commerce. The assessment is still that ICA Real Estate has a well-balanced property portfolio with low risk, but that the rapid development will require constant monitoring.

Increased focus on premises for e-commerce and logistics

As e-commerce grows the need for premises to house warehouses and logistics operations will increase. Construction of ICA Sweden's new Arendal central e-commerce warehouse in Gothenburg continued during the year. ICA moved in at the end of 2020. The building is environmentally certified to BREEAM's highest environmental rating, Outstanding. Work continued during the year on ICA Sweden's new automated customer fulfilment centre in Brunna, north of Stockholm. The site is around 83,000 square metres and the building will have an area of around 32,000 square metres. The building will be certified to BREEAM's Excellent rating.

Acquisition of a logistics building in Västerås

One of the single largest transactions during the year was the acquisition of a large logistics building in Västerås. The building already houses one of ICA's central warehouses. ICA Real Estate is the sole tenant and currently uses the building for logistics operations. The acquisition is in line with the Group's strategy to own the properties housing its top logistics units. This will also give the Group better control over future investments and adaptation processes. ICA Real Estate already owns adjacent sites that have not yet been built on. The purchase price amounted to around SEK 1.0 billion after tax deductions.

Climate-smart properties

ICA Real Estate has numerous initiatives aimed at constantly reducing the environmental and climate impact of the properties, including reducing energy consumption in the buildings. For example, more and more stores are being connected to systems that make it possible to send and receive information in real time. The technology will over time result in better control of processes such as heating and ventilation, which is expected to lead to significant energy savings. Tests were accelerated during the year of so-called digital twins, i.e. virtual copies of stores, making it possible to digitally test, evaluate and quality assure planned store renovations before they are actually carried out.

Other performance indicators

	Consolidated operations, Sweden		Joint venture according to the equity method ¹
	Wholly owned	Partly owned Långeberga ¹	
Book value of owned properties, SEK bn	13.2	1.4	7.8
Estimated market value, SEK bn	18.4	2.0	10.1
No. of properties owned	134	2	73
No. of square metres owned, thousands	716	106	400
Occupancy rate, %	98.5	100	98
Share of rents from non-ICA operations, %	15.0		
Investments, SEK m	3,005		
Divestments, SEK m	29		

1) Table includes 100%, of which ICA Gruppen owns 50%.

Market valuation

The assessed market value of ICA Real Estate's properties, owned or partly owned, amounted to SEK 24.4 billion at the end of the year. The book value amounted to SEK 17.8 billion. The value is broken down in the table below:

	Book value	Assessed market value
Wholly owned Swedish properties	13.2	18.4
Properties partly owned through joint ventures, of which:	9.2	12.1
Långeberga Logistik ¹	1.4	2.0
Ancore ²	5.5	7.5
Secore ²	2.4	2.6
Total incl. partly owned properties	22.4	30.4
Total ICA Real Estate	17.8	24.4

1) Consolidated into ICA Real Estate.

2) Reported according to the equity method (see also Note 13).

Financial performance

Operating profit excluding items affecting comparability was positively affected by revenue from new investments and acquisitions, and by lower costs. The investment level in 2020 was higher than in 2019, driven by the acquisition of a logistics building in Västerås and investment in properties for e-commerce logistics.

Future focus

The focus in 2021 will be on implementing projects linked to strategic land and property acquisitions. There will also be a strong emphasis on developing attractive and sustainable sites adjacent to ICA stores and Apotek Hjärtat, with a particular focus on metropolitan areas. Sustainability work will be ramped up further, prioritising energy savings, mobility and safe locations.

Prioritised step-change areas

- Urban strategy 2.0
- Strategic and active portfolio management

Performance indicators

	2020	2019	2018
Net sales, SEK m	2,840	2,731	2,591
Of which rental income from owned properties, SEK m	1,213	1,080	1,010
Operating profit before depreciation/amortisation (EBITDA), SEK m	1,138	1,003	920
Operating profit excl. items affecting comparability, SEK m	603	504	417
Operating margin excl. items affecting comparability, %	21.2	18.4	16.1
Investments, SEK m	3,005	992	1,845
Divestments, SEK m	29	-1	286
Depreciation/amortisation, SEK m	533	501	514
Dividend yield, %	7.0	6.8	6.8
Occupancy rate, %	98.5	98.6	99.3
Average number of employees	111	110	101

Estimated effects of the Covid-19 pandemic

The Covid-19 pandemic caused some minor rental income losses, but mainly had a positive effect on revenue due to an increase in sales-based rent. The combined effects of Covid-19 on net sales and operating profit are estimated at around +19 million.



ICA Bank

Banking market in transition

The Swedish banking market is still undergoing a significant transition. New customer demands, changed consumption patterns and fast digitalisation have in recent years paved the way for new business models, which in turn has opened up opportunities for new actors to enter the arena. The effects of the pandemic will impact the financial markets for a long time.

Fast digitalisation has also diminished the importance of or completely eradicated the need for physical bank offices. All in all, this has resulted in actors that have been able to offer lower prices and a better customer experience increasing their market share in a number of areas.

A year characterised by the pandemic

The banking sector's situation was also dominated by Covid-19 in 2020. It has

been especially important for the industry to ensure it maintained the functions it is responsible for that are critical to society. Several Swedish banks reported higher reserves for anticipated credit losses due to the expected effects of the coronavirus crisis. The percentage of impaired loans increased slightly, but remained at a low level in general. For the year as a whole, profitability in the Swedish banking system remained at a relatively high level.

Increase in lending continued

The Swedish bank's lending to households and non-financial corporations (the public) in Sweden increased during the year by 4.7% and the total loan stocks amounted to SEK 6,916 billion at the end of the year. Mortgage lending continued to increase, rising by a total of 5.7% during the year. Retail and niche banks increased their share of the mortgage market, while the largest actors' share of the market continued to decrease.

New opportunities offered by open banking

Development in the banking market has been characterised in recent years by low interest rates, sharp growth in demand for credit – particularly mortgages – and more comprehensive regulation. Higher capital requirements have limited the banks' lending capacity, while external factors rates have squeezed profitability. These factors combined have resulted in banks needing to review their business and revenue models.

Alongside this trend is the emergence of new actors – often start-ups at the intersection of the finance and IT industries. New regulations have enabled open banking to flourish. This allows third-party developers to build customer applications around the banks' systems and data through APIs. Open banking is expected to play a significant role in the future development of new banking services.

“There will be a strong emphasis in the year ahead on establishing the new mortgage company and developing the housing loan offering, and on implementing the agreement with FOREX Bank.”

Marie Halling, CEO ICA Bank

ICA BANK

Continued development of the offering

For ICA Bank, 2020 was characterised by continued development of the offering. Income increased and results were strong, albeit at a slightly lower level than in the previous year. This is mainly explained by increased lending volume, a higher margin on deposits and a sustained increase in sales for ICA Insurance. The positive volume effects were offset to some extent by increased credit losses and reduced commission income from bank cards, housing loans already provided and cash management.

In recent years ICA Bank has implemented comprehensive changes with the overall objective of developing the business and the offering. The transition process, which continued at full speed in 2020, has resulted in a significantly broader offering of financial services in lending, saving, payment and insurance. It has also resulted in more customers and stronger relationships with existing ones. The number of bank customers at year-end amounted to around 842,000. Business volumes – measured as the sum of lending,

deposits, saving in investment funds and mortgages – decreased during the year by around 23% due to the lower volume of housing loans provided after the end of the partnership with SBAB. The underlying business volume increased by around 18%.

Establishing a mortgage company

One priority in 2020 was establishing a new mortgage company in the Swedish market. Behind the new company – in addition to ICA Bank – are Ålandsbanken, Ikano Bank, Söderberg & Partners and Borgo.

This venture is an important aspect of ICA Bank's focus on offering housing loans, and its launch is planned for the first half of 2021. The new company will offer a complete platform of mortgage products for Swedish consumers. Mortgages are an important part of the bank's full service customer offering and the new company will enable the bank to continue to grow in this area.

Stable growth for ICA Insurance

In 2020 ICA Insurance consolidated its position as one of the fastest growing companies in Sweden within consumer insurance. The number of customers at the end of the year was around 198,000, an increase of around 11%. The insurance business strengthens and broadens ICA Bank's customer offering, and also helps improve customer loyalty to the ICA stores.

**Acquisition of FOREX Bank's customer portfolios for deposits and lending**

At the end of 2020 ICA Bank entered into an agreement to acquire FOREX Bank's deposit and lending portfolios. The transaction, which under the agreement will be implemented in the second quarter of 2021, will result in around 235,000 FOREX Bank customers becoming customers of ICA Bank. Once the transaction is completed, ICA Bank's business volume will grow by around 35%.

Satisfied customers

A long-term investment in increased customer satisfaction in important areas such as accessibility and service is yielding results. In both the Group's own surveys and industry-wide ones such as the SKI (Svenskt Kvalitetsindex) surveys, ICA Bank's results have improved in both actual statistics and in rankings compared to other banks.

Future focus

The overall goal is to continue to grow revenue, volumes and earnings. Priorities include continuing to establish the new mortgage company and implementing the agreement with FOREX Bank. Development of new, innovative services that simplify people's lives and personal finances will continue. Cooperation with other businesses within ICA Gruppen will increase. ICA Insurance will continue to

grow in terms of number of customers, but will also increase its focus on profitability.

Prioritised step-change areas

- Strengthened food ecosystem within ICA Gruppen's operations
- Housing loan growth
- Profitable growth for ICA Insurance

Performance indicators

	2020	2019	2018
Revenues, SEK m	1,699	1,570	1,353
Of which net interest income, SEK m	700	602	487
Operating profit before depreciation/amortisation (EBITDA), SEK m	197	272	205
Operating profit excl. items affecting comparability, SEK m	174	244	170
Cost/income ratio, %	78.5	78.5	83.5
Return on equity, % ¹	5.2	9.0	7.0
Credit loss ratio, %	-1.3	-0.7	-0.4
Common equity Tier 1 ratio, %	14.0	14.9	15.6
Business volume, SEK m	38,722	50,515	46,618
Average number of employees	440	423	383

¹ The calculation of return on equity for ICA Bank excludes the effect of Group contributions. The definition of return on equity was changed for ICA Bank in 2019 and the figures for past periods have been recalculated according to the new definition.

Financial performance

Revenue continued to increase, driven by higher net interest income. However, this was not able to compensate for the negative impact of Covid-19 on operating profit, the combined effects of which resulted in lower operating profits than the previous year. The main impact was on credit losses, which increased by SEK 110 million during the year. Excluding the previous year's non-recurring items, ICA Insurance's earnings improved.

Estimated effects of the Covid-19 pandemic

The pandemic had a negative impact on ICA Bank's revenue and operating profit. Lower customer activity resulted in, among other things, a decrease in the volume of new loans and reduced card revenue. Added to this are higher estimated credit losses. All in all, it is estimated that the bank's operating profit was affected in the amount of SEK -83 million by these effects, whereof credit losses SEK -40 million.

Risks and risk management

Risks and risk taking are a natural part of ICA Gruppen's operations. A good understanding of the risks and continuous monitoring of changes in the risk profile provide good conditions for risk to be considered in a relevant way in decision-making, increasing the ability to achieve the Group's strategic objectives. An important aspect of corporate governance therefore involves continuous analysis of risks as well as appropriate and effective management of the risks that may have a significant negative impact on ICA Gruppen's achievement of its objectives.



Risk management strategy

Through effective risk management in combination with efficient operations, ICA Gruppen aims to ensure that the organisation is resilient and has the capacity to manage both internal and external risks as well as threats of varying complexity and magnitude. This involves applying a holistic approach incorporating various capabilities and activities.

Undesirable future events are identified through *risk analysis* and the risks that are deemed to cause significant negative impacts on the business are managed proactively. By identifying risks at an early stage and implementing *loss prevention measures*, undesirable developments can be prevented, thereby improving the Group's potential to reach its strategic targets.

Should an undesirable event nonetheless occur, loss prevention meas-

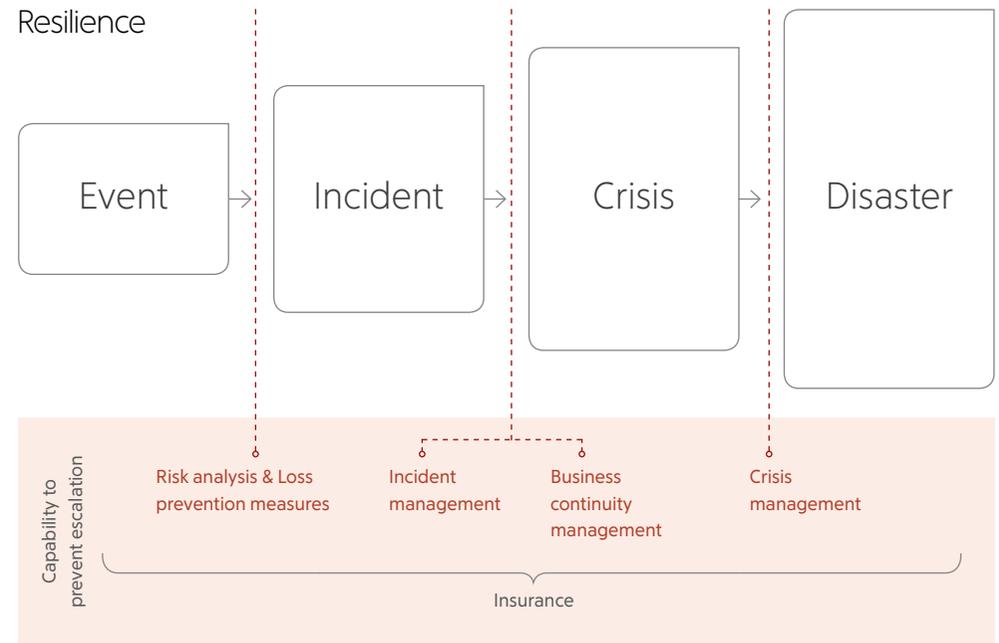
ures and *incident management processes* should be in place to prevent escalation. The Group should also have *crisis and continuity capability* to manage, mitigate or limit the effects and ensure continuity in the delivery of goods and services. In addition, the Group has *insurance* in place to provide financial compensation for losses. Information security is an integral aspect of the risk management strategy. For more information about work on information security, see page 58 and 66.

ICA Gruppen's risk management framework establishes, among other things, the levels of risk that are acceptable and how risks that exceed these levels are to be reported to the Management Team and Board of Directors for decisions on risk management measures. Levels of risk are established by the Board of Directors and are expressed as a number of

factors which, along with the financial impact, are to be analysed and assessed with the objective of minimising the risk of the following occurring:

- A significant negative impact on trust in ICA Gruppen.
- A lengthy interruption in critical processes.
- A significant negative impact on the health and/or wellbeing of customers or employees.
- A significant deterioration in ICA Gruppen's long-term ability to attract and retain employees.
- A significant negative impact on ICA Gruppen's sustainability efforts.

Resilience



RISKS AND RISK MANAGEMENT

Crisis management during the ongoing pandemic

The ICA Gruppen crisis management were activated at the early stages of the pandemic. Key resources include a Group-wide crisis management team and crisis management within the Group's subsidiaries. The crisis management organisation enables a structured approach to be taken, where the Group's crisis management team establishes and communicates internal guidelines for Covid-19 and the crisis management teams within the various subsidiaries ensure that the guidelines are appropriately implemented within their operations.

Risk management process

To ensure a good overview of the risks that the business is exposed to, ICA Gruppen has structured procedures for identifying, analysing, evaluating and managing risk in the form of an established Risk Management

process. The process is an integrated part of the Group's strategy and business planning process. The process involves regularly identifying, analysing and monitoring the Group's main risks. In addition, risk analysis is performed on an ongoing basis in connection with large projects and significant changes in operations, before making significant investments, when new products and services are introduced and as an integral aspect of the Group's sustainability work.

Each company within the Group identifies, assesses and reports on its most relevant risks in conjunction with the strategy and business planning process, using the same method throughout ICA Gruppen.

Risk management organisation

There is also a Group Risk Management Committee headed by ICA Gruppen's CFO. The Committee is responsible for maintaining an over-

view of the Group's risk exposure by providing guidance and governance. The Group Risk Management Committee is also responsible for reporting significant changes in the risk profile and for ensuring that risk management is sufficiently effective. Together with appointed risk managers, similar committees within the subsidiaries ensure that risk management is conducted in a coordinated and effective way within each business. In addition, there is a Group Risk Management (GRM) function that coordinates the Group's risk work and monitors compliance with the framework. It also supports the subsidiaries and strengthens the Group's risk management through training, by developing tools and by carrying out risk analysis in specific risk areas.

An overview of the Group's main risks is presented every six months to the ICA Management Team and ICA Gruppen's Board of Directors, along

with measures to manage the risks.

Through regular meetings between GRM and the Internal Control and Internal Audit functions, any shortcomings found during scrutiny are shared. This improves efficiency in actions aimed at increasing risk awareness in the identified risk areas. For further information on internal control over financial reporting, see pages 58 and 67.

On pages 45–48 some of the material risks identified within the framework of ICA Gruppen's risk management process are presented, along with the measures being taken to manage these risks.

Risk categorisation

ICA Gruppen has chosen to place risks in four categories.

Strategic risks

External strategic risks are risks relating to changes in society, including economic, political, market-related and demographic changes. *Internal strategic risks* are risks generated as a result of misjudgement relating to the business plan.

Operational risks

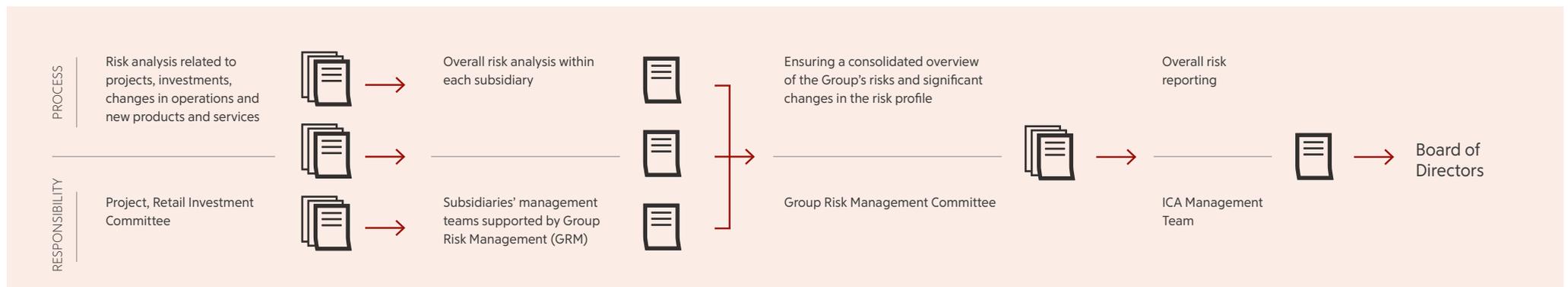
Risks relating to external events such as weaknesses in internal processes and projects, IT infrastructure and systems, and employee-related risks.

Compliance

Risks relating to exposure to legal consequences and material losses as a result of non-compliance with laws, other external rules, internal policies or guidelines.

Financial risks

Risks relating mainly to foreign currency, financing, interest rate and credit risks and to errors in financial reporting.



RISKS AND RISK MANAGEMENT

Strategic risks

-  Increased risk
-  Unchanged risk
-  Decreased risk

Risk description	Trend	Management
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Ability to manage market fluctuations

ICA Gruppen's business and products are heavily impacted by changes in the market. Major changes in consumption patterns and purchasing behaviour – such as higher online sales, increased demand for ready meal solutions or new competitors in the market – could result in reduced market share, lower margins and greater pressure on prices.



ICA Gruppen continues to develop its ability to adapt the organisation and offering, so that it can continue to offer attractive products and services in the future. This includes continuing to invest in e-commerce solutions within ICA Sweden, Apotek Hjärtat, Rimi Baltic and ICA Bank. In 2020 Rimi Baltic launched e-commerce in Lithuania and Estonia, e-commerce has been expanded in Gothenburg and a new customer fulfilment centre is being built in Brunna. The pandemic has also accelerated cooperation across departments and the process of finding dynamic solutions to handle significant fluctuations in demand for certain products. In 2020 ICA Gruppen launched the ICANDERs concept to develop ready meal solutions.

Constant adjustment of prices, the product range, quality and services in line with customer demand is a priority and is achieved through constant dialogue with customers and by ensuring that sufficient resources are available for future investments.

Sustainability risk

Expectations on companies have increased in recent years as regards acting as a positive force in society and being transparent about how the business impacts the world around it. Companies need to adapt to new laws and regulations, such as a ban on single-use plastic items or a tax on plastic carrier bags. Increased customer awareness about climate change, product origin, ethical positions and personal health is impacting purchasing behaviours. ICA Gruppen is expected to engage extensively in sustainability efforts and to be open about both the positive and negative impact of its operations. If stakeholders' trust in ICA Gruppen's sustainability work were to decline due to shortcomings in the handling of products or dubious supplier working conditions, or failure to act on risks swiftly, confidence in ICA Gruppen as well as the Group's earnings and attractiveness as an employer could be negatively affected.



Sustainability is a core aspect of ICA Gruppen's operations. The Sustainability Policy and its guidelines provide a framework, and performance in relation to overall sustainability targets is monitored and the results published in ICA Gruppen's interim reports. A key aspect of the focus on sustainability is to work according to relevant standards and certifications for quality, environment and social responsibility. ICA Gruppen's For a Good Tomorrow concept is used to communicate and give greater insight into how the Group conducts its sustainability work in its focus areas: local, environment, health, inclusion and diversity and quality. ICA Gruppen has worked strategically and operationally during the year in all five areas, with a particular focus on sustainable plastic packaging and replacing single-use plastic items, reducing food waste, lowering climate impact, and innovation. During the year a decision was made to expand the Group's climate ambition, which now includes customer impact. A new health ambition for ICA Gruppen's Swedish operations and a new inclusion and diversity ambition were also adopted. A risk analysis pilot project in line with HRDD (Human Rights Due Diligence) was also initiated, aimed at identifying and managing ICA Sweden's impact on human rights.

Climate risk

One of the main challenges is predicting how climate change and population growth will affect the supply and cost of various products. Stores and goods transportation may also be affected by factors triggered by extreme weather conditions, such as flooding or wildfires resulting from drought. Society's measures to limit global temperature rise are resulting in new laws and regulations that affect ICA Gruppen's operations. For example, Sweden has introduced a statutory requirement to reduce greenhouse gas emissions from petrol and diesel by increasing the amount of biofuels in the fuel mix. Another example is the EU's F-Gas Regulation, which as of 1 January 2020 bans the refill of refrigerants with a particularly high global warming potential. As legal requirements increase, demand for products and services to drive the transition will also increase and there is a risk that ICA Gruppen's access to the resources needed for the transition and to adapt operations will be affected. For example, the statutory requirement to reduce greenhouse gases has already affected access to and the cost of renewable fuel, and the shortage of available technicians to convert to new refrigerants is affecting the pace of installation for ICA Gruppen. ICA Gruppen is also dependent on society's joint investments in critical infrastructure, such as for electrification.



ICA Gruppen has been focused on reducing climate impact within its own operations for a long time through energy saving measures, transitioning to renewable electricity and refrigerants with a lower climate impact, and reducing transport emissions. In 2020 ICA Gruppen achieved its target of becoming climate neutral within its own operations through emissions reductions of 76% compared with 2006 levels, and by offsetting the remaining climate impact through carbon credits. In 2020 a new ambitious climate target was adopted starting from 2021: to continue to reduce emissions and achieve net zero emissions within the Group's own operations by 2030 (see page 21).

A significant portion of the climate impact that ICA Gruppen's operations give rise to, as well as the climate-related risks that impact ICA Gruppen, are associated with food production. The new 2030 climate ambition therefore includes a target to cut the climate footprint from customers' grocery purchases in half. For ICA Gruppen this involves developing the assortment, introducing initiatives to inspire and encourage customers to make climate-smart choices, and working with suppliers to reduce climate impact in production. ICA Gruppen already has regular dialogues with suppliers about sustainability risks, and has set the target that suppliers representing 70% of its upstream climate impact are to have adopted science-based climate targets by 2025. Initiatives to cut food waste in half by 2025 and ICA Gruppen's transition to recyclable plastic packaging made from recycled or fossil-free plastic also contributes to reducing the Group's climate impact.

RISKS AND RISK MANAGEMENT

Operational risks

- Increased risk
- Unchanged risk
- Decreased risk

Risk description	Trend	Management
<p>Property-related risks</p> <p>To ensure access to attractive and appropriate retail locations, ICA Gruppen is engaged in both property development and property management. Shortcomings in property development or insufficient maintenance could lead to violation of regulations and standards, could result in harm to people and/or buildings, could increase costs and could reduce the value of the properties. Other factors that could have a negative impact on the Group's earnings are failure by tenants to meet their financial obligations and significant changes in consumption patterns.</p>		<p>ICA Real Estate is engaged in a constant dialogue with the tenants, and conducts inspections and invests significant amounts to ensure that existing properties are well maintained and developed. Before decisions are made on major new construction or renovations, ICA Gruppen also conducts a risk analysis to identify and reduce risks associated with property development. One initiative implemented during the year to mitigate risk and improve quality in procurement is targeted training to improve skills in procurement and contract law.</p>
<p>Business continuity</p> <p>Access to efficient distribution of goods is essential if the Group is to achieve its objectives. If ICA Gruppen should be affected by significant interruptions, damage to facilities or other disruptions in the logistics chain, this could have a negative impact on ICA Gruppen and make it difficult to deliver products for a period of time.</p>		<p>There is an ongoing process to help ensure a high level of security in the logistics chain, for example through ongoing facility maintenance, employee training and monitoring of procedures through self-assessment and risk inspections to ensure good order is maintained. In 2020 an updated loss prevention standard was approved within ICA Gruppen. This will help raise the security level further. In addition, the Group works in a structured way to ensure that deliveries can continue even if an unforeseen event occurs. In response to Covid-19, parts of ICA Gruppen's business continuity plans were activated.</p>
<p>IT-related risk</p> <p>ICA Gruppen's customers expect that their personal data are protected in the best possible way. Digital trust is essential if ICA Gruppen is to realise its ambitions for a data-driven transformation. ICA Gruppen's operations are also highly dependent on having an efficient IT platform. Increased digitalisation means greater exposure to interruptions and disruptions in IT systems, which can have significant consequences. Furthermore, any hacking of the IT platform or shortcomings in the management of customer, employee or business-critical data could reduce trust in ICA Gruppen and have a negative impact on the Group's earnings.</p>		<p>In 2020 ICA Gruppen produced an updated information security strategy aimed at protecting information and data from risks relating to interruptions, abuse, unauthorised access, inaccessibility, destruction and loss, and to limit the negative impact on the organisation and the data subjects if these risks are realised.</p>
<p>Talent</p> <p>ICA Gruppen's ability to attract talented and dedicated employees is crucial if the Group is to develop in line with its strategic plans and achieve the established targets. The fast pace of change within the sectors in which ICA Gruppen does business and the current extensive focus on change in the Group's operations could affect the employees as well as the capacity to attract and/or retain talent.</p>		<p>During the year ICA Gruppen maintained its structured work aimed at continuous skills enhancement and increased opportunities for further development within the Group. New digital platforms for employees to develop their skills have been introduced and an internal recruitment unit has been established to raise the quality of the recruitment process. ICA Gruppen also strengthened its position as an attractive employer during the year, which improves the Group's ability to attract and/or retain talent.</p>

RISKS AND RISK MANAGEMENT

Cont. Operational risks

Increased risk
 Unchanged risk
 Decreased risk

Risk description	Trend	Management
<p>Employee wellbeing</p> <p>There is a risk that the ongoing Covid-19 pandemic could negatively impact the health and wellbeing of ICA employees.</p>		<p>ICA Gruppen implemented various activities during the year aimed at improving the employees' immediate and long-term health and wellbeing. An area of focus has been activities to improve motivation, community, social interaction, creativity, innovation and ergonomics. These have included recurring employee surveys, the introduction of new ways of working, the opportunity to work from home and tools to motivate employees to engage in physical activity. Digital social gatherings have also been arranged. Processes, tools and procedures are constantly being improved.</p>
<p>Risk related to threats and violence</p> <p>ICA's business and the employees in the store network are exposed to growing levels of threat and violence in some parts of society. This could have an indirect effect on ICA's personnel in terms of their wellbeing and security, but could also affect them directly in the event of violent incidents.</p>		<p>ICA Gruppen has extensive security procedures and works in cooperation on this with Group companies and with ICA-handlarnas Förbund. Risk processes and security procedures are structured and include preventive measures and a number of initiatives to improve support in the event of incidents. Although the number of store robberies is at an historically low level, the number of threatening situations is increasing. ICA Gruppen is constantly working to improve the support it provides to the store network in the form of new training programmes and advanced support when sudden incidents occur.</p>
<p>Brand risk</p> <p>A good reputation is a key factor in ICA Gruppen's success. A product that is harmful to health or otherwise inferior that is supplied by ICA Gruppen or sold through stores, pharmacies or ICA Bank could have a negative impact on ICA Gruppen's reputation. The same applies if ICA Gruppen, any of the Group's suppliers, distributors, other partners or any of the ICA retailers act in a way that conflicts with the values that ICA Gruppen represents, or violate internal or external rules on the processing of personal data.</p>		<p>ICA Gruppen's framework includes various policies and guidelines to support the Group in its interactions with customers and suppliers, and in interactions with colleagues. Since ICA Gruppen's operations in Sweden consist of independent retailers who, to varying extents, also purchase products from suppliers other than ICA Sweden, the Group's ability to ensure adherence to ICA Gruppen's policies and guidelines can sometimes be limited. The continuous dialogue conducted between ICA Gruppen and ICA-handlarnas Förbund and the training offered to ICA retailers are resulting in increased understanding of and compliance with the values that ICA stands for.</p>

RISKS AND RISK MANAGEMENT

Compliance

- Increased risk
- Unchanged risk
- Decreased risk

Risk description	Trend	Management
<p>ICA Gruppen's grocery retail, pharmacy, insurance and financial operations require special permits and are subject to ongoing scrutiny from various supervisory authorities. An inability to comply with laws or regulations, or changes in the application or interpretation of existing ones, could require ICA Gruppen to change its business methods or could result in the loss of permits to operate or have unforeseen costs, and could affect the Group's good reputation among customers and shareholders.</p>		<p>Adapting operations to changes in laws and regulations is an ongoing process and is achieved by monitoring relevant regulatory changes, through analysis and training, and by producing governing documents. ICA Gruppen also maintains a dialogue with the supervisory authorities to keep them informed about the Group's operations and to ensure compliance with laws and regulations.</p>

Financial risks

Risk description	Trend	Management
<p>ICA Gruppen's objective is to provide a strong and stable return in the long term. The ability to secure financing for the Group and to control financial exposure in line with policies and guidelines is essential if ICA Gruppen is to reach its targets.</p>	<p>–</p>	<p>Financial risk such as interest rate risk, refinancing risk, liquidity risk, foreign currency risk, credit risk and commodity price risk are managed centrally by the Group's Treasury & Tax department in accordance with the policy set annually by the Board of Directors. For a more detailed description of established risk levels and how adherence to these is ensured, see Note 20.</p>

Corporate Governance Report 2020

A long-term approach and the capacity and courage to continue to evolve

The Board's work over the past year was naturally dominated by Covid-19 and the consequences of the pandemic – both short-term and more lasting impacts.

The Board's work over the past year was naturally dominated by Covid-19 and the consequences of the pandemic – both short-term and more lasting impacts.

The pandemic has affected society, individuals and businesses on a scale never seen before. ICA Gruppen and our various operations have also been impacted, albeit in different ways and to different degrees. Without in any way minimising the challenges, it is fair to say that, overall, the short-term impact has been relatively limited for us compared to other industries. The longer term consequences will, however, be more significant. The pandemic has in the most tangible way helped to strengthen the trends we have been seeing for many years; the primary ones being changed consumer behaviour, extensive digitalisation, a strong rise in online shopping and an increased focus on sustainability. We now find ourselves in a new situation – a new normal.

The consequences also include a greater focus on public health and the future food supply. Both of these areas clearly intersect with ICA Gruppen's business, and here – thanks to our size and focus – we have both a responsibility and an opportunity to make a positive contribution. Numerous initiatives are under way within the Group and the Board is monitoring their progress with great interest.

A long-term perspective

The new climate and the new normal requires us to have great organisational capacity, financial strength and the courage to continue to evolve. One of the main things the Board can do in this situation is to stake out a long-term strategy for the future. As a large Group, we need to be consistent in our position while at the same time designing in the flexibility that will allow us to adapt rapidly to changes. This is a challenge – but it is also incredibly stimulating.

Our perspective for this work is always long term. In order to reap we must constantly plough and sow. ICA has been around for a little over 100 years and we plan to be here for at least another 100. We take a long-term approach in everything we do and in all the decisions we make – from strategy and investment decisions to assessment criteria for senior executive bonus programmes.

A sound corporate culture

Through good and relevant corporate governance we want to ensure that our corporate culture is sound and helps the Group and its operations to develop – as a whole and as individual parts. To help us we have purpose-built systems, procedures and processes to follow up on targets, internal control and risk management.

The Board has performed its duties during the year through Board meetings and in various committees. The fact that each Board member serves

on at least one committee ensures participation and that continuity is maintained between the meetings. In a fast-changing world it is even more important to constantly evaluate the Board's composition and expertise. We are always reviewing the make-up of the Board based on changing talent needs, and we will continue to do so in the future. In my opinion, the mix of skills on the current Board corresponds well to developments in the world around us.

A stable platform

Entrepreneurship, a desire to evolve and seeing things from the retailer's perspective have always been key parts of our DNA – and they will continue to be important pieces of the puzzle as we navigate the new normal. Our starting position is strong. As a result of the structural changes we have made in recent years, we have a stable platform and a financial position that together provide good conditions for both con-

tinued investment and a solid and stable return for shareholders.

Proposal on increased dividend

Alongside large, forward-looking investments, we are now proposing to the shareholders' meeting a dividend of SEK 13, an increase from the previous year of SEK 1. The fact that we are able to do this in a year such as this one characterised by changes in the world around us and internally shows the strength and stability of our operations and our Group.

Constructive dialogue and strong commitment

One of the Board's most important tasks is to support the ICA Gruppen Management Team (IMT) and also to critically evaluate its work. To succeed in this it is essential to have an open and constructive dialogue between the Board and the IMT. From the Board's perspective, our experience is that this is indeed the case.



I would also like to take this opportunity to express our appreciation of the commitment witnessed in the efforts of everyone within the organisation. We live and work in a rapidly changing time, where having the capacity and courage to transform, develop and think in new ways is entirely critical in order to succeed. The enthusiasm, which – despite significant challenges and changed working conditions – has shone through over the past year, bodes well for our future.

Stockholm, February 2021

Claes-Göran Sylvén
Chairman of the Board

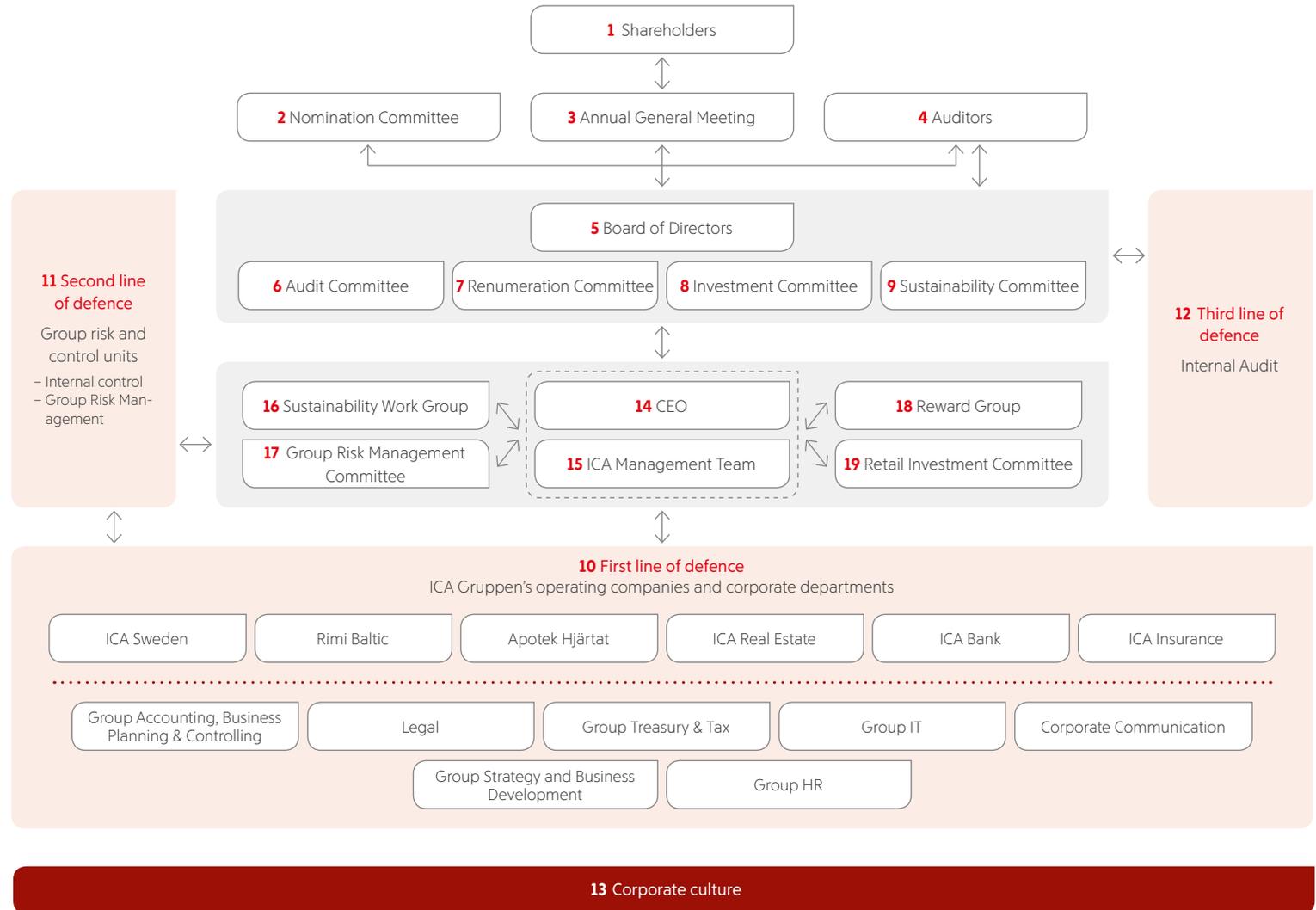
CORPORATE GOVERNANCE REPORT

Governance for value creation

Good corporate governance is about ensuring, on behalf of all shareholders, that ICA Gruppen AB (publ) (ICA Gruppen or the Company) is managed in a sustainable and responsible way and as efficiently as possible. The overall goal is to increase shareholder value and in so doing, meet the requirements owners have with respect to their invested capital. The main external and internal control instruments for ICA Gruppen are the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the Code), the Articles of Association, the rules of procedure for the Board of Directors, the instructions for the Board committees, the instructions for the CEO, including instructions on financial reporting, and the policies established by the Board. ICA Gruppen's Board of Directors is responsible for the Company's organisational structure and the administration of the Company's affairs. The CEO is responsible for ensuring that the day-to-day administration of the Company is carried out in accordance with the Board's guidelines and instructions. In dialogue with the Chairman of the Board, the CEO also compiles an agenda for Board meetings and is otherwise responsible for providing the meetings with information documents and materials for use as a basis for decisions.

Further information:

- Swedish Companies Act, government.se
- Nasdaq Stockholm, nasdaqomxnordic.com
- Swedish Corporate Governance Code, bolagsstyrning.se
- ICA Gruppen's Articles of Association, icagruppen.se/en

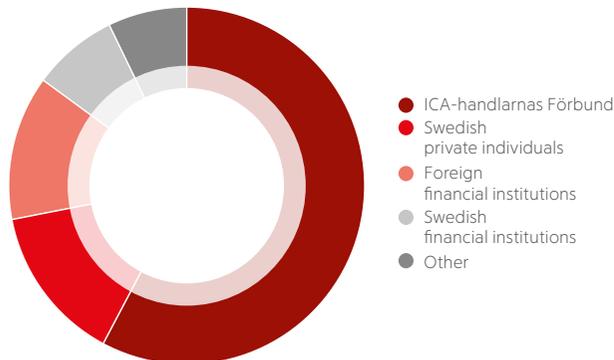


CORPORATE GOVERNANCE REPORT

1 Shareholders

ICA Gruppen has been listed on Nasdaq Stockholm in the Large Cap segment since 8 December 2005. The largest shareholder is ICA-handlarnas Förbund with a holding of 54%. The remaining 46% is owned by institutional investors and private individuals in Sweden and other countries. None of these shareholders holds more than 10% of the shares in the Company, either directly or indirectly. The Company has one class of shares with equal voting rights and dividend entitlement. In voting at general meetings each share carries entitlement to

one vote and all shareholders may vote for the full number of shares they represent. As of 31 December 2020 the Board of Directors had no outstanding authorisations from the Annual General Meeting for the Board to issue new shares or acquire treasury shares. More information on ICA Gruppen's shares and shareholders can be found in the section "Shares and shareholders" on pages 68–69 of the Annual Report and on the Company's website, icagruppen.se/en.



2 Nomination Committee

The rules for ICA Gruppen's Nomination Committee were adopted at the 2020 Annual General Meeting. The Nomination Committee is to consist of four members representing the Company's shareholders. Shareholders can register their interest in appointing a member of the Nomination Committee. Of the shareholders who have registered their interest in appointing a member, the three shareholders with the largest shareholdings in terms of voting power, based on the list of registered shareholders maintained by Euroclear Sweden AB as of the last trading day in August, are entitled to appoint a member. Of these three shareholders, the largest shareholder in terms of voting power is entitled to appoint two members and the subsequent largest shareholders in terms of voting power are entitled to appoint one member each. Should one of these shareholders fail to appoint a member of the Nomination Committee within 10 days of the last trading day in August, the right to appoint a member shall transfer to the shareholder that has the next largest shareholding as of the last trading day in August and that has not already appointed a member.

