

Third quarter 2020

Stable in a turbulent world

Third quarter 2020

- Consolidated net sales increased by 5.3% to SEK 31,400 million (29,818)
- Operating profit excluding items affecting comparability increased by 6.2% to SEK 1,698 million (1,599)
- Consolidated sales and operating profit were affected by the continuing Covid-19 pandemic. ICA Sweden has benefited, while other segments have been negatively impacted. The estimated, overall earnings effect during the third quarter is approximately SEK -15 million
- Profit for the period was SEK 1,302 million (1,202)
- Earnings per share were SEK 6.45 (5.96)
- Cash flow from operating activities, excluding ICA Bank, was SEK 1,752 million (2,342)
- An Extraordinary General Meeting on 22 September resolved in favour of a dividend of SEK 6 per share, which is the second part of the year's total dividend of SEK 12 per share

January-September 2020

- Consolidated net sales amounted to SEK 93,690 million (88,445), an increase of 5.9%
- Operating profit excluding items affecting comparability increased to SEK 4,460 million (4,089), an increase of 9.1%
- The impact of the Covid-19 pandemic on operating profit for the period is estimated to be approximately SEK -30 million
- Profit for the period was SEK 3,254 million (2,535). Profit for the corresponding period a year ago included a capital loss of SEK 382 million on the sale of Hemtex
- Earnings per share were SEK 16.11 (12.54)
- Cash flow from operating activities, excluding ICA Bank, was SEK 6,672 million (6,998)

Events after the end of the quarter

- No important events have taken place after the end of the third quarter

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Group						
Net sales	31,400	29,818	93,690	88,445	124,540	119,295
Operating profit before depreciation/ amortisation (EBITDA)	3,026	2,894	8,425	7,617	11,001	10,193
Operating profit (EBIT) excluding items affecting comparability	1,698	1,599	4,460	4,089	5,727	5,356
Operating profit (EBIT)	1,686	1,595	4,449	3,685	5,698	4,934
Profit before tax	1,572	1,469	4,093	3,280	5,215	4,402
Profit for the period	1,302	1,202	3,254	2,535	4,169	3,450
Cash flow from operating activities	1,328	1,915	7,730	6,652	10,826	9,748
Cash flow from operating activities excluding ICA Bank	1,752	2,342	6,672	6,998	9,597	9,923
Operating margin excluding items affecting comparability, %	5.4	5.4	4.8	4.6	4.6	4.5
Operating margin, %	5.4	5.3	4.7	4.2	4.6	4.1
Return on capital employed, %	—	—	9.1	7.9	9.1	7.9
Return on equity, %	—	—	12.0	10.0	12.0	10.1
Earnings per share, SEK	6.45	5.96	16.11	12.54	20.64	17.06

CEO's comments



During the third quarter we saw essentially the same pattern as in the preceding quarter – strong volume growth for ICA Sweden, while sales were weaker for Rimi Baltic and Apotek Hjärtat. In terms of earnings, however, Rimi Baltic had a strong quarter. The updated market appraisal of our property portfolio shows continued stable development.

The grocery retail market in Sweden continues to show high growth numbers. Although at a slightly slower rate than in the second quarter, factoring in that we also had lower food price inflation during the third quarter, underlying volume growth is still strong. As the corona pandemic continues, it appears that a return to a more normal situation is being pushed further and further ahead. This likely entails that the current customer behaviours – people eating more at home, cutting down on store visits, shopping more on each occasion and shopping online to a greater extent – will characterise the market trend for yet some time.

ICA Sweden – in line with the market, continued strong e-commerce growth, favourable development for Stämmis

During the third quarter our sales development was slightly stronger than the market, and the high growth is also leading to strong earnings. During this quarter, as well, e-commerce growth was very high and is currently a bit over 100%, and we continue to grow faster than all of the actors. The rapid growth for e-commerce also partly explains the increase in our private label share, as the share online is higher than private label sales in stores. The strong increase we have seen in sales of food online fits well with our plans for the years immediately ahead, where our partnership with Ocado on development of our e-commerce solutions serves as a vital part. We are now entering an intensive phase where in the coming two years we will be taking a number of large and important steps to scale up capacity and efficiency in our e-commerce operations.

After launching Stämmis, our new loyalty programme just over a half year ago, we can affirm that we have had favourable development and that the programme has performed well. The number of active Stämmis members has increased by 150,000 since February and is today more than 5 million. More than 1.5 million new payment cards have been coupled to the programme. Through greater customer identification we can personalise our offerings more and thereby better target customers with the right offerings in the right channels and at the right price. It is also in this area where we are dedicating a lot of work on several ongoing digitalisation projects aimed at developing tools for meeting our customers in an even better and effective way.

Rimi Baltic – strong earnings improvement. Apotek Hjärtat – continued weak pharmacy market

The pandemic continues to leave its mark on Rimi Baltic's sales performance and will likely continue to do so for some time. However, a strong focus on cost efficiency and a number of other measures resulted in strong earnings for the quarter. In the current days we have begun the move to our new warehouse in Riga from externally rented warehouses, and if all goes to plan we will be in full operation by summer 2021. The new warehouse features greater automation, central production of prepared foods for Latvia, fruits and vegetables for the entire region, and will enable further efficiency improvements.

The pharmacy market returned to positive growth during the third quarter, mainly owing to slightly higher growth in September than earlier in the quarter, when growth was unusually weak. Apotek Hjärtat grew in line with the market, but profitability remained weak despite completed cost-cutting measures. We are working further with various measures to improve earnings. Naturally, continued work on improving profitability in the rapidly growing e-commerce business has high priority.

ICA Bank and ICA Real Estate – one-off items and updated property appraisals

Underlying performance for ICA Bank is favourable, however, the quarter was weighed down by Covid-19 effects and other one-off items. We are happy to report that the bank again received a slightly higher score in this year's bank report from the Swedish Quality Index and that the distance to number one is shrinking.

As usual, this quarter we have updated the market appraisal of our property portfolio. Taking into account completed investments, we have stable growth in value of approximately 2% for the properties owned by the Group and a good mix in the portfolio, which reduces risk.

Sustainability work – on track to achieving current climate target

Our greenhouse gas emissions have now decreased by 74% on a rolling 12-month basis compared with the base year 2006, which is a further, slight improvement over the preceding quarter. Whether we succeed in reaching our climate target – climate neutrality with at least a 70% reduction of emissions from our own operations by year-end 2020 – will be confirmed once all data for 2020 has been collated, but thus far things are looking very good. The remaining emissions will be climate-compensated through offsets.

In summary – a good quarter

Covid-19 continues to affect operations across the board, and it will take some time before we can leave the pandemic's acute impact behind us. Having said this, we have underlying stable and favourable development in our operations and are making good progress in important development projects. We are now gearing up for the close of the year, where the Christmas and New Year's holidays are important high points.

Per Strömberg
CEO ICA Gruppen

Group performance

Net sales and earnings

Third quarter 2020

Consolidated net sales increased by 5.3% during the quarter compared with 2019. Excluding currency effects the increase was 5.7%. This performance is explained by positive volume effects in ICA Sweden's wholesale operation, ICA Real Estate and ICA Bank, and positive price and mix effects in all operations except ICA Bank. In contrast to ICA Sweden, the Covid-19-related volume effect continued to be negative for Rimi Baltic and Apotek Hjärtat.

Operating profit excluding items affecting comparability increased by SEK 99 million to SEK 1,698 million (1,599). Operating profit improved for ICA Sweden, Rimi Baltic and ICA Real Estate, while it decreased for other businesses. Earnings performance was affected by the continuing Covid-19 situation, but to a lesser extent than in the preceding quarter. Taken together, the price and volume impact was positive, even though both Apotek Hjärtat and Rimi Baltic had continued negative volume effects. One-off effects in ICA Bank and ICA Real Estate impacted operating profit by a combined total of approximately SEK -40 million. Operating profit for the same period a year ago included costs of approximately SEK 30 million related to problems with the start-up of Apotek Hjärtat's new, automated warehouse in Norrköping. The operating margin excluding items affecting comparability was unchanged at 5.4% (5.4%). Profit for the period was SEK 1,302 million (1,202) and includes the result of divestments and impairment losses totalling SEK -13 million (-4). Earnings per share increased to SEK 6.45 (5.96).

January-September 2020

Consolidated net sales increased by 5.9% compared with 2019. Adjusted for the sale of Hemtex, the increase was 6.3%, while the currency effect during the period was 0%. Operating profit excluding items affecting comparability increased to SEK 4,460 million (4,089), which is SEK 335 million higher than the same period a year ago, excluding Hemtex. The operating margin excluding items affecting comparability grew to 4.8% (4.6%). Profit for the period was SEK 3,254 million (2,535). Profit includes the result of divestments and impairment losses totalling SEK -11 million (-404). Operating profit for the same period a year ago included a capital loss of SEK -382 million on the sale of Hemtex. Earnings per share were SEK 16.11 (12.54).

Effect of IFRS 16

The segments are reported excluding IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level in ICA Gruppen. The effect of IFRS 16 on consolidated operating profit excluding items affecting comparability was SEK 43 million (42) during the third quarter and SEK 129 million (124) for the entire period.

Estimated effects of the Covid-19 pandemic

Covid-19 is estimated to have affected consolidated sales growth during the quarter by +2.0% and consolidated operating profit by approximately SEK -15 million. During the period January-September sales are estimated to have been affected by +1.7%, with an earnings impact of approximately SEK -30 million. Included in the Covid-19 effects are certain, general government assistance payments, mainly compensation for sick pay, of approximately SEK 18 million during the third quarter and approximately SEK 100 million during the period January-September.

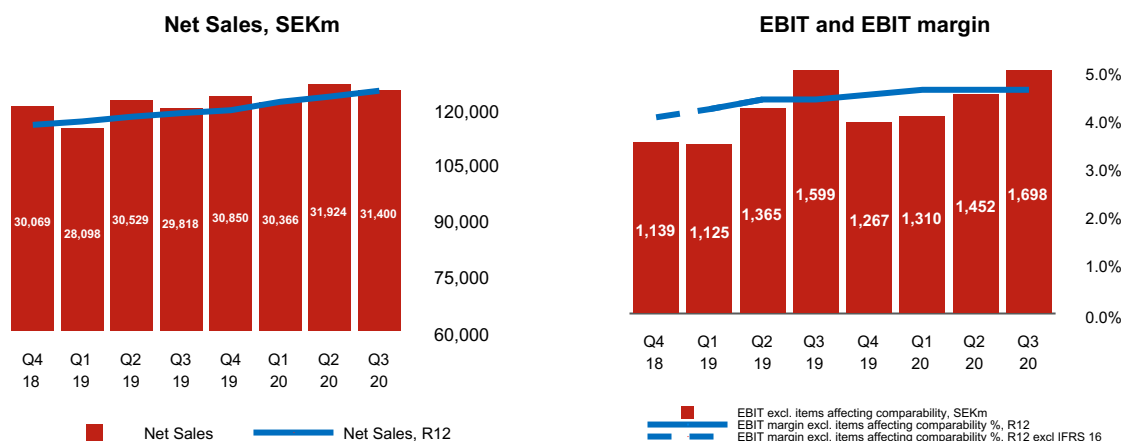
Net sales per segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
ICA Sweden	23,035	21,494	67,961	63,167	89,981	85,187
Rimi Baltic	3,946	4,044	12,095	11,889	16,374	16,168
Apotek Hjärtat	3,648	3,553	11,373	10,965	15,186	14,778
ICA Real Estate	699	681	2,095	2,043	2,783	2,731
ICA Bank	434	399	1,259	1,160	1,669	1,570
Hemtex ¹⁾	—	—	—	306	—	306
Other	323	288	964	888	1,273	1,197
Intra-Group sales	-686	-641	-2,058	-1,972	-2,726	-2,640
Net sales	31,400	29,818	93,690	88,445	124,540	119,295

Operating profit excluding items affecting comparability per segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
ICA Sweden	1,208	1,111	3,237	2,885	4,064	3,712
Rimi Baltic	227	211	526	531	739	744
Apotek Hjärtat	101	109	297	347	414	464
ICA Real Estate	143	136	439	378	565	504
ICA Bank	47	76	114	170	188	244
Hemtex ¹⁾	—	—	—	-36	—	-36
Other	-71	-85	-283	-310	-416	-443
Operating profit excluding items affecting comparability by segment	1,656	1,558	4,331	3,966	5,554	5,189
IFRS 16 Leases	43	42	129	124	171	166
Operating profit excluding items affecting comparability	1,698	1,599	4,460	4,089	5,727	5,356

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



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

Net financial items and tax

Net financial items during the quarter totalled SEK -114 million (-125). Interest expenses excluding IFRS 16 were lower than a year ago, mainly owing to lower interest expenses for pension liabilities and short-term borrowing. In addition, financial expenses were lower than a year ago. Interest expenses related to IFRS 16 are included in net financial items in the amount of SEK -80 million (-82) for the third quarter and SEK -244 million (-258) for the period January-September. Net financial items for the nine-month period improved by SEK 49 million to SEK -356 million (-405). In addition to other third quarter effects, interest on the Group's bonds was lower than a year ago.

The tax cost for the quarter was SEK -269 million (-266), corresponding to a tax rate of 17.1% (18.1%). The difference compared to the nominal tax rate of 21.4% is due to the lower tax rate in the three Baltic countries and tax-exempt revenue in the form of profit distributions to ICA Sweden. The tax cost for the period January-September was SEK -839 million (-744), corresponding to a tax rate of 20.5% (22.7%). The year's slightly lower tax rate is mainly attributable to the non-deductible capital loss that arose upon the sale of Hemtex during the second quarter of 2019.

Paid tax during the quarter totalled SEK -207 million (-128) and was SEK 79 million higher than a year ago due to higher monthly preliminary tax payments. Paid tax for the period January-September was SEK -912 million (-504). The increase of SEK 408 million also includes, in addition to what is reported for the third quarter, an extra payment of SEK 214 million in preliminary tax during the first quarter.

Cash flow

Cash flow from operating activities during the quarter (excluding ICA Bank) was SEK 1,752 million (2,342), a decrease of SEK 590 million. Higher operating profit during the quarter was countered by higher paid tax and a less favourable development of working capital. This was due, in turn, mainly to a calendar effect which entailed higher trade receivables at the end of the quarter. Cash flow for the period January-September decreased by SEK 326 million.

Cash flow from investing activities was affected by a marginally higher level of investments than the same period a year ago. Cash flow from financing activities for the quarter was affected by the dividend payment of SEK 1,207 million, while for the nine-month period it was affected by the issue of new bonds in February.

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

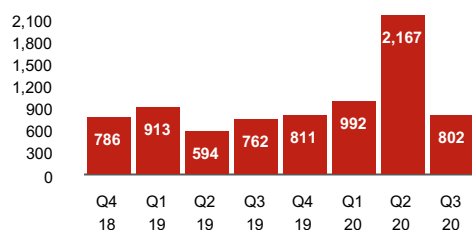
Effect of IFRS 16 on cash flow

Lease payments (interest and principal) during the third quarter of 2020 totalled SEK -885 million (-891). The corresponding amount for the period January-September was SEK -2,721 million (-2,722).

Consolidated statement of cash flows, excluding ICA Bank

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Cash flow						
From operating activities before change in working capital	2,761	2,679	7,502	7,360	10,101	9,959
Change in working capital	-1,010	-337	-830	-362	-503	-35
From operating activities	1,752	2,342	6,672	6,998	9,597	9,923
Investing activities, net	-781	-753	-3,771	-1,974	-4,608	-2,811
Before financing activities	970	1,589	2,900	5,024	4,989	7,113
Financing activities, net	-2,081	-1,738	-2,930	-5,466	-4,508	-7,044
Cash flow for the period	-1,111	-150	-30	-443	482	69

Capex (cash flow), SEKm



Investments and divestments

The Group's investments amounted to SEK 802 million (762) during the quarter. The increase is mainly attributable to a higher level of investment in ICA Real Estate driven by large logistics projects, including dark stores in Stockholm and Gothenburg. Of total investments, SEK 250 million (184) is attributable to ICA Real Estate. Investments for the entire period January-September increased by SEK 1,692 million. A large share of this increase pertains to the acquisition of a logistics property in Västerås for SEK 1 billion during the second quarter.

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

Investments (cash flow) by segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
ICA Sweden	144	181	567	461	762	656
Rimi Baltic	310	321	879	677	1,187	985
Apotek Hjärtat	45	35	160	155	231	226
ICA Real Estate	250	184	2,176	821	2,347	992
ICA Bank	15	6	56	14	79	37
Hemtex	—	—	—	4	—	4
Other	38	34	124	137	166	179
Investments	802	762	3,961	2,269	4,772	3,080

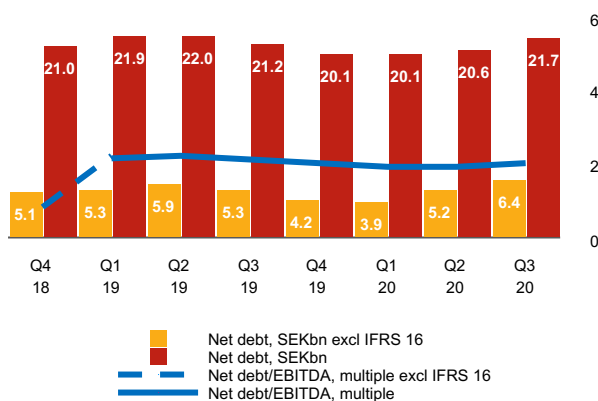
Depreciation/amortisation by segment

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
ICA Sweden	154	144	449	411	603	565
Rimi Baltic	100	89	298	259	391	352
Apotek Hjärtat	42	37	121	112	156	147
ICA Real Estate	139	125	392	379	514	501
ICA Bank	7	7	19	21	26	28
Hemtex	—	—	—	7	—	7
Other	35	32	105	95	147	137
Depreciation/amortisation by segment	477	434	1,384	1,284	1,836	1,736
IFRS 16 Leases	849	859	2,575	2,624	3,434	3,483
Depreciation/amortisation	1,327	1,293	3,960	3,908	5,271	5,219

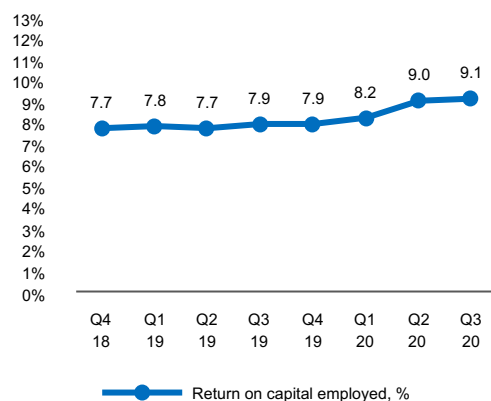
Financial position

The Group's net debt excluding IFRS 16 (i.e., excluding lease liabilities, ICA Bank and pension liabilities) amounted to SEK 6.4 billion (5.3) at the end of the quarter. The higher level of net debt is mainly attributable to a higher level of investment than a year ago. The Group's net debt including IFRS 16 (excluding ICA Bank and pension liabilities) amounted to SEK 21.7 billion (21.2) at the end of the quarter. At 30 September 2020 net debt in relation to EBITDA was 2.0 (2.1), which is well in line with the Group's long-term target of <3.0. Return on capital employed was 9.1% (7.9%) on a rolling 12-month basis.