If a member of the Nomination Committee represents a shareholder that has sold the bulk of its holding of shares in the Company, the member shall offer to give up their place and the Nomination Committee shall ask the Company's other shareholders who have registered their interest in appointing a member of the Nomina-

tion Committee, in order of size starting with the largest shareholder in terms of voting power that has not already appointed a member, whether such shareholder wishes to appoint a replacement for the member that has made their place available. However, except in special circumstances, no changes are to be made to the Nomination Committee's composition if the change takes place less than two months before the Annual General Meeting. Shareholders who have appointed members of the Nomination Committee have the right to dismiss those members and appoint new members to the Nomination Committee. Changes in the Nomination Committee's composition are to be announced on the Company's website as soon as they have taken place.

ICA Gruppen's Chairman is to be co-opted onto the Nomination Committee.

The Nomination Committee is to apply rule 4.1 of the Code as the diversity policy with which the Nomination Committee will ensure that the Board of Directors, taking into consideration the nature of ICA Gruppen's business, its stage of development and the circumstances in general, has an appropriate composition characterised by diversity and breadth with respect to the expertise, experience and backgrounds of the members elected by the general meeting. The Nomination Committee is also to focus on meeting the goal of having gender balance on the Board.

The Nomination Committee is to

present proposals regarding the following matters prior to the 2021 Annual General Meeting:

- (i) proposal for a chairman for the general meeting;
- (ii) proposal for number of Board members;
- (iii) proposal for members of the Board of Directors;
- (iv) proposal for Chairman of the Board;
- (v) proposal for board fees, broken down into amounts for the Chairman of the Board and other Board members and as remuneration for committee work;
- (vi) proposal for number of auditors;
- (vii) proposal for auditor or auditors, and proposal for fees to be paid to the Company's auditor or auditors; and
- (viii) proposed principles for the appointment of, and instructions for, the Nomination Committee.

The work of the Nomination Committee

The current composition of the Nomination Committee was announced on 29 September 2020 and consists of Tomas Emanuelz and Anna-Karin Liljeholm representing ICA-handlarnas Förbund, Tommi Saukkoripi representing SEB Investment Management and Emma Englén representing Spiltan Fonder. No compensation is paid by ICA Gruppen to the members of the Nomination Committee for their work and the members have established that there are no conflicts of interest that would affect their assignment.

The Chairman of ICA Gruppen's Board, Claes-Göran Sylvén, was co-opted onto the Nomination Committee. The Nomination Committee met with CEO Per Strömberg and CFO Sven Lindskog who, along with Claes-Göran Sylvén, provided information on ICA Gruppen's operations, Board work and focus areas. The Nomination Committee was also presented with the results of the 2020 evaluation of the Board. The chairman of the Audit Committee, Cecilia Daun Wennborg, informed the Nomination Committee about the work of the Audit Committee and cooperation with ICA Gruppen's Accounting department, and the evaluation of the audit work carried out by the Audit Committee in 2020.

Based on the information received by the Nomination Committee regarding the work of the Board of Directors and the Audit Committee, as described above, the Nomination Committee has obtained a sound basis for determining the following: whether the composition of the Board is satisfactory; the expertise needed on the Board; and the breadth and experience within the Board. Shareholders have been given the opportunity to submit suggestions and points of view on the work of the Nomination Committee prior to the 2021 Annual General Meeting. The Nomination Committee's proposals for the 2021 Annual General Meeting are presented in the notice of the meeting. More information on the work of the Nomination Committee will be presented in the Nomination Committee's report prior to the 2021 Annual General Meeting.

CORPORATE GOVERNANCE REPORT

3 General Meeting

The general meeting of shareholders is ICA Gruppen's highest decision-making body. The general meeting that is held within six months of the end of the financial year and that presents the income statement and balance sheet is known as the Annual General Meeting (AGM). ICA Gruppen's Annual General Meeting is normally held in the Stockholm area. In addition to decisions on the adoption of the income statement and balance sheet, the Annual General Meeting also decides on, among other things, the appropriation of earnings, the composition of ICA Gruppen's Board of Directors, fees for the Board and guidelines for remuneration to senior executives, and also appoints external auditors. General meetings are convened by being advertised in

Post- och Inrikes Tidningar (the Official Swedish Gazette) and by posting the notice of the meeting on the Company's website, icagruppen.se/en. When a general meeting is convened this information is advertised in Svenska Dagbladet, Dagens Nyheter and Dagens Industri. Shareholders who have registered their intention to attend according to the instructions in the notice of the meeting are entitled to participate in the general meeting, in person or by proxy, to vote at the meeting for or against the proposals presented and to pose questions to the Board of Directors and the CEO.

Annual General Meeting and Extraordinary General Meeting 2020

The 2020 Annual General Meeting took place on Tuesday

21 April 2020 at ICA Group headquarters. Ahead of the Annual General Meeting the board decided to reduce its original dividend proposal from SEK 12 to SEK 6 per share due to the extensive and the unforeseeable consequences of the covid-19 pandemic. The Annual General Meeting decided on dividends in accordance with the Board's proposal. Thereafter, an Extraordinary General Meeting resolved on 22 September 2020 on dividends of an additional SEK 6 per share. The total dividend in 2020 thus corresponded to the Board's original dividend proposal to the 2020 Annual General Meeting.

Minutes from the Annual General Meeting and the Extraordinary General Meeting and related documents can be found on ICA Gruppen's website, icagruppen.se.

Annual General Meeting 2021

The 2021 Annual General Meeting will be held Thursday 15 April 2021. To minimise the risk of spreading the coronavirus, the Board of Directors has decided that the Annual General Meeting will be conducted without the physical presence of shareholders, proxies or external parties, and that shareholders shall have the opportunity to exercise their voting rights by post prior to the meeting. To be able to participate in the Annual General Meeting, shareholders must be registered in the shareholders register maintained by Euroclear Sweden AB as per 7 April 2021 and have submitted their postal vote in accordance with the instructions in the AGM notice so that the Company has received them by 14 April 2021 at the latest.

4 Auditors

The auditor conducts an independent audit of the Company's financial statements and determines whether these, in all material respects, are correct and complete and provide a fair presentation of the Company and its financial position and results. The auditor also examines the administration of the Company by the Board of Directors and CEO and also reviews the Company's sustainability reporting.

According to the Articles of Association the Annual General Meeting is to appoint at least one but no more than two auditors or one or two authorised accounting firms. The accounting firm KPMG AB was elected as auditor at the 2020 AGM for a term of one year. KPMG AB has therefore audited the Company's financial statements for 2020. Authorised Public

Accountant Helena Arvidsson Älgne has served as chief auditor. In addition to ICA Gruppen, Helena Arvidsson Älgne has significant audit assignments with LKAB, Momentum Group, Knowit and HiQ. She has no assignments that impact her independence with respect to ICA Gruppen.

The auditors attended one Board meeting to present KPMG AB's audit process for ICA Gruppen and to give Board members an opportunity to ask questions without the presence of the ICA Management Team. In addition, the auditors attended all of the meetings of the Board's Audit Committee.

The Audit Committee evaluates the auditor annually to ensure that the auditor's objectivity and independence cannot be called into question. The auditor confirms their independence annually in the Auditor's Report.

5 Board of Directors

The Board is to administer the Company's affairs in the interests of the Company and all its shareholders, and is to safeguard and promote a good corporate culture. The duties of the Board include, among other things:

- appointing, evaluating and, if needed, dismissing the CEO;
- establishing the Company's overall goals and strategy;
- identifying how sustainability issues affect the Company's risks and business opportunities;
- establishing the requisite guidelines for how the Company is to behave in the community to ensure its ability to

create long-term value;

- ensuring that there are appropriate monitoring and control systems in place for the Company's operations and for the risks the Company faces in connection with its operations;
- ensuring that there is satisfactory control of the Company's compliance with laws and other regulations that apply to the Company's operations, and ensuring the Company's compliance with internal rules; and
- ensuring that the Company's information procedures are correct, relevant, reliable and transparent.

According to the Articles of Association, ICA Gruppen's Board of Directors is to consist of between five and ten members elected by the Annual General Meeting. There are no other rules in the Articles of Association concerning the appointment or dismissal of Board members. The CEO makes presentations at Board meetings and the Company's General Counsel is the secretary to the Board. In addition to the AGM-elected members, the Board has two employee representatives, each with a deputy.

The 2020 Annual General Meeting re-elected Claes-Göran Sylvén (Chair-

man), Cecilia Daun Wennborg, Lennart Evrell, Fredrik Häggglund, Andrea Gisle Joosen, Jeanette Jäger, Magnus Moberg, Fredrik Persson, Bo Sandström and Anette Wiotti. Four of the AGM-elected Board members are women and six are men. The Board is made up of individuals with extensive and solid expertise in ICA's affairs and in retail, business development, IT, corporate finance, corporate governance, sustainability and industry. The Board has ongoing professional development in areas that are relevant to ICA Gruppen. In 2020 the Board received training relating to various parts of the busi-

ness, such as the Baltic and Swedish store operations, property management, banking and insurance, sourcing, IT, brand strategy, Apotek Hjärtat and HR.

The CEO, CFO and secretary to the Board are not members of the Board, but they do attend Board meetings except in matters where a conflict of interest may exist or where this is otherwise not appropriate.

ICA Gruppen's Annual General Meeting is to vote on discharging the Board of Directors and CEO from liability for the accounting period for which the accounting documents sub-

mitted to the AGM pertain. Discharge from liability is granted if, at the AGM, shareholders representing a majority of votes vote in favour of the proposal, as long as no shareholder representing at least one tenth of all shares in the Company votes against the proposal.

Independence of Board members

Five of the Board's members – Cecilia Daun Wennborg, Andrea Gisle Joosen, Jeanette Jäger, Lennart Evrell and Fredrik Persson – are independent in relation to ICA Gruppen, its management and the principal shareholders. Fredrik Häggglund and Bo Sandström

CORPORATE GOVERNANCE REPORT

Cont. 5 Board of Directors

are independent in relation to ICA Gruppen and its management, but not in relation to its principal shareholders since they are employed by ICA-handlarnas Förbund. Magnus Moberg and Anette Wiotti are ICA retailers and members of the board of ICA-handlarnas Förbund, and are considered to be independent in relation to ICA Gruppen and its management, but not in relation to the principal shareholder ICA-handlarnas Förbund. Claes-Göran Sylvén is an ICA retailer and member of ICA-handlarnas Förbund. He is considered to be independent in relation to ICA Gruppen and its management, but not in relation to ICA-handlarnas Förbund.

The work of the Board

The main mission of the Board of Directors is to establish the Company's overall goals and strategy, and the Chairman oversees the work of the Board. The key issues for the Board to address are strategy work, monitoring and control of the Company's operations and risks, value creation and monitoring the Company's compliance with external and internal rules and regulations. The processes for monitoring and control of the Company's risk are described in more detail in the section "Risks and risk management" on pages 43-48 of the Annual Report. One of the ways that the Board monitors the Company's compliance with internal and external rules and regulations is through the risk-based audits performed by the Internal Audit department; see the section "The third line of defence" on page 59.

The Board's work is regulated in the rules of procedure established by the

Board each year, and by applicable laws and regulations. Every year the Board decides on instructions for the CEO and for the working committees, as well as other policy documents that provide guidance for ICA Gruppen's employees. The rules of procedure and instructions now in place were addressed and formally adopted at the Board meeting on 27 May 2020. The Board of Directors met 12 times in 2020.

ICA Gruppen's Board has four regular committees: the Audit Committee, the Remuneration Committee, the Investment Committee and the Sustainability Committee. The Committees report to the Board on an ongoing basis on their work. The Committees are to be regarded as the Board's working committees and do not assume the responsibility that is incumbent upon the Board as a whole.

Ahead of each Board meeting documents are distributed to the Board members via a virtual data room (VDR). The auditor in charge also has access to the VDR. The VDR offers email management, a chat function and voting proce-

dures as needed, and also enables users to see when documents are retrieved on an individual basis. The minutes from committee meetings are distributed to all Board members, the CEO, the person in charge of internal audits and to the auditor.

The following items are usually on the agenda of each Board meeting:

- Minutes of the previous meeting
- Information on matters addressed by the Board's Committees
- CEO's report
- CFO's report
- Quarterly reports on internal audit scrutiny and any action plans

Evaluation of the Board of Directors

An evaluation of the Board of Directors is carried out every year in order to develop the work of the Board and provide a basis for the Nomination Committee's evaluation of the Board's composition. In 2020 the evaluation of the Board took the form of the members and deputy members completing a questionnaire for Alumni AB. The evaluation of the Board showed that the Board

functioned well and that the Board is a well-composed group of highly committed individuals. The members contribute broad expertise and have many years' experience in various areas that are relevant to ICA Gruppen's operations.

Conflicts of interest

ICA Gruppen's Board of Directors has decided that Board members and the CEO must not deal with matters relating to agreements between themselves and the Company, nor matters between the Company and third parties if the person in question has a significant interest that could conflict with the Company's interests.

Remuneration to the Board of Directors

The Nomination Committee submits proposals to the Annual General Meeting for resolutions on Board fees. The 2020 Annual General Meeting voted in favour of the Nomination Committee's fee proposal. The Nomination Committee's remuneration proposals for the 2021 Annual General Meeting are presented in the notice of the meeting.

6. Audit Committee

The Audit Committee, through its work and in dialogue with the auditor, the head of the Internal Audit department and the Management Team, is to provide the Board with a good supply of information on the Group's operations. The purpose is to identify any shortcomings in routines and organisational structures based on governance, risk management and control. The purpose of the Audit Committee's work is to ensure that the Company's executive management establishes and maintains efficient procedures for internal governance, risk management and control. These are to be designed to provide reasonable assurance in reporting (financial reporting and operational risk) and compliance (laws, instructions and internal rules) and to ensure that the administrative processes are appropriate and efficient. The Audit Committee also examines whether the internal and external auditors'

work is carried out efficiently, independently and in a satisfactory manner, and follows up on the Internal Audit department's annual plan and strategic priorities. The Committee proposes measures that are adopted by the Board if so required. The majority of the members of the Committee are to be independent in relation to the Company and the IMT. At least one of the members who is independent in relation to the Company and the Management Team must also be independent in relation to the Company's principal shareholders. The Audit Committee consists of Cecilia Daun Wennborg (chairman), Lennart Evrell, Bo Sandström and Anette Wiotti. The Company's CFO is responsible for presenting information and the head of Internal Audit serves as secretary.

Annually recurring agenda items:

First quarter	Second quarter	Third quarter	Fourth quarter
<ul style="list-style-type: none"> • Year-end accounts • Annual Report • Matters to discuss ahead of the AGM 	<ul style="list-style-type: none"> • Annual General Meeting • Statutory Board meeting • Appointment of committee members • Corporate governance documents • Interim report (first quarter) 	<ul style="list-style-type: none"> • Long-term plan (LTP) • Interim report (second quarter) 	<ul style="list-style-type: none"> • Annual target (AT) • Interim report (third quarter) • Evaluation of the Board of Directors • Evaluation of the CEO



CORPORATE GOVERNANCE REPORT

7 Remuneration Committee

The Remuneration Committee is responsible for the preparation and evaluation of issues regarding remuneration and other terms of employment for the ICA Management Team, including pay structures, pension plans, incentive programmes and other terms of employment. The Reward Group also monitors and evaluates remuneration programmes for senior executives, both those that are ongoing and those that were con-

cluded during the year, and monitors and assesses the implementation of guidelines for remuneration to senior executives as well as remuneration structures and levels within the Company. The Reward Group also makes preparations for succession planning decisions. The Reward Group consists of Claes-Göran Sylvén (chairman), Andrea Gisle Joosen and Magnus Moberg.

8 Investment Committee

The Retail Investment Committee is responsible for the review and quality assurance of the documentary basis for decisions on acquisitions and divestments, including necessary risk analysis. In addition, the Retail Investment Committee has an investment and divestment mandate as set out in the Company's Bill of Authority. The Retail Investment Committee consists of Claes-Göran Sylvén (chairman), Jeanette Jäger, Fredrik Persson and Bo Sandström.

9 Sustainability Committee

The Sustainability Committee's mandate is based on the Code's rules on the responsibility of the Board of Directors to establish guidelines for how the Company should behave in society. The Committee's duties include preparing policies on business ethics and sustainability, as well as sustainability reporting. The Committee also works to monitor business ethics and sustainability. The Sustainability Committee consists of Cecilia Daun Wennborg (chairman), Andrea Gisle Joosen and Fredrik Hägglund.



CORPORATE GOVERNANCE REPORT

Board of Directors



Claes-Göran Sylvé



Cecilia Daun Wennborg



Lennart Evrell



Andrea Gisle Joosen



Fredrik Hägglund



Jeanette Jäger

Born	1959	1963	1954	1964	1967	1969
Education	Various courses of study (finance, business management, leadership development etc.)	Master of Science in Business and Economics	Master of Science in Engineering and Master of Science in Business and Economics	Master of Science in Business and Economics, MSc International Business	Master of Laws	Studies in business and finance
Elected	2013	2005	2019	2010	2013	2015
Other significant assignments	Chairman of the Board MQ MarQet AB. Board member Centrum Fastigheter i Norrtälje AB etc. ICA retailer, ICA Kvantum Flygfyren in Norrtälje.	Board member Getinge AB, Loomis AB, Bravida Holding AB, Hoist Finance AB, Oncopeptides AB, Hotell Diplomat AB, Atvexa AB and others. Member Aktiemarknadsnämnden (the Swedish Securities Council).	Board member Epiroc, Industriarbetsgivarna (Swedish Association of Industrial Employers), SCA and Svenskt Näringsliv (Confederation of Swedish Enterprise).	Chairman of the Board Acast AB. Board member BillerudKorsnäs AB, Dixons Carphone plc, James Hardie Industries plc, Qred AB and Logent AB.	CEO ICA-handlarnas Förbund. Chairman ICA Stiftelsen. Board member Hakon Swenson Stiftelsen and Svensk Handel (Swedish Trade Federation).	CEO, Bankgirot.
Previous significant positions	Chairman of the Board ICA AB. Board member Svensk Handel (Swedish Trade Federation). CEO Hakon Invest AB and ICA-handlarnas Förbund.	Vice President Ambea AB, CEO and CFO Carema Vård och Omsorg Aktieföretag. Acting CEO Skandiabanken, Head of Skandia Sweden and CEO SkandiaLink Livförsäkrings AB.	Previously CEO Boliden, SAPA and Munters.	Chairman of the Board Teknikmagasinet AB. Board member Lighthouse Group AB, Elektronikbranschen Sverige and Mr Green & Co AB etc. CEO Boxer TV Access AB, CEO Panasonic Nordic AB and Chantelle AB.	Board member ICA AB, Swedish Anti-Corruption Institute, Independent Retail Europe and EuroCommerce. Vice President and General Counsel ICA-handlarnas Förbund. General Counsel Hakon Invest AB. Lawyer, Clifford Chance, Brussels. Assistant Lawyer, Linklaters.	Head of Marketing and Communications Tieto, VP Financial Services Global Tieto, Capital Markets Global Tieto, Product and Market Director TDC. CEO Inne AB.
Total remuneration 2020/2021, SEK	1,300,000	825,000	650,000	650,000	600,000	600,000
Independence	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.
Shareholding	657,889 shares (incl. related parties).	3,125 shares (incl. related parties).	2,000 shares (incl. related parties).	2,000 shares (incl. related parties).	17,067 shares (incl. related parties).	900 shares (incl. related parties).
Committees	Member of the Reward Group (chairman) and the Retail Investment Committee (chairman).	Member of the Audit Committee (chairman) and Sustainability Committee (chairman).	Member of the Audit Committee.	Member of the Reward Group and the Sustainability Committee.	Member of the Sustainability Committee.	Member of the Retail Investment Committee.
Attendance at meetings						
Board meetings	12/12	11/12	12/12	12/12	11/12	10/12
Audit Committee	–	4/4	4/4	–	–	–
Reward Group	5/5	–	–	5/5	–	–
Retail Investment Committee	10/10	–	–	–	–	9/10
Sustainability Committee	–	4/4	–	4/4	4/4	–

CORPORATE GOVERNANCE REPORT

Board of Directors, cont.



Magnus Moberg



Fredrik Persson



Bo Sandström



Anette Wiotti



Jonathon Clarke



Magnus Rehn

	Magnus Moberg	Fredrik Persson	Bo Sandström	Anette Wiotti	Jonathon Clarke	Magnus Rehn
Born	1966	1968	1975	1966	1968	1966
Education	Various courses of study (finance, business management, leadership development etc.)	Master of Science in Business and Economics	Master of Science in Business and Economics and Master of Science in Engineering Physics	Various courses of study (finance, business management, leadership development etc.)	Trained welder, studies in labour law	Upper secondary education
Elected	2008	2018	2019	2017	2013	2013
Other significant assignments	Chairman of the Board Nya Ulfmag AB, Storbutiken i Falköping AB and ICA-handlarnas Förbund. Board member Jomag AB etc. CEO Storbutiken i Falköping AB. ICA retailer, Maxi ICA Storknäd Falköping.	Chairman of the Board Confederation of Swedish Enterprise, JM AB and Ellevio AB. Board member AB Electrolux, AB Hufvudstaden, CEO Storbutiken i Falköping AB. Interogo Holding AG and Nalka Invest AB.	CFO ICA-handlarnas Förbund.	Vice Chairman ICA-handlarnas Förbund. Elected representative on boards and committees within ICA-handlarnas Förbund. ICA retailer, ICA Kvantum Arvika.	–	–
Previous significant positions	Chairman of the Board Köpet i Sandared AB. Board member Moberg & Svensson i Sandared AB and Ulfmag AB.	CEO Axel Johnson, Chief Analyst Aros Securities, various positions within ABB Financial Services.	CFO Telia Sverige, SATS Group and SAS Scandinavian Airlines Sverige.	Various roles as elected representative within ICA-handlarnas Förbund and ICA Sverige AB.	Employee representative, Handelsanställdas Förbund.	Employee representative, Unionen.
Total remuneration 2020/2021, SEK	600,000	600,000	700,000	650,000	–	–
Independence	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders.	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders.	–	–
Shareholding	50,000 shares (incl. related parties).	1,500 shares (incl. related parties).	0 shares (incl. related parties).	6,455 shares (incl. related parties).	0 shares (incl. related parties).	250 shares (incl. related parties).
Committees	Member of the Reward Group.	Member of the Retail Investment Committee.	Member of the Audit Committee and the Retail Investment Committee.	Member of the Audit Committee.	–	–
Attendance at meetings ¹	Board meetings	11/12	12/12	12/12	11/12	12/12
	Audit Committee	–	–	4/4	4/4	–
	Reward Group	5/5	–	–	–	–
	Retail Investment Committee	–	10/10	10/10	–	–
	Sustainability Committee	–	–	–	–	–

Marcus Strandberg

Deputy member
Employee representative
Handelsanställdas Förbund

Born: 1966
Education: Upper secondary education
Appointed: 2013
Previous significant positions:
Employee representative, ICA AB.
Total remuneration 2020/2021, SEK: –
Independence: –
Shareholding: 0 (incl. related parties)
Attendance at meetings:
Board meetings 11/12
Audit Committee meetings –
Retail Investment Committee meetings –
Sustainability Committee meetings –

Daniela Fagernäs¹

Deputy member
Employee representative
Unionen

Born: 1975
Education: Post-secondary education
Appointed: 2020
Previous significant positions:
Board member, ICA Sverige AB (employee representative)
Total remuneration 2020/2021, SEK: –
Independence: –
Shareholding: 0 (incl. related parties)
Attendance at meetings:
Board meetings 1/12¹
Audit Committee meetings –
Retail Investment Committee meetings –
Sustainability Committee meetings –

1) Joined the Board on 4 December 2020

CORPORATE GOVERNANCE REPORT

Rules and regulations

External rules

As a Swedish public limited company with securities listed on Nasdaq Stockholm, ICA Gruppen is, among other things, obliged to comply with the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers and the Code.

Deviations from the Code, stock exchange rules or good stock market practice

The Company has not deviated from the Code or the stock exchange rules. Nor has the Company been the subject of a decision by the Disciplinary Committee at Nasdaq Stockholm or a decision on infringement of good practice in the stock market by Aktie- marknadsnämnden (the Swedish Securities Council).

Internal rules

ICA Gruppen has a number of internal rules which, together with the external rules, form the framework for its operations. The main rules are the Articles of Association, the rules of procedure for the Board of Directors, the instructions for the Board committees, the instructions for the CEO including instructions on financial reporting, and policies. The Company's internal rules are based on governing documents at four levels:

1. Policies are issued by the Board of Directors and establish overarching rules for all employees.
2. Guidelines are issued by the ICA Management Team and they establish more detailed rules for all employees based on the applicable policy.
3. Instructions are issued by the respective operating company and cover employees in that company.
4. Procedures may be established by a department, business area or function for employees in that area.

The Company has the following policies:

• Data Protection Policy

The Data Protection Policy describes ICA Gruppen's objectives for data protection and establishes that ICA Gruppen must comply with the relevant data protection laws with a business perspective while retaining the trust of customers, employees, shareholders and other stakeholders. ICA Gruppen must also, throughout the organisation, have integrated, documented and continuous data protection processes for the purpose of being able to prove compliance with the relevant data protection legislation and internal rules.

• Financial Policy

The Financial Policy establishes the Board's financial risk level and defines objectives and guidelines for the Group's financial management. The policy defines the responsibility and routines for reporting and internal control that apply to financial management.

• HR Policy

The HR Policy establishes the overall framework in respect of employees of the Group. Among other things, it states that to meet customers' needs and expectations, the Group needs to have employees with different backgrounds and representing a broad range of experience and skills.

• Sustainability Policy

The Sustainability Policy describes ICA Gruppen's overall vision for sustainability issues in the following areas: the environment, health, quality, social responsibility and local production.

• Insider Policy

The Insider Policy establishes principles for trading in ICA Gruppen's shares and how the Company is to handle insider information.

• Communication Policy

The Communication Policy describes the principles for the Company's internal and external communication for the purpose of promoting uniform, clear and effective communication between the Company's employees and between ICA Gruppen and its external stakeholders.

• Business Ethics Policy

The Business Ethics Policy states that the corporate culture is to be based on responsibility, trust and high standards of professional behaviour.

• Risk Management Policy

The Risk Management Policy establishes the principles for the Company's management of risk (i.e. a future uncertain event that may have a negative impact on the Company's ability to achieve its business targets) and the level of risk-taking that ICA Gruppen can accept.

• Tax Policy

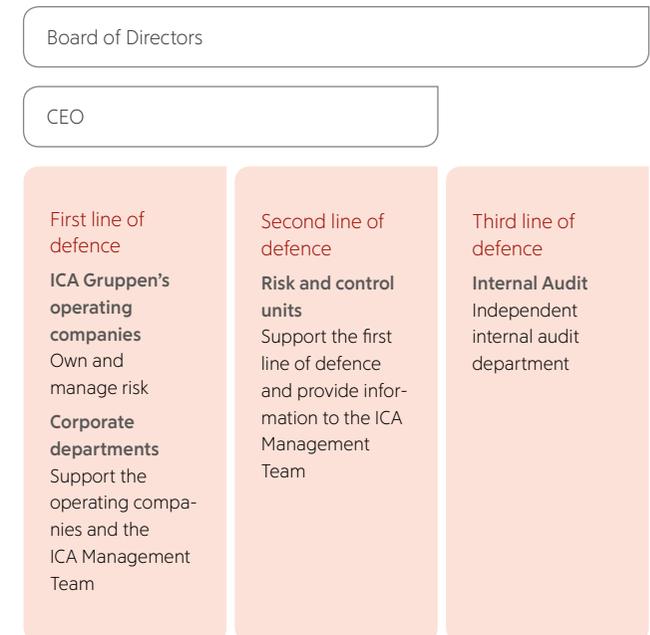
The Tax Policy establishes the Company's risk exposure relating to tax taking into account the applicable tax rules.

ICA Gruppen's model for internal control

The basis of effective risk management is a strong and Group-wide risk culture. ICA Gruppen's model for internal control and governance is based on three lines of defence. It describes the division of responsibility for internal control and governance.

The Board is responsible for ensuring that there are processes in place to identify and define the risks within the organisation, and to measure and control risk-taking.

The CEO is responsible for the day-to-day task of maintaining efficient governance and control at an overall level. The CEOs of the operating companies are each responsible for maintaining good internal control within their segment.



CORPORATE GOVERNANCE REPORT

10 The first line of defence

The first line of defence consists of the Group's operations (ICA Gruppen's operating companies) and of ICA Gruppen's corporate departments (except the risk and control units). The operating companies are responsible within their respective areas for maintaining good internal control and for thereby identifying and managing risk. The corporate departments are to support the operations and the ICA Management Team, and ensure that there is good internal control and that identified risks are managed.

Corporate departments Corporate Responsibility

ICA Gruppen's central Corporate Responsibility (CR) department supports each of the operating companies in the implementation of the Company's sustainability targets. The CR department monitors management systems, activities and KPIs relating to sustainability within the Group and prepares information and supporting documents for the Company's sustainability reporting.

Group Accounting, Business Planning & Controlling (GAC)

GAC is responsible for managing and controlling all processes relating to accounting, business planning and control within ICA Gruppen. As part of this, GAC must ensure that monthly and quarterly reports as well as the Company's annual report are produced in a

manner that provides an accurate depiction of the Company's financial situation and business activities, and that reporting processes are in compliance with laws and regulations.

Group HR

Group HR is responsible for the Group's HR strategy. This includes overall responsibility for processes relating to the organisational structure, recruitment, HR management, compensation, and skills and leadership development.

Group IT

Group IT is responsible for developing Group-wide capabilities and synergies within IT. The department leads the work on the Group-wide IT strategy, monitors whether the Group is complying with the strategy in the short and long term, and is responsible for the Group's IT framework.

Group Treasury & Tax

Treasury & Tax manages the Company's financial and fiscal issues. The department is responsible for the Company's financial administration and must also ensure, among other things, that the Company follows the established guidelines that the Company has decided upon regarding levels of financial risk, and that the Company manages taxation within the framework of applicable tax laws and regulations.

Legal

The role of Legal is to create good conditions for the Company to achieve its business targets taking into account the risks that those targets involve, and to ensure that the business is run in compliance with laws as well as external and internal rules.

Corporate Communication

This department is responsible for the Group's corporate communication. At the corporate level the department is responsible for providing strategic advice and managing the Company's communication planning and activities. The department handles all types of communication – from contacts with the media and community contacts to internal communication. It is not, however, involved in customer communication activities and advertising.

Privacy Office

The Privacy Office is a Group-wide strategic department that coordinates ICA Gruppen's data protection processes and offers legal expertise to the operating companies in matters relating to processing personal data. The Privacy Office also establishes objectives for data protection activities, highlights risks at a general level and establishes a framework for how the operating companies are to comply with the data protection legislation in force and monitor their data protection procedures.

Group Strategy and Business Development

The Group Strategy and Business Development department, in cooperation with the CEO and ICA Management Team, is responsible for developing the Group's common strategy. It also runs Group-wide strategic projects and M&A activities. Also part of this department is the CDO (Chief Digital Officer) unit, which designs the Group's digital strategy and drives and supports Group-wide digital development, such as the ICAx innovation hub, e-commerce cooperation between ICA Gruppen's operating companies and applications that involve automation, AI and Advanced analysis.

11 The second line of defence

In the second line of defence are the Group's risk and control units, which are tasked with supporting the first line of defence and providing information to the ICA Management Team. These functions are carried out by the Internal Control and Group Risk Management departments.

Internal Control

Within ICA Gruppen the Internal Control department is tasked with coordinating and supervising internal governance and control over financial reporting within the Group. Internal control over financial reporting is aimed at managing the risk of material errors in financial reporting with a reasonable degree of certainty and ensuring compliance with laws and regulations that are of significance for financial reporting. The department identifies business-critical processes and key controls within the Group that are to be evaluated regularly. The evaluation is based on periodic self-evaluation and selective

quality review processes. The results are compiled in reports and submitted by Internal Control to the operating companies, the ICA Management Team and the Audit Committee.

Group Risk Management (GRM)

The role of GRM is to create good conditions for long-term and efficient risk management and security activities within ICA Gruppen. GRM coordinates the Group's risk management work and monitors compliance with the Group's framework for risk management. It also supports the subsidiaries and strengthens the Group's risk management through training, by developing tools, by carrying out risk analysis for specific risk areas and by proposing measures to manage identified risks.



CORPORATE GOVERNANCE REPORT

12 The third line of defence

The third line of defence is Internal Audit. Internal Audit is a department for independent review and control that is tasked with examining the efficiency and reliability of the Group's internal governance and control.

Internal Audit has been commissioned by the Board to review corporate governance, risk management and the governance and control of ICA Gruppen's business processes. Its mandate covers all operations within ICA Gruppen in Sweden and the Baltic countries. Each year the Audit Committee draws up a risk-based plan for Internal Audit's work to ensure that it focuses on

the areas where the most value can be added to ICA Gruppen. In 2020 Internal Audit's reviews covered programmes for change that are in progress as well as core processes within ICA Gruppen. In addition, it examined areas such as information security and data protection, e-commerce, sustainability and compliance with external regulations. Store audits constitute a special area within the review of business processes.

The observations and recommendations made by Internal Audit aim to reduce the level of risk within a business area and to increase efficiency and improve ICA Gruppen's processes. It is

the responsibility of the respective management teams within ICA Gruppen's operating companies to put in place appropriate action plans based on the recommendations made by Internal Audit. An important aspect of the work of Internal Audit is to conduct a quarterly review of the established action plans.

Internal Audit conducts separate quarterly meetings with the ICA Management Team (IMT Audit Update) which include a review of the results of audits completed during the quarter, follow-up of action plans relating to audits completed previously and discussion regarding future audits. Internal Audit

also reports quarterly to ICA Gruppen's Audit Committee, which in turn reports to the Board. This reporting covers the audit work carried out over the past quarter and the status of the action plans. Internal Audit also prepares a report annually which is presented to the Board.

13 Corporate culture

ICA Gruppen's corporate culture is based on the vision of making every day a little easier and on the Group's values of simplicity, commitment and entrepreneurship. These values are the foundation for ensuring the Company has committed and talented employees who in turn ensure that ICA Gruppen has efficient corporate governance and risk management procedures. Simplicity means an approach in which the employees are transparent and honest in their interactions and trust each other. Commitment means taking responsibility for what we do, for the Company's community and for the

shareholders, which promotes good governance within the Company. Entrepreneurship enables us to create opportunities and take action. It also means that we are driven by a constant desire to improve and take responsibility for ensuring good corporate governance, while paying attention to the risks associated with the business. All employees have a responsibility to ensure that the Company complies with external and internal rules, and to take action if the Company is in any way non-compliant. To do this employees can contact their immediate superior, safety officer

or the HR department. It is also possible to anonymously report issues through the Company's online whistleblower service, or to the head of the Company's Internal Audit department. ICA retailers, i.e. business owners operating ICA stores (not employees of ICA Gruppen), are responsible for ensuring that their business is in compliance with external and internal rules. The Company and the ICA retailers' membership organisation, ICA-handlarnas Förbund, have together created an accountability board tasked with addressing matters relating to the commitments of the ICA retailers and

their responsibilities pursuant to the statutes of ICA-handlarnas Förbund. The accountability board can issue reminders or warnings and can expel members from ICA-handlarnas Förbund.



CORPORATE GOVERNANCE REPORT

ICA Gruppen's work on business ethics

ICA Gruppen's ethics and anti-corruption efforts are of crucial importance, and the Company takes active steps to maintain a high level of trust among customers, suppliers, employees, partners, shareholders and the community in general.

Business ethics are an integrated aspect of the recurring risk assessments that are made.

Anti-corruption work

As a major player with operations in several countries and suppliers spread across much of the globe, ICA Gruppen is exposed to risks relating to corruption and fraud. Neither ICA Gruppen nor its management accepts any form of corruption, bribery or unethical business practices and active steps are taken to ensure that this does not occur. ICA Gruppen works in accordance with a business ethics governance model that has been applied within the Group since 2015. This includes the Business Ethics Policy and its guidelines and procedures to monitor compliance with these, the whistleblower service, risk analysis, training, communication and reporting.

Internal and external framework for business ethics

Efforts to prevent business ethics risks are based on both external frameworks and internal rules and guidelines. The external frameworks include

the laws and regulations applicable to the business, industry practice and general good practice. ICA Gruppen's work on business ethics is also based on the Company's support of the UN Global Compact, the UN Sustainable Development Goals and the Swedish Anti-Corruption Institute's Code of Business Conduct.

The internal rules include ICA Gruppen's Business Ethics Policy and its associated guidelines. The Business Ethics Policy describes ICA Gruppen's anti-corruption stance and guidelines, including how to approach gifts and benefits, conflicts of interest and fair competition. In addition to the Business Ethics Policy and associated guidelines, there are also internal guidelines regarding corporate hospitality, meetings and travel.

ICA Gruppen's Business Ethics Policy specifies that the Group is to act and be perceived as a responsible and progressive actor. The policy includes guidelines and principles relating to business ethics, and these are to be followed by all employees. The basis for good business with and within ICA Gruppen is defined in the Business Ethics Policy and the Sustainability Policy. The Group's suppliers and partners are expected to follow the intentions of these and act ethically and responsibly. Suppliers and partners undertake to meet ICA Gruppen's requirements set out in agreements.

Responsibility and governance

ICA Gruppen's Board of Directors sets the Business Ethics Policy and makes revisions to it. Matters of an ethical nature are addressed by the Company's Sustainability Work Group and referred to the Sustainability Committee within ICA Gruppen's Board. Monitoring of the performance of operating companies is carried out according to ICA Gruppen's established process for monitoring compliance with policies and guidelines. Business ethics aspects are included in the annual risk analysis that is carried out for each company within the Group.

The members of the ICA Management Team have a responsibility to ensure that activities in their area of responsibility are conducted in accordance with the Group's Business Ethics Policy and guidelines. Managers within the Group are responsible for ensuring that the policy and its guidelines are implemented within the relevant target group. Each employee is responsible for following the policy and its guidelines and thereby helping to promote a sound culture of business ethics and a high level of ethical awareness within the Group.

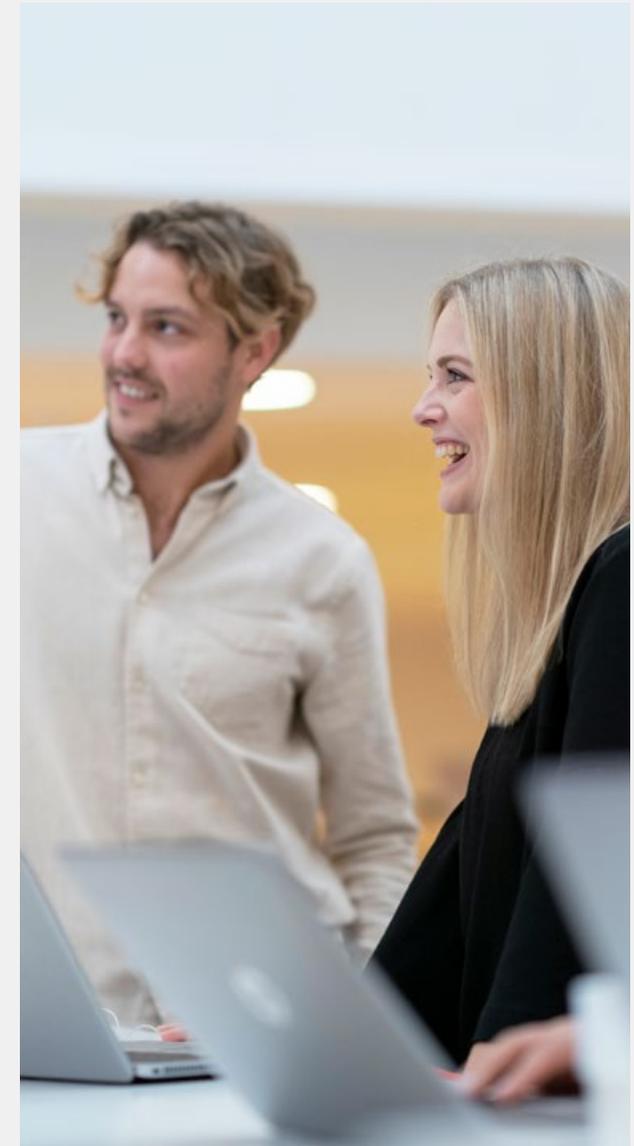
Training and follow-up

ICA Gruppen has produced internal online training to ensure that all employees are familiar with the Business Ethics Policy and act in accord-

ance with it. The training is mandatory for all white-collar employees within the Group and is also available to other employees. The number of employees who have completed the online training is monitored and reported internally. To complement the online training, teacher-led courses are provided to the groups of employees who are the most exposed to business ethics dilemmas. Additional information is also provided on an ongoing basis to spread awareness about business ethics within the Group. In 2020 a digital platform was established for training and information in the area of business ethics at ICA.

Whistleblower service

ICA Gruppen's external, web-based whistleblower service allows employees to anonymously report any irregularities that they believe contravene laws, rules or important position statements in ICA Gruppen's governing documents. The whistleblower service has clear procedures and processes for how to handle any issues reported. In 2020 the whistleblower service was available to employees in Sweden (except those working for individual store companies), in the Baltic states and in Asia.



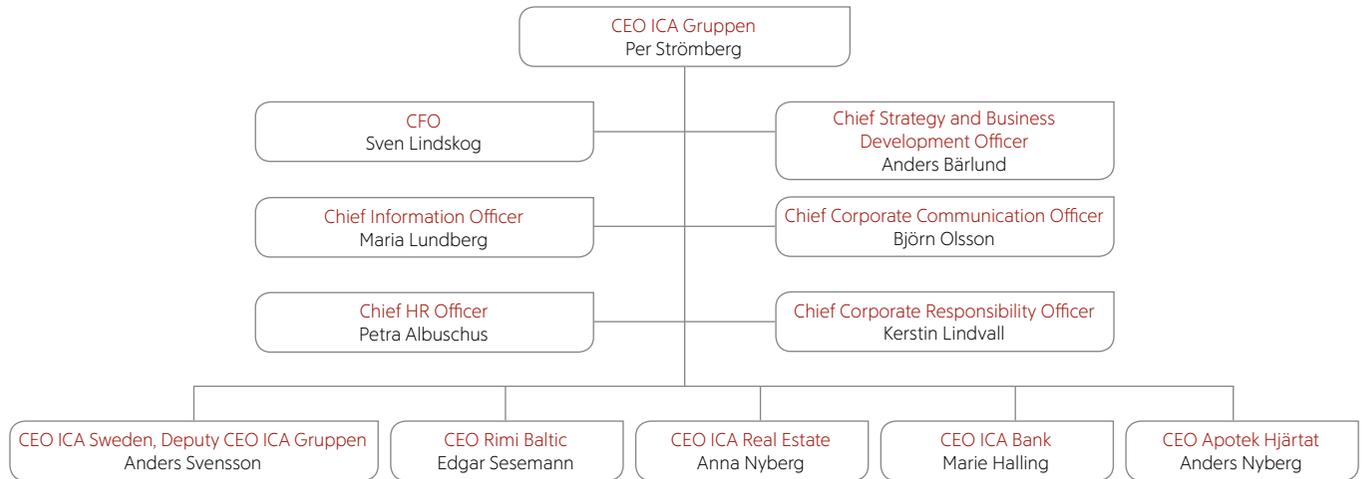
CORPORATE GOVERNANCE REPORT

14 CEO

CEO Per Strömberg is responsible for the day-to-day administration of the Company in accordance with the guidelines and instructions issued by the Board. In dialogue with the Chairman of the Board, the CEO also compiles an agenda for Board meetings and is responsible for providing the meetings with information documents and material as a basis for decisions. In addition, the CEO must ensure that the members of the Board receive information on ICA Gruppen's performance in order to make well-founded decisions. The Board has

approved Per Strömberg's significant assignments and financial commitments outside the Company, such as his positions as a member of the Steering Group for GEN-PEP and as a board member of The Consumer Goods Forum, EuroCommerce and ICC Sweden. The CEO has no significant shareholdings or proprietary involvement in companies with which the Company has significant business ties. An evaluation of the CEO was carried out by the Board in 2020 without the CEO and other members of management being present.

ICA Management Team



15 ICA Management Team

Alongside CEO Per Strömberg, the members of the ICA Management Team are the CFO, Chief HR Officer, Chief Strategy and Business Development Officer, Chief Information Officer, Chief Corporate Communication Officer, Chief Corporate Responsibility Officer and the CEOs of ICA Sweden (also Deputy CEO of ICA Gruppen), Apotek Hjärtat, Rimi Baltic, ICA Real Estate and ICA Bank. The ICA Management Team meets regularly to discuss matters relating to, for example, corporate governance, reporting and strategy. In addition, the ICA Management Team prepares information on matters where the rules of procedure

state that a decision by the Board is required, and assists the CEO in executing decisions made by the Board. In addition to their collective responsibility for the management of the Company, each member of the ICA Management Team bears individual responsibility for his or her respective area of the Company. At the beginning of each financial year the ICA Management Team assesses its work, focusing on the quality of decisions, agendas, the meeting structure, effectiveness and the ICA Management Team's overall performance.

Committees supporting the ICA Management Team

In support of the ICA Management Team's work, four committees have been established:

16 Sustainability Work Group

The Sustainability Work Group manages and prepares information on sustainability and is headed by Chief Corporate Responsibility Officer Kerstin Lindvall.

17 Group Risk Management Committee

The Group Risk Management Committee has overall responsibility for maintaining an overview of the Group's risk exposure by providing guidance and governance, and for reporting on significant changes in the risk profile. The Committee is headed by CFO Sven Lindskog.

18 Reward Group

The Reward Group addresses and prepares information on matters relating to employment terms for employees and is headed by the Chief HR Officer Petra Albuschus.

19 Retail Investment Committee

The Retail Investment Committee addresses and prepares information on investment-related matters and is headed by CEO Per Strömberg.

CORPORATE GOVERNANCE REPORT

ICA Management Team



Per Strömberg

CEO ICA Gruppen. Employed at ICA and member of ICA Management Team since 2012.



Petra Albuschus

Chief HR Officer (CHRO) ICA Gruppen. Employed at ICA since 2008 and member of ICA Management Team since 2015.



Anna Nyberg

CEO ICA Real Estate. Employed at ICA and member of ICA Management Team since 2020.



Anders Bärlund

Chief Strategy & Business Development Officer (CSO) ICA Gruppen. Employed at ICA and member of ICA Management Team since 2019.



Marie Halling

CEO ICA Bank. Employed at ICA and member of ICA Management Team since 2014.



Sven Lindskog

CFO ICA Gruppen. Employed at ICA and member of ICA Management Team since 2014.

Born	1963	1968	1973	1979	1963	1963
Education	Master of Science in Business and Economics	Master of Science in Engineering	Master of Science in Engineering	Master of Science in Engineering	Master of Laws	Master of Science in Business and Economics
Other assignments	Board member of The Consumer Goods Forum, EuroCommerce and ICC Sweden. Member of the steering group for GEN-PEP.	Board member Electra Gruppen AB.	—	—	Deputy board member Svenska Bankföreningen (Swedish Bankers' Association).	—
Experience	President and CEO Lantmännen (2007–2012) and Sardus AB (2006–2007). Kraft Foods (1988–2006), including as CEO Kraft Foods Sweden, CEO Kraft Foods Denmark, Business Development Director Kraft Foods International, London. Various managerial positions at Kraft Freia Marabou, Sweden.	SVP Logistics ICA Sweden (2008–2015). Procter & Gamble Nordic (1993–1998, 2005–2008), Procter & Gamble UK (1998–2001), Procter & Gamble ETC Belgium (2001–2005), including as Director of Logistics, Nordics.	Various roles at Vasakronan AB (2007–2020) including SVP Property Development, SVP Business Development, Head of Business Unit and Head of Retail, and member of Vasakronan's management team (2015–2020). Head of Property with responsibility for leasing, Hufvudstaden AB (2003–2007). Ericsson Radio Systems AB, DGS (2000–2003), Telaris Fastigheter (1997–2000).	McKinsey & Company (2004–2019), focusing on retail and consumer goods. Partner since 2013. Most recently responsible for McKinsey's work involving the retail sector's digital and commercial transformation in Asia, based in Manila in the Philippines.	Swedbank (2005–2014), including as head of the Eastern region and member of Swedbank's Group Executive Committee, head of Retail Banking and Private Banking. FöreningsSparbanken (1996–2005), including as head of Corporate Banking FöreningsSparbanken Stockholm.	CFO Höganäs Group (2007–2014). CFO Sardus Group (2006–2007). CFO Unilever Nordic (2005–2006). Other senior positions at Unilever Nordic (1998–2004). Unilever global head office, the Netherlands (1996–1998). Unilever Hungary (1994–1996). Unilever Sweden (1989–1993).
Shareholding	14,070 shares (incl. related parties).	1,690 shares (incl. related parties).	0 shares (incl. related parties).	0 shares (incl. related parties).	3,250 shares (incl. related parties).	2,100 shares (incl. related parties).

CORPORATE GOVERNANCE REPORT

ICA Management Team, cont.



Kerstin Lindvall

Chief Corporate Responsibility Officer (CCRO) ICA Gruppen. Employed at ICA since 1997 and member of ICA Management Team since 2016.



Maria Lundberg

Chief Information Officer (CIO) ICA Gruppen. Employed at ICA since 2015 and member of ICA Management Team since 2018.



Anders Nyberg

CEO Apotek Hjärtat. Employed at ICA and member of ICA Management Team since 2015 (CEO of Apotek Hjärtat since 2009).



Björn Olsson

Chief Corporate Communication Officer (CCCO) ICA Gruppen. Employed at ICA since 2004 and member of ICA Management Team since 2009.



Edgar Sesemann

CEO Rimi Baltic. Employed at ICA since 1999 and member of ICA Management Team since 2008.



Anders Svensson

CEO ICA Sweden and Deputy CEO (DCEO) ICA Gruppen. Employed at ICA and member of ICA Management Team since 2009.

Born	1971	1968	1956	1971	1961	1964
Education	Agronomist	Master of Science in Engineering	Studies in business and finance, DIHR (advertising and communication diploma)	Master's degree in Political Science, Economics and Commercial Law	Diploma in Market Economics	Master of Science in Business and Economics
Other assignments	Chief Corporate Responsibility Officer ICA Sverige AB. Board member UN Global Compact Sweden and member of Monitoring Board of the Swedish Chemicals Agency.	—	Board member Swedish Pharmacy Association and Humana AB.	—	Board member Stockholm School of Economics in Riga Foundation (SSE Riga).	Chairman Svensk Handel AB (Swedish Trade Federation). Board member Stadium AB, Swedish Food Retailers Federation and Confederation of Swedish Enterprise.
Experience	ICA Sweden (1997–), including as Chief Corporate Responsibility Officer (2010–), Head of Environment & Social Responsibility (2002–2009), Quality Specialist (1999–2001) and Head of Environment (1997–1999). Swedish Board of Agriculture, coordinator for EU funding (1996–1997).	CIO ICA Sweden (2015–2017), Head of Development Axfood IT (2011–2015), SVP Tieto Sweden AB Head of Retail & Services (2008–2010), other senior roles within Tieto (1999–2008).	Deputy CEO ICA AB (2006–2008) and Axfood (2001–2005). ICA (1992–2000), Deputy CEO ICA Sweden, SVP Strategy & Business Development, CEO ICA Öst. Ähléns (1988–1992), Regional Manager/Marketing Manager Livs. Chairman Swedish Pharmacy Association (2012–2016).	Head of Media Relations/Acting Head of Communications, Svensk Handel (Swedish Trade Federation) (2000–2003).	ICA, including as CEO Rimi Estonia (2008), Sourcing Director ICA AB, ICA Sverige AB and ICA Handlarnas AB (1999–2008). Business Unit Director Grocery KF Stormarknader (1992–1998). Category Director B&W Stormarknader (1990–1992). Departmental Manager B&W Falkenberg and B&W Täby (1986–1990).	Arla Foods (2002–2009), including as SVP Arla Foods Consumer Nordic, Managing Director Arla Foods Sweden. Procter & Gamble Nordic and Procter & Gamble UK (1993–2002) including as Director of Logistics, Nordic, and Sales Director, Sweden. Andersen Consulting (1988–1993), Consultant.
Shareholding	750 shares (incl. related parties).	0 shares (incl. related parties).	13,639 shares (incl. related parties).	1,923 shares (incl. related parties).	3,100 shares (incl. related parties).	4,740 shares (incl. related parties).

Guidelines for remuneration of senior executives

The Annual General Meeting 2020 approved the following guidelines for remuneration of senior executives.

Senior executives in this context are the CEO of ICA Gruppen, the Deputy CEO of ICA Gruppen and the senior executives making up the executive management of ICA Gruppen.

How the guidelines promote the Company's and the Group's business strategy, long-term interests and sustainability

In brief, the Company's and the Group's business strategy is aimed at ensuring lasting growth and profitability in a market in major transition. One of the strategic objectives determining priorities is that ICA is to be a positive force in the community. This means that ICA aspires to lead the development towards a more sustainable and healthier society. More information on the Company's strategic priorities can be found in the Company's Annual Report and on the Company's website, among other places.

To successfully implement the Company's and the Group's business strategy and safeguard the long-term interests of the Company and the Group, the Company and the Group need to be able to recruit, develop and retain senior executives with relevant experience, expertise and advanced leadership skills. It is therefore important that the Company and the Group

are able to offer their senior executives a competitive remuneration package.

On this basis, the Company and the Group must seek to offer their senior executives terms that provide motivation and are in line with market levels, and that are also well-balanced and reasonable based on the executives' expertise, responsibilities and performance.

The guidelines for remuneration aim to provide a clear framework for remuneration of senior executives so that terms can be formulated that benefit the Company's business strategy and long-term interests – including its lasting growth and profitability – and that contribute to long-term growth in shareholder value.

Components of the remuneration package

The remuneration package is to be in line with market levels and may consist of the following components:

- Fixed cash remuneration
- Variable cash remuneration
- Pension benefits
- Other benefits

Fixed cash remuneration

The fixed cash remuneration for senior executives is to be in line with the market and based on responsibilities, expertise and performance. The level

of fixed cash remuneration is to be reviewed regularly, usually annually.

Variable cash remuneration

Senior executives may be included in two variable remuneration programmes taking the form of a cash bonus, one of which runs for one year ("Annual Bonus Programme") and the other for three years ("Long-term Bonus Programme").

The variable cash remuneration is to be linked to pre-determined and measurable criteria which may be financial or non-financial. The criteria are to be designed so as to promote the Company's and the Group's business strategy and long-term interests, including sustainability, by being clearly linked to business targets and/or the Company's and the Group's strategies.

The Board of Directors makes decisions regarding:

- Whether a new Annual Bonus Programme is to be launched
- Whether a new Long-term Bonus Programme is to be launched
- The structure and details of the bonus programmes, based on these guidelines
- Cost frameworks for the bonus programmes
- The financial targets for the Annual and Long-term Bonus Programmes

- Adjustments to the arrangements of current bonus programmes in extraordinary circumstances
- Authorisation of the Company's Remuneration Committee to make decisions regarding variable cash remuneration, with the authorisation effective from time to time being regulated by instructions for this work

Financial targets

Financial targets that the Company generally considers to have a good link to promotion of the Company's and the Group's business strategy, long-term interests and lasting growth are:

- Operating profit/loss (EBIT)
- Net sales growth
- Market share growth
- Return on capital employed (ROCE)
- Operating working capital days

In bonus programmes covering senior executives the figures stated above are to be weighted such that, combined, they make up at least 60% of the total potential outcome relating to financial targets.

Assessing the fulfilment of criteria

At the end of the measurement period for fulfilment of the criteria for paying variable cash remuneration it shall be determined to what extent the criteria have been fulfilled. This assessment

shall be based on an evaluation of the criteria as they are described in the senior executives' bonus agreements.

A maximum level of combined variable remuneration shall be set for each senior executive and year. The total variable cash remuneration paid to the CEO of ICA Gruppen shall not exceed 100% of annual basic salary and holiday supplement. For other senior executives the total variable cash remuneration paid shall not exceed 50% of annual basic salary and holiday supplement.

The amounts paid under variable remuneration programmes shall not be pensionable, unless stated otherwise in the rules of any collectively agreed pension plans that are applied.

Payment of variable cash remuneration shall be conditional upon the senior executive remaining employed for the full term of the bonus programme. If a senior executive retires during the term of a programme, payment may be allowed provided that the senior executive participated in the programme for at least two thirds of its term.

Annual Bonus Programme

The total bonus paid to the CEO of ICA Gruppen under the Annual Bonus Programme shall not exceed 50% of annual basic salary and holiday supplement. For other senior executives the total bonus paid under the Annual

Bonus Programme shall not exceed 25% of annual basic salary and holiday supplement.

The framework for the total potential outcome of the Annual Bonus Programme shall be as follows:

- At least 50% of the total potential outcome shall be based on the outcome for financial targets. These may be measured at both Group and/or unit level.
- Up to 50% of the total potential outcome may be based on non-financial targets. These shall normally be linked to business targets and/or strategies at Group and/or unit level.

The targets shall be reviewed ahead of the launch of each new Annual Bonus Programme so that they are relevant in terms of the current strategic focus and priorities.

Long-term Bonus Programme

The total bonus paid to the CEO of ICA Gruppen under the Long-term Bonus Programme shall not exceed 50% of annual basic salary and holiday supplement. For other senior executives the total bonus paid under the Long-term Bonus Programme shall not exceed 25% of annual basic salary and holiday supplement.

The framework for the total potential outcome in the Long-term Bonus

CORPORATE GOVERNANCE REPORT

Programme shall be as follows:

- At least 30% of the total potential outcome shall be based on the outcome for financial targets. These may be measured at both Group and/or unit level.
- At least 30% of the total potential outcome shall be based on the relative financial outcome. This is assessed by comparing the results for financial key ratios that are considered to contribute to long-term growth in shareholder value with the corresponding key ratios for a pre-determined comparison group of companies with similar operations. The outcome shall be dependent on the Company's ranking in comparison with this group.
- At least 15% of the total possible outcome shall be based on targets clearly linked to the Company's and the Group's aspiration to lead the development towards a more sustainable and healthier society.

Special arrangements for variable remuneration programmes at credit institutions

Due to the stricter rules on remuneration programmes at credit institutions, the CEO of ICA Bank is not covered by the variable remuneration programmes launched for senior executives. This is taken into account – within the framework of applicable guidelines – when the total remuneration package is determined for the CEO of ICA Bank.

Pension benefits – retirement pension

Senior executives may be covered by an individually designed pension plan or a collectively agreed pension plan.

Individually designed pension plan

Senior executives who are covered by an individually designed pension plan shall have a total premium for retirement pension, including waiver of premium, amounting to a maximum of 40% of annual basic salary and holiday supplement.

Collectively agreed defined contribution pension plan

For senior executives with contracts stating that they will receive a pension in accordance with a collectively agreed defined contribution pension plan, premiums will be paid in accordance with the detailed terms of the collectively agreed pension plan.

The Company has no direct influence over the maximum premium levels for collectively agreed pension plans and consequently no maximum premium is stated in these guidelines.

Collectively agreed defined benefit pension plan

For senior executives with contracts stating that they will receive a collectively agreed pension plan that is principally a defined benefit plan, premiums will be paid in accordance with the detailed terms of the collectively agreed pension plan.

The Company has no direct influence over the maximum premium levels for collectively agreed pension plans and consequently no maximum premium is stated in these guidelines.

Pension benefits – disability pension

Disability benefits for senior executives shall be designed so as to replicate the benefits paid under collective agree-

ments applied within the Company and the Group. In addition, senior executives may be offered financial cover for any higher salary elements for which collective agreements do not provide compensation in the form of disability benefits.

The Company has no direct influence over the maximum premium levels for disability insurance and consequently no maximum premium is stated in these guidelines.

Other benefits

The cost of other benefits for senior executives employed in Sweden shall not normally exceed of 15% of fixed annual cash salary. Examples of other benefits which senior executives employed in Sweden may receive include a company car, health insurance, domestic services and financial cover for family/survivors. In special cases the cost may exceed 15%, but shall not then exceed 70% of fixed annual cash salary. Where a decision is taken to allow the cost to exceed 15% there must be special circumstances. Examples of special circumstances include overnight accommodation or visits home that are taxed as benefits where these are paid for in full or in part by the employer for a limited period of time due to the executive's family residing in a different location to the executive's place of work.

Employment arrangements that are entirely or partly subject to rules other than Swedish rules

Senior executives whose employment arrangements are entirely or partly regulated by rules other than Swedish

rules may receive a level of remuneration or remuneration components that deviate from these guidelines. However, the total remuneration shall be assessed as being relevant as regards promoting the Company's and the Group's business strategy, long-term interests and sustainability, and the terms shall be adapted to binding legislation, regulations and practice in the market concerned.

Senior executives whose terms of employment are entirely or partly regulated by rules other than Swedish rules may be covered by an expanded package of other benefits. The value of this expanded package shall not exceed 200% of their fixed annual cash salary. Examples of benefits that may be included in an expanded package include paid accommodation, insurance for working abroad, payment of school fees for accompanying children and paid visits home for the family.

Remuneration in extraordinary circumstances

Additional remuneration may be paid in extraordinary circumstances, provided that such extraordinary arrangements are made only at an individual level and with a view to either recruiting or retaining a senior executive, or as compensation for extraordinary work beyond an individual's usual duties. Such remuneration may not be paid in an amount exceeding 100% of fixed annual cash salary per year and senior executive. Decisions on such remuneration shall be made by the Board of Directors after being prepared by the Remuneration Committee.

Terms relating to termination of employment and severance pay

A mutual notice period of six (6) months shall apply to senior executives. Severance pay corresponding to a maximum of 12 months of fixed cash salary may be payable to senior executives if the employer terminates the employment. Any earnings from new employment shall be deducted from such severance pay.

If a senior executive resigns, the employer may choose to invoke a non-competition clause in cases where such a clause has been agreed. During the period the non-competition clause applies, the employer will pay compensation equivalent to a maximum of 60% of fixed salary. Severance pay and compensation paid during the non-competition period shall not be pensionable.

Consideration of remuneration and employment terms for other employees

In preparing the Board's proposal for these guidelines on remuneration, consideration was given to the salaries and employment terms of the Company's and the Group's other employees. To do this, the Remuneration Committee and the Board of Directors took into consideration information concerning the employees' remuneration and remuneration components, as well as the rate of increase in remuneration over time, as part of their assessment of whether the guidelines are reasonable.

Decision process for establishing, reviewing and implementing the guidelines

The Remuneration Committee shall monitor and evaluate the application of

the guidelines, variable remuneration programmes for senior executives that are ongoing and those that were concluded during the year, as well as remuneration structures and levels within the Company and the Group. For each financial year the Board of Directors shall prepare a remuneration report and make this available to shareholders on the Company's website at least three weeks prior to the Annual General Meeting.

The duties of the Remuneration Committee include preparing the Board's resolution on proposed guidelines for remuneration of senior executives. The Board is to prepare proposed new guidelines at least every four years and submit the proposal for decision at the Annual General Meeting. The guidelines shall apply until new guidelines have been adopted by the Annual General Meeting.

Proposed new/revised fixed cash remuneration and variable cash remuneration for the CEO of ICA Gruppen shall be prepared by the Remuneration Committee for decision by the Board of Directors. The CEO of ICA Gruppen shall not be present when the Board is deciding on these matters.

Deviation from the guidelines

The Board of Directors may decide to deviate entirely or partly from the guidelines in individual cases provided that there are judged to be special circumstances that make it necessary to deviate from the guidelines in order to satisfy the long-term interests of the Company and the Group or to ensure the financial viability of the Company and the Group.

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Data protection within ICA Gruppen

ICA Gruppen continues to drive its data protection work with the aim of creating trust by always putting individuals' privacy at the heart of these efforts. The work is structured and continuous, and is led by the Company's Privacy Office along with the Data Protection Officers in the Group. In 2020 this involved, among other things, work to improve the systematic approach taken by the companies to achieve sustainable compliance, action to mitigate risks identified and continued adaptation of systems, processes and structures to ensure compliance with the data protection legislation in force within the geographic and sectoral areas where the Company operates.

A key aspect of maintaining and developing the Group's data protection processes is the administrative

structure that has been established. The structure is based on the fact that responsibility for data protection lies with the operations within each company, with a supporting organisation. The Privacy Office is a Group-wide unit consisting of data protection experts who advise the operations and also drive and coordinate the data protection work jointly with the Group's Data Protection Officers. The companies in the Group that process a not insignificant amount of personal data have a Data Protection Officer (DPO), a data protection unit, a personal data controller for each particular business area and supporting Data Protection Guardian(s) (DPG). These are to ensure that the company in question handles personal data in compliance with the data protection legislation in

force and the Group's internal governing documents.

Identified data protection risks are to be managed by each operating company and in certain cases escalated from that company's risk group to the Group Risk Management Committee in accordance with ICA's risk management process.

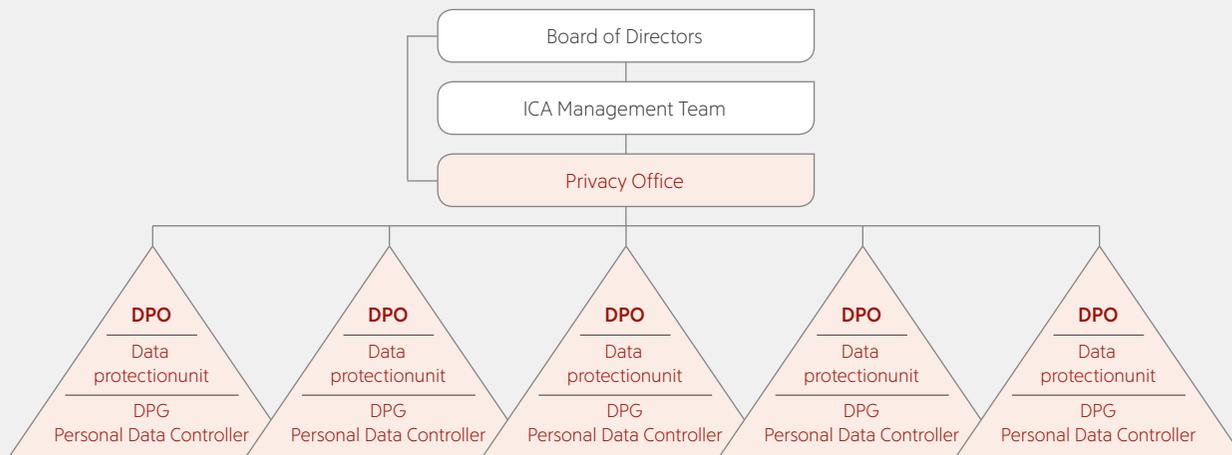
During the year the Privacy Office worked on various improvements in areas where risks had been identified after monitoring compliance within the Group or in connection with new data protection practices. The Privacy Office also focused on establishing sustainable compliance using enhanced management resources.

The Head of Privacy Office reports on the data protection work on a regular basis to the ICA Management Team and the Board, while the Data

Protection Officers report to their respective companies' management.

Managers within the Group are responsible for the Group's Data Protection Policy and associated guidelines being implemented in the operations. All members of the ICA Management Team have a responsibility to ensure that activities in their area of responsibility are conducted in accordance with the GDPR and the Data Protection Policy with its associated guidelines.

The Company has a process based on ISO 27035 for dealing with personal data breaches. The Group's employees have been informed about and are constantly reminded of what a personal data breach is and of what is expected of the employees in terms of reporting.



Corporate governance within ICA Bank

As a credit institution ICA Bank has special financial rules and regulations to adhere to regarding governance, risk management and internal control.

ICA Bank's Board of Directors has ultimate responsibility for ensuring that ICA Bank has satisfactory control over the risks that are associated with its operations. The bank's Board must ensure that the risk framework functions in a way that does not jeopardise ICA Bank's ability to meet its obligations.

ICA Bank has a structure for corporate governance and risk management based on the principle of the first, second and third line of defence:

The first line of defence involves governance and risk management within the day-to-day business operations. It is the business operations that have the delegated responsibility for implementing ICA Bank's established risk strategy and for ensuring that the bank stays within the parameters set by the Board of Directors.

The second line of defence consists of the Risk Control unit and the Compliance unit which, among other things, oversee, control and report on the bank's risks and on the bank's compliance with internal and external rules. These units report to the bank's CEO and present reports on an ongoing basis to the bank's CEO and Board.

The Risk Control unit is an independent unit that is responsible for coordinating, supervising and monitoring the risk management carried out in the first line of defence to ensure compliance with internal and external rules. Risk Control is to provide support and advice to ICA Bank's business operations in their risk management and in the implementation of risk management and risk control rules.

The Compliance unit is an independent unit that is responsible for identifying areas where there is a risk that ICA Bank will not fulfil its obligations according to laws, regulations and other rules that govern the licensed operations, and to verify that this risk is managed by the departments concerned. Compliance also provides advice and support to the bank's business operations and Board, and verifies that the internal rules and compliance procedures are followed.

The third line of defence is Internal Audit. This is an independent auditing unit that supports ICA Bank's Board in its evaluation of management as well as risk management, governance and control within the operations. Internal Audit also reviews and evaluates the Risk Control and Compliance units. For a more detailed description of ICA Bank's corporate governance, see the bank's website (icabanken.se) and the report entitled "Årlig information om kapitaltäckning och riskhantering" which is on the bank's website (Swedish only).

CORPORATE GOVERNANCE REPORT

The Board's report on internal control over financial reporting

This section has been prepared in accordance with the Swedish Corporate Governance Code and Annual Accounts Act, and describes the Company's internal control and risk management in relation to financial reporting. The aim is to provide shareholders and other stakeholders with an understanding of how internal control over financial reporting is organised within the Company.

The Board of Directors is responsible for ensuring that ICA Gruppen has good internal control and processes to guarantee compliance with established principles for financial reporting and internal control. The Board is also responsible for ensuring that financial reporting conforms to the Swedish Companies Act, applicable accounting standards and other requirements applicable to listed companies.

ICA Gruppen's work on internal control over financial reporting is defined by the Group's "Framework for internal control over financial reporting". The framework is based on two components and five recurring activities. The components are i) laws, rules and regulations and

governing documents, and ii) roles and responsibilities. The recurring activities are i) selection, ii) risk assessment, iii) define and implement checks, iv) evaluate and report compliance and v) improvement activities. ICA Gruppen's framework is based on the framework for internal governance and control produced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework has five basic components: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring and Improvement Activities.

1. Control Environment

A good control environment forms the foundation for an effective internal control system within a company. A good control environment is built on an organisation with clear decision paths, where authority and responsibilities are distributed based on governing documents and where there is a corporate culture with shared values. The control environment is also affected by the actions of management and individual employees based on these values. The Board's rules of procedure and the instructions for the CEO ensure a clear division of roles and responsibilities designed for effective control and management of operational risks. The Board has also adopted a number of basic policies and governing documents of significance for maintaining effective control, such as the Bill of Authority, Risk Management Policy, Financial Policy, HR Policy, Sustainability Policy, Business Ethics Policy and Communication Policy. Management has also established guidelines for financial reporting and for preventing and identifying irregularities.

2. Risk Assessment

The Audit Committee is responsible for ensuring that significant risks of errors in

financial reporting are identified and managed. Within ICA Gruppen there is continuous dialogue with each operating company to ensure good internal control and awareness of operational risks. For a description of the Group's risks and risk management, see the section "Risks and risk management" on pages 43–48 of the Annual Report.

3. Control Activities

ICA Gruppen's internal control structure for financial reporting is based on established policies and guidelines. The point of departure for ICA Gruppen's internal control structure is the Group's business-critical processes, in which control activities have been implemented based on the assessed risk of errors in financial reporting. The Company mainly uses three types of controls:

1. Group-wide controls relating to adherence to the Group policies and guidelines.
2. Process controls for the Group's business-critical processes. Many different types of activities are included, such as approval, permits, reconciliation, scrutiny of business results, securing assets and division of responsibilities. These control activities are aimed at managing the risk of errors in each of the pro-

cesses. The controls that manage the material risk of errors are classified as key controls and are included in the Group's regular monitoring of internal control.

3. IT controls relating to IT processes, the IT platform and IT applications that are critical from a financial or commercial perspective.

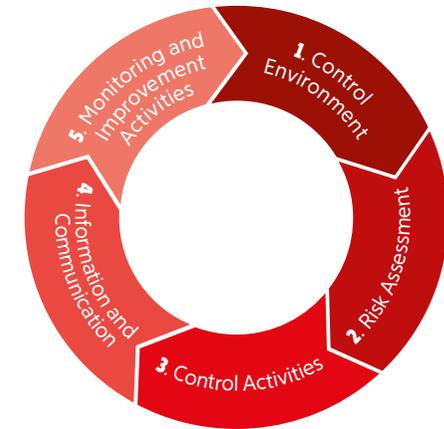
4. Information and Communication

Effective and correct communication of information, both internally and externally, is important for ensuring complete and accurate financial reporting at the right time. Policies, procedures, handbooks and other documents of significance for financial reporting are updated and communicated to the relevant employees on an ongoing basis. The Group's Accounting department has direct operational responsibility for ongoing financial accounting and works to achieve consistent application of the Group's guidelines, principles and instructions for financial reporting. Subsidiaries and operating units provide regular financial reporting and report on operating activities to the ICA Management Team, which in turn reports to the Board of Directors. The Communication Policy and associated

guidelines ensure that external communication is transparent, accurate, relevant and reliable, and otherwise meets the requirements for companies listed on Nasdaq Stockholm. Financial information is provided regularly through annual reports, interim reports, press releases and notices on the Company's website, icagruppen.se/en.

5. Monitoring and Improvement Activities

The Board continually assesses the information submitted by the ICA Management Team and the Audit Committee. The Audit Committee's monitoring of the efficiency of internal control is of particular importance. As part of the monitoring process, Internal Audit reports quarterly and Internal Control twice a year to the Audit Committee. These reports describe any deficiencies identified in internal control and the plan of action established to deal with these. The monitoring process thus ensures that action is taken to deal with any deficiencies and that proposed measures arising from internal and external audits are heeded. In addition, the ICA Management Team, Internal Audit and Internal Control review and follow up as described in this section.



Shares and shareholders

The share price decreased by 6% during the year and the Board of Directors is proposing an increased dividend of SEK 13.00 per share (12.00).

ICA Gruppen is in the Large Cap segment and in the Consumer Staples sector index according to the Nasdaq Stockholm classification.

Share price development and return

The ICA Gruppen share reached its highest price for the year of SEK 473.80 on 13 October. The lowest price of SEK 337.70 was on 16 March. At the end of the year the share price was SEK 410.90 resulting in a share price decrease of 6% in 2020. This is equivalent to a market capitalisation of SEK 82,651 million.

Since 8 December 2005, when the Company was listed on the stock exchange, the share has provided a

total return of 866%. In the same period the OMXSGI provided a return of 440.1%.

On Nasdaq Stockholm trading volume for ICA Gruppen shares was just above 108 million shares for a value of just over SEK 45.7 billion in 2020, equivalent to an average daily trading volume of more than 430,478 shares. On average, shares were traded for almost SEK 182 million per day during the year. Trading on Nasdaq Stockholm during the year accounted for approximately 41% of all trading in ICA Gruppen shares. The remaining trading took place on Cboe BXE (17%), Cboe CXE (6%), LSE (6%) Turquoise (<2%) and several other trading places (28%).

Shareholders

The number of shareholders as of 31 December 2020 was 71,423, an increase of 17,591 shareholders compared with the previous year. The largest shareholder on the same date was ICA-handlarnas Förbund with 54% of the shares and votes in ICA Gruppen. The remaining 46% are owned by institutional investors and private individuals in Sweden and other countries. At the end of the year, 18.1% (21.1) of the shares were foreign-owned.

Share capital

ICA Gruppen's share capital amounts to SEK 502,866,987.50 distributed

among 201,146,795 shares with a quota value of SEK 2.50. All shares carry the same number of votes.

Dividend

The Board of ICA Gruppen proposes a dividend of SEK 13.00 per share for 2020, or a total of SEK 2,615 million. The targets established by the Board of Directors include ICA Gruppen providing an annual dividend to shareholders long-term of at least 50% of profit for the year. The dividend proposed by the Board is equivalent to 63% of the Group's profit for the year.

The Board's full dividend proposal is presented in the notice of the AGM.

Largest shareholders as of 31 December 2020

Shareholder	Number of shares	Share, %
ICA-handlarnas Förbund	108,643,330	54.0
Blackrock	4,162,685	2.1
Spiltan Fonder	2,921,923	1.5
AMF Pension & Fonder	2,432,490	1.2
Vanguard	2,322,422	1.2
Handelsbanken Fonder	1,912,825	1.0
Swedbank Robur Fonder	1,593,594	0.8
Folksam	1,341,316	0.7
Leif Jönsson	1,279,601	0.6
Livförsäkringsaktiebolaget Skandia	1,249,186	0.6
Ten largest shareholders, total	127,859,372	63.6
Other shareholders	73,287,423	36.4
Total	201,146,795	100.0
<i>Of which foreign shareholders in total</i>	<i>36,311,013</i>	<i>18.1</i>

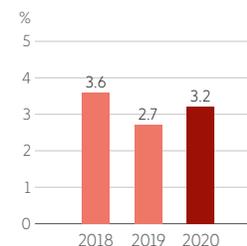
Source: Euroclear Sweden AB and Modular Finance AB. The table may reflect aggregate shareholdings of each shareholder.

Holdings

Holding, no. of shares	No. of shareholders	Capital and votes, %
1-500	64,776	2.1
501-1,000	2,747	1.1
1,001-5,000	2,777	3.1
5,001-10,000	438	1.6
10,001-15,000	172	1.1
15,001-20,000	101	0.9
20,001-	412	84.5
Anonymous ownership		5.5
Total	71,423	100.0

Source: Monitor by Modular Finance AB. Data compiled and processed by Euroclear, Morningstar and the Swedish Financial Supervisory Authority, among others.

Dividend yield



Information for the capital market (Investor Relations)

ICA Gruppen's objective is to provide shareholders, debt investors, analysts, lenders and other stakeholders with fast, clear, consistent and real-time information about the Group's activities and financial position. ICA Gruppen's external reports are to reflect the Company's progress towards long-term goals and priorities, and give information about other important changes that affect the monitoring and assessment of ICA Gruppen's financial position. The financial information is to provide a good insight into the Company's financial performance and enable the reader to make an assessment of ICA Gruppen's long-term development. Transparency creates an understanding of the financial performance, the decisions that are made and of the business and the industry as a whole. All financial reports, presentations and press releases as well as other relevant information about ICA Gruppen are available on the Company's website, which is updated on an ongoing basis.

SHARES AND SHAREHOLDERS

Analysts following ICA Gruppen

Company	Analyst	Tel. no.	email
ABG Sundal Collier	Fredrik Ivarsson	+46 8 566 286 95	fredrik.ivarsson@abgsc.se
Barclays	Nicolas Champ	+33 144 58 32 45	nicolas.champ@barclays.com
Carnegie	Niklas Ekman	+46 8 588 686 92	niklas.ekman@carnegie.se
Danske Bank	Daniel Schmidt	+46 767 21 60 36	daniel.schmidt@danskebank.se
DNB	Ebba Björklid	+44 7 794 817 986	ebba.bjorklid@dnb.no
Exane BNP Paribas	Andrew Gwynn	+44 20 3430 8576	andrewgwynn@exanebnpparibas.com
Handelsbanken	Nicklas Skogman	+46 8 701 31 28	nisk03@handelsbanken.se
Kepler Cheuvreux	Magnus Råman	+46 8 723 51 74	mraman@keplercheuvreux.com
Nordea	Daniel Ovin	+46 733 577 226	daniel.ovin@nordea.com
SEB	Gustav Hageús	+46 8 522 297 45	gustav.hageus@seb.se

Share information

Marketplace: Nasdaq Stockholm, Large Cap segment

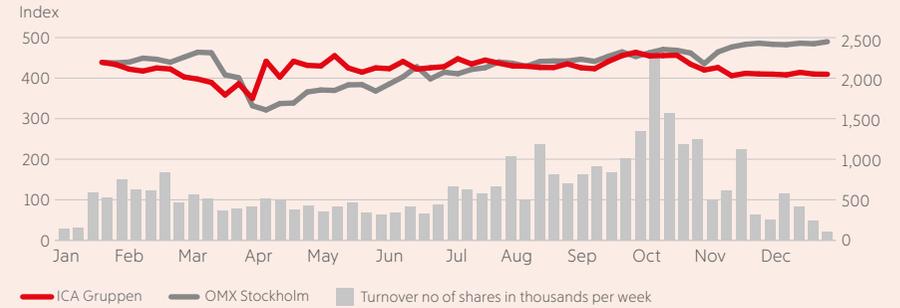
Ticker	ICA
ICB code	5300
ISIN code	SE0000652216
Round lot	1
Market cap as of 31 December 2020, SEK m	82,651
Share price as of 31 December 2020, SEK	410.90
Change during the year, %	-6.02
Highest price for the year, SEK	473.80
Lowest price for the year, SEK	337.70

Share data

	2020	2019	Recalculated 2018 ¹
Earnings per share, SEK	20.65	17.06	17.35
Cash flow per share, SEK	57.88	48.46	51.34
Equity per share, SEK	174.07	167.06	163.29
Dividend per share, SEK	13.00	12.00	11.50
Dividend payout ratio, %	63	70	66
Share price at year-end, SEK	410.90	437.20	316.80
Dividend yield, %	3.2	2.7	3.6
P/E ratio	19.9	25.6	18.3
Share price/equity, %	236	262	194
Total no. of outstanding shares at end of year	201,146,795	201,146,795	201,146,795
Average no. of shares	201,146,795	201,146,795	201,146,795

¹ In addition to the formal IFRS reports, amounts in the Recalculated column are presented as if IFRS 16 had been applied from 1 January 2018.

Share price development 2020



Share price development 2016–2020



Total return 2016–2020



Source: Infront

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Financial key ratios

ICA Gruppen uses a number of financial key ratios in its annual report, 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 are considered to be ones that are generally accepted and applied in the industries in which ICA Gruppen operates. A description of and performance in relation to the financial targets set by the Board can be found on page 25. Measurement data and definitions are also available at icagruppen.se/en.

The introduction of IFRS 16 in 2019 had a substantial effect on ICA Gruppen's financial reports. To facilitate comparison, alongside the formal comparative figures for 2018 ICA Gruppen presented the 2018 figures recalculated for IFRS 16. The 2018 figures were recalculated as if IFRS 16 had been applied from 1 January 2018, with the leases that were effective at the time. The segments within ICA Gruppen report all rentals as operating leases. Segment reporting therefore remains unchanged following the introduction of 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 outstanding shares.

C/I ratio (ICA Bank)

Total costs in relation to total income.

Credit loss ratio (ICA Bank)

Credit losses in relation to average lending.

Common Equity Tier 1 ratio (ICA Bank)

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

Divestments

Payments received for property, plant and equipment and intangible assets sold during the period according to the statement of cash flows.

Dividend yield (shares)

Proposed dividend in relation to the share price at year-end.

Earnings per share

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

EBITDA

Operating profit before depreciation, amortisation and impairments (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 minus cost of goods sold.

Investments

Investments in property, plant and equipment and intangible assets paid during the period according to the statement of cash flows.

Items affecting comparability

Gains/losses on the divestment of non-current assets, impairments and major restructuring.

Like-for-like store sales

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

Net debt

Interest-bearing liabilities excluding 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 debt excl. IFRS 16

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

Net interest income (ICA Bank)

The difference between interest paid and received by the bank.

Net margin

Profit for the period in relation to net sales.

Occupancy rate (ICA Real Estate)

Market rent for leased premises divided by total rental value (contracted annual rent + market rent for unleased premises).

Operating margin

Operating profit as a percentage of net sales.

Operating profit

Profit before net financial items and tax.

Property yield (ICA Real Estate)

Net operating income in relation to average book value of properties.

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.

For the glossary, see page 136.