Net debt and Net debt/EBITDA



Return on capital employed, R12



Key ratios for 2018 that are affected by IFRS 16 and that are based on rolling 12-month data are presented only for the full year 2018, as data for 2017 has not been recalculated for IFRS 16. Thus the chart Net debt and Net debt/EBITDA above includes only net debt/EBITDA including IFRS 16 in periods from Q4 2018 forward. The charts include net debt/EBITDA excluding IFRS 16 until Q4 2018. Net debt includes recalculation for IFRS 16 for 2018. See also Note 1.25

Important events during the quarter

22 September – An Extraordinary General Meeting resolved in favour of a dividend of SEK 6 per share in addition to the dividend of SEK 6 per share already paid out. The total dividend for the year thus amounts to SEK 12 per share.

Important events after the end of the quarter

No important events have taken place after the end of the quarter.

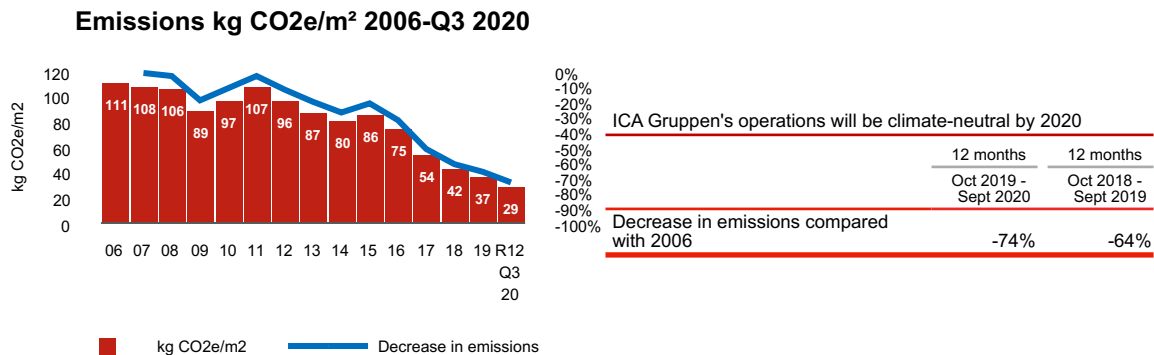
Sustainability Report

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

Outcome – sustainability targets

- ICA Gruppen's greenhouse gas emissions have decreased by 74% on a rolling 12-month basis compared with the base year 2006. Emissions decreased during the reporting period due to a gradual increase in the use of refrigerants with a lower climate impact in stores and a switch to renewable electricity by Rimi Baltic. Greenhouse gas emissions are decreasing steadily, and the trend indicates that ICA Gruppen will reach its target of climate neutrality by reducing emissions in own operations by at least 70% by year-end 2020 and offset remaining emissions through climate compensation.
- The share of quality certified suppliers of ICA Gruppen's corporate brands exceeded the target of 90% during the quarter. The trend indicates that ICA Gruppen will reach its target by year-end 2020.
- The pandemic has led to closed factories, reduced access to factories to perform audits, and travel restrictions. Hence we cannot carry out audits as planned, which is resulting in a negative trend regarding the share of socially audited suppliers of ICA Gruppen's corporate brands in high-risk countries. For suppliers with a valid follow-up social audit, the share is increasing slightly, but not at the same rate as in previous quarters.

Key Performance Indicators



Outcome other sustainability targets

	12 months	12 months
	Oct 2019 - Sept 2020	Oct 2018 - Sept 2019
100% of suppliers of ICA Gruppen's corporate brands in high-risk countries will be socially audited	93 %	95 %
At least 90% of suppliers of ICA Gruppen's corporate brands in high-risk countries will have a valid follow-up social audit by year-end 2020	86 %	84 %
90% of suppliers of ICA Gruppen's corporate brands will be quality certified by year-end 2020	91 %	86 %

Sustainability activities during the quarter

Environment

Toward a sustainable food system

During the quarter ICA Sweden and Research Institutes of Sweden (RISE) started a partnership aimed at jointly creating conditions for a more sustainable food system. ICA Sweden's partnership with RISE is part of the work with the newly started ICA Växa ("ICA Grow") initiative, which aims to increase the share of and promote the production and consumption of Swedish plant-based food. ICA Växa will be a major and key part of ICA's new climate ambition to cut the climate impact of customers' grocery purchases in half by 2030.

Continued work with plastics shift

Work is continuing with ICA Gruppen's plastics strategy, which entails among other things that all packaging of ICA's private label food products shall be recyclable or reusable after 2022 and that after 2030 packaging shall be made of recycled or renewable material. A large number of initiatives were started in ICA Sweden during the quarter, including the following examples:

- The hand-held customer baskets provided to stores via ICA Sweden are made of recycled plastic (polypropylene). In addition, more than 500 ICA stores also offer shopping baskets made of recycled plastic for sale in an effort to reduce sales of single-use plastic bags.
- The plastic trays used in ICA's fresh portion meals now consist to 75% of recycled consumer packaging. The plastic in the new packages comes from food trays and bottles collected in Europe. They are then washed and melted to create new food packages. The unique colour of the trays is attributable to the colour of the recycled material; no colouring agents are used in producing the recycled trays for the ready-made meals. The colour varies from different shades of pink, brown and green.

Climate compensation of purchases introduced in Stammais app

To make it easy for customers to make sustainable choices, ICA Sweden has launched an additional climate-smart function in the Stammais app. Previously customers have been able to monitor the carbon footprint of their grocery purchases and also receive climate-smart tips on how they can reduce their carbon footprint. With the new function, customers can now also choose to offset their carbon footprint directly in the app through payment via Swish.

Focus on reducing food waste

On 29 September, the International Day of Awareness of Food Loss and Waste was held, established by the Food Agricultural Organization (FAO), to draw attention to the problems posed by food waste worldwide. ICA observed this day of awareness in many different ways with a focus on supporting customers in their efforts to reduce food waste at home. Prior to the International Day of Awareness Rimi Baltic conducted a survey in all three Baltic countries via Facebook to gain a better understanding of how food waste occurs in homes. The survey showed that 80% of the 2,500 respondents in the survey indicated that food goes to waste in their homes. In addition, 29% stated that they did not have adequate knowledge about how they can reduce their food waste. Rimi Baltic will use the results of the survey to conduct activities to support customers in their efforts to reduce food waste.

Health

Better health for children and youth

ICA has started a collaboration with celebrity chef Tina Nordström ("Mat-Tina") through the ICA Foundation's partnership with Generation Pep, where together they will work for better health for children and youth. Nearly a fifth (17%) of the calorie intake among children and youth in Sweden consists of sweets, biscuits and cookies, and about half of all children eat vegetables daily. Together with "Mat-Tina" and Generation Pep, ICA will be inspiring children and youth to eat a more varied diet. One of the initiatives is Melliskockarna, which is part of ICA's Kompis med kroppen ("Buddy with your body") concept. Since 2001 Kompis med kroppen has worked to spur curiosity and interest in fruits and vegetables for children in school grades 2 and 5. The aim of Melliskockarna ("Snack chefs") is that children will learn what constitutes a good snack. Through films and recipe folders, children are provided with inspiration and knowledge about how varied and fun a snack can be.

Pink Ribbon campaign

During the quarter the year's Pink Ribbon campaign started, where ICA is a main partner to the Swedish Cancer Society. In addition to sales of Pink Ribbons, ICA Sweden has switched the colour of more than a hundred private label products, and for each product sold, between SEK 0.50 and SEK 10 goes straight to the Swedish Cancer Society and Swedish cancer research. A new feature for this year is that customers can also buy a pre-packed "pink" grocery bags, for which SEK 30 goes straight to the Swedish Cancer Society. The meals included in the bag are easy to prepare and a complete kit for a week's dinners, composed in accordance with the Swedish Cancer Society's guidelines for a healthy lifestyle.

Criticism, media debates and dialogues

ICA Sweden has participated in the work on updating the voluntary criteria list for antibiotics use in animal husbandry. This work has been conducted under the direction of Axfoundation and in collaboration with companies, academia, authorities, and industry and civil society organisations. The goal of the updated list is to reduce the excess use of antibiotics in food-producing animals. ICA has also participated in the work on, and is a signatory of, the Swedish Food Retailers Federation's updated industry agreement that is based on these updated criteria.