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Alternative performance measures

Reconciliation EBITDA

SEK m	2020	2019
Operating profit	5,774	4,934
Depreciation/amortisation	5,305	5,219
Impairment and impairment reversed	63	39
Operating profit before depreciation/amortisation (EBITDA)	11,141	10,193

Reconciliation Net debt, excluding ICA Bank

SEK m	2020	2019
Long-term bonds and non-current interest-bearing liabilities	-4,173	-2,713
Short-term bonds and current interest-bearing liabilities	-2,044	-2,340
Cash and cash equivalents	1,309	846
Net debt excl. IFRS 16	-4,904	-4,207
Non-current lease liabilities	-11,902	-12,521
Current lease liabilities	-3,095	-3,389
Net debt	-19,901	-20,117

Reconciliation Capital employed, excluding ICA Bank

SEK m	2020	2019
Equity	35,226	33,844
Provisions for pensions	4,256	3,928
Other provisions	7	37
Long-term bonds and non-current interest-bearing liabilities	4,173	2,713
Short-term bonds and current interest-bearing liabilities	2,044	2,340
Other non-current liabilities	183	87
Non-current lease liabilities	11,902	12,521
Current lease liabilities	3,095	3,389
Capital employed	60,887	58,859

For an explanation of why these key performance measures have been used, refer to page 25.

Five-year financial summary

SEK m	Actual 2020	Actual 2019	Recalculated 2018 ¹	Actual 2018 ²	Actual 2017 ²	Actual 2016 ²
Income statement						
Net sales	126,283	119,295	115,354	115,354	109,408	106,643
Operating profit before depreciation/amortisation (EBITDA)	11,141	10,193	9,850	6,302	6,756	6,238
Operating profit excluding items affecting comparability	5,831	5,356	4,811	4,651	4,642	4,669
Operating profit	5,774	4,934	4,658	4,498	5,220	4,518
Profit before tax	5,308	4,402	4,057	4,227	4,853	4,154
Profit for the year from continuing operations	4,173	3,450	3,508	3,647	4,145	3,397
Profit for the year	4,173	3,450	3,508	3,647	4,145	3,418
Balance sheet						
Non-current assets	83,744	79,789	77,802	61,640	58,711	55,941
Cash and cash equivalents and short-term investments	4,584	3,157	3,206	3,206	4,499	3,974
Other current assets	16,059	15,981	15,382	15,805	14,790	16,208
Total assets	104,388	98,927	96,391	80,651	78,000	76,123
Equity	35,226	33,844	33,110	33,249	32,017	29,688
Non-current liabilities	24,500	23,182	23,545	11,022	11,140	14,538
Current liabilities	44,661	41,901	39,736	36,380	34,843	31,897
Total equity and liabilities	104,388	98,927	96,391	80,651	78,000	76,123
Cash flow						
From operating activities	11,641	9,748	10,326	6,802	4,601	5,422
From investing activities	-5,309	-2,900	-3,593	-3,593	632	-1,694
From financing activities	-4,911	-6,895	-8,036	-4,512	-4,693	-4,251
Cash flow for the year	1,422	-48	-1,303	-1,303	540	-523
Cash flow for the year from operating activities, continuing operations	11,641	9,748	10,326	6,802	4,601	5,422

SEK m	Actual 2020	Actual 2019	Recalculated 2018 ¹	Actual 2018 ²	Actual 2017 ²	Actual 2016 ²
Key ratios						
Operating margin excluding items affecting comparability, %	4.6	4.5	4.2	4.0	4.2	4.4
Operating margin, %	4.6	4.1	4.0	3.9	4.8	4.2
Net margin, %	3.3	2.9	3.0	3.2	3.8	3.2
Return on capital employed, %	9.2	7.9	7.7	10.2	12.3	10.5
Return on equity, %	11.7	10.1	10.6	11.1	13.4	11.9
Equity/assets ratio, %	33.7	34.2	34.4	41.2	41.0	39.0
Capital employed excl. ICA Bank, average	61,355	59,278	58,251	42,648	41,938	43,050
Net debt	-19,901	-20,117	-20,988	-5,079	-5,598	-9,758
Net debt/EBITDA	1.8	2.0	2.1	0.8	0.8	1.6
Share data						
Earnings per share for the year, continuing operations, SEK	20.65	17.06	17.35	18.05	20.53	16.87
Earnings per share for the year, SEK	20.65	17.06	17.35	18.05	20.53	16.97
Equity per share, SEK	174.07	167.06	163.29	163.98	157.70	147.48
Cash flow per share from operating activities, continuing operations, SEK	57.88	48.46	51.34	33.82	22.87	26.96
Cash flow per share from operating activities, SEK	57.88	48.46	51.34	33.82	22.87	26.96
Dividend per share, SEK	13.00	12.00	11.50	11.50	11.00	10.50
Dividend, SEK m	2,615	2,414	2,313	2,313	2,213	2,112
Dividend payout ratio, %	63	70	66	63	53	62
Share price at 31 December, SEK	410.90	437.20	316.80	316.80	297.90	277.90
Dividend yield, %	3.2	2.7	3.6	3.6	3.7	3.8
Number of outstanding shares						
Shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Total number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Total average number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795

1 In addition to the formal IFRS reports, in the Recalculated column the amounts are presented as if IFRS 16 had been applied from 1 January 2018. These amounts have not been reviewed by the auditors. For 2016–2018 leases were reported in accordance with IAS 17 Leases.

2 IFRS 16 Leases has been applied prospectively from 2019 onwards. This means that for previous years, leases are reported in accordance with IAS 17 Leases.

Definitions on page 71.

Consolidated statement of comprehensive income

SEK m	Note	2020	2019
Net sales	2	126,283	119,295
Cost of goods and services sold	3	-104,739	-98,328
Gross profit		21,544	20,967
Selling expenses	3	-12,569	-12,703
Administrative expenses	3, 5	-3,635	-3,322
Other operating income	6	441	379
Other operating expenses	2, 3	-	-
Share of profits of associates and joint ventures	13	50	34
Operating profit excl. items affecting comparability	2, 4, 5, 7	5,831	5,356
Capital gains/losses from sale of subsidiaries and non-current assets	2, 17	6	-382
Impairment and impairment reversed	2, 3	-63	-39
Operating profit	2	5,774	4,934
Financial income		17	4
Financial expense		-483	-536
Net financial items	8	-466	-532
Profit before tax		5,308	4,402
Tax	9	-1,135	-951
PROFIT FOR THE YEAR		4,173	3,450
Other comprehensive income, items that will not be reclassified to profit or loss, net after tax			
Remeasurement defined benefit pensions	9, 19	-99	-548
Other comprehensive income, items that may be reclassified to profit or loss, net after tax			
Change in translation reserve		-75	66
Change in hedging reserve		-157	-28
Share of other comprehensive income of joint ventures		4	18
Total items that may be reclassified to profit or loss	9, 18	-228	56
COMPREHENSIVE INCOME FOR THE YEAR		3,846	2,958

SEK m	Note	2020	2019
Profit for the year attributable to:			
Owners of the parent		4,153	3,432
Non-controlling interests		20	19
Comprehensive income for the year attributable to:			
Owners of the parent		3,823	2,934
Non-controlling interests		23	25
Earnings per share, SEK	10		
Earnings per share		20.65	17.06

Consolidated statement of financial position

Assets	Note	31 Dec. 2020	31 Dec. 2019
SEK m			
Non-current assets			
<i>Intangible non-current assets</i>	11		
Goodwill		16,301	16,301
Trademarks		12,895	12,926
IT systems		1,948	1,776
Other		41	48
		31,185	31,052
<i>Property, plant and equipment</i>	12		
Buildings and land		14,807	12,146
Investment properties		1,401	1,295
Leasehold improvements		398	448
Equipment		2,581	2,437
Construction in progress		1,329	1,389
		20,516	17,715
<i>Leased right-of-use assets</i>	7	15,054	16,142
		35,570	33,857
<i>Financial non-current assets</i>			
Interests in joint ventures and associates	13	1,287	1,224
ICA Bank's investments	14	2,556	2,155
ICA Bank's lending	14	13,035	11,319
Receivables from related parties	16	-	50
Other financial non-current assets		48	60
		16,926	14,808
<i>Deferred tax assets</i>	9	62	71
Total non-current assets		83,744	79,789

Assets	Note	31 Dec. 2020	31 Dec. 2019
SEK m			
Current assets			
<i>Inventories</i>	15	4,731	4,611
<i>Current receivables</i>			
Trade receivables		5,005	4,815
Tax assets		1	3
ICA Bank's lending	14	3,063	3,516
Receivables from related parties	16	130	126
Other current assets		28	33
Prepaid expenses and accrued income		2,943	2,718
Assets held for sale	17	157	158
		11,329	11,369
<i>Cash and cash equivalents</i>	22	4,584	3,157
Total current assets		20,644	19,138
TOTAL ASSETS		104,388	98,927

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Cont. Consolidated statement of financial position

Equity and liabilities	Note	31 Dec. 2020	31 Dec. 2019
SEK m			
Equity	18		
Share capital		503	503
Other capital contributed		7,694	7,694
Reserves		372	603
Retained earnings		26,444	24,805
Equity attributable to owners of the parent		35,013	33,604
Non-controlling interests		213	240
Total equity		35,226	33,844
Non-current liabilities			
Provisions for pensions	19	4,262	3,939
Deferred tax liabilities	9	3,970	3,882
Bonds	20	3,250	2,200
Other interest-bearing liabilities	20	923	513
Non-current lease liabilities	7, 20	11,903	12,521
Other provisions		9	39
Other liabilities		183	87
Total non-current liabilities		24,500	23,182
Current liabilities			
Bonds	20	1,200	-
Other interest-bearing liabilities	20	840	2,340
Trade payables		15,751	15,310
Deposits ICA Bank	14	19,293	16,698
Current lease liabilities	7, 20	3,096	3,390
Liabilities to related parties	16	5	6
Tax liabilities		104	215
Other liabilities		1,151	968
Provisions		211	260
Accrued expenses and deferred income		3,010	2,716
Total current liabilities		44,661	41,901
TOTAL EQUITY AND LIABILITIES		104,388	98,927

Consolidated statement of changes in equity

SEK m	Note	Equity attributable to owners of the parent					Non-controlling interests	Total equity
		Share capital	Other capital contributed	Reserves	Retained earnings	Total		
Opening equity, 1 January 2019		503	7,694	553	24,234	32,984	265	32,249
Profit for the year					3,432	3,432	19	3,450
Other comprehensive income				50	-548	-498	6	-492
Comprehensive income for the year				50	2,884	2,934	25	2,958
Dividend					-2,313	-2,313	-50	-2,363
Closing equity, 31 December 2019		503	7,694	603	24,805	33,604	240	33,844
Opening equity, 1 January 2020		503	7,694	603	24,805	33,604	240	33,844
Profit for the year					4,153	4,153	20	4,173
Other comprehensive income				-230	-99	-330	3	-327
Comprehensive income for the year				-230	4,053	3,823	23	3,846
Dividend					-2,414	-2,414	-50	-2,464
Closing equity, 31 December 2020		503	7,694	372	26,444	35,013	213	35,226

Consolidated statement of cash flows

SEK m	Note 22	2020	2019
Operating activities			
Operating profit		5,774	4,934
Dividend from joint ventures	13	100	90
Adjustments for non-cash items		5,497	5,791
Income tax paid		-1,078	-584
Cash flow from operating activities before change in working capital		10,293	10,230
Change in working capital			
Inventories (increase - /decrease +)		-199	-268
Current receivables (increase - /decrease +)		-544	-107
Current liabilities (increase + /decrease -)		1,143	431
ICA Bank's net of deposits, lending and investments		950	-538
Cash flow from operating activities		11,641	9,748
Investing activities			
Purchase of property, plant and equipment and intangible assets		-5,372	-3,080
Sale of property, plant and equipment and intangible assets		81	59
Loans issued		-31	-105
Repayment of loans issued		116	9
Other financial non-current assets (increase - /decrease +)		0	0
Interest received		5	1
Investments in joint ventures and associates	13	-108	-7
Sales of subsidiaries	17	-	222
Cash flow from investing activities		-5,309	-2,900
Financing activities			
Borrowings		3,164	1,003
Repayment of borrowings		-1,926	-1,806
Capital contributions, acquisitions and dividends relating to non-controlling interests		-50	-53
Amortisation lease liabilities		-3,255	-3,257
Interest paid lease liabilities		-321	-342
Interest paid		-109	-126
Dividend paid to shareholders of ICA Gruppen AB		-2,414	-2,313
Cash flow from financing activities		-4,911	-6,895

SEK m	Note 22	2020	2019
Cash flow for the year			
Cash and cash equivalents at beginning of year		3,157	3,206
Exchange differences in cash and cash equivalents		5	-1
Cash and cash equivalents at end of year		4,584	3,157

Notes

Note 1 Accounting principles and general information

ICA Gruppen AB (publ) has corporate registration number 556048-2837 and its registered office is in Stockholm municipality, Sweden. The head office address is ICA Gruppen AB, SE-169 71 Solna, Sweden, the visiting address is Kolonnvägen 20, Solna, and the website is icagruppen.se. ICA Gruppen AB is a subsidiary of ICA-handlarnas Förbund, corporate registration number 802001-5577.

ICA Gruppen AB (publ) is the Parent Company of ICA Gruppen, the core business of which is grocery retail. The Group includes ICA Sweden and Rimi Baltic, which mainly conduct grocery retail operations, ICA Real Estate, which owns and manages properties, ICA Bank, which offers financial services and insurance, and Apotek Hjärtat, which conducts pharmacy operations. For more information, see icagruppen.se.

ICA Gruppen is listed on Nasdaq Stockholm in the Large Cap segment.

The annual financial statements and consolidated financial statements were approved for publication by the Board of Directors on 18 February 2021. A decision will be made at the Annual General Meeting on 15 April 2021 on the adoption of the consolidated statement of comprehensive income, consolidated statement of financial position and the Parent Company's income statement and balance sheet.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee, both as endorsed by the European Commission. RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, is applied as well. This recommendation contains supplementary standardisations based on the provisions in the Swedish Annual Accounts Act.

The EU has taken the decision to give member states the option of deferring reporting according to ESEF by one year. It is proposed that a legislative amendment will enter into force on 15 March 2021, applicable from and including 1 January 2021, stating that first-year implementation of ESEF will be for annual financial statements relating to 2021. For this reason, ICA Gruppen will not prepare annual accounts for 2020 according to ESEF.

New standards and statements applied from the beginning of 2019

IAS 12 Income Taxes

In Estonia and Latvia the tax rate on operating profit is 0%, while any dividends distributed are taxed. For many years ICA Gruppen has reported consistently according to IAS 12 Income Taxes in instances where operating profits are taxed differently from

the way dividends are taxed. In these instances tax is reported for dividends at the time they are distributed.

In the first half of 2020 the IASB Interpretations Committee (IFRS IC) received an inquiry about how to interpret IAS 12 Income Taxes when tax rates on operating profit and dividends differ. The party inquiring felt that IAS 12 was not clearly written and that the standard was not being applied consistently. The question was answered in the form of a so-called tentative agenda decision. In its tentative agenda decision the IASB Interpretations Committee states that deferred tax is to be reported on dividend amounts that are expected to be distributed in the foreseeable future. Tentative agenda decisions are not part of the IFRS rules that have been approved for use by the EU. Accordingly, it has not been clear whether or not the responses in these decisions constitute the only possible and approved application of IFRS and in this case IAS 12. After the publication of the tentative agenda decision the IASB Due Process Handbook was amended and now states that these tentative agenda decisions are to be followed, and that in future they will go through a process of approval by IASB before being published. The statement on IAS 12 has not been subject to an approval process by the IASB as described here. The Due Process Handbook is not part of the rules that have been endorsed by the EU and that a company reporting according to IFRS is obliged to follow. Despite this, those deciding this issue believe there can only be one approved interpretation of IFRS for a specific issue, namely the interpretation expressed in the IFRS IC tentative agenda decision. ICA Gruppen does not share that opinion, but has changed the way it assesses tax on dividends from Estonia and Latvia in order to comply with this agenda decision. Deferred tax is reported on dividend amounts that are expected to be distributed from Estonia and Latvia in the foreseeable future. For 2020 this has resulted in an additional deferred tax expense of SEK 97 million for tax on anticipated dividends.

Amendment of IFRS 16 Leases in response to the Covid-19 pandemic

IFRS 16 Leases has been amended with respect to rent concessions received in response to the Covid-19 pandemic. There is an option to account for these concessions in the income statement as they arise, instead of assessing them as a lease modification and recalculating the lease. ICA Gruppen has not applied the IFRS 16 amendment as the concessions received in response to Covid-19 have been minimal. The IFRS 16 amendment does not affect income from leases.

New standards from IASB applied from 2021 onwards that are relevant to ICA Gruppen

No new standards have been issued by IASB that have been approved for application from 2021 onwards. Some amendments to standards have been endorsed for application from 2021, but no change is expected to impact ICA Gruppen's financial statements. The same applies for the interpretation statements issued by IFRS IC.

New standards from IASB not endorsed by the EU with relevance for ICA Gruppen

IFRS 17 Insurance Contracts was published in May 2017. In June 2020 amendments to IFRS 17 were published, including deferment of the standard's application from 2021 to 2023. IFRS 17 sets principles for reporting, measurement and disclosures relating to issued insurance contracts. The subsidiary ICA Försäkring AB will be affected by the introduction of IFRS 17, but it has been determined that IFRS 17 will have a limited effect on ICA Gruppen's financial statements.

Effects of the Covid-19 pandemic on the carrying amount of assets

ICA Gruppen continually assesses the value of its assets and recognises an impairment loss if the recoverable amount falls below the carrying amount. No direct effects of the Covid-19 pandemic have resulted in any impairment loss on carrying amounts of property, plant and equipment or intangible assets. Nor have any material effects of the Covid-19 pandemic – other than for ICA Bank – affected the carrying amounts of financial assets. See also the description of the ICA Bank segment in the Board of Directors' Report and in Note 14 ICA Bank.

For an assessment of the effects of the Covid-19 pandemic on profits, see the information for ICA Gruppen and for each respective segment in the Board of Directors' Report.

Accounting principles applied

Basis of accounting

The consolidated financial statements are based on historical acquisition costs, with the exception of financial derivatives and available-for-sale financial assets, which are recognised at fair value. The Parent Company's functional currency is Swedish kronor (SEK) and this is also the reporting currency for the Parent Company and the Group. All amounts in the financial statements are in millions of Swedish kronor (SEK m) unless indicated otherwise. Rounding differences may occur.

Cont. Note 1 Accounting principles and general information

Consolidated financial statements

The consolidated financial statements cover the Parent Company, ICA Gruppen AB, and its subsidiaries. A subsidiary is a company in which ICA Gruppen has a controlling interest. A controlling interest can be exercised either through ownership or an agreement. The majority of ICA stores are owned and operated by independent retailers. These retailers make independent decisions on activities that are relevant for their store operations in areas such as sourcing, pricing, investment and personnel. ICA Gruppen thus has no controlling influence over these operations and they are not consolidated into ICA Gruppen.

ICA Bank's profit before tax is consolidated into the Group within operating income.

Holdings in joint arrangements

A determination is made as to whether the joint arrangement constitutes a joint operation or a joint venture. If the joint arrangement is a joint venture, it is reported according to the equity method.

Interests in associates

Interests in associates are reported according to the equity method. Acquisition-related expenses are included in the acquisition cost.

Foreign currency

Exchange differences are recognised in profit or loss for the period in which they arise. In the case of transactions that meet the criteria for hedge accounting of cash flows, gains and losses are recognised in other comprehensive income.

In the consolidated financial statements all Group companies are translated to SEK. The translation differences that arise are recognised in other comprehensive income.

Revenue

ICA Gruppen's two main sources of revenue are sales of goods to independent ICA retailers (wholesale sales) and sales of goods directly to consumers (retail sales). In the case of wholesale sales, revenue and a trade receivable are recognised upon delivery of the goods. The trade receivable is usually paid in accordance with the standard terms in the industry. In the case of retail sales, revenue is recognised when the customer has paid for the goods at the store. In the case of online sales, revenue is recognised when the goods have been delivered to the customer. Standard warranties are given for retail sales, and other terms – such as the right to return goods – are the usual terms found in the sector. Returns do not add up to any material amount.

In cases where a sale is made with a commitment that the customer will receive a future bonus, or where some other commitment remains for ICA Gruppen, the reve-

nue for the bonus portion or other commitment is not recognised until the bonus or commitment is delivered to the customer.

There are wholesale agreements in which goods are delivered directly from the supplier to the store. One of the aims is for goods with a limited shelf life to be delivered more quickly to the store than if they were to be dispatched via ICA Gruppen's warehouse. ICA Gruppen negotiates the most efficient solution possible with the supplier, which in such cases may involve direct deliveries. ICA Gruppen pays the supplier and invoices the store for the goods. Should a serious problem arise between the supplier and the store, it is ICA Gruppen that will deal with the issue with the supplier. ICA Gruppen acts as principal in these agreements. In other agreements, where ICA Gruppen acts as agent, only the commission or equivalent payment received is reported as revenue.

Revenues from consulting services provided to ICA retailers, as well as franchise fees, royalties and dividends from ICA retailers, are recognised as they are earned.

Rental income is recognised as it is earned.

Gains or losses on real estate sales are recognised when the buyer has taken control of the property, which is usually on the occupancy date. Where ICA Gruppen sells a property that is subsequently leased back, a determination is made as to whether the property has been sold according to IFRS 15. If the property is sold, the gain or loss from the sale is recognised when the buyer has taken control of the property. The gain or loss from the sale constitutes the relative share of the value of the property not subject to a leaseback transaction. The leaseback is recognised according to IFRS 16 Leases. If the property is not sold according to IFRS 15, from an accounting perspective a sale will not have taken place. In such a case the asset will remain on ICA Gruppen's balance sheet and the payment received will be recognised as a liability. The future lease payments to the legal owner of the property will be recognised as amortisation of the principle and interest on the loan, and the property will continue to be depreciated.

Commission from banking operations is recognised as it is earned, i.e. when the services are provided. Premiums from insurance operations are recognised as they are earned, i.e. when the insurance is provided.

Dividends are recognised in profit or loss when the right to receive them has been established.

Government grants

ICA Gruppen reports government grants when there is a reasonable degree of certainty that they will be received and when it is reasonable to assume that the terms for the grants will be fulfilled. Amounts are recognised in the income statement and accruals are recognised when the costs for which the grants are intended to compensate arise.

Leases

IFRS 16 Leases has been applied prospectively from 2019. To constitute a lease according to IFRS 16 a contract must transfer a right to use an identifiable asset for a certain period in exchange for payments being made. ICA Gruppen does not apply IFRS 16 for intangible assets. A lease liability and a right-of-use asset are recognised in the balance sheet for all the lessee's leases with the exception of leases with a term of 12 months or less and leases of low value.

ICA Gruppen as lessee

According to IFRS 16 Leases, the lease liability constitutes the present value of the lease payments, usually discounted by the incremental borrowing rate. Variable lease payments based on, for example, sales are not included in the discounted liability, but are still recognised as a continuing expense in profit or loss. The asset is depreciated over its useful life, which in most cases corresponds to the lease term. Lease payments are broken down into interest and amortisation of the principal.

No cash flow arises when a lease goes into effect and, accordingly, no changes arise in the statement of cash flows, neither under investing activities nor under financing activities. The lease payments made are recognised in financing activities as a cash flow item in the form of interest received and amortisation of the lease liability.

ICA Gruppen as lessor

Lease fees for operating leases are treated as revenue and distributed over the life of the lease on a straight-line basis.

Income tax

Income taxes are recognised through profit or loss. If the underlying transaction is recognised in other comprehensive income or in equity, the associated tax is recognised in the same way.

Deferred tax assets are recognised for all deductible temporary differences and unutilised tax loss carryforwards to the extent it is likely that future taxable gains will be available.

In the countries where tax on operating profit is zero while dividends are taxed, deferred tax is recognised based on the dividend amount that is expected to be distributed within the foreseeable future.

Intangible assets and goodwill

Intangible assets are recognised at cost. Amortisation takes place over the useful life in cases where this can be determined. In cases where the useful life is indefinite, no amortisation takes place and an impairment test is performed at least once a year. Goodwill is not amortised.

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Cont. Note 1 Accounting principles and general information

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment.

Investment properties

Investment properties are properties that are leased to third parties, unlike operating properties which are used within the Group or leased to non-consolidated ICA retailers. Investment properties are recognised according to the same principles as other property, plant and equipment.

Assets and liabilities held for sale

This applies to assets and liabilities that are held for sale if they are available for immediate sale, a decision on their sale has been taken and it is extremely likely that they will be sold within 12 months.

Impairment

Goodwill, assets with an indefinite useful life and intangible assets that are not yet in use are tested for impairment at least once a year. Other non-current assets are tested for impairment if there is an indication of a reduction in value.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost consists of all purchase costs after deducting supplier bonuses received relating to products in stock.

Financial instruments

Financial assets are classified in three categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured through other comprehensive income. As a general rule, financial liabilities are measured at amortised cost. Derivatives that constitute a liability are recognised at fair value through profit or loss.

The fair values of financial assets and liabilities have been determined in accordance with the descriptions in Note 14 in the case of ICA Bank and Note 20 for the rest of ICA Gruppen.

Liabilities to credit institutions and other loan liabilities

All loan liabilities are recognised at amortised cost according to the effective interest method.

Derivatives

All derivatives are recognised at fair value in the balance sheet and changes in value are recognised through profit or loss. The exception is derivative instruments that meet the criteria for cash flow hedging, where the effective portion of the value change is recognised in other comprehensive income until the hedged item is recognised through profit or loss. The ineffective portion of the change in value is recognised through profit or loss.

ICA Bank's financial assets and liabilities

ICA Bank has two business models according to IFRS 9: one for lending and one for the liquidity portfolio. Based on the business models, ICA Bank's lending is recognised at amortised cost taking into account expected credit losses. ICA Bank's liquidity portfolio and investments are recognised at fair value with changes in value recognised through profit or loss. ICA Bank's deposits are recognised at amortised cost. See also Note 14 ICA Bank.

Interest

Interest income is recognised as it is earned, according to the effective interest method. The interest expense for assets that take at least a year to complete is capitalised as part of the cost of the asset.

Cash and cash equivalents

Cash and cash equivalents consist of cash, bank balances and short-term investments with an original maturity of no more than three months.

Bonus programmes

The bonus programmes for senior executives are cash-based. Amounts are recognised in the income statement and the liability is remeasured at fair value on an ongoing basis until the liability is settled.

Pensions and other post-employment benefit obligations

The Group has both defined contribution and defined benefit pension plans. Defined benefit pension plans are recognised at their present value. The discount rate is the interest rate for housing bonds which, according to ICA Gruppen, are corporate bonds in accordance with IAS 19 Employee Benefits. Revaluation of pension liabilities based on actuarial gains and losses is recognised in other comprehensive income.

Important assumptions and estimates

The preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect the application of the accounting principles and the carrying amounts in the income statement and balance sheet. Estimates and assumptions are based on historical experience and a number of factors that are considered reasonable based on the circumstances. The effects of the Covid-19 pandemic have been taken into account. The results of estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that are not clearly apparent from other sources. Actual results may differ from these estimates and assessments. The assumptions and estimates that management considers the most important are the following:

Leases

ICA Gruppen has a large number of leases amounting to significant sums. ICA Gruppen acts as both a lessee and lessor and a number of properties are leased and then subleased. In connection with the implementation of IFRS 16 an interpretation was made of the rules for principle-based accounting and how these are applied in ICA Gruppen's financial statements. ICA Gruppen is of the opinion that recognition of items in the financial statements according to IFRS 16 provides a true and fair presentation of the substance of the leases. If standardisation in the future involves the addition of more detailed rules based, for example, on amendments to IFRS 16 or interpretations of IFRS 16 issued by IFRS IC, this could impact the financial statements.

Valuation of goodwill and trademarks

Assessments are made on an ongoing basis to ensure that the book value of goodwill and trademarks does not exceed their recoverable amount. A calculation is made of the recoverable amount to assess whether impairment of goodwill and trademarks is indicated. The recoverable amount is calculated using a present value calculation of cash flows based on the anticipated future outcomes of a number of factors. Since fair value is calculated based on assumptions about the future, a downgraded assessment of these assumptions could indicate impairment. The effects of the Covid-19 pandemic are not expected to have a material impact on these future assumptions unless the pandemic continues for several years.

Note 2 Segment reporting

Segments are defined based on how ICA Gruppen's management monitors and oversees operations. ICA Gruppen is engaged in wholesale and retail operations in Sweden, in retail operations in the Baltic countries and in pharmacy operations in Sweden. ICA Sweden constitutes one segment and the Baltic countries together form another segment. Apotek Hjärtat, which operates pharmacies in Sweden, is reported in the segment Apotek Hjärtat. The ICA Real Estate segment consists of properties located in Sweden. Properties located in the Baltic countries are accounted for together with the retail operations in the Baltic countries and are included in the Rimi

Baltic segment. Banking operations, including insurance operations, are reported in the segment ICA Bank. Hemtex, which operates home furnishing stores, was divested in May 2019. The earnings reported for Hemtex for 2019 are from the period up until the divestment. Other consists of items that are not included in identified segments and mainly comprises group-wide functions.

Management monitors the segments' operating profit excluding items affecting comparability. Assets and liabilities include financial items. All internal transactions are executed using market prices. The same accounting principles apply to the seg-

ments as to the Group except for those relating to leases. For the segments all lease payments are recognised as an operating cost in operating profit. No lease liabilities or right-of-use assets are included in the segments' assets and liabilities. In the IFRS 16 Leases column, amounts are recognised according to IFRS 16 as totals for all of the Group's segments.

SEK m	ICA Sweden		Rimi Baltic		Apotek Hjärtat		ICA Real Estate		ICA Bank		Hemtex		Total reported segments		Other		Eliminations		Total per segment		IFRS 16		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External net sales	91,412	84,938	16,373	16,168	15,177	14,777	1,620	1,509	1,660	1,528	-	305	126,242	119,225	41	71			126,283	119,295			126,283	119,295
Internal net sales	272	249	-	-	1	0	1,220	1,222	39	42	-	0	1,532	1,514	1,241	1,126	-2,773	-2,640						
Depreciation/amortisation	611	565	405	352	167	147	533	501	24	28	-	7	1,740	1,599	144	137			1,884	1,736	3,421	3,483	5,305	5,219
Profit from joint ventures and associates	-	-	-	-	-44	-53	93	86	-	-	-	-	50	34	-	-			50	34			50	34
Operating profit excluding items affecting comparability	4,240	3,712	703	744	383	464	603	504	174	244	-	-36	6,102	5,632	-446	-443			5,657	5,189	175	166	5,831	5,356
Items affecting comparability																			-57	-423	-	2	-57	-422
Net financial items																			-145	-190	-321	-342	-466	-532
Profit after financial items																			5,454	4,576	-147	-174	5,308	4,402
Other segment information																								
Assets	43,124	41,806	6,479	6,609	10,155	9,199	16,570	14,191	22,725	19,884	-	-	99,052	91,690	79,408	74,887	-88,753	-83,388	89,707	83,189	14,680	15,738	104,388	98,927
Liabilities	23,210	21,706	4,313	4,195	7,212	5,975	12,443	10,183	20,372	17,656	-	-	67,550	59,715	28,648	25,676	-41,977	-36,188	54,221	49,203	14,940	15,880	69,161	65,083
Investments in property, plant and equipment and intangible non-current assets	825	656	1,068	985	212	226	3,005	992	88	37	-	4	5,198	2,901	174	179			5,372	3,080			5,372	3,080
Investments in associates and joint ventures	-	-	-	-	-88	0	0	-1	-20	-6	-	-	-108	-7	-	-			-108	-7			-108	-7
Other non-cash flow items	0	0	9	23	44	53	-89	-69	8	0	-	-	-29	6	36	383			7	390	0	-2	7	388

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Cont. Note 2 Segment reporting

Items affecting comparability

SEK m	2020	2019
Capital gains/losses from sale of subsidiaries and non-current assets		
ICA Real Estate	2	-2
Rimi Baltic	3	1
Other	1	-381
Total	6	-382
Impairment and impairment reversed		
ICA Sweden	-	-
ICA Real Estate	-7	-16
ICA Bank	-8	-
Rimi Baltic	-12	-24
Other	-37	-
Total	-63	-39
Total items affecting comparability	-57	-422

External net sales by revenue source

SEK m	2020	2019
Wholesale sales	73,328	66,988
Retail sales	42,816	42,824
Rental income and lease-related services	3,152	3,005
Net interest income, commissions and insurance premiums, ICA Bank	1,660	1,528
Other services for ICA retailers	5,327	4,950
Net sales	126,283	119,295

Geographical information

SEK m	Net sales		Property, plant and equipment and intangible non-current assets including right-of-use assets	
	2020	2019	2020	2019
Country				
Sweden	109,877	102,971	59,289	57,548
Baltic countries	16,373	16,192	7,465	7,335
Other countries	33	133	1	27
Total	126,283	119,295	66,755	64,909

Net sales are broken down by country based on where customers are located.

Note 3 Expenses by type of expense

SEK m	2020	2019
Cost of materials	96,113	90,203
Personnel expenses	11,371	10,963
Administrative expenses	2,065	1,987
Cost of premises	1,764	1,822
Depreciation, amortisation and impairment	5,368	5,259
Other expenses	4,325	4,158
Total expenses	121,005	114,392

Note 4 Average number of employees, salaries and other remuneration

Average number of employees

The average number of employees has been calculated on the basis of the number of hours worked relative to normal working hours in each country.

	2020			2019		
	Women	Men	Total	Women	Men	Total
Sweden	6,607	5,839	12,446	6,804	5,650	12,454
Baltic countries	8,887	1,761	10,647	8,861	1,652	10,513
Finland	-	-	-	40	0	40
Asia	46	56	102	53	64	118
Total	15,540	7,656	23,196	15,758	7,367	23,125

Salaries, other remuneration and social security contributions

SEK m	2020	2019
Group		
Salaries and other remuneration	7,312	7,048
Social security contributions	2,371	2,316
Pension costs	575	512
Total	10,259	9,876

Board of Directors and CEO

- Salaries and other remuneration	141	151
- of which variable component	17	17
- Pension costs	19	20
Other employees	7,728	7,389
Total	7,888	7,560

Of the Board members and CEOs within the Group, 377 are men (414) and 344 are women (327). The data refers to all board assignments within ICA Gruppen and an individual may sit on more than one board. The amounts exclude social security contributions.

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Cont. Note 4 Average number of employees, salaries and other remuneration

Remuneration to the Board of Directors

The Chairman of the Board and Board members receive fees based on decisions made at the Annual General Meeting held in April 2020. The amounts stated refer to remuneration approved for the 12-month period for which the Board member in question was elected. Remuneration to Board members is reported in thousands of kronor (SEK 000s). See also the Corporate Governance Report.

Fees to members of the Board of ICA Gruppen AB:	2020			2019		
	Board fees	Committee work	Total fees	Board fees	Committee work	Total fees
Claes Göran Sylvén	1,150	150	1,300	1,150	150	1,300
Fredrik Häggglund	550	50	600	550	50	600
Anette Wiotti	550	100	650	550	100	650
Magnus Moberg	550	50	600	550	50	600
Cecilia Daun Wennborg	550	275	825	550	275	825
Andrea Gisle Joosen	550	100	650	550	100	650
Jeanette Jäger	550	50	600	550	50	600
Fredrik Persson	550	50	600	550	50	600
Lennart Evrell	550	100	650	550	100	650
Bo Sandström	550	150	700	550	150	700
Total	6,100	1,075	7,175	6,100	1,075	7,175

Remuneration to the CEO of ICA Gruppen AB and other senior executives

Remuneration to senior executives consists of basic pay, pension benefits, variable remuneration in the form of a cash bonus, other remuneration and benefits and severance pay. Other senior executives are individuals who, together with the CEO of ICA Gruppen AB, make up the ICA Gruppen Management Team (IMT). The number of senior executives in 2020, excluding the CEO of ICA Gruppen AB, was 12 (12), of which 5 (5) are women.

ICA Management Team

2020, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
Other senior executives	42,200	14,193	1,885	10,797	69,074
Total	51,759	24,487	2,138	14,223	92,607

2019, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
Other senior executives	42,988	11,902	1,938	11,151	67,979
Total	52,555	20,728	2,186	14,505	89,974

Comments on the table

The amounts given are the amounts expensed during the respective years and exclude social security contributions. Reported pension costs do not include special employer's contribution or its foreign equivalents.

In total, the IMT has been granted loans and credits from ICA Bank of SEK 1 million (1).

Variable remuneration systems for the CEO and other senior executives

The CEO of ICA Gruppen AB and other senior executives are covered by two variable remuneration systems in the form of a cash bonus, one of which runs for one year and the other for three years. The combined annual bonus per person is maximised at an amount equivalent to 50% (50) of annual salary and 100% (100) for the CEO of ICA Gruppen AB. The bonus is not pensionable except in the case of the four senior executives who are covered by ITP1 and defined benefit ITP2 plans. The current CEO of ICA Banken AB is not included in bonus programmes launched after 31 December 2016. Variable remuneration that the CEO of ICA Banken AB has already earned is handled according to the Swedish Financial Supervisory Authority's regulations on remuneration systems for credit institutions.

Annual bonus programme

A cash-based bonus programme maximised at 25% (25) of annual salary and 50% (50) for the CEO of ICA Gruppen AB. The performance criteria for the bonus programme are to be pre-determined and quantifiable, and mainly consist of financial performance targets, but performance can also be measured against non-financial targets linked to ICA Gruppen's strategic themes. The financial targets for the bonus programme are to be determined by the Board of Directors ahead of each financial year and individual bonus agreements are to be signed with each participant. The terms of these bonus agreements depend on the participant's position when the agreement is entered into. Payment of bonus is to be contingent upon the participants' employment not ending during the term of the programme. If the executive retires during the vesting period, the bonus is paid out pro rata. The Board of Directors has the right to adjust the bonus system in the case of, for example, extraordinary increases or decreases in the Group's earnings.

Long-term bonus programme

A cash-based, three-year bonus programme maximised at 25% (25) of annual salary and 50% (50) for the CEO of ICA Gruppen AB. In the case of programme that began in 2017 the maximum potential bonus is 30% and 60% respectively. The targets in the bonus programme, which must be objectively quantifiable, are to be determined by the Board and must be linked to both absolute and relative performance criteria. In the long-term bonus programme, fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and refers to (i) EBIT margin excluding items affecting comparability, (ii) return on capital employed (ROCE) for the Group excluding ICA Bank, (iii) net sales increase and, effective from 2018, (iv) decrease in greenhouse gases excluding carbon offset. The relative performance criteria account for the remaining 40% of the maximum outcome and relate to the Company's position in a comparison group consisting of 10 other companies running similar operations. The outcome depends on where the Company ranks within this comparison group in terms of (i) net sales increase and (ii) EBIT margin. Payment of bonus is contingent upon the participant's employment not ending during the term of the programme. If the executive retires during the vesting period, the bonus is paid out pro rata and on condition that at least 2/3 of the programme has been earned. The Board of Directors has the right to adjust the bonus system in the case of, for example, extraordinary increases or decreases in the Group's earnings.

Notice periods and severance pay for other senior executives

A mutual notice period of six months applies to other senior executives. If termination of employment is initiated by the Company, the senior executives are entitled to severance pay of up to 12 months' basic pay. Severance pay is deductible. One senior executive has deviating terms regarding severance pay.

If a senior executive resigns, the Company may in certain cases choose to apply a non-competition clause. During the period the non-competition clause applies, compensation equivalent to a maximum of 60% of the fixed salary is paid. Severance pay and compensation during the non-competition period is not pensionable income.

Pension benefits for other senior executives

Other senior executives have a combined defined contribution and defined benefit pension plan. Total pension premiums for these other senior executives are maximised at 35% of pensionable salary. Two of the other senior executives are instead covered by traditional IPT2 arrangements, while two are covered by ITP1.

Employment terms for the CEO of ICA Gruppen AB

The CEO of ICA Gruppen AB has an agreed basic annual salary of SEK 9.6 million in 2020. The mutual notice period agreed upon is six months. If notice of termination is given by the Company, severance pay of one year's salary is payable. The retirement age is 65. The Company covers its pension obligations through annual payments of pension premiums to insurance companies corresponding to 35% of basic salary.

Note 5 Audit expenses

SEK m	2020	2019
KPMG:		
Audit assignments	18	18
Other auditing activities	0	1
Total	18	19

Note 6 Other operating income

Other operating income refers entirely to the share of profits and share dividends from ICA retailers.

Note 7 Leases

ICA Gruppen leases a large number of properties and premises for its own stores and to sublease to independent ICA retailers. In addition to properties and premises, ICA Gruppen's other main leased items are lorries, forklifts and cars.

The lengths of leases for properties vary depending on the country and the country's lease legislation. The average remaining lease terms are just over three years. The leases originally have an agreed term which is normally 5–10 years. Thereafter the leases often continue for a term of between 12 and 36 months if neither the lessor nor ICA Gruppen terminates the lease. Otherwise there is a contractual extension option that is normally three to five years. It is not unusual at the end of a lease term for the lease to be renegotiated by ICA Gruppen, the property owner or both parties. Due to renegotiation the rent for the next period is unknown until the negotiation is concluded if the lease is extended as a result of the negotiation. It is therefore most common for the lease term to correspond to the contractual lease term without extension. Rents are often variable but have a minimum level, which in practice means a fixed rent with a smaller variable component if sales exceed certain levels.

For a specification of the right-of-use assets, see Note 12 Property, plant and equipment. For interest expense, see Note 8 Net financial items.

Lease liability maturity structure	31 Dec. 2020
2021	3,196
2022	2,822
2023	2,403
2024	1,738
2025	1,774
After 2025 and no later than 2030	4,201
After 2030	201
Total payments	16,334
Discounting effect	-1,336
Total liability according to the balance sheet	14,999
of which current liability	3,096
of which non-current liability	11,903

Lease payments	2020	2019
Payments of leases entered as liabilities	3,577	3,599
Variable lease payments not included in lease liability	115	117
Short-term leases and leases of low value that are not included in lease liability	87	89
Total lease payments	3,779	3,806

Leases of SEK 2,617 million (2,627) have been entered into of which possession has not yet been taken.