Awards and distinctions

- Apotek Hjärtat won two gold and two silver awards for its campaign "A Hard Pill to Swallow" in the international Cresta Awards, which is a major international creative awards event for advertising and communication.
- ICA's 2020 Entrepreneur Awards were handed out during the quarter. The winners were Care of Gerd, an organic skin care company in Jokkmokk, and Vultus, a company that uses AI and satellite images to customise recommendations for farmers. Both companies are working for more sustainable production in their areas and have demonstrated a strong commitment to nature and people.

About this report

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

ICA Sweden

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

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

Net sales and earnings

Third quarter 2020

ICA Sweden's net sales increased by 7.2% compared with a year ago. The increase is mainly attributable to continued strongly positive volume effects in the wholesale operations, but also to slightly positive price effects. The Covid-19 effect on sales is estimated to have been just under +4%.

Operating profit excluding items affecting comparability increased to SEK 1,208 million (1,111). Positive earnings effects of the volume increase were countered in part by higher costs particularly coupled to e-commerce and IT. The gross margin for the wholesale operations was at the same level as a year ago, where a higher private label share made a positive contribution. IT costs and other overheads increased, which is related to ongoing investments and development projects as well as competence broadening activities. Profit distribution from ICA stores was higher than a year ago, coupled to an expected higher level of earnings for the stores that pay profit distributions.

Covid-19 is estimated overall to have impacted operating profit for the quarter by approximately SEK +85 million. The operating margin was at the same level as a year ago, at 5.2% (5.2%).

January-September 2020

ICA Sweden's net sales increased by 7.6% compared with a year ago, of which Covid-19 effects are estimated to have been 3.4%.

Operating profit excluding items affecting comparability increased to SEK 3,237 million (2,885). The earnings impact of the leap year day in February is estimated to have been approximately SEK +15 million. Operating profit also includes a one-off item of approximately SEK +20 million pertaining to an insurance matter. Covid-19 effects for the entire period January-September are estimated to have been approximately SEK +250 million. The operating margin rose to 4.8% (4.6%).

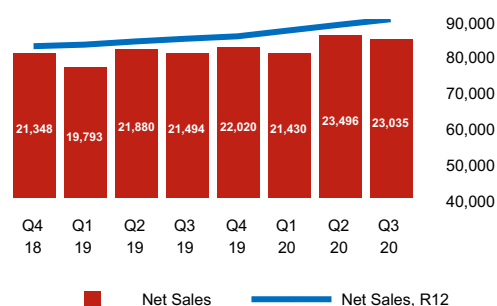
Estimated effects of the Covid-19 pandemic

The effect on sales and operating profit is described above. The sales increase, which during the quarter was mainly driven by the fact that customers are eating more at home, has been favourable for the ICA system on a net basis, but the differences between individual stores are considerable. Stores located near Norway and Finland as well as in shopping centres have in many cases experienced sharp drops in sales. The increased "eating-at-home" effect will likely continue for some time. Covid-19 effects include certain, general government assistance payments – mainly compensation for sick pay – totalling approximately SEK 75 million, of which approximately SEK 15 million was received during the third quarter.

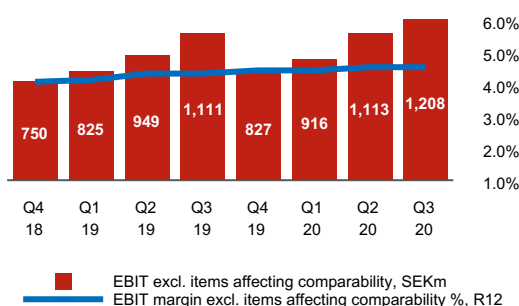
ICA Sweden

	Third quarter		Jan-Sep		12 months	Full Year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Net sales, SEKm	23,035	21,494	67,961	63,167	89,981	85,187
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,361	1,255	3,686	3,297	4,666	4,277
Operating profit excl. items affecting comparability, SEKm	1,208	1,111	3,237	2,885	4,064	3,712
Operating margin excl. items affecting comparability, %	5.2	5.2	4.8	4.6	4.5	4.4
Investments, SEKm	144	181	567	461	762	656
Depreciation/amortisation, SEKm	154	144	449	411	603	565
Average number of employees	—	—	8,329	8,268	—	8,292
Private label share of store sales, %	—	—	27.0	25.7	—	25.8

Net Sales, SEKm



EBIT and EBIT margin



The market and ICA store sales

Sales (excluding VAT) for Swedish ICA stores increased by 6.0% during the quarter and by 5.8% on a like-for-like basis. According to the Food Retail Index (DVI), market growth was 5.8% during the third quarter of the year. Sales growth for ICA stores during the quarter was thus slightly higher than the market growth.

The estimated calendar effect for the quarter was 0.0%. Food price inflation was 1.9% (3.5%) during the third quarter and 3.5% during the preceding quarter. Adjusted for inflation and the calendar effect, estimated volume growth for ICA stores during the quarter was 4.1% and approximately 3.9% on a like-for-like basis.

Sales growth during the quarter continued to be affected by the Covid-19 pandemic and was driven exclusively by a sharply higher average spend of more than 9% and a higher number of items purchased per customer visit at the same time that customer visits were fewer. The share of promotional sales was higher during the quarter than a year ago, while for the year to date it is slightly lower than in 2019. Product categories that performed strongly during the period were dry goods, fruits & vegetables, frozen products and meat. The lower rate of inflation during the quarter pertained to several product categories, where only meat at present continues to show slightly higher prices.

Private label products as a share of accumulated sales amounted to 27.0% (25.7%).

No new stores were opened or closed during the third quarter. A total of eight to ten new stores are planned to be established during 2020.

E-commerce

Online sales grew sharply during the third quarter to SEK 1,126 million (502), an increase of 124% over the same period a year ago. The e-commerce share for the ICA stores that offer food online is 6.3% (3.4%) thus far for the year to date. According to the Food Retail Index (DVI), the e-commerce market for food in Sweden grew by 101% during the third quarter.

Online sales totalled SEK 3,312 million (1,644) for the period January-September, an increase of 101%. The online market grew by 79% during the same period.

At the end of the period, 349 (297) ICA stores were active with e-commerce (food online), and 627 (638) stores offered the ICA Matkassen meal kit concept.

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

ICA store sales, incl. retailer-owned stores

Store sales in Sweden

Store sales excl. VAT	Third quarter 2020			January-September 2020		
	SEKm	All stores %	Like-for-like %	SEKm	All stores %	Like-for-like %
Maxi ICA Stormarknad	10,374	9.9	8,5	30,940	10.8	9,4
ICA Kvantum	7,808	6.8	6,4	23,484	7.9	7,2
ICA Supermarket	9,577	2.2	3,3	28,046	3.3	4,6
ICA Nära	5,119	4.4	4,4	14,629	6.4	6,4
Total	32,877	6.0	5,8	97,099	7.2	7,0

Number of stores in Sweden

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

Rimi Baltic

Rimi Baltic conducts grocery retail business via 279 wholly owned stores in Estonia, Latvia and Lithuania. Store formats include Rimi Hyper, Rimi Super, Rimi Mini and Rimi Express. Rimi Baltic also includes the properties owned by the Group in the three Baltic countries.

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

Net sales and earnings

Third quarter 2020

Rimi Baltic's net sales increased by 0.4% during the quarter (in SEK net sales decreased by 2.4%). Positive price effects were countered by negative volume effects that arose due to reduced Covid-19-related customer traffic that continued to impact sales during the quarter. Covid-19 is estimated to have impacted sales by a combined total of approximately -2.4%.

Operating profit excluding items affecting comparability increased by 7.6% to SEK 227 million (211) despite the negative volume development. Continued positive mix effects, mainly related to the product range, and lower logistics costs strengthened both gross profit and the gross margin. The improvement in gross profit was countered by higher store costs coupled to investments in the store network and wage inflation. Added to this were higher costs for e-commerce, which has now been launched in all three countries. The measures begun during the second quarter to reduce costs and increase efficiency contributed to the earnings improvement during the third quarter. Covid-19 is estimated to have impacted operating profit for the third quarter by approximately SEK -25 million. The operating margin grew to 5.8% (5.2%)

January-September 2020

Rimi Baltic's net sales increased by 1.8% during the period (in SEK the increase was 1.7%). Covid-19 is estimated to have impacted sales during the period by approximately -2.2%.

Operating profit excluding items affecting comparability decreased to SEK 526 million (531), and the operating margin for the period fell slightly to 4.4% (4.5%). The accumulated impact of Covid-19 on operating profit is estimated to have been approximately SEK -95 million.

Other

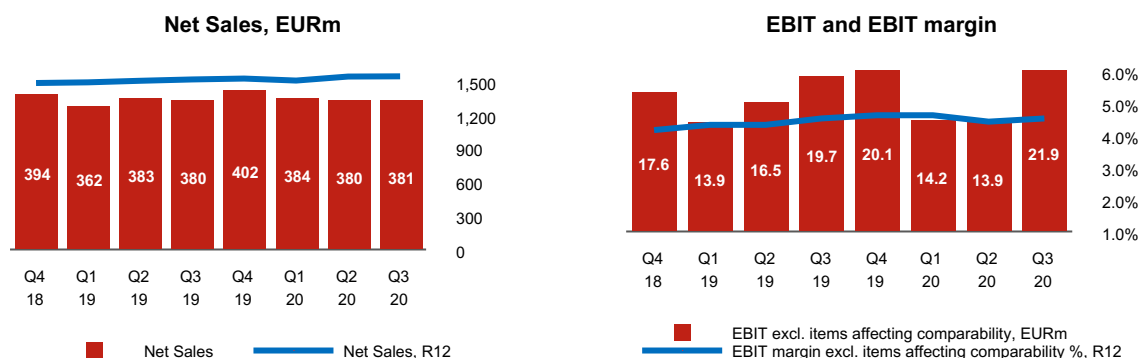
Operating profit includes a net result of SEK -5 million (-2) from property sales/impairment losses of properties during the third quarter and SEK -6 million (-19) for the nine-month period.

Estimated effects of the Covid-19 pandemic

The effects on sales and operating profit are described above. The negative effect for Rimi Baltic was greatest in Estonia and lower in Latvia, while the impact in Lithuania has been more limited. The differences between the countries are related to how the store networks are configured in the respective countries, which also explains Rimi Baltic's performance relative to the market. Following a period during which restrictions have been eased, the spread of infection has risen in recent weeks, which among other things has resulted once again in border closures between the countries.

Rimi Baltic

	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Net sales, SEKm	3,946	4,044	12,095	11,889	16,374	16,168
Operating profit before depreciation/amortisation (EBITDA), SEKm	328	300	827	791	1,133	1,097
Operating profit excl. items affecting comparability, SEKm	227	211	526	531	739	744
Operating margin excl. items affecting comparability, %	5.8	5.2	4.4	4.5	4.5	4.6
Investments, SEKm	310	321	879	677	1,187	985
Depreciation/amortisation, SEKm	100	89	298	259	391	352
Average number of employees	—	—	10,534	10,596	—	10,494
Private label share of sales, %	—	—	23.6	24.2	—	23.9
EUR/SEK exchange rate, average	10,3621	10,6605	10,5617	10,5694	10,5829	10,5869



The market, store sales and e-commerce

Market growth for the third quarter is not yet published, but Rimi Baltic estimates that growth was 4.6%, and that growth in the respective countries was (previous quarter in parentheses): Estonia 1.4% (3.3%), Latvia 5.1% (5.3%), and Lithuania 6.1% (-0.6%). Definite market statistics are published in the beginning of November.

At the same time, preliminary food price inflation was 1.7% (3.7%), which was lower than during the previous quarter, when it was 2.3%. Preliminary food price inflation in the respective countries was: Estonia 1.3%, Latvia 1.8% and Lithuania 1.8%. Inflation has decreased in all three countries.

The Covid-19 pandemic has continued to affect development, where the number of customer visits has declined dramatically, while the average spend has increased to a corresponding degree.

Rimi Baltic has a slightly lower market share thus far in 2020 than in 2019, approximately 14%, which has been affected in part by business in Latvia, where the conversion of Supernetto stores has had a negative effect on market share, and in part by the slightly weaker performance that Rimi Baltic had when the countries were in lockdown. The level of promotional activity in Rimi Baltic was higher during the quarter than in the preceding year.

Rimi Baltic launched e-commerce in Latvia during the fourth quarter of 2019. Due to the Covid-19 pandemic, demand online has grown dramatically, and therefore the launches in Lithuania and Estonia were brought forward. Rimi Baltic has been offering online shopping in all three countries since April 2020 and currently has more than 20 pick-up locations. Home delivery is also offered in larger cities. Online sales as a share of total sales are low, approximately 1%, but have contributed to some extent – especially in Latvia – to buttressing sales during the year.

Rimi Baltic opened two stores during the quarter and none was closed. A total of 16 to 18 store openings are planned for 2020.

Store sales in the Baltic countries

Store sales excl. VAT	Third quarter 2020			January-September 2020		
	EURm	All stores %	Like-for-like %	EURm	All stores %	Like-for-like %
Estonia	94.4	-4.0	-5.0	280.7	-2.3	-4.7
Latvia	195.5	0.9	-3.5	594.0	2.1	-0.7
Lithuania	87.2	3.9	0.1	260.1	5.9	2.6
Total	377.2	0.3	-3.1	1,134.8	1.8	-1.0

Number of stores in Baltic countries

Country	December 2019	New	Closed	September 2020
Estonia	86	1	-3	84
Latvia	130	2	-1	131
Lithuania	61	4	-1	64
Total	277	7	-5	279

Apotek Hjärtat

Apotek Hjärtat is the second-largest actor in the Swedish pharmacy market, with 390 pharmacies. Apotek Hjärtat is also a part owner of the digital healthcare company Min Doktor.

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

Net sales and earnings

Third quarter 2020

Net sales for the quarter amounted to SEK 3,648 million (3,553), an increase of 2.7%. Owing to higher average prices for prescription drugs and the mix in the general product range, price effects in sales overall were positive. As in the preceding quarter, volume growth was negative due to Covid-19 effects, which are estimated to have impacted sales by -3%.

Operating profit excluding items affecting comparability decreased by SEK 8 million to SEK 101 million (109). Earnings performance can in all essential respects be attributed to negative Covid-19 volume and margin effects, such as negative product mix effects, with a lower share of private label products. In addition to this, overheads were higher, mainly driven by higher costs for e-commerce and IT. To address this negative development, measures are under way to increase e-commerce efficiency and reduce costs in offices, pharmacies and warehouses. Covid-19 is estimated to have impacted operating profit for the quarter by approximately SEK -45 million. Operating profit for the third quarter a year ago included an earnings effect of approximately SEK -30 million related to problems with the start-up of the new, automated warehouse in Norrköping. The operating margin was 2.8% (3.1%). Operating profit for the quarter includes SEK -6 million (-10) for Min Doktor.

January-September 2020

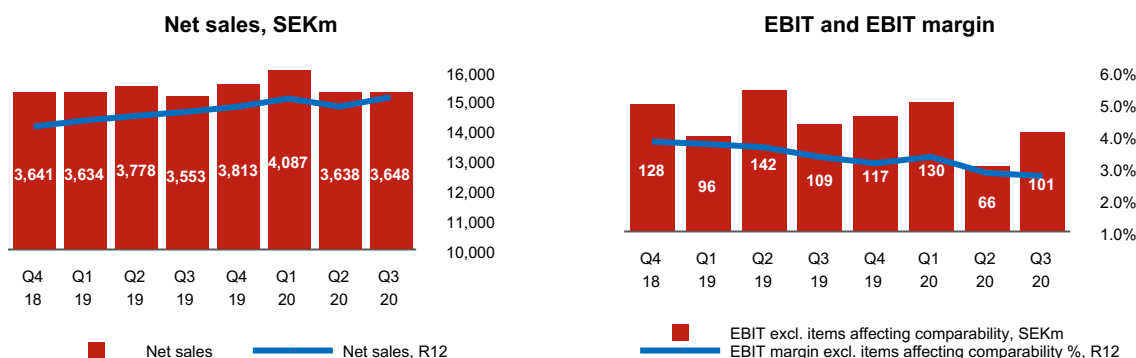
Net sales for the period amounted to SEK 11,373 million (10,965), an increase of 3.7%. Covid-19 is estimated to have impacted sales by -3.1%. Operating profit excluding items affecting comparability was SEK 297 million (347). Covid-19 is estimated to have impacted operating profit for the period by approximately SEK -115 million. The operating margin was 2.6% (3.2%). Operating profit for the period includes SEK -31 million (-28) for Min Doktor.

Estimated effects of the Covid-19 pandemic

The impact on sales and earnings is described above. During the third quarter Covid-19 had a continued negative impact on the pharmacy market. A reversed stockpiling effect, a reduction in cross-border shopping, fewer healthcare visits and lower customer traffic near pharmacy locations in shopping centres and at hospitals together continued to slow the rate of growth in the pharmacy market. Performance was considerably better for pharmacies located near grocery stores. These general Covid-19 effects are expected to continue for some time. The Covid-19 effects include certain, general government assistance payments – mainly compensation for sick pay – totalling approximately SEK 3 million during the third quarter and approximately SEK 19 million during the period January-September.

Apotek Hjärtat

	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Net sales, SEKm	3,648	3,553	11,373	10,965	15,186	14,778
Of which, prescription drugs	2,756	2,713	8,503	8,237	11,385	11,119
Of which, OTC drugs	310	336	1,076	1,095	1,434	1,453
Of which, other products and services	582	504	1,794	1,633	2,367	2,206
Operating profit before depreciation/amortisation (EBITDA), SEKm	144	146	419	459	571	611
Operating profit excl. items affecting comparability, SEKm	101	109	297	347	414	464
Operating margin excl. items affecting comparability, %	2.8	3.1	2.6	3.2	2.7	3.1
Investments, SEKm	45	35	160	155	231	226
Depreciation/amortisation, SEKm	42	37	121	112	156	147
Average number of employees	—	—	3,080	3,138	—	3,132
Private label share of other products, %	—	—	18.4	19.5	—	19.8



Market trend and e-commerce

Growth in the pharmacy market during the third quarter was 3.5%, which is a considerable improvement over the preceding quarter, when growth was negative. Apotek Hjärtat's pharmacy sales also grew by 3.5% during the quarter. Market growth for traded goods was 10.9%, while Apotek Hjärtat's sales of traded goods increased by 14.3%.