Maturity structure of payments to receive as lessor	31 Dec. 2020
2021	2,230
2022	1,966
2023	1,557
2024	1,042
2025	763
After 2025 and no later than 2030	2,273
After 2030	517
Total payments	10,349

Lease revenue	2020	2019
Total rental income amounts to:	2,914	2,790
of which variable rental income	631	603
Income from subleasing of properties amounts to:	1,672	1,629

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Note 8 Net financial items

SEK m	2020	2019
Financial income		
Interest income	5	1
Change in fair value of financial instruments	0	0
Other financial income	1	0
Exchange differences	11	3
Financial income	17	4
Financial expense		
Interest expense	-162	-194
Lease interest expense	-321	-342
Financial expense	-483	-536

ICA Bank's interest income and interest expense are recognised in consolidated net sales.

Note 9 Taxes

Current tax	2020	2019
Current tax on profit for the year	-971	-842
Deferred tax on temporary differences	-163	-109
Reported tax expense	-1,135	-951
Reconciliation of effective tax expense		
Profit before tax	5,308	4,402
Tax as per the current tax rate in Sweden, 21.4% (21.4%)	-1,136	-942
Capital gains/losses	11	-74
Share of profit and share dividends	94	84
Non-deductible expenses/non-taxable income	-48	-29
Profit share according to the equity method	11	7
Effect of other tax rates for foreign subsidiaries	36	5
Effect of amended application of IAS 12 ¹	-97	-
Other	-6	-2
Reported tax expense	-1,135	-951
Effective tax rate, Group	21.4%	21.6%

¹ As a consequence of a change in the way IAS 12 Income Taxes is applied with respect to dividends from Estonia and Latvia, a deferred tax expense in the amount of SEK 97 million has arisen for 2020 for tax on estimated future dividends from these countries. See also Note 1 Accounting principles.

In 2018 a decision was taken to lower the tax rate in Sweden from the beginning of 2019. The tax rate in 2019-2020 was 21.4% and from 2021 the rate has been lowered further to 20.6%.

Taxes by country 2020	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	21.4%	5,262	-945	4,317	-968
Estonia	0%	-28	-35	-63	-16
Latvia	0%	120	-171	-51	-90
Lithuania	15%	119	-11	108	-4
Other countries		-18	0	-18	0
IFRS 16 Leases		-147	27	-120	
Total		5,308	-1,135	4,173	-1,078

Taxes by country 2019	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	21.4%	4,504	-840	3,664	-479
Estonia	0%	70	-13	57	-14
Latvia	0%	-90	-117	-207	-87
Lithuania	15%	96	-13	83	-4
Other countries		-5	0	-5	0
IFRS 16 Leases		-174	32	-142	-
Total		4,401	-951	3,450	-584

Tax loss carryforwards which have been blocked since 2013 when ICA Gruppen was formed were utilised in 2019.

In Estonia and Latvia the corporate income tax rate is 0%, while companies are taxed on any dividends distributed.

In the table above, profit before tax in the Baltic companies has been reduced by the year's dividend to the Parent Company in Sweden.

ICA Gruppen's tax policy, which is established annually by the Board, provides guidelines for how tax issues are handled within the Group. ICA Gruppen complies with current tax legislation in each country where it operates. All decisions concerning operations are taken on a commercial basis and tax effects are a consequence of these decisions.

SEK m	31 Dec. 2020	31 Dec. 2019
Reported deferred tax assets and tax liabilities		
Non-current assets	-2,954	-3,015
Inventories	9	11
Provisions	536	592
Tax loss carryforwards	38	52
Untaxed reserves	-1,595	-1,468
Financial derivatives	58	18
Total deferred tax assets (+) / deferred tax liabilities (-), net	-3,908	-3,811
As reported in balance sheet:		
Deferred tax assets	62	71
Deferred tax liabilities	-3,970	-3,882

The Group has no unrecognised deferred tax assets relating to tax loss carryforwards. The possibility of utilising the tax loss carryforwards to offset taxable surpluses is evaluated continuously. Tax loss carryforwards do not have a maturity date.

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Cont. Note 9 Taxes

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance as of 1 Jan. 2020	Recognised			Balance as of 31 Dec. 2020
		Recognised in income statement	in other comprehensive income	Divestment of assets	
Non-current assets	-3,015	62		-1	-2,954
Inventories	11	-1			9
Provisions	592	-82	26		536
Tax loss carryforwards	52	-14			38
Untaxed reserves	-1,468	-127			-1,595
Financial derivatives	18	-1	41		58
Total	-3,811	-163	67	-1	-3,908

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

SEK m	Balance as of 1 Jan. 2019	Recognised			Balance as of 31 Dec. 2019
		Recognised in income statement	in other comprehensive income	Divestment of assets	
Non-current assets	-3,171	58		98	-3,015
Inventories	11	-1			11
Provisions	435	15	142		592
Tax loss carryforwards	364	-214		-99	52
Untaxed reserves	-1,491	23			-1,468
Financial derivatives	0	10	8		18
Total	-3,851	-109	150	-1	-3,811

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

Tax in other comprehensive income

SEK m	2020		
	Before tax	Tax	After tax
Remeasurement of defined benefit pensions	-125	26	-99
Translation differences in foreign operations	-75		-75
Cash flow hedges:			
- change in value for the year	-208	43	-165
Items reclassified to profit or loss	10	-2	8
Share of other comprehensive income of joint ventures	4		4
Other comprehensive income	-393	67	-327

SEK m	2019		
	Before tax	Tax	After tax
Remeasurement of defined benefit pensions	-690	142	-548
Translation differences in foreign operations	66		66
Cash flow hedges:			
- change in value for the year	-65	14	-51
Items reclassified to profit or loss	29	-6	23
Share of other comprehensive income of joint ventures	18		18
Other comprehensive income	-642	150	-492

Note 10 Earnings per share

Earnings per share is calculated by dividing the earnings for the year attributable to owners of the parent by the weighted average number of outstanding shares during the year. There are no instruments that could result in dilution.

The table below shows the number of shares used in calculating earnings per share:

SEK m	2020	2019
Profit for the year attributable to owners of the parent	4,153	3,432
Weighted average number of shares, thousands	201,147	201,147

See also Note 18.

Note 11 Intangible non-current assets

SEK m	Goodwill		Trademarks		IT systems		Other		Total intangible non-current assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Accumulated cost	16,301	16,301	12,895	12,926	4,264	3,633	138	129	33,597	32,989
Accumulated amortisation			-	-	-2,279	-1,857	-96	-81	-2,375	-1,938
Accumulated impairment	-	-	-	-	-37	0	0	0	-37	0
Book value	16,301	16,301	12,895	12,926	1,948	1,776	41	48	31,185	31,052
Opening balance	16,301	16,301	12,926	13,413	1,776	1,534	48	38	31,052	31,285
Investments	-	-	2	-	709	657	12	27	723	684
Divestments and disposals	-	-	-	-500	0	-9	0	-3	0	-512
Amortisation for the year	-	-	-	-	-489	-406	-19	-13	-508	-419
Impairment for the year	-	-	-	-	-44	0	-	-	-44	0
Translation differences for the year	-	-	-33	13	-4	0	0	0	-38	13
Book value	16,301	16,301	12,895	12,926	1,948	1,776	41	48	31,185	31,052

Amortisation of intangible non-current assets is included in the following income statement items:

SEK m	2020	2019
Selling expenses	-19	-13
Administrative expenses	-489	-406
Total	-508	-419

SEK m	31 Dec. 2020	31 Dec. 2019
Goodwill		
ICA Sweden	11,545	11,545
Apotek Hjärtat	4,756	4,756
Total goodwill	16,301	16,301

ICA's operations in relation to the Swedish ICA retailers are regulated through various agreements; partly through a negotiated business model which addresses supply chains, customer relationships and ICA's central costs, and partly through agreements which regulate royalties and profit sharing as well as leases. The business model that regulates the relationship between the individual ICA retailer and ICA Gruppen is based on the experience, skills and relationships that have been developed over 100 years. All of the agreements and relationships in the business model are interdependent, which makes it impossible to separate one or more agreements

or parts from the whole. This whole – in the form of ICA's business model – is recognised as goodwill. Goodwill is attributable to the lowest level that generates largely independent cash inflows, which means the ICA Sweden segment. Goodwill relating to Apotek Hjärtat is attributable to non-identifiable intangible assets and to synergy effects. Goodwill is attributable to the lowest level that generates largely independent cash inflows, which means the Apotek Hjärtat segment. No part of recognised goodwill is income tax deductible.

Trademarks in the segment ICA Sweden are assignable to ICA, the Swedish store operations and the ICA stores. Trademarks in the segment Rimi Baltic relate to Rimi and are assignable to the store operations in the Baltic countries. Trademarks in the segment Apotek Hjärtat are assignable to Apotek Hjärtat and its pharmacies. The trademarks are assignable to the following segments:

SEK m	31 Dec. 2020	31 Dec. 2019
ICA Sweden	11,502	11,500
Apotek Hjärtat	550	550
Rimi Baltic	843	876
Total trademarks	12,895	12,926

All trademarks have an indefinite useful life as it is not possible to establish how long they can be expected to generate income.

IT systems refers to capitalised development expenditures for IT systems. The useful life is determined for each system and ranges from three to five years. Amortisation is recognised on a straight-line basis over the useful life of the assets. The remaining amortisation schedule for IT systems is approximately three years.

Other intangible assets consist of intangible surplus values in connection with the acquisition of store operations and assets under construction. Amortisation is recognised over the estimated useful life of the assets.

Impairment testing of goodwill and trademarks

Trademark and goodwill impairment tests are conducted annually or more often when there is an indication of impairment. The recoverable amount is established based on calculations of the asset's value in use unless it is classified as held for sale, in which case the recoverable amount is fair value less selling expenses. For all cash-generating units the calculations are based on the Management Team's business plans and forecasts for the next five years. Cash flows beyond this period are extrapolated.

ICA Sweden's trademarks and goodwill are tested by estimating the value in use for the cash-generating unit ICA Sweden segment. Apotek Hjärtat's trademarks and goodwill are tested by estimating the value in use for the cash-generating unit Apotek Hjärtat segment. Rimi Baltic's trademarks are tested by estimating the value in use for the cash-generating unit Rimi Baltic segment.

When calculating value in use, lease payments are treated as cash flow from operations. Consequently lease liabilities have not affected the discount rate, as in previous years. The lease liability is deducted from an entity's carrying amount because the value in use is reduced by future lease payments, in which the right-of-use assets are included in impairment testing.

Impairment testing of other intangible assets

For intangible assets other than goodwill and trademarks a recoverable amount is determined when there is an indication of impairment of the asset. During the year no incidents occurred that indicate impairment.

Impairment testing in connection with the Covid-19 pandemic

Estimated effects of the Covid-19 pandemic have been taken into consideration in impairment testing. The estimated direct effects of the pandemic on the value of intangible assets are minor.

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Cont. Note 11 Intangible non-current assets

Key variables	Method of estimating value						
EBITDA	Earnings before net financial items, tax and depreciation/amortisation are estimated based on business plans and forecasts for a period of five years. The EBITDA margin in business plans and forecasts is based on previous experience and external estimates. After the end of the forecast period the long-term EBITDA margin is estimated at 5.1% (5.2) for ICA Sweden, 5.1% (5.3) for Apotek Hjärtat and 6.2% (6.3) for Rimi Baltic. In no case does this indicate an increasing EBITDA margin compared with the five-year forecast period.						
Sales growth	Sales growth is assessed based on business plans and forecasts over a period of five years. Growth in business plans and forecasts is based on previous experience and external estimates. After the end of the forecast period the long-term annual sales growth is estimated at 1.5% (1.5) for ICA Sweden, 1.5% (1.5) for Apotek Hjärtat and 1.5% (1.5) for Rimi Baltic. In no case does this indicate an increasing growth rate compared with the five-year forecast period.						
Investments	An assessment is made of the level of maintenance investments needed to keep the assets in their present condition.						
Working capital	It has been determined that the need for working capital is at the same level as at the end of the forecast period.						
Discount rate	The discount rate is set taking into account current interest rate levels and specific risk factors for each unit. The discount rate corresponds to the unit's average cost of capital and is stated before tax. <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td>ICA Sweden</td> <td>6.0% (6.5)</td> </tr> <tr> <td>Apotek Hjärtat</td> <td>6.1% (6.6)</td> </tr> <tr> <td>Rimi Baltic</td> <td>7.2% (7.8)</td> </tr> </tbody> </table>	ICA Sweden	6.0% (6.5)	Apotek Hjärtat	6.1% (6.6)	Rimi Baltic	7.2% (7.8)
ICA Sweden	6.0% (6.5)						
Apotek Hjärtat	6.1% (6.6)						
Rimi Baltic	7.2% (7.8)						

Sensitivity analysis

For ICA Sweden a 1 percentage point increase in the discount rate, a decrease in the EBITDA margin of 1 percentage point or a reduction in sales growth by 1 percentage point does not indicate impairment (no impairment).

For Apotek Hjärtat a 1 percentage point increase in the discount rate, a decrease in the EBITDA margin of 1 percentage point or a reduction in sales growth by 1 percentage point does not indicate impairment (no impairment).

For Rimi Baltic a 1 percentage point increase in the discount rate, a decrease in the EBITDA margin of 1 percentage point or a reduction in sales growth by 1 percentage point does not indicate an impairment (no impairment).

Note 12 Property, plant and equipment

SEK m	Buildings and land		Investment properties		Leasehold improvements		Equipment		Construction in progress		Total before right-of-use assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Accumulated cost	18,924	15,506	1,581	1,458	1,077	1,130	6,855	6,570	1,330	1,389	29,767	26,052
Accumulated amortisation	-4,056	-3,284	-139	-118	-674	-677	-4,182	-4,014	-	-	-9,051	-8,094
Accumulated impairment	-60	-75	-42	-45	-5	-5	-93	-119	-1	0	-202	-244
Book value	14,808	12,146	1,401	1,295	398	448	2,581	2,437	1,328	1,389	20,516	17,715
Opening balance	12,146	11,951	1,295	1,180	448	394	2,437	2,385	1,389	849	17,715	16,759
Investments	3,054	827	206	199	165	220	956	825	88	467	4,469	2,538
Divestments, transferred to assets held for sale and disposals	-32	-85	-3	-73	0	0	-84	-92	-5	0	-123	-250
Reclassifications	247	-91	-66	21	-68	-8	-1	0	-113	78	0	0
Amortisation for the year	-527	-469	-23	-16	-139	-159	-688	-674	-	-	-1,376	-1,317
Impairment for the year	-	-6	-8	-17	-3	-1	-10	-17	-1	-	-22	-41
Impairment reversed during the year	-	2	-	-	-	-	4	-	-	-	4	2
Translation differences for the year	-80	17	-2	1	-5	1	-34	10	-31	-5	-151	25
Book value	14,808	12,146	1,401	1,295	398	448	2,581	2,437	1,328	1,389	20,516	17,715

Leased right-of-use assets

	Buildings and land		Other		Total right-of-use assets		Total property, plant and equipment	
	2020	2019	2020	2019	2020	2019	2020	2019
Opening balance	15,750	16,214	392	392	16,142	16,606	33,857	33,365
Amended and new leases/investments	2,302	3,000	135	202	2,438	3,202	6,907	5,739
Divested leases	-	-231	-	-	-	-231	-123	-481
Amortisation for the year	-3,241	-3,281	-180	-202	-3,421	-3,483	-4,797	-4,800
Impairment for the year	-	-	-	-	-	-	-22	-41
Impairment reversed during the year	-	-	-	-	-	-	4	2
Translation differences for the year	-103	48	-2	0	-105	48	-256	73
Book value	14,709	15,750	345	392	15,054	16,142	35,570	33,857

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Cont. Note 12 Property, plant and equipment

Depreciation periods (years):

Buildings	20–50
Investment properties	20–40
Leasehold improvements	6–20
Store equipment and vehicles	7–10
Other equipment	3–10

Investment properties

A measurement has been made of the fair value of all investment properties. Many properties have been valued by an external party and in other cases an internal valuation has been made. The measurement is based on the existing rents and market conditions and the real yield requirements in the various markets. It shows that the fair value exceeds the book value by SEK 450 million (363). According to IFRS 13 these properties are measured at level 3.

The following amounts have been recognised in income from investment properties:

SEK m	2020	2019
Rental income	36	43
Direct costs	29	28

Construction in progress

Construction in progress amounts to SEK 1,328 million (1,389). Expenses paid during the year include capitalised interest expense of SEK 6 million (4) calculated based on an interest rate of 1.45% (1.45).

Note 13 Interests in joint ventures and associates

ICA Gruppen has essentially two joint ventures: Ancore Fastigheter AB and Secore Fastigheter AB, and one associate company, MD International AB (Min Doktor). An associate company, IISÅ Holdco AB, is in the process of being established. See also below.

Joint ventures

Ancore Fastigheter AB is a joint arrangement between pension company Alecta and ICA Gruppen. The parties each own 50% of the company. All significant decisions concerning Ancore's operations must be made by agreement between the two owners. Ancore Fastigheter AB owns and manages properties at 33 marketplaces in Sweden. These contain ICA stores in which the operations are run by non-consolidated ICA retailers. Based on all relevant facts relating to the joint arrangement, Ancore Fastigheter AB is a joint venture. It is consolidated according to the equity method.

Secore Fastigheter AB is a joint arrangement between Första AP-fonden (First Swedish National Pension Fund) and ICA Gruppen. The parties each own 50% of the company. All significant decisions concerning Secore Fastigheter AB must be made in agreement between the two owners. Secore Fastigheter AB owns and manages properties at 40 marketplaces in Sweden. These contain ICA stores in which the operations are run by non-consolidated ICA retailers. Based on all relevant facts relating to the joint arrangement, Secore Fastigheter AB is classified as a joint venture. It is consolidated according to the equity method.

Associates

MD International AB (Min Doktor) is a joint arrangement between ICA Gruppen and a number of other parties, including EQT Ventures Fund. Through Apotek Hjärtat, ICA Gruppen owned 49.37% of the company until 31 October. In conjunction with a new share issue, in which Swedbank Robur Fonder AB became a new co-owner, ICA Gruppen's shareholding decreased to 46.83%. All significant decisions concerning Min Doktor's operations must be made by agreement between the owners. Min Doktor is one of Sweden's largest providers of digital primary care services and runs a number of drop-in clinics, primarily adjacent to large ICA stores. Based on all relevant facts relating to the joint arrangement, Min Doktor is classified as an associate. It is consolidated according to the equity method.

In partnership with Ålandsbanken, Ikano Bank, Söderberg & Partners and Borgo, ICA Bank has continued working in 2020 to establish a joint mortgage company in the Swedish market. The launch of operations in the new company IISÅ Holdco AB is dependent on completion of authorisation processes with FI. The company did not conduct any operations in 2020. The jointly owned company is an associate within ICA Gruppen and is reported according to the equity method.

Joint ventures and associates

SEK m	2020	2019
Carrying amount, joint ventures and associates		
Carrying amount, opening balance	1,224	1,256
New investments	108	6
Dividends	-100	-90
Share of profits	50	34
Items in other comprehensive income	4	18
Carrying amount, closing balance	1,287	1,224

Secore Fastigheter AB paid dividends totalling SEK 50 million, of which SEK 25 million was paid to ICA Gruppen (in 2019 dividends were paid in the amount of SEK 60 million, of which SEK 30 million was paid to ICA Gruppen). Ancore Fastigheter AB paid dividends totalling SEK 150 million, of which SEK 75 million was paid to ICA Gruppen (in 2019 dividends were paid in the amount of SEK 120 million, of which SEK 60 million was paid to ICA Gruppen). The new share issue in October 2020 by MD International AB involved investment of SEK 35 million by ICA Gruppen. Its shareholding was also increased by the conversion of loans, making a total investment of SEK 88 million. During the year SEK 20 million was invested in IISÅ Holdco AB (SEK 6 million). Fastighetsaktiebolaget Postgården AB received no capital contribution in 2020 (in 2019 it received a capital contribution of SEK 1 million, of which ICA Gruppen's share was SEK 0.5 million).

Table summarising the most significant holdings of interests in joint ventures and associates

SEK m	Share, % ¹		Carrying amount		Share of profits	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Ancore Fastigheter AB, 556817-8858, Stockholm	50	50	725	731	64	54
Secore Fastigheter AB, 559018-9451, Stockholm	50	50	138	134	30	32
Fastighetsaktiebolaget Postgården AB, 559016-8885, Stockholm	50	50	7	7	0	0
MD International AB (Min Doktor), 556934-0580, Malmö	46.83	49.37	391	346	-43	-53
IISÅ Holdco AB, 559217-9203, Stockholm	25	25	26	6	0	0
Total			1,287	1,224	50	34

¹ Ownership percentages are consistent with share of capital.

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Cont. Note 13 Interests in joint ventures and associates

Summary of joint ventures and associates

SEK m	Joint ventures				Associates	
	Ancore Fastigheter AB		Secore Fastigheter AB		MD International AB (Min Doktor)	
	2020	2019	2020	2019	2020	2019
Reconciliation of reported share of profits						
Profit for the year	129	111	41	45	-108	-112
Share of profits	65	55	20	22	-42	-52
Elimination of intra-Group profits and depreciation of surplus value	-1	-1	10	10	-1	-1
Reported share of profits	64	54	30	32	-43	-53

SEK m	Ancore Fastigheter AB		Secore Fastigheter AB		MD International AB (Min Doktor)	
	2020	2019	2020	2019	2020	2019
	Reconciliation of carrying amount					
Share of equity	695	701	394	399	208	126
Surplus values	88	91	-	-	183	220
Intra-Group profit	-59	-61	-256	-265	-	-
Carrying amount	725	731	138	134	391	346

Condensed income statement and balance sheet

SEK m	Ancore Fastigheter AB		Secore Fastigheter AB	
	2020	2019	2020	2019
	Rental income	492	448	183
Depreciation/amortisation	-121	-109	-48	-37
Expenses	-91	-81	-52	-51
Operating profit	281	258	84	90
Financial income	0	0	0	0
Financial expense	-107	-107	-28	-29
Profit before tax	174	151	55	61
Tax	-44	-40	-15	-16
Profit for the year	129	111	41	45
Other comprehensive income	9	37	-	-
Comprehensive income for the year	138	148	41	45
Non-current assets	5,475	5,528	2,365	2,349
Current assets	26	17	17	15
Cash and cash equivalents	163	123	32	52
Total assets	5,663	5,668	2,414	2,415
Equity	1,390	1,401	788	797
Deferred tax liabilities	178	175	141	141
Non-current liabilities to credit institutions	3,942	2,668	1,424	940
Current liabilities	153	1,424	61	537
Total equity and liabilities	5,663	5,668	2,414	2,415

Fastighetsaktiebolaget Postgården AB is a joint arrangement with Nordr (formerly Veidekke Bostad) for the construction of residential units above the commercial development that ICA Real Estate is going to build in Årsta. The preliminary construction start date is in 2024. The company did not conduct any significant operations in 2020. It is consolidated according to the equity method.

Note 14 ICA Bank

ICA Bank offers a wide range of financial services to private individuals in the areas of payments, borrowing, saving and insurance. ICA Bank also offers services in the corporate segment, including banking services for ICA retailers.

Variable interest rates apply to both deposits and lending, with the exception of a small share of lending to businesses where the interest rate is fixed for three months. The surplus liquidity that arises within ICA Bank if deposits exceed lending is invested in low-risk instruments. This involves investing in Swedish municipal bonds and corporate bonds with a minimum rating of "A" (according to S&P or Moody's). The combination of deposits, lending and investments keeps the total interest rate risk low. The bank has very small amounts in foreign currencies and therefore currency risk is low. The majority of loans are unsecured.

A mortgage company is being established jointly with Ålandsbanken, Ikano Bank, Söderberg & Partners and Borgo. See also Note 13 Interests in joint ventures and associates.

On 22 December it was announced that ICA Bank had signed an agreement to acquire Forex's customer portfolios for deposits and consumer loans with a combined business volume of approximately SEK 15 billion as at 30 November 2020, and approximately 235,000 customers. The agreement does not cover personnel, IT agreements or other assets. The deal is expected to be closed in the second quarter of 2021. The deal is subject to and contingent upon certain regulatory approvals.

ICA Bank's lending to the public has the following remaining maturities:

SEK m	31 Dec. 2020	31 Dec. 2019
No longer than 3 months	1,435	1,885
Longer than 3 months but not more than 1 year	1,628	1,631
Longer than 1 year but not more than 5 years	7,336	6,674
Longer than 5 years	5,698	4,645
Total lending	16,098	14,835
Of which lending to companies	1,900	1,438

Impairment according to IFRS 9

Impairment testing according to IFRS 9 is based on expected credit losses. In addition, all relevant macroeconomic factors must be taken into account. For all loan receivables an initial loss allowance is applied which corresponds to expected credit losses within a period of 12 months (stage 1). If the credit risk has increased significantly since initial recognition but the asset is not yet considered credit-impaired, the asset is moved to stage 2. In stage 2 credit losses are recognised based on losses expected to occur over the full anticipated lifetime of the asset. Stage 3 is default, where the receivable is considered to be a bad debt. Bad debts within personal banking are sold to an external party once the receivable has remained unsettled for

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Cont. Note 14 ICA Bank

around 120 days. Reserves are also made for loans approved but not yet paid out, unutilised card credit and overdrafts, and guarantees given. ICA Bank's loan portfolios for personal and business customers consist of secured and unsecured loans as well as card credit and overdrafts. These are allocated to stages according to set criteria which differ between ICA Bank's business areas.

For the effect of the Covid-19 pandemic on credit losses, see the ICA Bank segment in the Board of Directors' Report.

Breakdown of loans by stage and allowances, according to IFRS 9**Lending to the public**

SEK m	31 Dec. 2020	31 Dec. 2019
Carrying amount gross, stage 1	15,131	14,006
Carrying amount gross, stage 2	1,096	828
Carrying amount gross, stage 3	87	122
Total carrying amount gross	16,314	14,956
Allowances, stage 1	-70	-39
Allowances, stage 2	-107	-58
Allowances, stage 3	-39	-24
Total allowances	-216	-121
Total carrying amount	16,098	14,835

Note 15 Inventories

SEK m	31 Dec. 2020	31 Dec. 2019
Inventories of goods for resale	4,838	4,712
Deduction for obsolescence in inventories	-107	-100
Total inventories	4,731	4,611

Note 16 Related party transactions

Other than the transactions in the consolidated financial statements, ICA Gruppen's transactions with related parties mainly consist of rental transactions relating to the properties owned by Ancore Fastigheter AB, the joint venture with Alecta, and Secore Fastigheter AB, the joint venture with Första AP-fonden.

2020, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures	30	635	126	4

2019, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures	29	591	176	6

ICA Gruppen has had daily transactions with the Board members who are ICA retailers. The transactions are a natural part of their role as ICA retailers and take place on the same terms as for other ICA retailers.

For remuneration to senior executives, see Note 4.

Note 17 Assets and liabilities held for sale

Assets held for sale consist of properties in Sweden and the Baltic countries.

Impairment of SEK 0 million (0) was recognised in connection with classification as assets held for sale.

On 14 May 2019 ICA Gruppen sold all the shares in Hemtex. The purchase consideration paid on a debt-free basis amounted to SEK 226 million. The effect on cash flow, including the buyer's loan repayment, amounted to SEK 222 million and the capital loss after transaction costs was SEK -382 million. The main assets divested were brands and inventories.

Note 18 Equity

Share data (number)	31 Dec. 2020	31 Dec. 2019
Total outstanding shares	201,146,795	201,146,795
Number of registered shares	201,146,795	201,146,795

The quota value is SEK 2.50 per share.

Specification of the equity item reserves

SEK m	31 Dec. 2020	31 Dec. 2019
Translation reserve:		
Translation reserve, opening balance	617	551
Reclassified to profit or loss	-	-
Translation differences for the year	-75	66
Translation reserve, closing balance	542	617

Hedging reserve:

Hedging reserve, opening balance	-16	-6
Reclassified to profit or loss	10	29
Change in value during the year	-163	-39
Hedging reserve, closing balance	-169	-16

Total reserves:

Reserves, opening balance	599	543
Change in reserves during the year:		
Translation reserve	-75	66
Hedging reserve	-153	-10
Reserves, closing balance	371	599
Non-controlling interests in hedging reserve	1	3
Reserves attributable to the parent, closing balance	372	603

Translation reserve

The translation reserve includes all exchange differences that arise in translating financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports.

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Cont. Note 18 Equity

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Other capital contributed

Other capital contributed essentially consists of the contributions, over and above share capital, that are provided by the owners.

Non-controlling interests

Refers to Långeberga Logistik AB and store subsidiaries within the ICA Sweden segment.

Dividends totalling SEK 100 million (100) were received during the year from Långeberga Logistik AB, half of which was paid to Alecta, thereby reducing non-controlling interests.

In 2018 the entire outstanding non-controlling interest in Minutkliniken AB was acquired. In 2019 an outstanding payment of SEK 3 million was made for the acquisition.

Asset management

ICA Gruppen's managed assets consist of the Group's recognised equity. The Group's asset management goal is to ensure long-term value creation for the shareholders and to reflect the Group's focus on stable grocery retail sales. The Board of Directors has adopted the following long-term financial targets for ICA Gruppen:

- Grow faster than the market (Grow faster than the market)
- Operating margin excluding items affecting comparability of 4.5% (4.5)
- Return on capital employed of 7.5% (7.5)
- Net debt/EBITDA <3.0 (<3.0)
- Dividend of at least 50% of net profit for the year (at least 50% of net profit for the year)

For information on performance in relation to these targets, refer to the Board of Directors' Report.

Paid and proposed dividends	SEK m
Dividends paid during the year	
Dividend for 2019: SEK 12.00/share	2,414
Dividend proposal for the 2021 Annual General Meeting	
Dividend for 2020: SEK 13.00/share	2,615

The Board of Directors of ICA Gruppen AB has decided to propose to the Annual General Meeting to be held on 15 April 2021 an ordinary dividend of SEK 13 (the Annual General Meeting held on 21 April 2020 resolved to pay a dividend of SEK 6 per share and an Extraordinary General Meeting held on 22 September 2020 resolved to pay a dividend of SEK 6 per share. Together the two general meetings resolved to pay a total dividend of SEK 2,413,761,540).

ICA Bank has capital adequacy requirements under the rules that apply to banks and insurance companies. The capital adequacy requirements guarantee that ICA Bank is able to meet its obligations to its customers. The requirements stipulate that ICA Bank must maintain a specific amount of equity in relation to its lending and revenues. Compliance with capital adequacy requirements is monitored by FI. These requirements were fully met during the year. Under the legal requirements for banks, ICA Bank's cash and cash equivalents are not available to the Group.

Note 19 Pensions

Employees in Sweden receive pension benefits in accordance with collective agreements. Salaried employees therefore receive either defined contribution (ITP1) or defined benefit (ITP2) pensions according to the ITP plan. Employees with a defined benefit pension plan receive pension based on their final salary. The defined benefit pensions are reported as a provision in the balance sheet. The defined contribution pension premiums are paid to Alecta/Collectum on an ongoing basis. A small portion of the defined benefit pension is paid to Alecta in the form of risk insurance. To guarantee the provision in the balance sheet, a credit insurance policy has been taken out with PRI Pensionsgaranti. PRI Pensionsgaranti performs continuous credit checks on ICA Gruppen to ensure the Group's ability to meet its pension promises. If PRI Pensionsgaranti should deem ICA Gruppen's credit rating to be too low, PRI has the authority to require either additional guarantees for the Group's undertakings, or that all or parts of the pension undertaking are redeemed with Alecta through the purchase of credit insurance. A cost may then arise for ICA Gruppen, depending on Alecta's assumptions and requirements with respect to redemption at that point. Unionised employees receive defined contribution pension plans according to the SAF/LO Collective Pension Insurance.

In the Baltic countries collective pension insurance occurs only in exceptional cases and in these cases they are defined contribution plans.

There are no significant healthcare benefits in the Group's plans.

For Swedish companies, if a difference arises between the pension debt established according to Swedish rules and the pension debt established according to IFRS, a provision or receivable is recognised for the special employer's contribution based on this difference. The amount is included in pension provisions.

Cost of defined benefit pension plans

SEK m	2020	2019
Cost of vested benefits during the period	194	146
Interest expense	59	71
Pension cost for defined benefit pension plans in profit for the year	253	217
Pension cost for defined contribution pension plans	404	377
Pension cost in profit for the year	657	594
Remeasurements recognised in other comprehensive income, gains (-) / losses (+)	125	690
Pension cost in comprehensive income for the year	782	1,284

The following disclosures relate only to the defined benefit plans.

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Cont. Note 19 Pensions

Change in obligations

SEK m	2020	2019
Opening balance	3,939	3,082
Cost of vested benefits during the period	194	146
Interest expense	59	71
Remeasurements, gains (-) / losses (+)	125	690
Pension disbursements	-55	-50
Closing balance	4,262	3,939

Important actuarial assumptions	31 Dec. 2020	31 Dec. 2019
Discount rate	1.25%	1.75%
Inflation	1.50%	1.75%
Rate of salary increase	2.75%	3.5%
Mortality rate	DUS 14	DUS 14

ICA Gruppen has conducted a review of the assumptions. The assumption concerning inflation affects, among other things, the adjustment of paid-up policies and pension promises to pensioners under the ITP2 plan. The review shows that, historically, the actual inflation rate has been lower than the assumed rate. The inflation assumption is therefore being lowered from 1.75% to 1.50%. The ITP2 plan has been closed for many years. New employees born in 1979 or later receive a defined contribution pension under the ITP agreement. An older age profile for the ITP2 plan means a lower rate of salary increase. Based on historical actual salary increases and the expected future rate of salary increase, the salary increase assumption is being lowered from 3.50% to 2.75%. ICA Gruppen considers the assumptions to thereby be compatible with each other in accordance with IAS 19.

Remeasurements relate only to financial assumptions. There is no remeasurement based on demographic assumptions. Remeasurement due to a lower discount rate compared with the previous year amounted to SEK 503 million (675). The change in the other assumptions has a reverse effect of SEK -356 million. In addition, there was a remeasurement amounting to SEK -16 million (15) due to a difference in outcome compared with the assumptions.

The duration of the pension liability is 23 years (24 years).

Sensitivity analysis

An increase in the discount rate of one half of a percentage point would reduce the obligation by SEK 501 million (466). A reduction in the discount rate of one half of a percentage point would increase the obligation by SEK 583 million (543).

Expected disbursements

Over the next five years the expected disbursements from the defined benefit plans amount to a total of SEK 295 million, broken down as SEK 53 million in 2021 and SEK 57-64 million for each of the next four years. The disbursements over the subsequent five years will amount to a total of SEK 367 million, which means the average payment per year is SEK 73 million.

Note 20 Financial risks, financial risk management and financial instruments

ICA Gruppen has a central function for financial management whose primary task is to ensure that the Group has secured financing through loans and lines of credit, to handle cash management and to actively manage and control financial exposure in line with the Group's Financial Policy.

Financial Policy and financial targets

The Financial Policy applies to all companies in the Group. The Financial Policy of ICA Gruppen determines which financial risks the Group is prepared to take and defines risk management targets and guidelines. It describes the division of responsibilities as well as reporting and internal control procedures for financial risk management.

The policy is revised annually, or more often if needed, by ICA Gruppen's Audit Committee and is approved by ICA Gruppen's Board of Directors.

According to the long-term financial targets for the business, ICA Gruppen is to provide a dividend of at least 50% of net profit for the year and net debt/EBITDA is to be less than 3x.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect ICA Gruppen's earnings and cash flow or the fair value of financial assets and liabilities.

The Financial Policy states that interest rate risk is to be limited by having an average fixed interest rate period for all interest-bearing debt (including derivatives) of between 12 and 36 months. At year-end the fixed interest rate period was 16 (14) months. In addition to the fixed interest rate periods for the actual loans, interest rate swaps are used to adjust interest rate exposure. In 2015 interest options with a base rate floor were also purchased in order to maintain fixed interest rates when the STIBOR rate became negative.

A one percentage point increase in the interest rate as of 31 December 2020 would increase the annual interest expense for the entire debt by SEK 18 million (8).

Interest rate derivatives match existing loans and cash flow hedging is used for these in accordance with IFRS 9. As of the balance sheet date, 31 December 2020, a negative market value of SEK -19 million (-9) was recognised from hedging. Of this, SEK -19 million (-9) related to interest rate swaps and SEK 0 million (0) to base rate floor options.

Refinancing and liquidity risk

Refinancing risk is the risk of ICA Gruppen being unable to finance or refinance its capital requirement on reasonable terms. The Group aims to diversify financing to various sources and to have a balanced maturity profile for loans and credit facilities.

ICA Gruppen issued two bonds in February totalling SEK 2.25 billion. In December a bilateral loan of SEK 1.0 billion was repaid. ICA Gruppen has no financial covenants in its loan agreements. The impact of the ongoing pandemic has been very small since the refinancing was completed before the outbreak of the pandemic and the Group's generally conservative approach to financial risk meant that its exposure to any impact was very low.

Liquidity risk is the risk that ICA Gruppen will not meet its short-term payment obligations. ICA Gruppen's Financial Policy states that the liquidity reserve is to be sufficient to handle the fluctuations that may be expected over a 12-month period, including maturing loans. In addition to a reserve for expected negative fluctuations in cash flow, there must always be a liquidity reserve equal to 3-5% of the Group's net sales. Positive expected cash flows are not included in the liquidity reserve. To ensure this, the Group has bank overdraft facilities and confirmed credit facilities. ICA Bank's surplus liquidity is not available to the Group because of banking laws.

ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities Specification	Carrying amount 31 Dec. 2020	Carrying amount 31 Dec. 2019	Interest rate on 31 Dec. 2020 incl. derivatives	Type of interest excl. derivatives
Non-current liabilities				
<i>Bonds¹</i>				
Bond MTN Sweden 2018-2021	-	600		fixed
Bond MTN Sweden 2018-2021	-	600		floating
Bond MTN Sweden 2019-2022	700	700	0.84%	floating
Bond MTN Sweden 2019-2022	300	300	0.84%	fixed
Bond MTN Sweden 2020-2023	1,750		0.59%	floating
Bond MTN Sweden 2020-2025	500		0.91%	floating
Total bonds as per the balance sheet	3,250	2,200		

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Cont. Note 20 Financial risks, financial risk management and financial instruments

ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities Specification	Carrying amount 31 Dec. 2020	Carrying amount 31 Dec. 2019	Interest rate on 31 Dec. 2020 incl. derivatives	Type of interest excl. derivatives
<i>Other interest-bearing liabilities</i>				
Property financing Långeberga 2020–2022	913	–		
Bilateral loan MTN Svensk Exportkredit 2014–2021 ¹	–	500		floating
Other loans in subsidiaries	10	13		
Total other interest-bearing liabilities as per balance sheet	923	513		
Total long-term bonds and non-current interest-bearing liabilities	4,173	2,713		
1 Refers to ICA Gruppen AB.				
Current liabilities				
<i>Bonds¹</i>				
Bond MTN Sweden 2018–2021	600	–	0.47%	fixed
Bond MTN Sweden 2018–2021	600	–	0.47%	floating
Total bonds as per the balance sheet	1,200	0		
<i>Other interest-bearing liabilities</i>				
Bilateral loan Svensk Exportkredit 2013–2021 ¹	500	–	2.62%	floating
Bilateral loan Svensk Exportkredit 2013–2020 ¹	–	1,000		
Property financing Långeberga 2013–2020	–	913		
Store deposits ¹	340	427		
Total other interest-bearing liabilities as per balance sheet	840	2,340		
Total short-term bonds and current interest-bearing liabilities	2,040	2,340		
Total bonds and interest-bearing liabilities	6,213	5,053		
Cash excluding ICA Bank	–1,309	–846		
Total net debt excluding IFRS 16	4,904	4,207		
Non-current lease liabilities	11,902	12,521		
Current lease liabilities	3,095	3,389		
Total lease liabilities excl. ICA Bank	14,997	15,910		
Total net debt	19,901	20,117		

1 Refers to ICA Gruppen AB.

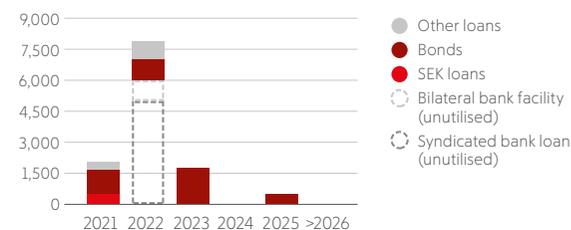
Unutilised confirmed facilities ¹	31 Dec. 2020	31 Dec. 2019
Bilateral bank facilities	1,000	1,000
Syndicated bank loan	5,000	5,000
Total unutilised facilities	6,000	6,000

1 Refers to ICA Gruppen AB.

Maturity structure of long-term bonds and non-current interest-bearing liabilities
 SEK m

2022	1,923
2023	1,750
2024	0
2025	500
Total	4,173

Current liabilities are mainly trade payables of SEK 15,751 million (15,310) and deposits with ICA Bank of SEK 19,293 million (16,698), as well as short-term bank loans and deposits from ICA stores totalling SEK 340 million (427) which mature in January 2021. Bonds of SEK 1,200 million are payable in January 2021. Svensk Exportkredit loans for SEK 500 million are payable in September 2021. The current portion of lease liabilities amounts to SEK 3,096 million (3,390). ICA Bank deposits are payable upon demand and trade payables generally have a maturity of no more than three months. Interest is generally paid quarterly. With the current financing costs and debt portfolio, annual interest expense amounts to around SEK 119 million for ICA Gruppen excluding ICA Bank and excluding lease liabilities. For the lease liabilities maturity profile, see Note 7.

Maturity profile for interest-bearing liabilities (excluding lease liabilities) and long-term confirmed credit facilities (excluding interest payments)


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Cont. Note 20 Financial risks, financial risk management and financial instruments

Credit risk

Credit risk is the risk that a counterparty in a transaction will not fulfil its contractual obligations and that any security provided will not cover the Company's claim. The banks and financial institutions the Group works with must have a high credit rating. For commercial counterparties with which the Group has a high exposure, individual credit assessments are made. The credit risk arising from ICA Bank's lending to the public is managed by performing credit checks for all loan applications before they are granted.