The strong shift to the e-commerce channel is continuing, even though the rate of growth during the third quarter was down slightly compared with the second quarter. For the market as a whole, online sales growth for pharmacy products was 52.6% during the quarter. Apotek Hjärtat's e-commerce sales (incl. click & collect) grew by 121.0% during the same period. E-commerce sales as a share of the total pharmacy market were approximately 16% during the period January-September. Apotek Hjärtat's e-commerce share for the same period was slightly higher than 8%.

Thus far this year the e-commerce market has grown by 56.7%, while growth for Apotek Hjärtat has been 92.2%.

Two pharmacies were opened during the quarter and none were closed. During 2020, six to eight new openings are planned, most at locations near ICA stores. Over the last 12-month period, Apotek Hjärtat's market share was essentially unchanged from the preceding year, at approximately 31%.

Number of pharmacies

	December 2019	New	Closed	September 2020
Apotek Hjärtat	390	4	-4	390

ICA Real Estate

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

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

Net sales and earnings

Third quarter 2020

Net sales during the quarter totalled SEK 699 million (681). The sales increase can mainly be attributed to completed store investments. Price effects also contributed to the increase.

Operating profit excluding items affecting comparability increased to SEK 143 million (136). The increase in revenue was countered by higher costs during the quarter for maintenance and IT, and higher depreciation. The result for the quarter also includes non-recurring costs of SEK -12 million associated with disputes and settlements. The acquisition of the warehouse in Västerås that was carried out during the preceding quarter affected operating profit by just under SEK +13 million. Revenue from joint ventures was also slightly higher than a year ago, by SEK +4 million. Covid-19 effects during the quarter were approximately SEK -1 million.

January-September 2020

Net sales for the period totalled SEK 2,095 million (2,043), and operating profit excluding items affecting comparability increased to SEK 439 million (378). Covid-19 effects during the period amounted to approximately SEK -7 million, mainly owing to the bankruptcy of an external tenant.

Other and investments

Operating profit includes a net earnings effect of SEK -7 million (-3) from property sales/impairment losses on properties for the third quarter and SEK -5 million (-5) for the entire period. Investments during the quarter were higher than a year ago and amounted to SEK 250 million (184). The higher level is mainly attributable to a few large store projects and the ongoing construction of dark stores. Investments for the entire period increased by SEK 1,355 million. Divestments thus far during the year, mainly of building rights, have amounted to SEK 29 million (-1).

Estimated effects of the Covid-19 pandemic

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

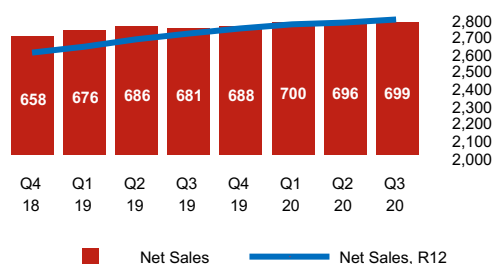
Appraisal of property portfolio including partly owned properties

An appraisal of all wholly and partly owned properties in Sweden was performed during the second and third quarters. The fair market value of the wholly owned properties in Sweden is estimated to be SEK 18 billion (book value SEK 12.7 billion). Added to this are ICA Real Estate's share of properties that are partly owned through three joint ventures: Långeberga logistik SEK 2.0 billion, Ancore Fastigheter SEK 7.3 billion and Secore Fastigheter SEK 2.6 billion. The book values of the partly owned properties as per 30 September are SEK 1.4 billion, SEK 5.5 billion and SEK 2.4 billion, respectively. ICA Real Estate's share of ownership in all three companies is 50%. Långeberga logistik is consolidated in ICA Real Estate, while Ancore and Secore are reported in accordance with the equity method (see also Note 2). Adjusted for ICA Real Estate's share of ownership, the fair market value thereby amounts to a total of SEK 23.9 billion, with a book value of SEK 17.4 billion.

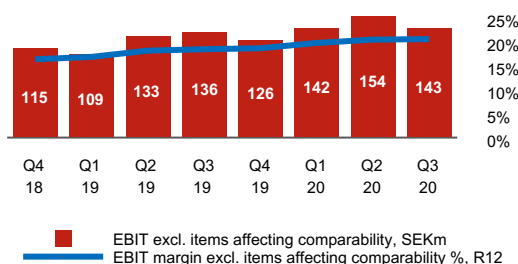
ICA Real Estate

	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Net sales, SEKm	699	681	2,095	2,043	2,783	2,731
Of which, rental income from owned properties, SEKm	308	270	879	803	1,156	1,080
Operating profit before depreciation/amortisation (EBITDA), SEKm	282	260	833	755	1,081	1,003
Operating profit excl. items affecting comparability, SEKm	143	136	439	378	565	504
Operating margin excl. items affecting comparability, %	20.4	19.9	20.9	18.5	20.3	18.4
Investments, SEKm	250	184	2,176	821	2,347	992
Divestments, SEKm	0	0	29	-1	29	-1
Depreciation/amortisation, SEKm	139	125	392	379	514	501
Yield, %	—	—	7.0	6.8	—	6.8
Occupancy rate, %	—	—	98.4	98.6	—	98.6
Number of owned properties	—	—	131	122	—	123
Number of owned square metres, 000 sq. m.	—	—	824	667	—	668
Average number of employees	—	—	110	110	—	110

Net Sales, SEKm



EBIT and EBIT margin



ICA Bank

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

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

Revenue and earnings

Third quarter 2020

ICA Bank's revenue, including ICA Insurance, increased to SEK 434 million (399) compared with the same period a year ago. The increase is attributable to higher lending volume, a higher repo rate and continued higher sales by ICA Insurance. The positive volume effects were counteracted to some extent by lower commission income from bank cards, home mortgages and cash management.

Operating profit excluding items affecting comparability was SEK 47 million (76). Profit for the banking business before loan losses continued to improve in pace with revenue growth. Added to this were significant positive effects of lower costs. However, loan losses were SEK 47 million higher than a year ago, at SEK -57 million (-10). Operating profit for the same period a year ago included a positive one-off effect of SEK +10 million from the dissolution of a credit reserve, while the third quarter of 2020 included a negative one-off effect of nearly SEK -30 million from the renewal of a forward flow contract for the bank's credit portfolio. This took place in a market in which terms have worsened sharply, partly owing to the continuing pandemic. In addition to this, loan losses increased marginally as a result of volume growth and higher recognised losses. The earnings impact of Covid-19 during the quarter is estimated to have been approximately SEK -25 million and includes the effect of loan losses described above. In addition, card revenue was lower owing to a decrease in travel, and a slightly negative effect on loan volumes has been noted.

Operating profit for ICA Insurance was SEK 7 million (-1), mainly owing to higher sales and an improved claims result.

January-September 2020

ICA Bank's revenue, including ICA Insurance, increased to SEK 1,259 million (1,160) compared with a year ago.

Operating profit excluding items affecting comparability amounted to SEK 114 million (170). Loan losses for the entire period totalled SEK -164 million (-70). Operating profit for the corresponding period a year ago included positive one-off effects of SEK +18 million in ICA Insurance from dissolution of a claims reserve and SEK +10 million from the dissolution of a credit reserve in ICA Bank. Covid-19 is estimated to have impacted profit for the period by a combined total of SEK -60 million.

Operating profit for ICA Insurance was SEK 0 million (1), where the preceding year's result includes the aforementioned one-off costs of SEK +18 million.

Estimated effects of the COVID-19 pandemic

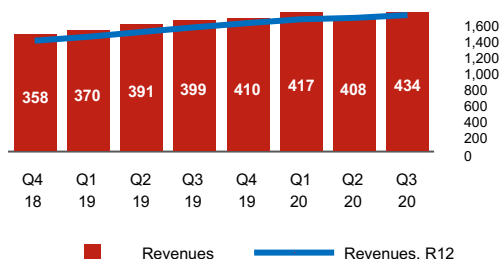
Of total loan losses during the period January-September, SEK 37 million is attributable to the estimated higher risk for loan losses associated with the continuing Covid-19 pandemic. In addition, going forward the pandemic and its consequences may continue to negatively impact loan volumes and revenue from bank cards. ICA Insurance is judged to not be affected to a significant extent.

ICA Bank

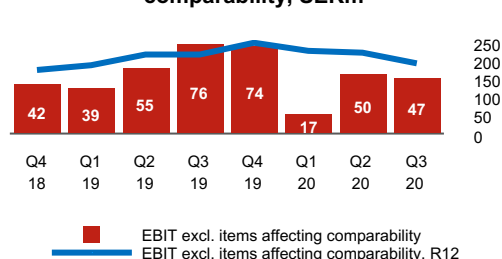
	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Revenues, SEKm	434	399	1,259	1,160	1,669	1,570
Of which, net interest income, SEKm	179	153	520	442	680	602
Operating profit before depreciation/amortisation (EBITDA), SEKm	54	83	133	191	214	272
Operating profit excl. items affecting comparability, SEKm	47	76	114	170	188	244
C/I ratio, %	—	—	78.2	79.3	—	78.5
Return on equity, % ¹⁾	—	—	6.0	8.3	—	9.0
Loan loss ratio, %	—	—	-1.4	-0.7	—	-0.7
Common Equity Tier I ratio, % (ICA Banken AB)	—	—	13.8	14.8	—	14.9
Business volume, SEKm	—	—	45,211	50,578	—	50,515
Average number of employees	—	—	439	419	—	423

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

Revenues, SEKm



EBIT excl. items affecting comparability, SEKm



Other, Group

Seasonal variations

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

Risks and uncertainties

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

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

Related party transactions

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

Parent Company

Third quarter 2020

The Parent Company's net sales amounted to SEK 300 million (264). Profit after financial items totalled SEK -14 million (4,953). The change compared with the corresponding period a year ago is mainly attributable to lower profit distributions from subsidiaries.

January-September 2020

The Parent Company's net sales amounted to SEK 898 million (823). Profit after financial items totalled SEK 3,364 million (8,094). The change compared with the corresponding period a year ago is mainly attributable to lower profit distributions from subsidiaries.

Share information

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

During 2020 through 30 September the share price increased by 4.1% to SEK 455.30. The OMX Stockholm Index was 7.0% during the same period.

Ownership structure – Largest identified shareholders in ICA Gruppen as per	30 Sept. 2020	
	Number of shares	Share of capital and votes, %
ICA-handlarnas Förbund	108,643,330	54.0 %
BlackRock	4,054,255	2.0 %
Vanguard	2,462,838	1.2 %
Spiltan Fonder	2,392,783	1.2 %
AMF Försäkring & Fonder	2,209,599	1.1 %
Handelsbanken Fonder	2,136,912	1.1 %
Swedbank Robur Fonder	1,529,675	0.8 %
Folksam	1,332,501	0.7 %
Leif Jönsson	1,279,601	0.6 %
Livförsäkringsbolaget Skandia	1,121,854	0.6 %
Ten largest shareholders total	127,163,348	63.2 %
Other shareholders	73,983,447	36.8 %
Total	201,146,795	100.0 %
<i>Of which, foreign shareholders in total</i>	<i>37,839,982</i>	<i>18.8 %</i>

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

Annual General Meeting 2021

The 2021 Annual General Meeting will be held on 15 April in Stockholm.

Nomination Committee appointed

In accordance with a resolution by the 2020 Annual General Meeting, ICA Gruppen's nomination committee shall be composed of four members who represent the company's major shareholders as at 31 August 2020, of whom two shall be appointed by the largest shareholder. The Nomination Committee is composed of representatives for ICA-handlarnas Förbund, SEB Investment Management and Spiltan Fonder. On 31 August 2020 these three shareholders together held approximately 56% of the capital and votes in ICA Gruppen (based on an ownership record provided by Euroclear Sweden AB). ICA-handlarnas Förbund is represented by Tomas Emanuelz and Anna-Karin Liljeholm, SEB Investment Management is represented by Tommi Saukkoriipi, and Spiltan Fonder is represented by Emma Englén.

Shareholders who wish to submit proposals to the Nomination Committee are requested to do so by 31 December 2020 at the latest, and shareholders who want a matter to be taken up for consideration by the Annual General Meeting are to notify the committee of such not later than 25 February 2021. Proposals for the Nomination Committee and requests to have a matter taken up for consideration by the Annual General Meeting can be sent by email to arsstamma@ica.se or by post to ICA Gruppen AB, Attn. Per Behm, SE-169 04 Solna, Sweden.

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	Third quarter		Jan-Sep		12 months	Full year
		2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Net sales		31,400	29,818	93,690	88,445	124,540	119,295
Cost of goods and services sold		-25,944	-24,543	-77,639	-72,873	-103,094	-98,328
Gross profit		5,456	5,274	16,051	15,572	21,446	20,967
Selling expenses		-3,010	-3,004	-9,288	-9,364	-12,627	-12,703
Administration expenses		-888	-783	-2,656	-2,450	-3,528	-3,322
Other operating income		120	97	312	293	398	379
Other operating expenses		—	—	—	—	—	—
Share of profits of associates and joint ventures	2	20	14	40	38	36	34
Operating profit (EBIT) excl items affecting comparability		1,698	1,599	4,460	4,089	5,727	5,356
Capital gains/losses from sale of subsidiaries and non-current assets	3, 4	1	2	6	-380	4	-382
Impairment and impairment reversals	3	-13	-6	-16	-24	-31	-39
Operating profit	7	1,686	1,595	4,449	3,685	5,698	4,934
Financial income		3	1	11	4	11	4
Financial expenses	7	-117	-126	-367	-409	-494	-536
Net financial items		-114	-125	-356	-405	-483	-532
Profit before tax		1,572	1,469	4,093	3,280	5,215	4,402
Tax		-269	-266	-839	-744	-1,046	-951
Profit for the period		1,302	1,202	3,254	2,535	4,169	3,450
Other comprehensive income, items that may not be reclassified to profit or loss, net after tax							
Remeasurement defined benefit pensions		-216	-354	-431	-508	-471	-548
Other comprehensive income, items that may be reclassified to profit or loss, net after tax							
Change in translation reserve		14	46	32	132	-34	66
Change in hedging reserve		8	29	-87	14	-129	-28
Share of other comprehensive income of joint ventures		1	2	2	6	14	18
Total items that may be reclassified to profit or loss		23	77	-53	152	-149	56
Comprehensive income for the period		1,110	925	2,770	2,179	3,549	2,958
Profit for the period attributable to							
Owners of the parent		1,297	1,197	3,240	2,521	4,151	3,432
Non-controlling interests		6	5	14	14	19	19
Comprehensive income for the period attributable to							
Owners of the parent		1,104	919	2,753	2,161	3,526	2,934
Non-controlling interests		6	6	17	18	24	25
Earnings per share, SEK							
Earnings per share		6.45	5.96	16.11	12.54	20.64	17.06

Condensed consolidated statement of financial position

SEKm	Note	30 Sept. 2020	30 Sept. 2019	31 Dec. 2019
ASSETS				
Non-current assets				
Goodwill		16,301	16,301	16,301
Trademarks		12,937	12,951	12,926
Other intangible assets		1,936	1,720	1,826
Land, buildings and investment properties		17,445	15,069	15,278
Right of use assets	7	15,486	16,220	16,142
Interests in joint ventures and associates	2	1,202	1,281	1,224
ICA Bank's lending and investments		14,725	12,974	13,474
Deferred tax assets		56	282	71
Other non-current assets		2,595	2,409	2,547
Total non-current assets		82,683	79,207	79,789
Current assets				
Inventories		4,594	4,478	4,611
ICA Bank's lending and investments		3,820	3,724	3,516
Other current assets		7,461	6,819	7,696
Assets held for sale	4	167	56	158
ICA Bank's cash and cash equivalents		3,190	2,125	2,311
Cash and cash equivalents		827	334	846
Total current assets		20,059	17,536	19,138
TOTAL ASSETS		102,743	96,743	98,927
EQUITY AND LIABILITIES				
Equity		34,165	33,075	33,844
Non-current liabilities				
Provisions		4,642	3,864	3,978
Deferred tax liabilities		3,720	3,978	3,882
Non-current interest-bearing liabilities		4,173	3,713	2,713
Non-current lease liabilities		12,064	12,527	12,521
Other non-current liabilities		137	23	87
Total non-current liabilities		24,737	24,105	23,182
Current liabilities				
Current interest-bearing liabilities		3,021	1,926	2,340
Deposits ICA Bank		19,074	16,460	16,698
Current lease liabilities		3,304	3,403	3,390
Other current liabilities		18,442	17,774	19,474
Total current liabilities		43,841	39,563	41,901
TOTAL EQUITY AND LIABILITIES		102,743	96,743	98,927

Condensed consolidated statement of cash flows

SEKm	Note	Third quarter		Jan-Sep		12 months	Full year
		2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Operating profit		1,686	1,595	4,449	3,685	5,698	4,934
Depreciation, amortisation and impairment		1,340	1,299	3,976	3,932	5,303	5,259
Dividend from joint ventures		25	10	75	20	145	90
Other non-cash items		-46	-29	-9	371	152	532
Income tax paid		-207	-128	-912	-504	-992	-584
Cash flow from operating activities before change in working capital		2,798	2,746	7,579	7,504	10,305	10,230
Change in working capital:							
Inventories		64	-30	-17	-108	-177	-268
Current receivables		84	761	117	782	-772	-107
Current liabilities		-1,113	-1,226	-776	-1,036	691	431
ICA Bank's net of deposits, lending and investments		-507	-336	826	-490	778	-538
Cash flow from operating activities		1,328	1,915	7,730	6,652	10,826	9,748
Acquisitions of property, plant and equipment and intangible assets		-802	-762	-3,961	-2,269	-4,772	-3,080
Sale of property, plant and equipment and intangible assets		4	1	77	58	78	59
Change in financial assets		-1	-12	49	-40	-7	-96
Interest received		1	0	4	1	4	1
Investments in joint ventures and associated companies		—	-1	-11	-2	-16	-7
Divestment of subsidiaries	4	—	—	—	222	0	222
Cash flow from investing activities		-798	-773	-3,842	-2,030	-4,712	-2,900
Dividend paid to shareholders of ICA Gruppen AB		-1,207	—	-2,414	-2,313	-2,414	-2,313
Change in loans		41	-712	2,188	-218	1,603	-803
Interest paid		-15	-16	-56	-72	-110	-126
Interest paid IFRS 16 Leases		-80	-82	-244	-258	-328	-342
Amortisation IFRS 16 Leases		-806	-809	-2,478	-2,464	-3,271	-3,257
Capital contributions, acquisitions, and dividends relating to non-controlling interests		-15	-20	-35	-43	-45	-53
Cash flow from financing activities		-2,081	-1,638	-3,038	-5,367	-4,566	-6,895
Cash flow for the period	5	-1,551	-497	850	-745	1,547	-48
Cash and cash equivalents at beginning of period		5,567	2,963	3,157	3,206	2,459	3,206
Exchange differences in cash and cash equivalents		1	-7	10	-2	11	-1
Cash and cash equivalents at end of period	5	4,017	2,459	4,017	2,459	4,017	3,157