ICA Gruppen has netting agreements – so-called ISDA master agreements – with counterparties for derivatives. This means that receivables from and liabilities to an individual counterparty can be offset in the event, for example, of insolvency.

Flows between ICA Gruppen and individual ICA retailers are offset on a daily basis through the Group's own netting system, ICA Konto.

Other than those within ICA Bank, the receivables mainly consist of account credit granted to non-consolidated ICA retailers. The receivables are continually assessed for expected losses. The provision for expected losses is based on an assessment over the entire lifetime of the receivable and is based on both macroeconomic and individual factors. The reserve for bad debts does not amount to a material sum. Collateral for the credit is mainly provided through floating charges. See also Note 14 ICA Bank.

Foreign currency risk

Transaction exposure is the risk that changes in exchange rates will affect the income statement and cash flow. For ICA Gruppen this foreign currency exposure is mainly related to the importing of goods paid for in foreign currencies (commercial currency risk). It also includes lending and deposits within the Group to subsidiaries in the Baltic countries (financial currency risk). A very significant proportion of the Group's purchasing takes place in Swedish kronor. According to the Financial Policy, the effect on earnings of a 5% change in exchange rates must not exceed SEK 10 million. At year-end the amount was SEK 6 million (4).

Translation exposure is the risk that changes in exchange rates will affect the translation to Swedish kronor of the Group's income statements and balance sheets for the operations that report in a currency other than Swedish kronor. There is no currency hedging for this translation risk.

Hedging policy

ICA Gruppen's commercial currency exposure varies between the different units, in so far as the units may change the prices customers pay with different periodicity based on the exchange rate. According to the Financial Policy, 80–100% of the forecast cash flows are hedged during the period the customer price is fixed, and 80–100% of the actual cash flows are hedged.

ICA Gruppen's financial currency exposure in the form of lending and deposits within the Group to subsidiaries in the Baltic countries is hedged by obtaining a corresponding liability or asset in euros, mainly through currency swaps.

Commercial currency derivatives (SEK m)

Currency ¹	1–3 months	3–6 months	6–12 months	12–24 months	>24 months	31 Dec.	31 Dec.
						Nominal amount	Fair value
DKK/SEK	-5	-1	-6			-12	0
EUR/SEK	-1,921	-125	-145	-23		-2,214	-57
EUR/USD	5					5	0
CNY/SEK	-12	-3	-25			-39	-2
CNY/HKD	-7	-5	-9			-21	0
HKD/SEK	-10	-5	-9			-25	-1
GBP/SEK	-17	-63	-80	-139	-1,092	-1,392	-142
NOK/SEK	-42					-42	0
USD/SEK	-211	-82	-231	-11	-15	-551	-58
As of 31 Dec. 2020	-2,221	-285	-505	-173	-1,108	-4,292	-260
As of 31 Dec. 2019	-2,309	-272	-533	-98	-1,365	-4,577	-76

Financial currency derivatives (SEK m)

Currency ¹	1–3 months	3–6 months	Nominal amount	Fair value
As of 31 Dec. 2020	-1,860	0	-1,860	26
As of 31 Dec. 2019	-1,139	0	-1,139	23

¹ Example: EUR/SEK means purchase in EUR hedged against SEK.

Financial currency derivatives are all entered into by ICA Gruppen AB.

Hedge accounting

ICA Gruppen uses cash flow hedges according to IFRS 9 for the portion of the currency exposure that is based on forecasts, except in the case of the Baltic states and some purchasing of fruit and vegetables. Of the total fair value amounting to SEK -260 million (-76), earnings of SEK -199 million (-41) were hedged as of the balance sheet date.

Sensitivity analysis

If ICA Gruppen did not hedge the commercial transaction exposure during the period when no price adjustment can be made for customers, the total effect on earnings in the case of an unfavourable 5% exchange rate change for ICA Gruppen in the respective currency pair would be SEK -81 million (-70). Under the financial policy the effect may not exceed SEK -10 million in losses. As of 31 December 2020 the amount was SEK -6 million. At the same time equity would be negatively affected in the amount of SEK -134 million (-159).

Commodity price risk

Of the commodity price risks identified by ICA Gruppen, energy price risk relating to fuel (diesel and HVO/biofuel) is the risk that is considered material and is therefore hedged. Electricity price risk can also have a relatively large impact on ICA Gruppen's earnings and, to the extent possible, the Group uses fixed price energy contracts.

Hedging policy

ICA Gruppen hedges energy price risk relating to fuel. In accordance with ICA Gruppen's Financial Policy, this price risk is hedged for a period of up to 36 months. This is done using financial future contracts.

In 2020 ICA Gruppen purchased 15,300 (29,400) tonnes of diesel, which also covers the HVO (biofuel) price risk.

Fuel hedging

	Maturity analysis			Nominal amount, SEK m 31 Dec. 2020	Fair value, SEK m 31 Dec. 2020
	2021	2022	2023		
Total metric tonnes	18,600	8,400	3,300		
Total litres (000s)	23,183	10,521	4,147		
Forecast litres (000s)	24,800	20,557	18,259		
Hedge ratio as of 31 Dec. 2020	93.48%	51.18%	22.71%	163	126
As of 31 Dec. 2019	92.20%	59.98%	16.83%	297	296

Hedge accounting

ICA Gruppen uses hedges according to IFRS 9 for forecast fuel consumption (HVO or diesel) and the associated currency flows (USD). Of the total fair value amounting to SEK -36 million (-1), earnings of SEK -36 million (-3) were hedged as of the balance sheet date.

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Cont. Note 20 Financial risks, financial risk management and financial instruments

Sensitivity analysis

If ICA Gruppen did not hedge against fuel price exposure, the total effect on annual earnings, based on the 2021 forecast, in the case of a 20% negative price change would amount to around SEK –19 million (–30). Taking into account the existing hedging shown in the table, the effect would instead be SEK 5 million in 2020.

Financial assets and liabilities

SEK m	31 Dec. 2020	31 Dec. 2019
Financial assets		
<i>Financial assets measured at fair value through profit or loss</i>		
Investments	2,556	2,155
Other financial assets	35	41
Total	2,591	2,196
<i>Financial assets measured at amortised cost</i>		
ICA Bank's lending	16,098	14,835
Receivables	8,120	7,762
Cash and cash equivalents	4,584	3,157
Total	28,802	25,754
Total financial assets	31,393	27,950
Financial liabilities		
<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	304	100
Total	304	100
<i>Financial liabilities measured at amortised cost</i>		
Bonds	4,450	2,200
Other interest-bearing liabilities	1,763	2,853
Deposits ICA Bank	19,293	16,698
Lease liability	14,999	15,911
Other financial liabilities	19,796	18,985
Total	60,300	56,647
Total financial liabilities	60,604	56,748

The carrying amount is a reasonable approximation of the fair value for all financial assets and liabilities except bonds, where the fair value exceeds the carrying amount by SEK 10 million (44).

Fair value measurement of financial instruments is based on the most reliable data available. Depending on the input data used for measurement, fair value is classified at three levels: level 1 refers to the most objective prices for input data, while level 3 is based on the company's own data and assessments. Investments and other financial assets measured at fair value amount to SEK 2,591 million (2,196). In the fair value hierarchy the full amount is classified at level 1. Financial liabilities measured at fair value are all classified at level 2. Instruments for which a fair value is provided for information are classified at level 2. Level 2 assets and liabilities have been calculated according to generally accepted price models, which are based on discounted cash flows. The input data used consists of the most reliable market prices available.

Net profit attributable to financial instruments

The table below indicates how the net profit and interest income/interest expense pertaining to financial instruments have affected ICA Gruppen's earnings for the different categories of financial instruments.

SEK m	2020	2019
Financial assets and liabilities measured at fair value through profit or loss	0	0
Financial assets and liabilities measured at amortised cost	–204	–107
Interest from financial liabilities and assets measured at amortised cost:		
Interest income from financial assets	745	635
Interest expense from financial liabilities	–202	–226
Profit	340	302

ICA Bank's interest income and interest expense are included in consolidated operating profit. In interest income and interest expense in the table above they are included as disclosures concerning profit from financial items.

Note 21 Pledged assets and contingent liabilities

SEK m	31 Dec. 2020	31 Dec. 2019
Pledged assets		
Property mortgages	1,085	913
Registered assets of ICA Försäkring AB	330	260
Total	1,415	1,173
Contingent liabilities		
Loan commitments for unsecured loans, ICA Bank	712	723
Guarantees and contingent liabilities ¹	675	714
Total	1,388	1,437

¹ Guarantee for MasterCard amounting to SEK 246 million (280). The rest of this item is divided between numerous counterparties.

Note 22 Statement of cash flows and cash and cash equivalents

SEK m	2020	2019
Adjustments for non-cash items		
Depreciation/amortisation	5,305	5,219
Impairment and impairment reversed	63	39
Share of profits from joint ventures and associates	–50	–34
Capital gains/losses	–6	382
Provisions	185	183
Total non-cash items	5,497	5,791
SEK m		
ICA Bank: cash flow net deposits, lending and investments		
Deposits with ICA Bank (increase +/ decrease –)	2,595	1,313
Short-term lending (increase –/ decrease +)	457	–331
Long-term lending (increase –/ decrease +)	–1,701	–2,546
Investments (increase –/ decrease +)	–401	1,026
Total	950	–538

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Cont. Note 22 Statement of cash flows and cash and cash equivalents

SEK m	31 Dec. 2020	31 Dec. 2019
Composition of cash and cash equivalents		
Cash and bank balances ¹	4,584	3,157
Short-term investments ¹	0	0
Total cash and cash equivalents	4,584	3,157
¹ Of which ICA Bank		
Cash and bank balances	3,276	2,311
Short-term investments	-	-
Total cash and cash equivalents ICA Bank	3,276	2,311
Total cash and cash equivalents excluding ICA Bank	1,309	846

According to banking laws, ICA Bank's cash and cash equivalents are not available to the Group.

There are no other significant changes in financial liabilities recognised under financing activities in the Statement of cash flows other than items relating to payments for taking out and repaying loans within financing activities.

SEK m	Group 2020	ICA Bank 2020	Group excl. ICA Bank
Cash flow from operating activities before change in working capital	10,293	159	10,133
Change in working capital			
Inventories	-199	-	-199
Current receivables	-544	-131	-413
Current liabilities	1,143	220	922
ICA Bank's net of deposits, lending and investments	950	950	-
Cash flow from operating activities	11,641	1,198	10,444
Cash flow from investing activities	-5,309	-125	-5,184
Cash flow from financing activities	-4,911	-108	-4,802
Cash flow for the period	1,422	965	457
Cash and cash equivalents at beginning of period	3,157	2,311	846
Exchange differences in cash and cash equivalents	5	-	5
Cash and cash equivalents at end of period	4,584	3,275	1,309

SEK m	Group 2019	ICA Bank 2019	Group excl. ICA Bank
Cash flow from operating activities before change in working capital	10,230	272	9,959
Change in working capital			
Inventories	-268	-	-268
Current receivables	-107	-12	-95
Current liabilities	431	103	328
ICA Bank's net of deposits, lending and investments	-538	-538	-
Cash flow from operating activities	9,748	-175	9,923
Cash flow from investing activities	-2,900	-90	-2,811
Cash flow from financing activities	-6,895	149	-7,044
Cash flow for the period	-48	-116	69
Cash and cash equivalents at beginning of period	3,206	2,427	779
Exchange differences in cash and cash equivalents	-1	-	-1
Cash and cash equivalents at end of period	3,157	2,311	846

Note 23 Events after the balance sheet date

No significant events have taken place after the year end.

Income statement, Parent Company

SEK m	Note	2020	2019
Net sales	2	1,192	1,106
Cost of services sold		-1,137	-1,048
Gross profit		55	57
Administrative expenses	2, 3, 4, 5	-460	-474
Operating profit		-405	-417
Profit from financial items	6		
Profit from interests in Group companies		3,500	8,327
Interest income and similar items		299	229
Interest expense and similar items		-112	-114
Total profit from financial items		3,687	8,442
Profit after financial items		3,283	8,026
Appropriations			
Group contribution received		211	1,214
Total appropriations		211	1,214
Profit before tax		3,494	9,240
Tax on profit for the year	7	0	-196
PROFIT FOR THE YEAR		3,494	9,044

Other comprehensive income, Parent Company

SEK m	Note	2020	2019
Profit for the year		3,494	9,044
Other comprehensive income		-6	-1
COMPREHENSIVE INCOME FOR THE YEAR		3,487	9,043

Balance sheet, Parent Company

Assets			
SEK m	Note	31 Dec. 2020	31 Dec. 2019
Non-current assets			
<i>Intangible non-current assets</i>			
IT systems	8	143	136
<i>Property, plant and equipment</i>			
Equipment	9	210	182
<i>Financial non-current assets</i>			
Interests in Group companies	10	29,702	29,703
Deferred tax assets	7	28	26
Non-current receivables from Group companies		1,357	1,118
Non-current receivables		12	23
Total non-current assets		31,452	31,190
Current assets			
<i>Current receivables</i>			
Trade receivables	15	1	4
Receivables from Group companies		20,079	18,053
Other receivables		320	163
Prepaid expenses and accrued income	11	184	153
		20,584	18,373
<i>Cash and bank balances</i>			
		877	326
Total current assets		21,461	18,699
TOTAL ASSETS		52,912	49,889

Equity and liabilities			
SEK m	Note	31 Dec. 2020	31 Dec. 2019
Equity			
<i>Restricted equity</i>			
Share capital		503	503
Statutory reserve		2,773	2,773
Reserve for development expenses		56	31
<i>Non-restricted equity</i>			
Share premium reserve		4,916	4,916
Retained earnings		24,957	18,353
Profit for the year		3,487	9,043
Total equity		36,692	35,619
Provisions			
Provisions for pensions	13	452	427
Other provisions		4	13
Total provisions		456	440
Non-current liabilities			
Bonds		3,250	2,200
Liabilities to credit institutions		0	500
Other non-current liabilities		136	36
Total non-current liabilities		3,386	2,736
Current liabilities			
Bonds		1,200	-
Liabilities to credit institutions		840	1,427
Trade payables		141	135
Liabilities to Group companies		9,824	9,261
Other liabilities		180	93
Accrued expenses and deferred income	11	193	177
Total current liabilities		12,379	11,093
TOTAL EQUITY, PROVISIONS AND LIABILITIES		52,912	49,889

Changes in equity, Parent Company

SEK m	Restricted equity			Non-restricted equity			Total equity
	Share capital (Note 12)	Statutory reserve	Reserve for development expenses	Share premium reserve	Retained earnings	Profit for the year	
Opening equity, 1 January 2019	503	2,772	13	4,916	16,998	3,687	28,889
Profit for previous year		1			3,686	-3,687	0
Dividend						-2,313	-2,313
Development expenses			18		-18		0
Comprehensive income for the year						9,043	9,043
Closing equity, 31 December 2019	503	2,773	31	4,916	18,353	9,043	35,619
Opening equity, 1 January 2020	503	2,773	31	4,916	18,353	9,043	35,619
Profit for previous year					9,043	-9,043	0
Dividend						-2,414	-2,414
Development expenses			25		-25		0
Comprehensive income for the year						3,487	3,487
Closing equity, 31 December 2020	503	2,773	56	4,916	24,957	3,487	36,692

Statement of cash flows, Parent Company

SEK m	Note	2020	2019
Operating activities			
Operating profit		-405	-417
Dividend received		3,500	8,900
Adjustments for non-cash items	16	139	135
Income tax paid		0	0
Cash flow from operating activities before change in working capital		3,234	8,618
Change in working capital			
Current receivables (increase - /decrease +)		4	-54
Current liabilities (increase + /decrease -)		15	-16
Cash flow from operating activities		3,253	8,547
Investing activities			
Purchase of property, plant and equipment and intangible assets		-165	-168
Investments in subsidiaries		2	-150
Sales of subsidiaries		-	258
Loans to Group companies		-285	-479
Interest received		1	1
Interest received Group companies		287	208
Cash flow from investing activities		-160	-330
Financing activities			
Borrowings		2,361	768
Repayment of borrowings		-1,000	-1,500
Change in intra-Group loans		-1,406	-4,821
Dividend paid		-2,414	-2,313
Interest paid		-84	-97
Cash flow from financing activities		-2,543	-7,963
Cash flow for the year		551	254
Cash and cash equivalents at beginning of year		326	72
Cash and cash equivalents at end of year		877	326

Notes

Note 1 Accounting principles and supplementary disclosures

ACCOUNTING PRINCIPLES

Accounting principles applied

The Parent Company has prepared its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, in preparing the annual accounts for the legal entity, parent companies are to apply all EU-adopted IFRS/IAS – including interpretations – as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. RFR 2 specifies the exemptions from and supplements to the standards that are to be made according to IFRS. Altogether this results in differences between the Group's and the Parent Company's accounting principles in the areas detailed below.

Covid-19 effects and government grants

The Covid-19 pandemic has not had any direct effects on carrying amounts of property, plant and equipment, intangible assets or financial assets. The amounts of government grants received are small.

Subsidiaries

Interests in subsidiaries are recognised according to the cost method.

Classification and measurement of financial instruments

The Parent Company applies IFRS 9 except in the case of financial guarantees, where the exception according to RFR 2 applies.

Taxes

Untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, on the other hand, untaxed reserves are divided between deferred tax liabilities and equity.

Leases

The IFRS 16 Leases standard is not applied by ICA Gruppen AB according to the exception permitted under RFR 2. Leases in which the Parent Company is the lessee are recognised as a cost over the life of the lease on a straight-line basis. No right-of-use assets or lease liabilities have been recognised.

Defined benefit pension plans

The Parent Company uses a different basis to calculate defined benefit pension plans than in IAS 19. The calculations by the Parent Company comply with the Act on Safeguarding Pension Benefits and the regulations issued by Finansinspektionen (FI – Sweden's financial supervisory authority), as this is required for tax deductibility. The main differences compared with IAS 19 are the way in which the discount rate is determined and that the calculation is based on current salary levels rather than on expected future salary.

Group contributions

Group contributions (received and provided) are recognised as appropriations.

Capitalised development expenditures

Development expenditures capitalised in 2020 for development work performed within ICA Gruppen on intangible assets are transferred from non-restricted equity to a reserve for development expenditures pertaining to restricted equity.

Note 2 Intra-Group purchases and sales

The Parent Company's net sales amounted to SEK 1,192 million (1,106), of which 99% (97) consisted of sales to Group companies. Purchases from Group companies amounted to SEK 76 million (77).

Note 3 Average number of employees, salaries and other remuneration

Average number of employees

The average number of employees has been calculated as hours worked as a percentage of normal annual working hours.

	2020	2019
Women	190	185
Men	222	196
Total	412	381

Salaries, other remuneration and social security contributions

SEK m	2020	2019
Salaries and remuneration		
<i>Board of Directors and CEO</i>		
Salaries and other remuneration	27	26
– of which variable component	10	9
Other senior executives	24	21
Other employees	288	268
Total	340	315
Social security contributions		
Social security contributions	125	117
Pension costs	60	57
– of which pension costs for the Board of Directors and CEO	3	3
Total	185	174
Total salaries, other remuneration, social security contributions and pension costs	525	489

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Cont. Note 3 Average number of employees, salaries and other remuneration

Gender distribution on the Board and among senior executives

	31 Dec. 2020	31 Dec. 2019
<i>Board of Directors</i>		
Men	6	6
Women	4	4
Total	10	10
<i>CEO and other senior executives</i>		
Men	4	4
Women	2	2
Total	6	6

Gender distribution on the Board refers to the AGM-elected members and not the employee representatives.

ICA Gruppen Management Team

2020, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO	9,559	10,294	253	3,427	23,533
Other senior executives	15,716	7,741	526	4,608	28,591
Total	25,275	18,035	779	8,035	52,124

2019, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO	9,567	8,826	248	3,354	21,995
Other senior executives	15,421	4,829	523	4,148	24,921
Total	24,988	13,655	771	7,502	46,916

Comments on the table

The amounts given are the amounts expensed during the respective years and exclude social security contributions.

Remuneration to the Board of Directors and CEO of ICA Gruppen AB

Remuneration to ICA Gruppen AB's Board members at the individual level and remuneration and terms for the CEO of ICA Gruppen AB are described in Group notes, Note 4.

Remuneration to other senior executives

Remuneration to other senior executives consists of basic pay, pension benefits, variable remuneration in the form of a cash bonus, other remuneration and benefits, and severance pay. Other senior executives refers to the individuals who, together with the CEO, make up the ICA Gruppen Management Team (IMT) and are employed by ICA Gruppen AB.

Variable remuneration system

See Group notes, Note 4.

Notice periods and severance pay for other senior executives

A mutual notice period of six months applies for senior executives. If termination of employment is initiated by the Company, the senior executives are entitled to severance pay of up to 12 months' basic pay. Severance pay is deductible.

If a senior executive resigns, the Company may in certain cases choose to apply a non-competition clause. During the period the non-competition clause applies, compensation equivalent to a maximum of 60% of the fixed salary is paid. Severance pay and compensation during the non-competition period is not pensionable income.

Pension benefits for other senior executives

Other senior executives, with two exceptions, have a combined defined contribution and defined benefit pension plan. As a result, pension premiums – which are payable as long as the individual is employed – amount to up to 30% of pensionable salary. One senior executive is instead covered by a defined benefit ITP2 plan and one by ITP1.

Note 4 Audit expenses

SEK m	2020	2019
KPMG:		
Audit assignments	3	3
Total	3	3

Note 5 Leases – lessee

SEK m	2020	2019
Lease expense for the year	39	51
Future contractual lease fees:		
Maturity date within 1 year	1	11
Maturity date between 1–5 years	5	1
Maturity date later than 5 years	14	0
Total	20	12

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Note 6 Profit from financial items

SEK m	2020	2019
Profit from interests in Group companies		
Dividends:		
ICA AB	3,500	8,900
Capital gains/losses:		
Hemtex AB	-	-572
Impairment	-	0
Total	3,500	8,327
Other interest income and similar items		
Interest income, Group companies	284	209
Exchange differences	10	3
Other interest income and similar items	5	1
Change in fair value of financial instruments	-	16
Total	299	229
Other interest expense and similar items		
Interest expense, Group companies	0	0
Change in fair value of financial instruments	-10	-
Other interest expense and similar items	-102	-114
Total	-112	-114
Total profit from financial items	3,687	8,442

Note 7 Taxes

SEK m	2020	2019
Current tax		
Current tax on profit for the year	0	0
Deferred tax on temporary differences	0	-196
Reported tax	0	-196
Reconciliation of effective tax expense		
Profit before tax	3,494	9,240
Tax as per the current tax rate in Sweden, 21.4% (21,4%)	-748	-1,977
Dividend	749	1,904
Loss on divestment of shares	-	-122
Non-deductible expenses/non-taxable income	-1	-1
Reported tax	0	-196
Effective tax rate	0.0%	2.1%
As reported in balance sheet:		
Deferred tax assets	28	26

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance as of 1 Jan. 2020	Recognised through Other compre- hensive income	Balance as of 31 Dec. 2020
Other	26	2	28
Total	26	2	28
SEK m	Balance as of 1 Jan. 2019	Recognised through profit or loss	Balance as of 31 Dec. 2019
Tax loss carryforwards	197	-197	0
Other	25	1	26
Total	223	-197	26

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

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Note 8 Intangible non-current assets

SEK m	2020	2019
IT systems		
Accumulated cost	310	287
Accumulated amortisation	-168	-150
Carrying amount	143	136
Opening balance	136	108
Investments	43	71
Amortisation for the year	-36	-42
Carrying amount	143	136

Amortisation of intangible non-current assets is included in the line "Administrative expenses" in the income statement.

Note 9 Property, plant and equipment

SEK m	2020	2019
Equipment		
Accumulated cost	510	501
Accumulated depreciation	-300	-319
Carrying amount	210	182
Opening balance	182	161
Investments	123	106
Depreciation for the year	-96	-84
Carrying amount	210	182

Depreciation of property, plant and equipment is included in the line "Administrative expenses" in the income statement.

Note 10 Interests in Group companies

SEK m	2020	2019
Interests in subsidiaries		
Cost, opening balance	30,685	31,655
Divested ¹	-606	-1,120
Shareholder contributions ²	-	150
Accumulated cost, closing balance	30,079	30,685
Impairment, opening balance	-981	-1,512
Divested ¹	605	531
Impairment for the year	-	0
Accumulated impairment, closing balance	-376	-981
Residual value according to plan, closing balance	29,702	29,703

1 Expeditera Intressenter AB, Forma Holding AB and Höga Blåica AB were divested to ICA AB during the year. In 2019 Hemtex AB was divested to a new owner externally of ICA Group.

2 In 2020 no shareholder contributions were provided. In 2019 shareholder contributions were provided to ICA Banken AB in the amount of SEK 150 million.

Interests in subsidiaries

Specification of ICA Gruppen AB's direct holdings of shares in subsidiaries

	Corporate reg. no.	Registered office	No. of shares	Capital and votes, %	Quota value	Book value 31 Dec. 2020, SEK m	Book value 31 Dec. 2019, SEK m
Expeditera Intressenter AB	556720-9563	Solna	1,000	100	SEK 100	-	1
Forma Holding AB	556586-2363	Stockholm	1,000	100	SEK 1,000	-	1
ICA AB	556582-1559	Stockholm	5,000,000	100	SEK 100	23,035	23,035
ICA Banken AB	516401-0190	Stockholm	1,000,000	100	SEK 100	1,854	1,854
ICA Fastigheter Holding AB	556604-5471	Stockholm	1,000	100	SEK 100	4,812	4,812
ICA Spara AB	559086-0531	Solna	2,000	100	SEK 100	0	0
BläckClub Intressenter AB	556720-3467	Solna	1,000	100	SEK 100	0	0
Höga Blåica AB	556703-2924	Solna	1,000	100	SEK 100	-	0
Total						29,702	29,703

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Cont. Note 10 Interests in Group companies

Specification of important indirect holdings as of 31 December 2020

	Corporate reg. no.	Registered office	Capital and votes, %
Subsidiaries of ICA AB			
Rimi Baltic AB	556042-7410	Stockholm	100
Hakonlita UAB	125,018,861	Lithuania	100
Kinnisaravalduse AS	10,434,202	Estonia	100
Plesko Real Estate SIA	40 003 516 351	Latvia	100
Rimi Eesti Food AS	10 263 574	Estonia	100
Rimi Latvia SIA	40 003 053 029	Latvia	100
Rimi Lietuva UAB	123 715 317	Lithuania	100
Apotek Hjärtat AB	556791-1010	Stockholm	100
Apotek Hjärtat Retail AB	556773-8249	Stockholm	100
Apotek Hjärtat Logistik AB	556874-7827	Stockholm	100
ICA Global Sourcing Ltd	1 155 948	Hong Kong	100
ICA Sverige AB	556021-0261	Stockholm	100
Subsidiaries of ICA Banken AB			
ICA Försäkring AB	556966-2975	Stockholm	100
Subsidiaries of ICA Fastigheter Holding AB			
ICA Fastigheter AB	556033-8518	Västerås	100
Långeberga Logistik AB ¹	556928-2840	Stockholm	50

¹ Långeberga Logistik AB is a company owned 50% by Alecta and 50% by ICA Gruppen. Långeberga Logistik AB owns ICA Gruppen's warehouse property in Helsingborg. Based on the fact that ICA Gruppen uses the property for its own operations and that through the rent payments for the property, ICA Gruppen is responsible for the cash flows that Långeberga Logistik AB needs in order to meet its commitments, ICA Gruppen has control over the company. Långeberga Logistik AB is thus a subsidiary within ICA Gruppen.

Note 11 Accruals

SEK m	31 Dec. 2020	31 Dec. 2019
Prepaid expenses and accrued income		
Other prepaid expenses	184	153
Total	184	153

SEK m	31 Dec. 2020	31 Dec. 2019
Accrued expenses and deferred income		
Accrued salaries, holiday pay and social security expenses	109	96
Accrued interest expense	9	9
Other accrued expenses	76	72
Total	193	177

Note 12 Equity and appropriation of earnings

As of 31 December 2020 the share capital consists of 201,146,795 shares (201,146,795), each with a quota value of SEK 2.50 per share. There are no holdings of treasury shares.

Proposed appropriation of earnings

The Board of Directors proposes that the earnings be distributed as follows:

SEK	
To the shareholders, a dividend of	2,614,908,335
To the share premium reserve	4,915,938,770
Carried forward	25,828,841,494
Total	33,359,688,599

Note 13 Provisions for pensions

All employees receive pension benefits according to collective agreements. Salaried employees therefore receive either defined contribution (ITP1) or defined benefit (ITP2) pensions according to the ITP plan. Employees with a defined benefit pension plan receive pension based on their final salary. The defined benefit pensions are reported as a provision in the balance sheet. The defined contribution pension premiums are paid to Alecta/Collectum on an ongoing basis. To guarantee the provision in the balance sheet, a credit insurance policy has been taken out with PRI Pensionsgaranti. The full amount is covered by the Pension Obligations Vesting Act.

SEK m	31 Dec. 2020	31 Dec. 2019
Reconciliation of carrying amount for self-managed pensions		
Opening balance, capital value of pension obligations	427	400
Costs charged against profit	16	20
Interest expense	18	16
Pension disbursements	-9	-9
Closing balance, capital value of pension obligations	452	427

Note 14 Non-current liabilities

SEK m	31 Dec. 2020	31 Dec. 2019
Bonds	3,250	2,200
Liabilities to credit institutions	-	500
Total	3,250	2,700

No liabilities have a maturity date later than five years after the balance sheet date.

For more information see Group notes, Note 20.

Note 15 Financial risk management and financial instruments

ICA Gruppen's financial risks are handled at the Group level. For more information see Group notes, Note 20. The Parent Company ICA Gruppen AB has no significant net positions in commercial currency or fuel derivatives. For information on the Parent Company's financial currency derivatives see Group notes, Note 20. Receivables from Group companies are monitored individually to identify expected credit losses. Expected credit losses are insignificant.

Financial assets and liabilities by category

SEK m	31 Dec. 2020	31 Dec. 2019
Financial assets		
<i>Financial assets measured at fair value through profit or loss</i>		
Other financial assets	315	140
<i>Financial assets measured at amortised cost</i>		
Trade receivables	1	4
Current receivables from Group companies	21,436	19,172
Cash and cash equivalents and other receivables	1,077	523
Total financial assets	22,830	19,839

Financial liabilities

<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	315	123
<i>Financial liabilities measured at amortised cost</i>		
Bonds	4,450	2,200
Liabilities to credit institutions	840	1,927
Trade payables	141	135
Current liabilities to Group companies	9,824	9,261
Other current liabilities	193	184
Total financial liabilities	15,764	13,829

The carrying amount is equivalent to the fair value for all financial assets and liabilities except for bonds, where the fair value exceeds the carrying amount by 10 (44).

Note 16 Statement of cash flows

Adjustments for non-cash items

SEK m	2020	2019
Depreciation/amortisation	132	126
Provisions for pensions	7	11
Other provisions	0	-3
Total	139	135

There are no other significant changes in financial liabilities recognised under financing activities in the Statement of cash flows other than items relating to payments for taking out and repaying loans within the Company's financing activities.

Note 17 Pledged assets and contingent liabilities

SEK m	31 Dec. 2020	31 Dec. 2019
<i>Guarantees and contingent liabilities</i>		
Guarantees for subsidiaries	255	288
Total	255	288

This item is mainly for a guarantee pledge to Mastercard for the subsidiary ICA Banken AB.

Statement by the Board of Directors concerning the dividend

This statement has been drawn up pursuant to Chapter 18, Section 4 of the Swedish Companies Act (2005:551) and represents the Board's assessment as to whether the proposed dividend is justifiable in view of what is stated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act.

The Board of Directors of ICA Gruppen AB proposes an ordinary dividend of SEK 13.00 per share (12.00). The total dividend is SEK 2,615 million (2,414), which is 75.0% (26.7) of the Parent Company's profit for the financial year. The proposed dividend will reduce the Parent Company's equity/assets ratio from 69.3% to 64.4%, and the Group's equity/assets ratio from 33.7% to 31.2%. The equity/assets ratio is adequate for both the long and short term. The dividend amount corresponds to 62.7% of the Group's profit for the year. The Company's equity would have been SEK 0 million, or 0.0%, lower had assets and liabilities not been measured at fair value in accordance with Chapter 4, Section 14a of the Annual Accounts Act.

The dividend proposal is in line with the goal of paying a good and stable dividend over time. ICA Gruppen's dividend target over time is to pay a dividend to shareholders of at least 50% of profit for the year. In the Board's opinion, the proposed dividend is justifiable taking into account the requirements that the nature and scope of the business, as well as the risks associated with it, place on the Group's equity and financial position.

In view of the aforementioned and taking it into account, the Board believes that the proposed dividend is justifiable in terms of the requirements set out in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act, which state that the dividend must be justifiable considering the requirements that the nature and extent of the business and its risks place on the level of equity and on the Company's and the Group's consolidation requirements, liquidity and position in general.

FINANCIAL INFORMATION

Proposed appropriation of earnings

The following funds are at the disposal of the general meeting (SEK):

Share premium reserve	4,915,938,770
Retained earnings	24,956,412,282
Profit for the year	3,487,337,547
Total	33,359,688,599

The Board of Directors proposes that the earnings be distributed as follows:

To the shareholders, a dividend of	2,614,908,335
To the share premium reserve	4,915,938,770
Carried forward	25,828,841,494
Total	33,359,688,599

The undersigned hereby provide an assurance that the annual accounts and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and according to sound accounting practices, and provide a true and fair presentation of the Group's and the Parent Company's financial position and results, and that the Board of Directors' Report provides a true and fair overview of the development of the Group's and the

Parent Company's operations, financial position and results, and describes material risks and uncertainties faced by the companies in the Group. The statutory Sustainability Report, constituting the parts of the ICA Gruppen AB (publ) Annual Report stated as such on page 5, has been approved for publication by the Board of Directors.

Stockholm, 18 February 2021

Claes-Göran Sylvé
Chairman

Lennart Evrell

Cecilia Daun Wennborg

Andrea Gisle Joosen

Jeanette Jäger

Fredrik Hägglund

Bo Sandström

Magnus Moberg

Fredrik Persson

Anette Wiotti

Jonathon Clarke

Magnus Rehn

Per Strömberg
Chief Executive Officer

Our audit report was submitted on 18 February 2021
KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of ICA Gruppen AB (publ), corp. id 556048-2837

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of ICA Gruppen AB (publ) for the year 2020, except for the corporate governance statement on pages 49–67. The annual accounts and consolidated accounts of the company are included on pages 4–6, 9, 11 and 27–109 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 49–67. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters

IT systems and related IT controls

Description of key audit matter	Response in the audit
The company is relying on well-functioning IT-systems and IT-controls in order to run its operations. If these are not operating effectively, there is a risk that errors may occur which could impact the financial reporting. Critical IT-systems and related controls are therefore considered a key audit matter for the purposes of our audit.	We have, with support of our IT-audit specialists, evaluated and tested the operating effectiveness of the IT-systems and the IT-controls that are considered relevant for the financial reporting. Our audit has included evaluation of processes and testing of controls related to program changes, access management and IT-operations. We have also reviewed the organisational structure, segregation of duties and governance of the IT-organisation, and assessed the company's incident management and monitoring processes as well as testing any compensating controls where applicable.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–3, 7–8, 10, 12–26 and 110–137. The other information comprises also of the remuneration report, which is expected to be made available to us after the signing of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not

FINANCIAL INFORMATION

for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ICA Gruppen AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Swe-

den will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 49–67 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16. The auditor's examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of ICA Gruppen AB (publ) by the general meeting of the shareholders on the 21 April 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2017.

Stockholm, 18 February 2021

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant



DETAILED SUSTAINABILITY INFORMATION

Leading in sustainable enterprise

Sustainability is integrated into ICA Gruppen's overall strategic priorities (see pages 17–24). The detailed sustainability information provides supplementary information on important initiatives in 2020 and also describes the Group's progress in relation to performance indicators in ICA Gruppen's prioritised focus areas.

SUSTAINABILITY INFORMATION

Index

The Sustainability Report covers all significant principles in the UN Global Compact as well as the UN's Sustainable Development Goals that ICA Gruppen is focusing on (see page 12). ICA Gruppen's Sustainability Report for 2020 has been reviewed by a third party. ICA Gruppen's Accounting principles can be found on pages 131-133.



SUSTAINABILITY AREA	Page	External Assurance	Global Compact	SDG
Organisation and governance				
Statement from the CEO on the relevance of sustainable development for the Group and support for the Global Compact	8		✓	
Externally developed economic, environmental and social charters, principles, or other initiatives to which the Group subscribes or which it endorses	127-128	✓		16, 17
Reporting on the Group's stakeholder groups	128	✓		16
The Group's corporate governance including committees	50			16
Governance of the Group's sustainability work	127-129	✓		16
Description of the Group's rules and policies	57		1-10	16
Reporting on the Group's sustainability certifications and standards	129-130	✓	1-10	
Description of the Group's work on business ethics	60	✓	10	16
The Group's approach to economic, social and environmental value creation	10-11	✓		8, 17
The Group's sustainability strategy	12	✓		
The Group's sustainability targets	26, 114	✓	1-10	3, 8, 12, 13
Company-specific sustainability targets	114	✓	1-10	3, 5, 8, 12, 13, 14
Reporting of the Group's sustainability risk	45	✓	1-9	
Reporting of the Group's climate risk	45	✓	7, 8, 9	13
The Group's climate ambition	21	✓	7, 8, 9	13

SUSTAINABILITY AREA	Page	External Assurance	Global Compact	SDG
Sustainability work				
Description of the Group's sustainability work	18-24, 112-130	✓	1-10	12
Description of the Group's value chain	21	✓		12
Local: examples of activities during the year	18, 115	✓		12
Environment: examples of activities during the year	20, 116	✓	7, 8, 9	3, 8, 12, 13
Health: examples of activities during the year	19-20, 121	✓		3, 12
Inclusion and diversity: examples of activities during the year	23, 122	✓	1, 2, 3, 4, 5, 6	5, 8, 10
Quality: examples of activities during the year	125	✓	1, 2	3, 8, 12
Sustainability data				
Use of resources	117, 119-120	✓		7, 13
Greenhouse gas emissions	26, 118-119	✓		7, 13
Food waste	26, 120	✓		12
Waste	26, 120	✓		6, 11, 12, 14
Environmental work in stores	120	✓		7, 13
Quality, public recalls	125	✓		3, 12
Quality work in stores	125	✓		3, 12
Employees: average no. of employees, employee turnover, sickness-related absence	123	✓		8
Employees: type of employment, gender distribution, age distribution	123-124	✓		8, 10
About the Sustainability Report				
The Report's definitions and boundaries	128	✓		
Reporting period	127	✓		
The Group's policy on external review of the Sustainability Report	127	✓		
The Group's accounting principles	131-133	✓		
Contact person for questions concerning the Sustainability Report	123	✓		
Assurance Report	134			



Sustainability targets – overview

To drive and monitor its sustainability efforts, ICA Gruppen sets Group-wide targets in the prioritised focus areas. These are complemented by the targets set by each respective company and those set for specific issues. Below is a summary of a few of the most central targets. See pages 115–126 for more information on initiatives and performance indicators for each area.



Local

- At least 58% of customer survey respondents are of the opinion that ICA Sweden is good at using and supplying Swedish produce
- ICA Real Estate's marketplaces are to be inclusive, safe, secure, resilient and have sustainable transport systems that reduce dependence on fossil fuels by 2030. All locations are to have a sustainability plan.



Environment

- ICA Gruppen will cut food waste from warehouses and stores in half by 2025
- ICA Gruppen's own operations are to be climate neutral by 2020, and have a net zero climate footprint no later than 2030¹
- ICA Gruppen's suppliers are to adopt science-based climate targets no later than 2025
- ICA Gruppen aims to cut the climate impact of customers' grocery purchases in half by 2030¹
- Fossil-free road transport within all ICA Gruppen's Swedish operations by 2030, and as early as 2025 in the three metropolitan areas
- All plastic food packaging for private label products to be recyclable by 2022
- All plastic food packaging for private label products to consist of recycled or renewable materials by 2030



Health

- By 2020 ICA Gruppen will be perceived by consumers as the actor in the market that most clearly help them make healthy choices
- Customer fruit and vegetable purchases in Sweden are to be equivalent to consumption of 500 grams a day per person no later than 2025¹



Inclusion & diversity

- 50/50 gender balance in key positions¹
- Employees consider the work environment to be free from harassment and discrimination
- Employees feel that everyone has the same opportunities, regardless of their background
- Employees feel that they can be themselves at work



Quality

- 100% of ICA Gruppen's suppliers of corporate brand products in high-risk countries to be socially audited²
- At least 90% of suppliers of ICA Gruppen's corporate brand products in high-risk countries are to have an approved social re-audit by year-end 2020²
- 90% of the suppliers of ICA Gruppen's corporate brand products are to be quality-certified by the end of 2020²

¹ Indicator reported in ICA Gruppen's interim reports from 2021.

² ICA Gruppen will continue to monitor the number of corporate brand suppliers who are quality-certified, and in high-risk countries that have been socially audited and re-audited, and will report the outcomes in the interim reports until further notice.



ICA Gruppen's ambition is to actively contribute to local communities where we operate. There is substantial and growing demand for locally produced food, both in Sweden and in the Baltic countries. Increasing numbers of consumers want to eat more locally produced food. ICA Gruppen is working actively to increase the amount of locally produced food in the product range, and to support rural areas and help keep communities alive in various ways. In addition, the Group's operations – in particular the local ICA retailers in Sweden – contribute to their communities through fundraising campaigns, projects and sponsorship.

Examples of projects and initiatives in 2020 – in addition to those presented on page 18

Supporting the local community – particularly important in troubling times

Through sponsorship, fundraising campaigns and other initiatives, the operations within ICA Gruppen is helping in various ways to make local communities stronger. Commitment to this objective was already extensive, but in 2020 it increased further in response to Covid-19. One of the most important initiatives in 2020 focused on making it easier for smaller, local suppliers to sell directly to ICA retailers in Sweden. This involves simplifying procedures and increasing communication. As a result of the steps taken more than 450 new local suppliers have been able to sell their products directly to ICA stores.

The long-standing partnership between ICA and the Red Cross was further strengthened in 2020 when ICA – through ICA Sweden, ICA Stiftelsen and Apotek Hjärtat – donated SEK 12 million for the efforts of the Red Cross to increase its outreach during the Covid-19 crisis, including home deliveries of meals and medicines.

During the year Rimi Baltic supported local communities and groups impacted by the crisis by, for example, delivering food packages to healthcare personnel, donating food to Food Bank and offering separate opening hours for seniors.

Continued partnership with LRF

Cooperation with the Federation of Swedish Farmers (LRF) continued in 2020. The purpose of this partnership, which began in 2014, is to expand the offering of Swedish products in stores, increase sales of Swedish food and support development and growth in Sweden's rural areas.

2,000 young people took part in the project called Ready, Steady, Clean!

ICA Sweden and ICA Stiftelsen continued their partnership with Städa Sweden ("Cleanup Sweden") on the Ready, Steady, Clean! project. More than 2,000 young people from 82 sports teams participated in the project during the year by cleaning up the natural environment in locations where ICA retailers sell ICA's green carrier bags. The ICA retailers involved in the project can assign local clean-up tasks to sports clubs. Each participating club receives a contribution to club funds.

New meeting places through the Folke cheese

ICA Stiftelsen, in cooperation with Sweden's 1,500 ICA retailers, launched Folkeprojekten ("Folke Projects") – an initiative where a portion of the profits from every Folke brand product sold goes towards building new meeting places in Sweden. In 2020 SEK 1,370,000 was donated to non-profit organisations, enabling them to build beach volleyball courts, minigolf and boules facilities, dog parks, obstacle courses, BBQ facilities, skateparks and climbing walls around the country.



ICA Gruppen's ambition is to minimise the Group's own environmental impact, create a climate neutral business and inspire customers to make more sustainable choices. In addition to an emphasis on reducing climate impact and food waste within ICA Gruppen's own operations (see pages 20–21), cooperation and partnerships are key factors to meet the challenges in the value chain.

Examples of projects and initiatives in 2020 – in addition to those presented on pages 20–21

Food revolution report and sustainable food system partnerships

In 2020 ICA's forward-looking report "Food Revolution – A sustainable food system for future generations" was published. In cooperation with leading experts and supported by research, ICA has identified the three areas where changes have the greatest potential to make a difference for a more sustainable food system: an increased percentage of sustainable plant-based food, a more Swedish food cycle and diversity in agriculture. The conclusions have among other things laid the foundation for the ICA Växa ("ICA Grow") initiative (see page 20).

To gain more in-depth knowledge of sustainable food systems, partnerships were formed in 2020, including with the RISE research institute and independent research foundation Mistra. Within the framework of their partnership, RISE and ICA have applied for and been granted funds to conduct food innovation research to facilitate a sustainable transition.

Strong efforts to address environmental problems in the pharmaceutical industry

During the year Apotek Hjärtat participated in a stakeholder dialogue with pharmaceutical manufacturers via the Swedish Pharmacy Association. The purpose of the dialogue was to commence the handover of Apotek Hjärtat's ecolabel "Välj med Hjärtat" ("Choose with your Heart") to the industry. Previously, Apotek Hjärtat highlighted the problems created for people and the environment by pharmaceutical manufacturing in its award-winning campaign "A Hard Pill to Swallow", which documented the production of a drug from pharmaceutical residues in the water surrounding factories in India.

Climate-friendly meal kits

At the beginning of 2020 ICA Sweden launched its "Klimat" meal kit concept. The kit contains four meals for four people. The climate impact of the recipes is calculated using the RISE climate database and the recipes are inspired by WWF's "One Planet Plate" guide to sustainable meals. For ICA's Klimat meal kit, the ingredients, processing and transport are all included in the total climate impact. On average each portion contains 0.5 kg of CO₂ equivalents, which is the guideline established by WWF to meet the 1.5 degrees target in the Paris Agreement.

Focus on plastic

ICA Gruppen continued to refine its plastics strategy in 2020. A few of the more comprehensive initiatives during the year, in addition to those listed on page 20, include:

- Starting in 2020, the handheld baskets that ICA Sweden supplies to the stores are made from recycled plastic (recycled polypropylene). In addition, just over 500 ICA stores also sell recycled plastic baskets in an effort to reduce sales of single-use carrier bags.
- Since the end of September, the plastic used for ICA's fresh ready meals consist of 75% recycled consumer packaging. The plastic in the new packaging is recycled from food trays and bottles collected in Europe that have been washed, melted down and used to produce new food packaging.
- Rimi Baltic introduced greener carrier bags during the year, including reusable bags made from 100% recycled plastic. Rimi Estonia started charging for single-use plastic carrier bags in 2020 in an effort to reduce plastic use. This resulted in a 67% decrease in monthly consumption.



Rimi Baltic has run a number of campaigns to encourage a more sustainable approach to the use of plastic. Apotek Hjärtat has reduced the amount of plastic used in its deliveries by using adhesive tape instead of plastic packaging. All ICA Gruppen companies have also long been working actively to reduce the consumption of plastic carrier bags. The plastic carrier bags used within ICA Sweden and Apotek Hjärtat consist of 80% post-consumer recycled (PCR) plastic.

Sustainable fishing

In an important step to promote more sustainable fishing, in 2020 Rimi Baltic was the first retail chain in the Baltics to adhere to the Baltic countries' fish guide. Under this decision, Rimi Baltic undertakes not to purchase marine products from the Red List of species. The seafood guides were compiled by the Estonian Fund for Nature (ELF), Pasaules Dabas Fonds (associate partner of WWF) and the Lithuanian Fund for Nature. ICA Sweden already follows the WWF seafood guide for Sweden for fish and shellfish sourcing.

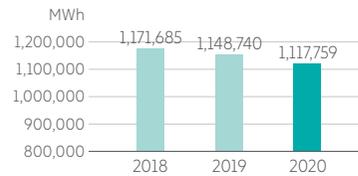
SUSTAINABILITY INFORMATION | ENVIRONMENT

Energy use

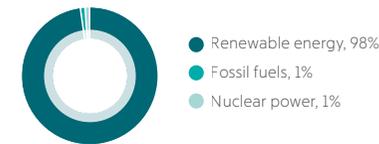
ICA Gruppen's total energy use in warehouses, offices, stores and pharmacies was slightly lower in 2020 than in the previous year. A larger reduction in energy consumption per square metre is evident. In addition to energy efficiency improvements, new properties also impact the outcome. One example of a substantial expansion in 2020 is Rimi Baltic's new central warehouse in Riga, which became operational in the third quarter of 2020. Energy from renewable sources accounted for 98% of the total energy consumption within the Group during the year – an increase of 6% compared to the previous year. Most of the increase was due to Rimi Baltic's transition to renewable energy in all of its operations.

Total fuel consumption increased slightly during the year. However, the increase was significantly lower than the increase in transport volumes linked to the pandemic and the ongoing sharp growth in online sales. The percentage of renewable fuel fell slightly during the year. This is due to both higher diesel consumption in transport services leased to handle the increased transport volumes, and to ongoing challenges linked to the supply of biofuels. The percentage of biogas increased significantly in 2020 for transport in Sweden, where liquid biogas has made it possible to use this fuel in areas that were previously a challenge geographically and for full-size lorries. Business travel by air decreased significantly during the year due to the ongoing pandemic.

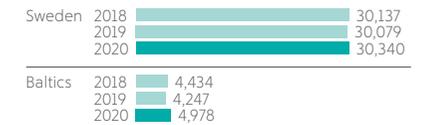
Total energy consumption in warehouses, offices, stores and pharmacies, MWh



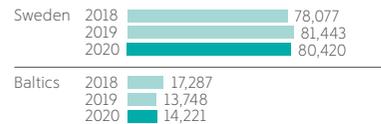
Distribution of energy sources, % (electricity consumption in warehouses, offices, stores and pharmacies)



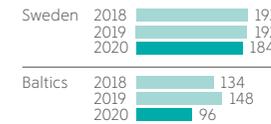
Fuel consumption from goods transport between warehouses and stores/pharmacies and central e-commerce, thousand litres



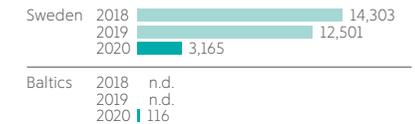
Energy consumption in warehouses and offices, MWh



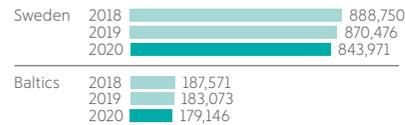
Average energy consumption in warehouses and offices, kWh/m²



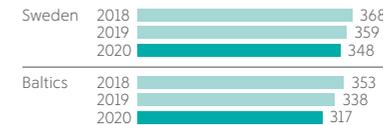
Business travel by air, thousand km



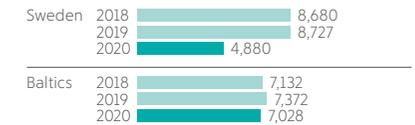
Energy consumption in stores and pharmacies, MWh



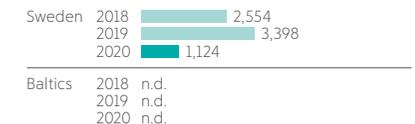
Average energy consumption in stores and pharmacies, kWh/m²



Business travel by car, thousand km



Business travel by rail, thousand km



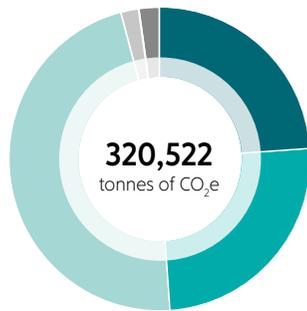
SUSTAINABILITY INFORMATION | ENVIRONMENT

Climate target for 2020 reached

ICA Gruppen reached its climate neutrality target in 2020. Since the base year 2006, emissions of greenhouse gases per square metre have decreased by 76% – mainly due to major efforts and improvements in the areas of energy, refrigerants, logistics flows and goods transport. Altogether, emissions have decreased from an average of 111 kg CO₂e (carbon dioxide equivalents) per square metre to 26 kg CO₂e per square metre.



2006 breakdown of greenhouse gas emissions (CO₂e)



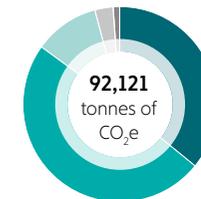
- Refrigerants
- Goods transport
- Energy in stores and pharmacies
- Business travel
- Energy in warehouses and offices

Continuous reduction in climate impact



2020 breakdown of greenhouse gas emissions (CO₂e)

Greenhouse gas emissions per square metre have decreased by 76% since the base year 2006



Emissions that have not been possible to eliminate in 2020 are offset.

REFRIGERANTS Focused efforts to convert to refrigerants with a lower climate impact have resulted in sharp decreases in emissions in Sweden and the Baltic countries.

-57%

GOODS TRANSPORT Despite some challenges linked, among other things, to supply of renewable fuel, great progress has been made. Efforts have focussed on optimising routes, moving freight to rail transport, and switching to fossil-free and renewable fuels in line with ICA Gruppen's fuel strategy.

-42%

ENERGY IN STORES AND PHARMACIES Energy efficiency improvements have over time resulted in lower energy consumption per square metre in stores and pharmacies. At the same time, the transition to renewable energy stands for the largest impact in terms of lowering climate emissions.

-94%

BUSINESS TRAVEL Long-term efforts have been made to promote digital tools as an alternative to business travel and to implement guidelines for environmentally sound travel. The transition to digital meetings was accelerated by the pandemic in 2020.

-61%

ENERGY IN WAREHOUSES AND OFFICES While the energy supply to warehouses and offices in Sweden has come from renewable sources for many years, large reductions in climate emissions have been achieved thanks to Rimi Baltic's transition to renewable energy.

-86%

SUSTAINABILITY INFORMATION | ENVIRONMENT

Greenhouse gas emissions, energy and refrigerants

Since 2006 ICA Gruppen's direct greenhouse gas emissions have decreased by 76% (66), which exceeds the target of climate neutrality through emission reductions of at least 70% by 2020. The decrease is largely due to long-term efforts within the areas of energy, refrigerants and transport. The main factors contributing to the decrease in 2020 are a transition to refrigerants with a lower climate impact in ICA Sweden's and Rimi Baltic's stores, and Rimi Baltic transitioning to renewable electricity for its entire operations starting in the fourth quarter of 2019. Rimi Baltic already used renewable electricity in owned properties.

Distribution of carbon dioxide emissions, %



Distribution of carbon dioxide emissions according to the GHG Protocol¹, %



Scope 1 comprises emissions from refrigerants in warehouses and in stores owned by ICA Gruppen itself, and emissions from business travel using leased company cars and cars provided as a fringe benefit.

Scope 2 comprises emissions from energy in warehouses and in stores, pharmacies and offices owned by ICA Gruppen itself.

Scope 3 comprises emissions from business travel, emissions from Swedish ICA stores not owned by ICA Gruppen and emissions from transport between warehouses and stores/pharmacies as well as central e-commerce transports.

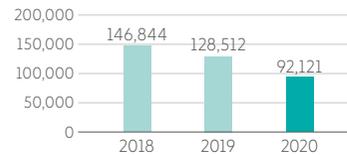
1 See page 132.

2 Not divided into fossil/non-fossil emissions.

3 Historical data has been updated based on adjusted refrigerant data.

4 Historical data has been updated due to the divestment of Hemtex.

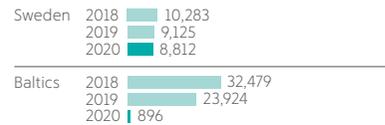
Total carbon dioxide emissions, tonnes



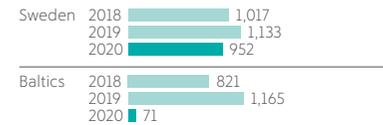
Total carbon dioxide emissions according to the GHG Protocol², tonnes

	2020	2019	2018
Scope 1	16,487	25,347	38,670 ³
Scope 2	2,907	27,342	35,567 ⁴
Scope 3	72,727	75,824	72,607 ^{3,4}

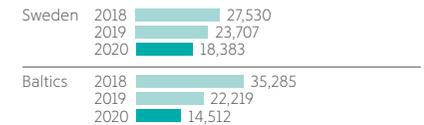
Carbon dioxide emissions from energy in stores and pharmacies, tonnes



Carbon dioxide emissions from energy in warehouses and offices, tonnes



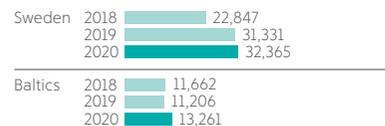
Carbon dioxide emissions from refrigerant use in warehouses and stores, tonnes



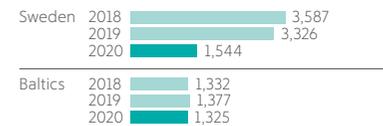
Greenhouse gas emissions, transport

CO₂ emissions from goods transportation have increased slightly in both Sweden and the Baltic countries due to increased transport volumes combined with the fact that a shortage of renewable fuels and more leased transport services led to a reduction in the percentage of biofuels (see page 117). Apotek Hjärtat does not own any lorries, and the majority of ICA Sweden's lorries are leased, except those used for ICA Sweden's e-commerce transport and a small number of other company-owned lorries. In 2020, however, leased lorries were also used for ICA Sweden's e-commerce transport needs to meet the rapidly increasing transport volumes. Rimi Baltic has its own lorries and also leases lorries. In Sweden both renewable fuels and diesel are used. In the Baltic countries only diesel is used for the majority of the year, but as of 2018 renewable fuels are also used in the summer months. Business travel by air decreased significantly during the year, due to the ongoing pandemic, which also resulted in lower emissions from business travel.

Carbon dioxide emissions from goods transport between warehouses and stores/pharmacies and central e-commerce, tonnes



Carbon dioxide emissions from business travel by air, train and car, tonnes

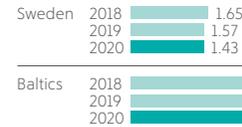


SUSTAINABILITY INFORMATION | ENVIRONMENT

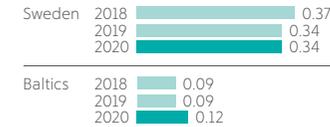
Food waste

The total food waste from stores (ICA Gruppen-owned as well as those owned by ICA retailers) and warehouses (including e-commerce warehouses) in Sweden and the Baltics has been reduced since the base year 2016 by 14%. In 2020 the sustained focus on sourcing processes, recording, monitoring and causal analysis accelerated the reduction in food waste in Sweden, particularly through a significant reduction in food waste at the store level. There is an increased commitment to and focus on reducing food waste in the stores, which has increased the number of stores included in the selection (see Accounting principles on page 132) and has also helped reduce total food waste. Due to the severe impact of the pandemic, Rimi Baltic has experienced more difficulties in driving this process forward. ICA Gruppen's main priority is preventing food waste. To address the waste that still arises, ICA Sweden has partnered with actors such as the Salvation Army and Stadsmissionen, and Rimi Baltic with Food Bank, to donate still edible food to those in need.

Total food waste weightshare, %



Total food waste weightshare, warehouses, %



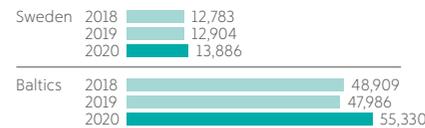
Total food waste weightshare, stores, %



Waste

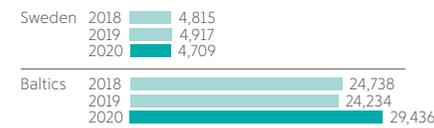
ICA Gruppen is working to minimise waste and maintain high recycling rates in its warehouses and stores. As part of this effort, ICA Gruppen works in partnership with several charitable organisations, including the Salvation Army in Sweden and Food Bank in the Baltic countries. The different waste management systems in the respective markets impact the possibilities to increase recycling rates. Rimi Baltic has continued to increase its recycling rate, reaching 64% in 2020. However, in Sweden the recycling rate has fallen slightly to 95%. Waste data from the Swedish ICA stores and Apotek Hjärtat is not included.

Total waste volume¹, tonnes

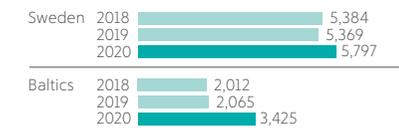


1) Data for Sweden refers to waste from logistics. Data for the Baltics refers to waste from logistics and stores.

Recycled/reused, tonnes



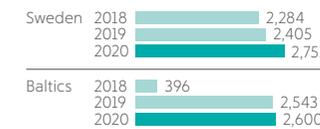
Compostable, tonnes



Landfill, tonnes



Incinerated, tonnes



Level of recycling¹, %



1 Includes recycled/reused, compostable and incinerated waste.

Environmental work in stores

In Sweden 122 ICA stores had the Swan ecolabel at the end of 2020, which is 10% of all stores. The Swan ecolabel applies tough criteria for matters such as waste management and energy efficiency. The internal environmental support system called Miljösmart butik helps stores to improve their environmental programmes and further reduce their environmental impact. By the end of 2020, 126 ICA stores had implemented the tool.

Swan ecolabelled ICA stores, number

	2020	2019	2018
ICA Sweden	122	119	115

ICA stores approved according to Miljösmart butik, number

	2020	2019	2018
ICA Sweden	126	155	157



One of ICA Gruppen's overall ambitions is to help promote better public health. By virtue of ICA Gruppen's size and through cooperation, the various businesses within the Group are well-equipped to reach out and in various ways inspire people to live a healthier life. The health aspects include both preventive activities in the form of healthy eating habits and regular exercise, and simple healthcare services and advice on medicines and personal finances.

Examples of projects and initiatives in 2020 – in addition to those presented on page 19

Healthy eating habits

As leading players in their respective geographic markets, both ICA Sweden and Rimi Baltic are well-equipped to promote healthy eating habits through their product assortment, campaigns, labelling, recipes and other initiatives. In Sweden this work is always based on official Nordic dietary guidelines and nutritional recommendations. Activities during the year included inspiring children and teens to exercise and have healthy eating habits, including within the framework of a partnership with Generation Pep and the Melliskockarna ("Snack chefs") initiative. In the Baltics, Rimi worked with dietitians and chefs to produce and distribute healthy recipes.

Movement and exercise

In addition to good eating habits, ICA Gruppen wants to inspire movement and exercise. ICA Sweden's initiatives include the ICA Classic, which consists of the same disciplines and distances as the Swedish Classic sporting challenge, but with the difference that the various elements can be completed over a longer period. ICA Sweden also has a long-standing partnership with Friskis & Svettis aimed at inspiring people to live healthier lives. Rimi Baltic has been a partner for many years to the Rimi Riga Marathon in Latvia, and the Vilnius Marathon in Lithuania, and supports the Tallinn Marathon in Estonia.

Mental health support for young people

During the year ICA Bank and ICA Insurance launched an initiative called Vardagsvän (Everyday friend) to draw attention to mental health issues among children and young adults. This is a joint initiative with the Jourhavande Kompis chat hotline, a programme of the Swedish Red Cross Youth. The purpose of this joint initiative is to raise awareness of the chat hotline as a means of support and a channel when children and young people need someone to talk to.

ICA partners with Min Doktor

In 2020 ICA Gruppen's innovation hub ICAX and Min Doktor (My Doctor) implemented an initial joint pilot project to help patients lead healthier lives by connecting them with certified dietitians. In a digital healthcare meeting patients received expert advice on how improving their diet can help them lead healthier lives and prevent lifestyle-related diseases.

Supportive therapists

In cooperation with e-health company BlueCall, ICA Insurance offers customers who become unemployed or ill an opportunity to talk to a therapist. Customers who sign up for ICA Insurance's loan protection insurance have access to enhanced support in the form of three free sessions with a therapist when unforeseen events affect their lives. The idea is to reduce the risk of long-term stress and anxiety.

Increased access to simple healthcare services

During the year more digital clinics within the Min Doktor (My Doctor) concept were established. By combining Min Doktor's Swedish operations with Apotek Hjärtat's former Minutkliniker (Minute Clinics) concept, patients can get help both online and at small clinics staffed by registered nurses. At the end of the year there were 21 Min Doktor clinics in Sweden. A number of Apotek Hjärtat's pharmacies also offer simple healthcare services, such as blood pressure readings, mole checks and vaccinations.





ICA Gruppen works actively to create an inclusive culture. Inclusive means that everyone feels respected, valued, supported and encouraged to achieve their full potential. This is about the right to be yourself. ICA Gruppen believes that inclusion and diversity are strong factors in promoting creativity, innovation and a sense of belonging. Inclusion and diversity is one aspect of ICA Gruppen's HR strategy and ambition for 2025. Multiple initiatives are under way within the Group to increase diversity, such as creating jobs for young people and helping newcomers to the country to get established.

Examples of projects and initiatives in 2020 – in addition to those presented on page 23

More gender equality in leadership

Active efforts are being made within all of ICA Gruppen's operations to ensure gender equality in senior management. This work is taking place on several levels in parallel. It involves removing structural barriers, bringing to light unconscious bias and promoting individual development opportunities – regardless of gender.

Specific efforts include the ICA 50/50 initiative. This involves two networks: one to increase and promote the number of women managers in senior positions within ICA Gruppen, and one to support women with the potential to take on more senior roles.

ICA Sweden and ICA-handlarnas Förbund set a goal back in 2016 for women to account for 50% of all new ICA retailers recruited by 2020. Since then there have been numerous education, mentorship and performance review initiatives. The 2020 outcome was 27%. The initiatives completed will be evaluated and new targets will be explored.

Included in Allbright's "Green List"

ICA Gruppen was included in the so-called Green list in the Allbright Foundation's annual review of gender equality in listed companies in Sweden. The results of the review are based on the percentage of women in management teams, the percentage of women in line positions in management teams and the percentage of women on boards.

Training and initiatives to increase inclusion

An e-learning programme was developed in 2020 on the theme of inclusion and diversity. Most of the members of the ICA Gruppen Management Team have already completed training in inclusion and diversity.

In several of the operations, initiatives are being implemented with the aim of improving inclusion among groups that for various reasons have a challenging

time in the labour market. These could include young people, older people, people with disabilities or newcomers to the country. Apotek Hjärtat is, for example, taking part in various initiatives aimed at helping newcomers to Sweden to enter the labour market. These include offering internships and assistant positions to people who are awaiting validation of their qualifications and certifications.

Everyone is different – different is good

ICA has been a partner to the Swedish Football Association (SvFF) for many years and one of the foundations of the collaboration is encouraging children and teens to spend their leisure time in meaningful ways. Support was extended in 2020 for SvFF's initiative "Alla är olika – olika är bra" ("Everyone is different – different is good"), which trains and distributes funds to clubs keen to make a difference by promoting gender equality, diversity and democratic principles. The initiative has, among other things, provided extra support to football clubs that have suffered financially due to the Covid-19 pandemic.

Catwalk

Swedish theatrical organisation Glada Hudik-teatern premiered its documentary film Catwalk at the beginning of the year. ICA has worked in partnership with Glada Hudik-teatern for many years and ICA Stiftelsen is also supporting Catwalk – all based on a shared vision that, together, people can develop and create a society free from bias. Since the premiere ICA retailers throughout the country have been involved in various activities to promote the film's message, including film screenings, their own catwalk programmes and school projects. Through ICA Stiftelsen's contributions around 5,500 customers and 5,000 school children have seen the film and discussed everyone's desire to be seen, needed and to feel useful.

SUSTAINABILITY INFORMATION | DIVERSITY AND INCLUSION

Employee data

In 2020 ICA Gruppen had approximately 28,700 employees, mainly in Sweden and the Baltic countries. Converted to full-time staff on an annual basis, this corresponds to 23,196 (23,125) full-time equivalents (FTEs). Of the Group's employees, 62% (63) worked in stores and pharmacies, 16% (15) in warehouses and 22% (23) in other operations. The change compared to the previous year is mainly due to increased e-commerce volumes.

Stores and pharmacies had a higher share of part-time employees and also a higher share of women employed compared to other operations. Store employees in the retailer-owned ICA stores in Sweden are not included because they are employed by the company that owns the store in question.

The pandemic impacted sickness-related absence within operations where it has not been possible to work from home. The reduced employee turnover is probably due to a general decrease in mobility in the labour market during the year.

Average number of employees (FTE)

	2020	2019	2018
Sweden	12,446	12,454	12,511
Finland	-	40	52
Baltic countries	10,647	10,513	9,591
Asia	102	118	118
ICA Gruppen total	23,196	23,125	22,272

Sickness-related absence, %

	2020	2019	2018
ICA Gruppen AB	3.3	3.2	3.2
ICA Sweden	5.6	5.7	5.9
Rimi Baltic	5.8	6	6
Apotek Hjärtat	6.7	5.1	5
ICA Real Estate	2.1	1.9	1.6
ICA Bank (incl. ICA Insurance)	3.8	3.5	3.6
Hemtex	-	-	4
ICA Global Sourcing	1.7	1.7	1.8
ICA Gruppen total	5.7	5.7	5.7

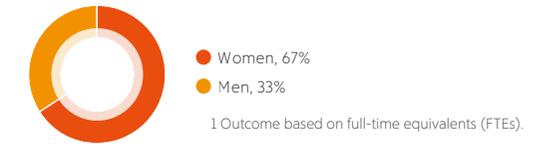
Total employee turnover¹, %

	2020	2019	2018
ICA Gruppen AB	7	14	10
ICA Sweden	13	19	19
Rimi Baltic	43	44	45
Apotek Hjärtat	11	16	16
ICA Real Estate	12	10	8
ICA Bank (incl. ICA Insurance)	8	13	12
Hemtex	-	-	20
ICA Global Sourcing	31	26	24
ICA Gruppen total	25	30	30

¹ Total employee turnover includes all those leaving their employment regardless of the reason.

Gender distribution

Gender distribution, all employees¹, %



Gender distribution, business-critical positions, %



Gender distribution, all management levels, %



Gender distribution, Board and ICA Management Team, %



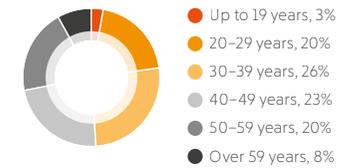
SUSTAINABILITY INFORMATION | DIVERSITY AND INCLUSION

Employment by type, region and gender, number

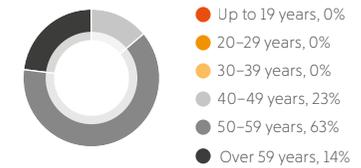
	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Sweden									
Permanent	6,197	7,239	13,436	5,946	7,228	13,174	5,746	7,810	13,556
Temporary	689	1,438	2,127	594	1,478	2,072	683	1,588	2,271
Finland									
Permanent	-	-	-	-	-	-	0	65	65
Temporary	-	-	-	-	-	-	0	14	14
Baltic countries									
Permanent	2,046	10,410	12,456	1,779	9,982	11,761	1,756	10,123	11,879
Temporary	137	411	548	69	243	312	59	226	285
Asia									
Permanent	53	45	98	64	53	117	66	55	121
Temporary	0	0	0	0	0	0	0	0	0
ICA Gruppen total									
Permanent	8,296	17,694	25,990	7,789	17,263	25,052	7,568	18,053	25,621
Temporary	826	1,849	2,675	663	1,721	2,384	742	1,828	2,570

Age distribution

Age distribution all employees, %



Age distribution, Board and ICA Management Team, %



Type of employment, %



SUSTAINABILITY INFORMATION | QUALITY



People need to feel safe when they shop at ICA Gruppen's businesses. The product assortment must live up to the Group's requirements and be produced by responsible suppliers who respect human rights. The products must comply with legislation on labelling and chemicals, and must ensure good animal welfare to the greatest possible extent. To ensure both quality and social responsibility in all processes, ICA Gruppen works in a structured way with respect to standards, certification, country-of-origin labelling and traceability.

Examples of projects and initiatives in 2020

Procedures for a safe assortment

ICA Gruppen's product safety work is based on ensuring that all suppliers have sound and safe production processes. This is done through the Group's sourcing agreements, which have a sustainability annex. Suppliers of the Group's private label products must be certified to a standard accepted by the Group. All private label products are examined and approved to ensure that they comply with ICA Gruppen's internal guidelines.

The Swedish ICA stores apply the Swedish standard for food handling in stores. ICA Sweden's sustainability coaches conduct an annual internal audit of all ICA stores, involving an extensive review of the entire food handling process in the stores. The goal is for 100% of ICA stores to have an internal audit each year. In 2020, ICA Sweden achieved 100%. Rimi Baltic uses its own standards for food handling based on Swedish standards and covering all of the store formats in Estonia, Latvia and Lithuania.

Quality assurance and auditing of animal welfare

ICA Sweden sets standards for both Swedish and imported meat – not only for its private label products, but also for products from other suppliers. The requirements are based on Swedish animal welfare legislation. In general, animals must be treated well, protected from unnecessary suffering and kept in an environment

that promotes their health and natural behaviours. Antibiotics must not be used preventively, but rather only if prescribed by a vet. The requirements cover meat, milk and eggs in ICA Sweden's central assortment. Suppliers of all fresh and frozen meat in ICA Sweden's central assortment have been approved following an animal welfare audit. These audits include checking how the animals are reared, and how they are treated during transport and slaughter. The audits are conducted either by ICA Sweden's own quality specialists or by a third party. During the year two animal welfare evaluations were carried out.

Rimi Baltic performed a review of its suppliers in 2020 focusing on animal welfare, and began a process of risk analysis and a dialogue with third parties in order to carry out audits in 2021.

Reduced use of antibiotics

In 2020 ICA Sweden participated in efforts to update the voluntary list of criteria for using antibiotics in livestock rearing. The initiative was run by Axfoundation in cooperation with actors in academia and the private and public sectors, as well as industry and civil society organisations. The updated list is aimed at reducing the excess use of antibiotics for food-producing animals. ICA Sweden has also participated in efforts by the Swedish Food Retailers Federation to update the industry agreement based on these updated criteria and has also signed the agreement.

Activities to prevent food fraud

ICA Gruppen is working in several ways to prevent food fraud. Quality certificates, analysis and unannounced audits, along with cooperation in the industry, are important tools in preventing food fraud. ICA Gruppen also has a continuous dialogue with the food industry and relevant authorities. The Group has conducted an internal vulnerability analysis in accordance with GFSI (Global Food Safety Initiative) requirements and has its own action plan to prevent food fraud. In 2020 ICA Sweden carried out 32 analyses focusing on food fraud, one announced audit of suppliers and three desk audits, with no indications of deliberate fraud being found. Due to the pandemic it was not possible to conduct any unannounced audits. In 2020 Rimi Baltic implemented a special programme to prevent food fraud, involving risk analysis of its private label products, education initiatives and the completion of 34 product analysis processes.

Pilot project for social responsibility in line with Human Rights Due Diligence (HRDD)

In 2020 a pilot project was initiated for risk analysis in line with Human Rights Due Diligence (HRDD) aimed at identifying and managing ICA Sweden's impact on human rights based on the UN's Guiding Principles on Business and Human Rights (UNGPs). The aim in the next step is to develop a risk analysis model that can be used by all companies within ICA Gruppen.

Recalls

If it is suspected that a product ICA Gruppen has sold may pose a health risk, the Group contacts the relevant supervisory authority, takes the product off the shelves and distributes a press release announcing a recall. A recall means that the product is immediately stopped at checkout and is no longer available for sale. A recall is always followed up with the supplier through a visit and/or documented feedback on the measures the supplier has taken to prevent any reoccurrence. No recalls during the year resulted in a fine or a warning for ICA Gruppen.

Recalls

Public recalls, number

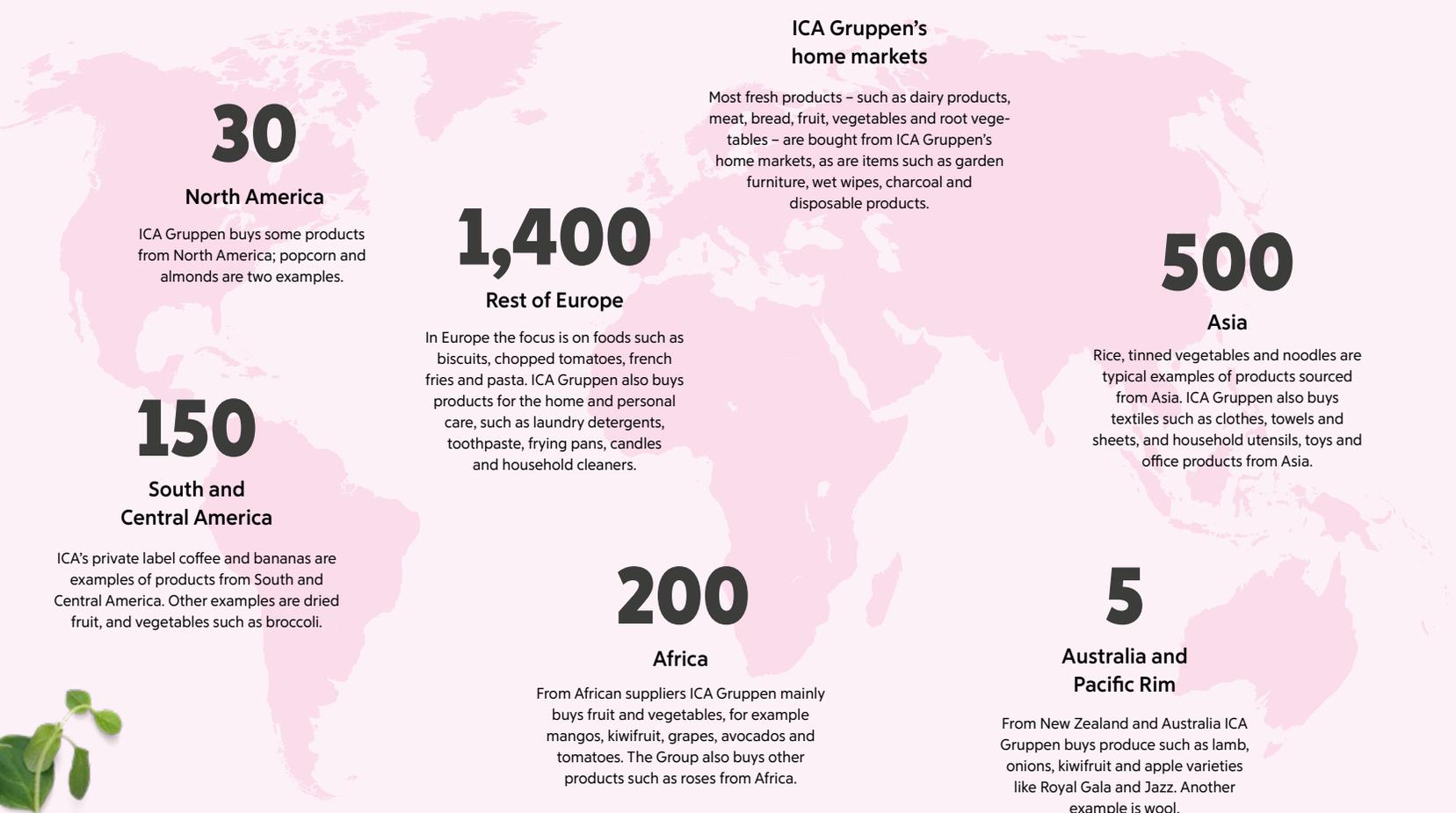
	2020	2019	2018
Total	55	92	27
Corporate brands	21	51	8

Quality-certified stores and stores that have implemented Swedish standards for food handling in stores, ICA Sweden, number

	2020	2019	2018
Accepted by inspection body	634	640	625
Adopted the standard	1,112	1,121	1,083

ICA Gruppen's suppliers

ICA Gruppen has a global network of suppliers. This means it has a global responsibility that extends across borders. Continuous dialogue and monitoring ensure that suppliers comply with both social and environmental requirements. The map shows the locations of ICA Gruppen's suppliers for sourcing and production of corporate brand products.



Approximate number of production sites around the world for ICA Gruppen's corporate brand products. The number of production units is not static; it depends on the assortment in the stores and on seasonal variations.

About the Sustainability Report



The strategic focus of ICA Gruppen's sustainability work is set by the Board of Directors through the Sustainability Committee and is managed through strategic planning and business planning processes. The Sustainability Committee's mandate is based on the Code's rules on the responsibility of the Board of Directors to establish guidelines for how the Group should behave in society. The Committee's duties include preparing policies on business ethics and sustainability, preparing sustainability reports (annually and quarterly) and monitoring business ethics and sustainability. In addition, the Board of Directors reviews the Group's sustainability work annually. The review covers risk analysis, ethical dilemmas and in-depth training in specifically identified areas.

Responsibility

Although the CEO has ultimate responsibility for sustainability issues within the Group, management of day-to-day sustainability work has been delegated to the Chief Corporate Responsibility Officer, who is part of the ICA Management Team. The ICA Management Team, under the leadership of the Chief Corporate Responsibility Officer, is tasked with developing and, if need be, monitoring the Group's application of the Sustainability Policy. To support the Management Team and the Chief Corporate Responsibility Officer, ICA Gruppen has established a Sustainability Work Group. The Sustainability Work Group is cross-functional and addresses matters relating to sustainability and business ethics.

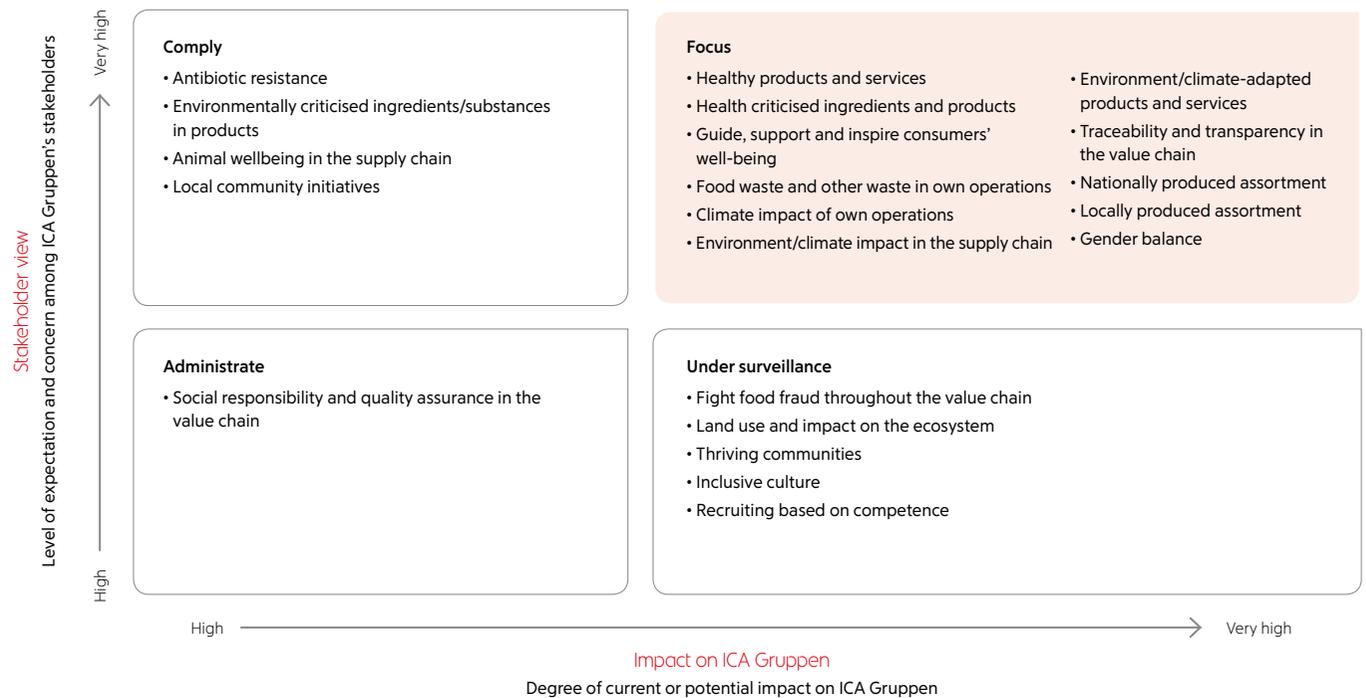
The ICA Management Team suggests sustainability priorities to the Board and monitors ethical dilemmas, risks and public opinion. The Management Team is also tasked with proposing policies to the Board and revising existing policies.

For many years the operating companies in ICA Gruppen have been using selected key performance indicators in the areas of the environment, health, diversity, social responsibility and quality. ICA Gruppen's interim reports include quarterly reports on its sustainability work showing ongoing progress during the year. ICA Gruppen's Annual Report contains a sustainability report to provide an overall picture of its sustainability work. This reporting covers all operating companies within the Group. The sustainability report also serves as the Communication on Progress report which ICA Gruppen submits annually to the UN Global Compact. Read more about the sustainability work from page 112 onwards and on the Group's website, icagruppen.se/en.

Materiality analysis

Information and key performance indicators have been selected based on the sustainability aspects deemed to be relevant to ICA Gruppen's operations. Opinions expressed by ICA Gruppen's stakeholders are taken into consideration when defining the material issues in sustainability work, in order to make continuous improvements.

ICA Gruppen's materiality analysis



With the UN Sustainable Development Goals, the Ten Principles of the UN Global Compact and ICA Gruppen's policies as the starting point, a materiality analysis has been carried out, based in part on the demands and expectations of stakeholders. The evaluation is based on four fields in which each issue is evaluated from two different angles: stakeholder view and impact on ICA Gruppen. The materiality analysis was defined for the first time in 2008 and is revised each year.

Basis of the report

An annual environmental and sustainability report has been published since 1995. Between 2004 and 2017 the report was presented in accordance with the GRI

reporting standard. Since 2018 ICA Gruppen has been using the Group's own accounting principles for sustainability reporting. Since 2008 the Sustainability Report has been reviewed by a third party, following a decision by the ICA Management Team. The Sustainability Report follows ICA Gruppen's financial year, and as such covers the period 1 January 2020 to 31 December 2020. The previous report was published in March 2020.

Contact

Kerstin Lindvall, Chief Corporate Responsibility Officer, ICA Gruppen
+46 8 561 500 00, kerstin.lindvall@ica.se

ABOUT THE SUSTAINABILITY REPORT

Continuous dialogue with stakeholders

Obtaining both internal and external actors' views on ICA Gruppen's operations is an important aspect of ongoing efforts to develop ICA Gruppen. The goal is to balance and optimise various interests, expectations and wishes through a constant dialogue. The most important stakeholder groups are customers, employees, owners, independent ICA retailers in Sweden, suppliers, authorities and a number of non-profit organisations. Each of these main stakeholders has different expectations and requirements with respect to ICA Gruppen's sustainability work.

Boundaries

The report covers all companies within ICA Gruppen. The report mainly covers operations that have a significant, direct impact from a sustainability perspective, i.e. ICA Gruppen's own operations. ICA Sweden has agreements with around 1,500 independent ICA retailers, in around 1,300 stores. Information on these is presented when relevant to providing an overall picture of ICA Gruppen's sustainability work, for example in respect of:

- Emissions
- Electricity consumption
- Refrigerants
- Food waste
- Waste collected in connection with deliveries of goods to stores
- Sales data from stores
- The number of stores that are certified according to the Swedish standard for food handling in stores, are Swan ecolabelled or have been approved according to Miljösmart butik (ICA Sweden's environmental programme for stores).

Operations outside ICA Gruppen's direct control, such as suppliers and customers, are not included in the report. Information on suppliers of ICA Gruppen's corporate brands is included in the report where appropriate.

Framework for sustainability work

To supplement the legislation in force, ICA Gruppen's Board of Directors and Management Team have together formulated and adopted a framework which provides guidelines for how ICA Gruppen is to act as a responsible company and employer. This framework consists partly of internal rules and guidelines, and partly of external principles and recommendations.

Internal rules and guidelines

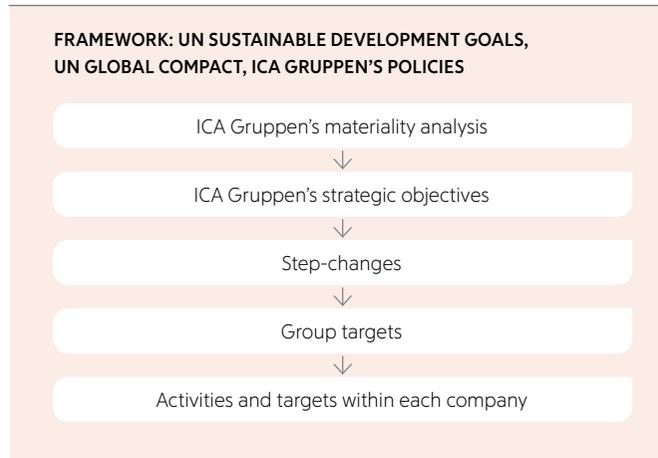
ICA Gruppen's sustainability work is based on policies describing how the Group is to act in society – primarily the Group's Sustainability Policy and Business Ethics Policy. These are established by the Board of Directors and form the basis of the Group's sustainability work.

Governing bodies and employees are trained in ICA Gruppen's policies, through both online courses and special initiatives. Guidelines are linked to each policy, explaining how each is to be put into practice.

ICA Gruppen's stakeholders



Governing documents for the sustainability work



External regulations and frameworks

As part of its work to contribute to and work towards global responsibility within sustainability, since 2004 ICA Gruppen has been a signatory of the UN Global Compact and is thereby committed to its ten principles covering human rights, labour conditions, the environment and anti-corruption.

ICA Gruppen is also a signatory to the UN's Caring for Climate initiative (2007) and has undertaken to follow the sustainability programme of the Consumer Goods Forum, a global industry organisation. ICA Gruppen supports and follows

UN Sustainable Development Goals

PRINCIPAL GOALS FOR ICA GRUPPEN'S SUSTAINABILITY WORK

	Good Health and Well-Being	Ensure healthy lives and promote well-being for all at all ages.
	Gender Equality	Achieve gender equality and empower all women and girls.
	Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
	Responsible Consumption and Production	Ensure sustainable production and consumption patterns.
	Climate Action	Take urgent action to combat climate change and its impacts.

FTSE4Good
ICA Gruppen is included in the FTSE4Good Index Series, which measures the performance of companies' Environmental, Social and Governance (ESG) work. FTSE Russell confirms that ICA Gruppen AB has been independently assessed according to the FTSE-4Good criteria and has satisfied all the requirements for inclusion in the index.

the OECD Guidelines for Multinational Enterprises, the Business Charter for Sustainable Development from the International Chamber of Commerce (ICC) and the ICC's anti-corruption and anti-bribery principles. ICA Gruppen is also a signatory to Science Based Targets (2015) and the ERRT Position Paper on Circular Economy (2015). The UN Global Compact, UN Sustainable Development Goals and ICA Gruppen's policies form a framework for all operations within ICA Gruppen. These provide a basis for the annual materiality analysis, which is then used to prepare strategies, targets and activities.

ABOUT THE SUSTAINABILITY REPORT

Sustainability work based on tools and standards

ICA Gruppen works in a structured way, using tools and standards to follow up and ensure that the products sold and handled by the Group meet both internal and external requirements. One element of this is certification of large parts of the sourcing, logistics and store processes to relevant standards for quality and the environment.

Certification and standards for quality and the environment

	ISO 14001	ISO 9001	ISO 22000	BRC S&D
ICA Sweden, logistics operations ^{1,2}	1998	-	2017	2012
ICA Real Estate ¹	1999	-	-	-
ICA Sweden, sourcing operations ¹	2012	2012	-	-
ICA Special, sourcing operations ¹	2012	2012	-	-
Rimi Baltic, sourcing operations ¹	2015	2015	-	-
Rimi Baltic, Rimi-owned warehouses ¹	-	-	-	2014

1 Year first certified.

2 ICA Sweden's logistics operations were certified to BRC S&D in the years 2012–2016.

	Swan ecolabel	Miljösmart butik	Swedish standard for food handling in stores
Swedish ICA stores, number	122	126	634

Environmental certification and standards

The environmental standard ISO 14001 is used to certify operations, and in the stores the Swan ecolabel is used along with the Group's own environmental support tool Miljösmart butik.

ICA Real Estate's target is for all new properties to achieve the Sweden Green Building Council's Miljöbyggnad environmental certification at the Gold level. Suppliers to ICA Gruppen must be active in their own internal environmental work, including establishing an environmental policy, environmental targets and plans to reduce environmental impact from production and other activities. Suppliers must regularly monitor the environmental impact of their business. ICA Gruppen ensures its requirements are met through agreements, follow-up and by recommending established systems of environmental certification.

In 2016 the ICA Social Audit, ICA Gruppen's own tool for social auditing of suppliers, was supplemented with additional sections relating to the suppliers' environmental work. The aim was to be able to monitor the suppliers' environmental performance even more effectively. The new parts focus on waste disposal, chemicals and water treatment, among other things.

Quality certification and standards

The quality standards ISO 9001, ISO 22000 and BRC S&D are used to certify operations, while stores use the Swedish standard for food handling in stores.

ICA Gruppen's product safety work is based on ensuring that all suppliers have sound and safe production processes. This is achieved by suppliers to ICA Gruppen being required to sign the Group's sourcing agreement, which has a sustainability annex to ensure that the Sustainability Policy and its guidelines are complied with.

ICA Gruppen requires its corporate brand food suppliers to be third-party certified to a product safety standard approved by the Global Food Safety Initiative (GFSI). These standards cover food safety management systems, Hazard Analysis and Critical Control Points (HACCP), and good manufacturing practices. Local suppliers of ICA Gruppen's corporate brands can also be certified to local standards (in addition to GFSI-approved standards), allowing small suppliers to safely supply products. This system promotes local production and facilitates ICA Gruppen's local adaptation.

Suppliers of corporate brand cosmetics and hygiene products are required to be certified to BRC Global Standard Consumer Products (BRC CP) or an equivalent standard. For other suppliers of ICA Gruppen's corporate brand non-food products, the goal is to be certified to BRC CP, ISO 9001 or an equivalent standard.

The quality system at the individual pharmacies, the so-called self-monitoring programme, is regulated by legislation from the Medical Products Agency (MPA). All pharmacies have a pharmacist who is responsible for ensuring compliance with the requirements and who also reports to the MPA if there are serious operational deficiencies. In addition, this pharmacist carries out an inspection of the pharmacy every year. Apotek Hjärtat has quality assurance specialists who conduct regular internal inspections to ensure that its pharmacies maintain a high level of quality and follow the self-monitoring programme. Suppliers of medicines are approved by the MPA and all pharmacies have an obligation to provide approved prescription drugs.

Quality assurance of products

ICA Gruppen is working on several fronts to prevent future food fraud, including through a long-term investment within ICA Sweden to expand country-of-origin labelling to more corporate brand products. ICA Gruppen is also engaged in a continuous dialogue with the food industry and relevant authorities, and monitors

the work of the GFSI in this area. ICA Gruppen has also performed an internal vulnerability analysis in accordance with GFSI requirements and has its own action plan to counter food fraud.

Quality tests and follow-up inspections are carried out regularly by ICA Gruppen's suppliers as part of their quality programmes. In addition, ICA Gruppen takes random samples based on a risk assessment that is updated annually by product category. All corporate brand products are also examined and approved to ensure that they comply with ICA Gruppen's internal guidelines for nutritional value, ingredients and ingredient origin etc. All of ICA Gruppen's corporate brand products undergo sensory and/or quality tests on their way to becoming finished products. The sensory tests evaluate appearance, aroma, taste and consistency. Ingredients, nutritional information and other properties are detailed in internal product specifications. For certain groups of products ICA Gruppen also tests the products' functionality. Packaging information is also verified and approved. After a product is launched, follow-up inspections are carried out at the supplier's premises and of the product to ensure that it continues to meet ICA Gruppen's expectations of a good quality, safe product.

Ethical trade

ICA Gruppen sells products from all over the world and needs to be aware of where the products come from and the conditions in which they were produced. ICA Gruppen does not accept discrimination, any lack of the right to freedom of association and collective bargaining, child labour, forced labour, young workers being exposed to risky tasks or any other failure to comply with human rights.

ICA Gruppen has produced its own tool for social auditing of the Group's corporate brand suppliers in high-risk countries: the ICA Social Audit. The requirements are based on similar criteria to the amfori Business Social Compliance Initiative (BSCI). The combination of the ICA Social Audit, carried out by the Group's own employees or consultants, and third-party audits, such as BSCI, ETI or SA8000, has successfully shortened the often time-consuming process of obtaining a social audit. The ICA Social Audit helps suppliers to improve working conditions in production more quickly. In a long-term perspective, ICA Gruppen works to ensure that all suppliers of corporate brand products in high-risk countries use a third-party system, which also benefits the suppliers in their other customer relationships.

ABOUT THE SUSTAINABILITY REPORT

To intensify its focus on promoting human rights, in 2020 ICA Gruppen began a pilot project with the aim of developing a model for risk analysis in line with Human Rights Due Diligence (HRDD) and the UN Guiding Principles on Business and Human Rights (UNGPR).

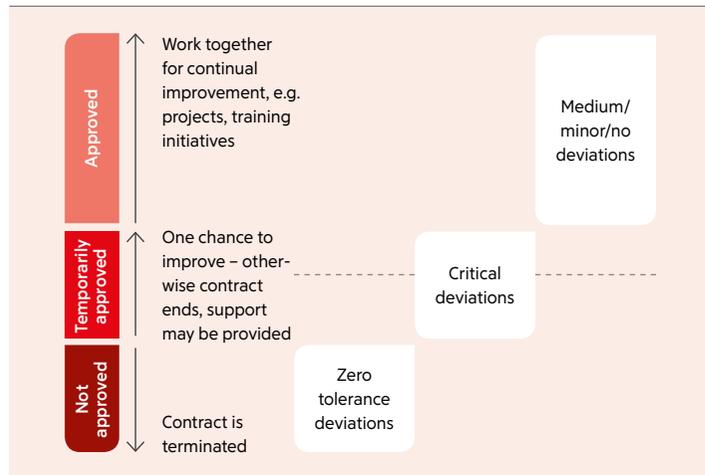
If ICA Gruppen's own auditors or third-party auditors detect irregularities at a production facility used by the Group, a concrete action plan is established and followed up in a re-audit. The first time a supplier violates the contractual requirements, it generally gets a chance to correct the problem and is given temporary approval in the meantime. If the supplier corrects the problem to the Group's satisfaction, ICA Gruppen will continue working with the supplier. If a critical deviation is repeated, the agreement with the supplier will be terminated. In 2020 ICA Gruppen decided to terminate agreements with 4 (7) suppliers because they did not adequately meet the Group's requirements on human rights or they had not made the necessary improvements since the first audit.

Combating child labour

ICA Gruppen's basic rule when it comes to child labour is that individuals younger than 15 may not work for any of the Group's suppliers. If national laws have stricter limits, these apply. In China, for example, the minimum legal working age is 16. ICA Gruppen also requires its suppliers to give special consideration to young workers (younger than 18) in matters such as the right to limited working hours.

If ICA Gruppen detects or suspects that a worker has not reached the minimum legal working age, the contract with the supplier obliges the supplier to take measures to protect the best interests of that person. Together with the supplier, ICA Gruppen tries to find the best possible solution in light of the child's age, education and social situation.

Approval for social responsibility at ICA Gruppen



Partnerships and memberships

ICA Gruppen cooperates with a number of organisations and participates in various networks focused on social responsibility, the environment, health and food quality/food safety. Maintaining a continuous dialogue with consumer and environmental organisations, trade associations and other local, national and international stakeholders is an important part of ICA Gruppen's sustainability work and enables the Group to compare and improve its processes and thus promote positive development.

ICA Gruppen's Chief Corporate Responsibility Officer is the Group's representative in the UN Global Compact, including Global Compact Network Sweden.

ICA Gruppen's Chief Corporate Responsibility Officer is a member of the Monitoring Board of the Swedish Chemicals Agency and is also a deputy member of the board of Global Compact Network Sweden. ICA Sweden is a member of the trade association Svensk Dagligvaruhandel (the Swedish Grocery Trade Federation), which works to protect the interests of consumers.

Rimi Lithuania is a permanent member of the initiative Baltoji Banga (transparent wave), which promotes transparency in Lithuanian business, and is a member of the Lithuanian Association of Responsible Business (LAVA). Rimi Latvia is one of the founders of the Latvian Food Retailers' Association, which was established in 2010.

ICA Bank has joined forces with Ecpat, other financial institutions and the police to combat online child pornography. Ecpat is a global network of organisations working to eliminate child prostitution, child pornography and human trafficking.

ICA Sweden is a member of the government initiative Fossil Free Sweden and supports the roadmap produced by the members of the Swedish Food Retailers Federation within the framework of Fossil Free Sweden: Towards fossil-free and recyclable plastic packaging by 2030. ICA Sweden and Apotek Hjärtat have also adopted Fossil Free Sweden's transport challenge. ICA Sweden is also a member of the Sustainable Food Chain initiative.

Examples of additional memberships and initiatives

- Accord on Fire and Building Safety in Bangladesh (Bangladesh Accord)
- Amfori BSCI
- BoTryggt2030
- Chemicals Group at RISE
- Consumer Goods Forum
- Global Food Safety Initiative (GFSI)
- In-Depth Cooperation Programme
- KRAV
- Latvian Diversity Charter
- REAP (Retailers' Environmental Action Programme)
- Round Table on Responsible Soy (RTRS)
- Roundtable on Sustainable Palm Oil (RSPO)
- Svensk Handel (Swedish Trade Federation)
- Sweden Food Arena
- Sweden Green Building Council
- Swedish Leadership for Sustainable Development (Sida)
- Swedish Soy Dialogue
- Textilimportörerna (The Textile Importers)
- T4RI, Textiles for Recycling Initiative, Swedish Trade Federation

Additional examples of dialogue partners

In addition to trade organisations in each market, ICA Gruppen's dialogue partners in the area of sustainability include:

- Fairtrade
- Federation of Swedish Farmers (LRF)
- Forest Stewardship Council (FSC)
- Generation Pep
- Marine Stewardship Council (MSC)
- Public Health Agency of Sweden
- SIWI (Stockholm International Water Institute)
- Swedish Asthma and Allergy Association
- Swedish Board of Agriculture
- Swedish Cancer Society
- Swedish Coeliac Society
- Swedish Environmental Protection Agency
- Swedish National Food Agency
- Swedish School of Sport and Health Sciences, GIH
- Swedish Society for Nature Conservation
- WWF

Accounting principles

ICA Gruppen has drawn up its own accounting principles, which are detailed below. The accounting principles are partly based on the GRI framework, but have been adapted for the Group's operations based on the materiality analysis. The Sustainability Report mainly covers operations that have a significant, direct impact from a sustainability perspective, i.e. ICA Gruppen's own operations. The Report covers all companies within ICA Gruppen. There are certain exceptions, however, which are detailed below. A Group-wide IT system is used to collect sustainability data. The system supports continuous reporting with the aim of ensuring the long-term quality of the indicators included in ICA Gruppen's continuous monitoring and reporting of sustainability work. Each company reports data according to the Group's definitions and procedures for sustainability reporting. The accounting principles are explained in detail below.



Energy

Comprises stores, pharmacies, warehouses and offices. To calculate electricity consumption (kWh) in Swedish stores a sampling of stores from each format is used. The same calculation principle is used for the pharmacies. The actual consumption is then extrapolated by the total number of stores and pharmacies in order to report the total electricity consumption at the end of the reporting period.

To calculate energy consumption per square metre in stores, pharmacies, warehouses and offices, the area (in square metres) of the stores, pharmacies, warehouses and offices in operation at the end of the measurement period is used.

Renewable energy is energy from renewable sources such as wind, solar and hydro power, while non-renewable energy refers to energy from fossil sources such as coal and oil.

Energy consumption has been calculated on the following basis:

- ICA Sweden's stores: The calculation is based on actual use of electricity in stores covered by the central electricity agreement. Total consumption is extrapolated by the number of stores at the end of the reporting period using a standard formula. The standard formula is based on the following: Maxi ICA Stormarknad hypermarkets: 97% renewable and 3% non-renewable energy, ICA Kvantum: 88% renewable and 12% non-renewable energy, ICA Supermarket: 82% renewable and 18% non-renewable energy, and ICA Nära: 77% renewable and 23% non-renewable energy. This breakdown was established by a review in January 2018.
- Rimi Baltic stores: The actual consumption for all Rimi Baltic stores is used.
- Apotek Hjärtat pharmacies: The calculation is based on actual electricity used by pharmacies covered by a central electricity agreement. Total consumption is extrapolated using the number of pharmacies at the end of the reporting period. The standard formula is based on 40% renewable and 60% non-renewable energy.

Emissions of CO₂ from energy have been calculated on the following basis:

- The Nordic electricity mix emission factor 2006 is used to calculate carbon emissions from the use of non-renewable energy in Sweden (source: Swedenergy, published 2007).
- When calculating carbon emissions for renewable energy in Sweden the emission factor from Bixia/Östkraft (2007) is used.
- When calculating carbon emissions for renewable energy in the Baltic countries an average emission factor for renewable electricity from IEA (2009) is used.
- When calculating carbon emissions from district heating, an average emission factor from the Swedish Energy Agency is used, as recommended by the GHG Protocol (Carbon dioxide evaluation of energy use, supporting reports, Swedish Energy Agency 2008).

Goods transport

This is the transportation of goods between ICA Gruppen's warehouses and stores/pharmacies, and goods transported from central e-commerce warehouses. The transportation of goods to warehouses is not included. Apotek Hjärtat only uses leased transport solutions, while ICA Sweden uses leased transport solutions for the majority of goods transportation but owns a number of transport solutions, and also owns most of its e-commerce transport solutions. Rimi Baltic uses both owned and leased transport solutions.

In ICA Sweden all haulers report distances driven, fuel consumption per type of fuel and emission factors for each type.

The haulage companies working with Apotek Hjärtat report a mix of actual consumption and standard amounts based on distances driven as well as emission factors for each type of fuel.

Fuel consumption for Rimi Baltic's leased transport solutions is calculated based on transport distances and average fuel consumption. Fuel consumption data for Rimi Baltic's own transportation is obtained directly from the fuel supplier. Emissions of CO₂ from goods transportation within ICA Sweden and Apotek Hjärtat have been calculated on the following basis: Haulage companies report emission factors for each type of fuel based on invoices from each respective fuel supplier. ICA Sweden and Apotek Hjärtat check emission factors against reference emission factor from NTM (Nätverket för Transporter och Miljö), which were produced in 2020 for all types of fuel. The emission factors are based on WTW (Well to Wheel).

Emissions of CO₂ from goods transport within Rimi Baltic have been calculated on the following basis:

- Emission factor for diesel from NTM, Nätverket för Transporter och Miljö (2006).
- Renewable fuels from the Swedish Transport Administration (2016).
- Fossil fuels are calculated according to Scope 1 and renewable fuels according to Scope 1 and 3.

Refrigerants

Comprises refrigerant refills in all warehouses and stores. Data for ICA Sweden's warehouses is based on official refrigerant reports and is reported for the current year. Data on refrigerants in ICA Sweden's stores refers to the previous year's consumption. Data on Rimi Baltic's consumption of refrigerants, in warehouses and stores, refers to the current year's consumption.

Emissions of CO₂ from refrigerants have been calculated on the following basis:

- Global Warming Potential (GWP) for each type of refrigerant according to the Montreal Protocol and IPCC (2006-).

ACCOUNTING PRINCIPLES

Business travel

Comprises business travel by air booked through the central travel agency for ICA Gruppen in Sweden and Rimi Baltic's central travel agency.

Comprises business travel by rail for ICA Gruppen in Sweden booked through the central travel agency or directly through travel providers using the ICA customer number.

Comprises business travel by car for Rimi Baltic and ICA Gruppen in Sweden except Apotek Hjärtat.

Emissions of CO₂ from business travel have been calculated on the following basis:

- Carbon dioxide emissions from air and rail travel are obtained from the travel provider.
- The GHG Protocol's emission factor for business travel by car (2005).

Climate neutrality

ICA Gruppen is to be climate neutral by 2020. This means that the Group must reduce its climate impact as much as possible, and by at least 70% by 2020 compared with 2006 and that all emissions for 2020 must be offset through the purchase of carbon credits. The emissions comprised are greenhouse gas emissions from refrigerants and energy use in stores, pharmacies, warehouses and offices, from goods transport between warehouses and stores/pharmacies and deliveries from central e-commerce warehouses, and from business travel (Scope 1, Scope 2 and parts of Scope 3). Both the Swedish and the Baltic operations are included. Climate neutrality for ICA Gruppen means that all emissions will be offset through the purchase of carbon credits for the corresponding amount of carbon dioxide equivalents (CO₂e).

Climate impact

At the end of 2015 the ICA Management Team set a new climate target. The target was set in accordance with the method for Science Based Targets and the GHG Protocol Corporate Accounting and Reporting Standard. The year 2006 is the fixed base year for emission factors. For any new energy and fuel types introduced after 2006, emission factors are set in accordance with the IPCC's recommendation. In this report, ICA Gruppen's direct greenhouse gas emissions are reported per square metre of total area in stores, pharmacies, warehouses and offices. The aim is to improve transparency and accuracy, since the outcome will track changes in the Group's operations (major mergers and divestments will not in themselves affect the outcome for emissions).

Emissions according to the GHG Protocol include the following in each scope:

Scope 1: Emissions from refrigerants in warehouses and in stores owned by ICA Gruppen itself, emissions from business travel using leased company cars and cars provided as a fringe benefit.

Scope 2: Emissions from energy in warehouses and in ICA Gruppen-owned stores, pharmacies and offices.

Scope 3: Emissions from business travel, emissions from Swedish ICA stores not owned by ICA Gruppen and emissions from transport between warehouses and stores/pharmacies deliveries and from central e-commerce warehouses.

Climate ambition for ICA Gruppen's suppliers

In 2018 the Group raised its climate ambition further to include an additional target: that suppliers of consumer goods sold accounting for an estimated 70% of ICA Gruppen's upstream climate impact are to have adopted science-based climate targets by 2025 at the latest. The outcome is calculated as follows:

The climate impact from suppliers has been calculated based on ICA Gruppen's store sales in 2018 and emission factors from the GHG Protocol tool Scope 3 Evaluator (kg CO₂e/USD, source: World Input Output Database). The exchange rate is the Riksbank (Sweden's central bank) average for the year 2018 (USD 1 = SEK 8.6921). Value, currency and emission factors are updated every three years starting in 2018. The combined estimated climate footprint of the suppliers constitutes 100% of ICA Gruppen's upstream climate impact.

Suppliers with set climate targets approved by the Science Based Targets initiative are updated on the Science Based Targets website. The estimated climate footprint of ICA Gruppen's suppliers that have approved climate targets is then established in relation to the total climate footprint of ICA Gruppen's suppliers to determine the extent to which targets have been met.

Waste

Comprises ICA Sweden's and Rimi Baltic's warehouses, as well as Rimi Baltic's stores. Apotek Hjärtat is not included in the reporting.

National laws and regional waste management systems define the types of waste included.

Information on waste management methods and amounts is obtained from waste contractors.

Rimi Baltic's waste from stores is based on actual volumes for all stores.

Composted waste consists of biodegradable organic waste, i.e. waste sorted as compostable and 90% of organic waste fractions including packaging.

Incinerated waste consists of waste fractions that can be incinerated and 10% of organic fractions including packaging.

Recycled/reused waste includes glass, metal, wood, plastics and other non-landfill waste.

For categories where ICA Gruppen has producer responsibility, such as pharmaceuticals, batteries, electronic products and packaging, disposal is in accordance with applicable legal requirements and any permits required. The waste arising from ICA Gruppen's producer responsibility is not included in the reported waste volumes.

ICA Gruppen seeks to reduce waste to landfill and improve the conditions for sorting and recycling of waste.

Food waste

ICA Gruppen intends to reduce its food waste by half by 2025, with 2016 as the base year. This is in line with goals set by the Consumer Goods Forum. Food waste is measured according to the FLW Protocol (Food Loss and Waste Protocol). Cutting food waste in half means reducing the food waste weightshare by 50%. This is measured by dividing total food waste (tonnes) by total food sold (tonnes). Food waste is food that is prepared to be eaten by humans but which, for various reasons, is not eaten by humans. Food consists of the main food categories of Fresh Foods, Dry Groceries and Fruit & Vegetables. Both food and inedible parts (e.g. peel and bones) are included. The weight of packaging is not included. ICA Gruppen's food waste is waste that arises in ICA Gruppen's own food handling, which includes:

- 1 Food waste from stores
- 2 Food returned from stores
- 3 Food waste from warehouses
- 4 Food waste from e-commerce warehouses.

Food waste for which compensation is received from external actors (e.g. suppliers) is not included in ICA Gruppen's food waste. Reporting includes the warehouses and stores of ICA Sweden and Rimi Baltic. For the Swedish ICA stores the calculation is based on total avoidable food waste (tonnes) of the actual avoidable food waste from a selection of stores (77% included in the 2020 selection). Total food waste (tonnes) is extrapolated by the number of stores at the end of the reporting period using a standard formula. For ICA Sweden's warehouses and e-commerce warehouses and Rimi Baltic's warehouses and stores, the actual data for total food waste (tonnes) is used. From the end of 2019, food that the Swedish ICA stores report as a charitable donation for human consumption is excluded from total food waste (tonnes). Food that the Swedish ICA stores report as clearance is excluded from total food waste (tonnes). For Rimi Baltic food that is donated to charity has been excluded since the base year 2016.

Customer surveys

ICA Gruppen's target of by 2020 being perceived by consumers as the actor in the market that most clearly helps them make healthy choices is measured and monitored through the Customer Satisfaction Index for ICA Sweden, the Nielsen Omnibus for Rimi Baltic and Nepa Brand Attributes for Apotek Hjärtat.

Supplier-related data

Quality-certified suppliers are all suppliers of ICA Gruppen's corporate brands who have undergone an assurance procedure and hold an associated valid certificate in accordance with one of the quality standards accepted by ICA Gruppen.

ACCOUNTING PRINCIPLES

Information on socially audited suppliers refers to active corporate brand suppliers in high-risk countries whose production units have undergone an initial ICA Social Audit and/or an audit under any of the third party audit schemes accepted by ICA Gruppen. If zero tolerance deviations are detected the supplier will not be approved. If critical deviations are identified during audit the supplier generally gets a chance to correct the problems within a set period of time stated in the audit protocol. If the supplier corrects the problems to the Group's satisfaction within the period set, the supplier is approved. The length of time the supplier is approved is determined by the principles for approval in the relevant standard and, if the standard does not stipulate a timeframe for approval, by ICA Gruppen's governing documents. In individual cases a personal assessment is made of the period of validity based on ICA Gruppen's governing documents. Production unit refers to a factory, farm or processing plant.

High-risk countries are identified according to the amfori BSCI (Business Social Compliance Initiative) definition for the current reporting period. BSCI factors in, for example, political stability and absence of violence, quality of regulatory systems, rule of law, control of corruption, government effectiveness and the ability of people to be heard.

Quality work and product safety

Public recalls are recalls where there is considered to be a risk to health or the environment, i.e. the public is informed via a press release or by other means.

Quality in stores

The number of certified ICA stores in Sweden refers to stores approved and certified by a third party in accordance with the Swedish standard for food handling in stores.

Stores that have implemented the Swedish standard for food handling in stores refers to Swedish ICA stores that apply the standard but have not been certified by a third party.

Environmental work in stores

Swan ecolabelled stores are ICA stores in Sweden approved and certified by a third party in accordance with the Swan criteria.

Stores that have been approved according to Miljösmart butik (ICA Sweden's environmental programme for stores) are Swedish ICA stores that have been approved in an internal audit performed by ICA Sweden's sustainability coaches.

Employees

Employees are personnel employed by ICA Gruppen, i.e. including employees in stores owned by a company within the Group. Data is based on the number of employees at year-end, with the exception of the categories Average number of employees (FTEs) and Gender distribution all employees, which are based on the average number of full-time employees. Average number of employees (FTEs) includes permanent, probationary and temporary employees. Employee turnover is calculated as the number of permanent employees who leave during the year in relation to the average number of permanent employees. Sickness-related absence is calculated as the number of hours of sickness-related absence in relation to the number of scheduled working hours. Sickness-related absence is calculated on a rolling 12-month basis up to and including November of the current year. Gender distribution, all management levels refers to all managers with responsibility for staff within the Group. Type of employment relates to all employees, broken down into those that work full-time (100%) and those that work part-time, i.e. less than 100%.

Age distribution, all employees is a breakdown by age group of all individuals employed on a permanent basis.

Permanent employees means individuals employed for an indefinite period or on a probationary basis, regardless of their degree of employment, as of December. Temporary employees means staff whose employment is for a limited term.

Significant changes since the previous reporting period**Goods transport within ICA Gruppen in Sweden**

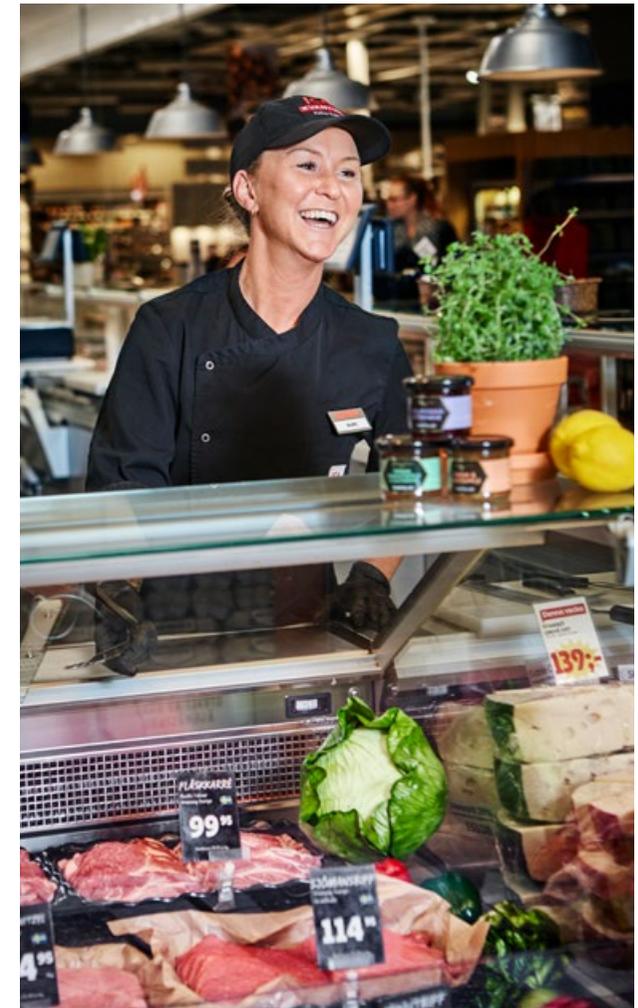
The accounting principles for emissions from goods transport by ICA Gruppen in Sweden has been changed since the previous reporting period. For the full accounting principles, see page 131. Historical data is not recalculated based on the new accounting principle. For historical data, see this accounting principle in ICA Gruppen's 2019 Annual Report.

Recalculation of climate data based on divestment of Hemtex

Historical climate data in which Hemtex was included has been recalculated following the divestment. Hemtex has been excluded from all historical data.

Significant events ahead of the upcoming reporting period

ICA Gruppen's accounting principles will be updated based on ICA Gruppen's new targets in several sustainability areas. For information on updated accounting principles for 2021 reports, see icagruppen.se/en



Assurance Report

Auditor's Limited Assurance Report on ICA Gruppen ABs Sustainability Report and statement regarding the Statutory Sustainability Report.

To ICA Gruppen AB (publ), Corp. Id. 556048-2837

Introduction

We have been engaged by the Board of Directors of ICA Gruppen AB to undertake a limited assurance engagement of ICA Gruppen ABs Sustainability Report for the year 2020. ICA Gruppen AB has defined the scope of the Sustainability Report in the table of contents in this document, the Statutory Sustainability Report is defined on page 5.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 127 in the Sustainability Report and consists of the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are

independent of ICA Gruppen AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 18 February 2021

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

Annual General Meeting and financial calendar

Annual General Meeting 2021

The Annual General Meeting (AGM) will be held on Thursday, 15 April 2021. To minimise the risk of spreading the coronavirus, the Board of Directors has decided that the Annual General Meeting will be conducted without the physical presence of shareholders, proxies or external parties, and that shareholders shall have the opportunity to exercise their voting rights by post prior to the meeting.

Notice of the Annual General Meeting is planned to be made public on Tuesday, 9 March 2021 by press release and on the company's website. The notice will also be published in Post och Inrikes tidningar (the Official Swedish Gazette), and an advertisement informing that the notice has been issued will be published in Swedish daily newspapers, such as Svenska Dagbladet. The AGM notice and decision-making documentation for the items of business included on the AGM agenda will be available at www.icagruppen.se under the tab Corporate Governance.

Attendance

To be able to participate in the Annual General Meeting, shareholders must: (i) be registered in the shareholder register maintained by Euroclear Sweden AB as per 7 April 2021, and (ii) have submitted their postal votes in accordance with the instructions in the AGM notice so that the company has received them by 14 April 2021 at the latest.

Nominee-registered shares

Shareholders with nominee-registered shares held via a bank or other nominee must request the nominee to register them in the shareholder's own name in the shareholders register led by Euroclear Sweden AB in order to participate in the AGM. The nominee must have performed such registration with Euroclear by 9 April 2021. Therefore, the shareholder must contact its nominee well in advance of such day and re-register its shares in accordance with the nominee's instructions.

Dividend

The Board of Directors of ICA Gruppen proposes that the AGM votes in favour of a dividend of SEK 13.00 (12.00) per share, or a total of SEK 2,615 million (2,414). The total dividend corresponds to 63% of profit for the year.

The dividend proposal is appropriate in view of the aim of providing a good and stable dividend over time. ICA Gruppen's dividend target over time is to pay a dividend to shareholders of at least 50% of profit for the year. Assuming that the AGM votes in favour of the proposal, the final day for trading in ICA Gruppen shares with entitlement to dividend will be Thursday, 15 April 2021 and the record date will be Monday 19 April 2021. The estimated payment date from Euroclear Sweden's system will therefore be Thursday, 22 April 2021.

Financial calendar

Annual General Meeting 2021	15 April 2021
Q1 interim report January–March 2021	29 April 2021
Q2 interim report January–June 2021	18 August 2021
Q3 interim report January–September 2021	28 October 2021
Year-end report January–December 2021	8 February 2022

Interim reports and other information from the Company are published regularly on the Company's website, icagruppen.se/en. It is also possible to subscribe for information published by the Company in the form of press releases. All interim reports and press releases intended for the capital market are published in Swedish and English.

The Annual Report will be available on the Company's website on Tuesday, 26 February 2021. For environmental and cost reasons, and because ICA Gruppen is increasingly switching to digital communication, from the 2018 Annual Report onwards ICA Gruppen has decided to no longer provide a printed version.

Contact

Frans Benson, Head of Investor Relations
+46 8 561 500 20
frans.benson@ica.se



Glossary

amfori BSCI – Business Social Compliance Initiative, a supply chain management system.

Bangladesh Accord – An international agreement between companies and trade unions to improve safety in the textile industry in Bangladesh.

BRC – British Retail Consortium. Retail organisation in the UK.

BRC CP – British Retail Consortium Consumer Products, a standard for non-food products that covers product safety, quality and compliance.

BRC S&D – British Retail Consortium Storage and Distribution, a quality standard for retailers that covers product safety, quality and compliance.

DHI – Swedish Retail Sales Index.

DVI – Swedish Food Retail Index.

Private label products – Products manufactured for sale under ICA's brand.

Fairtrade – Independent certification and product labelling system that promotes better working and living conditions for growers and their employees in countries with widespread poverty.

GFSI – The Global Food Safety Initiative, a business-driven initiative for the continuous improvement of food safety management systems.

Global Compact – UN initiative to encourage companies to support human rights, labour and the environment.

HACCP – Hazard Analysis and Critical Control Point, risk analysis and management programme.

HUI – Swedish Retail Institute (Handelns Utredningsinstitut).

High-risk countries – Defined based on the BSCI definition.

ICA Stiftelsen – Independent foundation formed by ICA-handlarnas Förbund. Supports projects, ideas and organisations that make a lasting difference in society with a focus on health, wellbeing, diversity and integration.

ICA Gruppen's corporate brand products – All products for which ICA Gruppen is the primary consignor, mainly private label products.

ISO 9001/ISO 14001 – International standards for quality/food safety and environmental management systems.

Joint venture – A partnership project, a joint venture company.

KRAV – Swedish independent labelling system for organic food.

MSC – Marine Stewardship Council, international ecolabel for seafood.

MTN – Medium-term note. A continuously offered debt note with a set maturity date.

Non-food – Items that are not food, such as clothing, housewares and toys.

RSPO – Roundtable on Sustainable Palm Oil, an organisation established to promote the growth and use of certified sustainable palm oil.

RTRS – Round Table on Responsible Soy, an organisation established to promote the growth and use of certified sustainable soy.

Swan ecolabel – Official ecolabel of the Nordic Council of Ministers for products with less environmental impact.

Swedish standard for food handling in stores – Swedish industry-wide standard for food handling and food safety in stores.

For definitions of key ratios see page 71.

Solberg

Photos: Liljewall Arkitekter, Joakim Bergström, Björn Dalin, ICA Experience, Petter Karlberg, Malin Kihlström, Pavel Koubek, Tomas Monka, Frida Ström, Anders Wiklund/TT and others.



ICA Gruppen AB • Box 4075, 169 04 Solna, Sweden. Visiting address: Kolonnvägen 20. Tel.: +46 8 561 500 00. www.icagruppen.se Corporate registration number 556048-2837

ICA Sverige AB

Box 4075, 169 04 Solna, Sweden
Visiting address:
Kolonnvägen 20
Tel.: +46 8 561 500 00
ica.se

Rimi Baltic AB

A. Deglava Str 161, LV-1021 Riga,
Latvia
Tel.: +37 1 800 001 80
rimibaltic.com

Apotek Hjärtat AB

169 04 Solna, Sweden
Visiting address:
Kolonnvägen 20
Tel.: +46 8 561 500 00
apotekhartat.se

ICA Fastigheter AB

721 84 Västerås, Sweden
Visiting address:
Ingenjör Bååths gata 11, T2
Tel.: +46 21 19 30 00
icafastigheter.se

ICA Banken AB

169 04 Solna, Sweden
Visiting address:
Kolonnvägen 20
Tel.: +46 8 561 500 00
icabanken.se

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