Condensed consolidated statement of changes in equity

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2020	33,604	240	33,844
Change in non-controlling interests	—	—	—
Dividend	-2,414	-35	-2,449
Comprehensive income for the period	2,753	17	2,770
Closing equity, 30 September 2020	33,944	221	34,165

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2019	32,984	265	33,249
Change in non-controlling interests	—	—	—
Dividend	-2,313	-40	-2,353
Comprehensive income for the period	2,161	18	2,179
Closing equity, 30 September 2019	32,832	243	33,075

Supplementary disclosures – Group

NOTE 1, ACCOUNTING PRINCIPLES

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

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

Amendment of IFRS 16 Leases as a result of the Covid-19 pandemic

IASB has issued an amendment of IFRS 16 Leases which is approved by the EU. The amendment pertains to rent concessions stemming from the Covid-19 pandemic. Such concessions may, as an alternative, be recognised through profit or loss when they are granted, instead of requiring that the lease be modified when this change occurs. ICA Gruppen does not apply this amendment to IFRS 16, as concessions received as a result of the Covid-19 pandemic are small.

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

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

Effects of the Covid-19 pandemic on reported asset values

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

Government assistance

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

Recalculation of 2018 for IFRS 16

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

Important assumptions and assessments

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

NOTE 2, INTERESTS IN JOINT VENTURES AND ASSOCIATES

Share of profit	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
SEKm						
Ancore Fastigheter AB	17	14	46	41	59	54
Secore Fastigheter AB	9	8	25	24	33	32
MD International AB (Min Doktor)	-6	-10	-31	-28	-56	-53
Fastighetsaktiebolaget Postgården AB	0	—	0	0	—	0
Total	20	14	40	38	36	34

Book value, SEKm	30 September 2020	30 September 2019	31 December 2019
Ancore Fastigheter AB	730	766	731
Secore Fastigheter AB	134	136	134
MD International AB (Min Doktor)	315	370	346
Fastighetsaktiebolaget Postgården AB	7	7	7
Other	17	2	6
Total	1,202	1,281	1,224

Information regarding Ancore Fastigheter AB

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

Ancore Fastigheter AB	Third quarter		Jan-Sep		12 months	Full year
SEKm	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Income	123	112	369	334	483	448
Expenses	-54	-44	-155	-139	-206	-190
Operating profit	69	68	214	195	277	258
Net financial items	-22	-28	-87	-82	-112	-107
Tax	-11	-10	-32	-29	-43	-40
Profit for the period	35	31	94	85	120	111
Other comprehensive income	2	4	4	12	29	37
Comprehensive income for the period	37	35	98	97	149	148
Non-current assets			5,478	4,943		5,528
Current assets			195	432		140
Total assets			5,673	5,375		5,668
Equity			1,399	1,470		1,401
Non-current liabilities			4,100	3,726		2,843
Current liabilities			174	179		1,424
Total equity and liabilities			5,673	5,375		5,668

Information regarding Secore Fastigheter AB

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

Secore Fastigheter AB	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
SEKm						
Income	46	45	137	134	182	179
Expenses	-21	-21	-67	-65	-91	-89
Operating profit	24	23	70	68	92	90
Net financial items	-8	-7	-22	-21	-30	-29
Tax	-5	-5	-13	-13	-16	-16
Profit for the period	13	12	36	34	47	45
Other comprehensive income	—	—	—	—	—	—
Comprehensive income for the period	13	12	36	34	47	45
Non-current assets			2,360	2,351		2,349
Current assets			48	68		66
Total assets			2,408	2,418		2,415
Equity			783	807		797
Non-current liabilities			1,081	1,564		1,080
Current liabilities			544	47		537
Total equity and liabilities			2,408	2,418		2,415

Information regarding MD International AB (Min Doktor)

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

NOTE 3, ITEMS AFFECTING COMPARABILITY

SEKm	Third quarter		Jan-Sep		Full year
	2020	2019	2020	2019	2019
Capital gains/losses net on sale of subsidiaries and non-current assets					
ICA Sweden	—	2	—	2	0
Rimi Baltic	1	1	3	2	1
ICA Real Estate	0	0	2	-2	-2
Other	—	-1	1	-382	-381
Total	1	2	6	-380	-382
Impairment and impairment reversals					
Rimi Baltic	-6	-3	-9	-21	-24
ICA Real Estate	-7	-3	-7	-3	-16
Other	—	—	—	—	1
Total	-13	-6	-16	-24	-39
Total items affecting comparability	-13	-4	-11	-404	-422

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

Assets held for sale pertain to properties in Sweden and the Baltic countries.

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

NOTE 5, CONSOLIDATED CASH FLOW STATEMENT

January–September 2020, SEKm	Group 2020	ICA Bank 2020 ¹⁾	Group excl. ICA Bank 2020
Cash flow from operating activities before change in working capital	7,579	77	7,502
Change in working capital			
Inventories	-17	—	-17
Current receivables	117	-74	191
Current liabilities	-776	228	-1,004
ICA Bank's net of deposits, lending and investments	826	826	—
Cash flow from operating activities	7,730	1,059	6,672
Cash flow from investing activities	-3,842	-71	-3,771
Cash flow from financing activities	-3,038	-108	-2,930
Cash flow for the period	850	879	-30
Cash and cash equivalents at the beginning of the period	3,157	2,311	846
Exchange differences in cash and cash equivalents	10	—	10
Cash and cash equivalents at the end of the period	4,017	3,190	827
January–September 2019, SEKm	Group 2019	ICA Bank 2019 ¹⁾	Group excl. ICA Bank 2019
Cash flow from operating activities before change in working capital	7,504	144	7,360
Change in working capital			
Inventories	-108	—	-108
Current receivables	782	-196	978
Current liabilities	-1,036	196	-1,232
ICA Bank's net of deposits, lending and investments	-490	-490	—
Cash flow from operating activities	6,652	-346	6,998
Cash flow from investing activities	-2,030	-56	-1,974
Cash flow from financing activities	-5,367	99	-5,466
Cash flow for the period	-745	-302	-443
Cash and cash equivalents at the beginning of the period	3,206	2,427	779
Exchange differences in cash and cash equivalents	-2	—	-2
Cash and cash equivalents at the end of the period	2,459	2,125	334

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

NOTE 6, FINANCIAL INSTRUMENTS

As per 30 September 2020, financial assets measured at fair value in ICA Gruppen amounted to SEK 2,657 million (2,946). In the fair value hierarchy, the entire amount is attributable to Level 1. Financial liabilities measured at fair value amounted to SEK 224 million (39) as per 30 September 2020. The carrying amount corresponds to fair value for all assets and liabilities, except for bond issues, where the fair value is less than the carrying amount by SEK 2 million (higher than the carrying amount by 88).

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

NOTE 7, LEASES

SEKm	Third quarter		Jan-Sep	
	2020	2019	2020	2019
Total lease revenue incl variable revenue	718	698	2,163	2,089
Variable lease payments	-24	-27	-83	-88
Interest expenses, lease liabilities	-80	-82	-244	-258

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

Total right-of-use assets, SEKm	2020
At start of year, 1/1/2020	16,142
Changed and new contracts	1,891
Depreciation	-2,575
Translation differences	28
Book value, 30/09/2020	15,486

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

Condensed parent company income statement

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Net sales ¹⁾	300	264	898	823	1,181	1,106
Cost of services sold	-269	-243	-838	-780	-1,106	-1,048
Gross profit	31	21	60	43	74	57
Administrative expenses	-96	-98	-320	-338	-456	-474
Operating profit/loss	-65	-78	-260	-295	-382	-417
Profit/loss from participations in Group companies	—	5,000	3,500	8,328	3,500	8,328
Financial income, Group companies	76	52	208	143	274	209
Financial income	2	2	7	9	18	20
Financial expenses, Group companies	0	0	0	0	0	—
Financial expenses	-27	-23	-92	-90	-116	-114
Profit/loss after financial items	-14	4,953	3,364	8,094	3,296	8,026
Appropriations	—	—	—	—	1,214	1,214
Profit before tax	-14	4,953	3,364	8,094	4,510	9,240
Tax	4	10	29	49	-216	-196
Profit for the period	-10	4,964	3,393	8,144	4,293	9,044

1) Of net sales for the third quarter, SEK 298 million (259) pertains to Group companies, and SEK 893 million accumulated (804).

Condensed parent company balance sheet

SEKm	30 September 2020	30 September 2019	31 December 2019
ASSETS			
Non-current assets			
Investments in Group companies	29,702	29,653	29,703
Other intangible assets	132	142	136
Deferred tax assets	25	221	26
Non-current receivables from Group companies	1,130	667	1,118
Other non-current assets	215	190	205
Total non-current assets	31,203	30,874	31,190
Current assets			
Current receivables from Group companies	19,702	17,484	18,053
Other current assets	324	223	320
Cash and cash equivalents	587	10	326
Total current assets	20,613	17,717	18,699
TOTAL ASSETS	51,816	48,591	49,889
EQUITY AND LIABILITIES			
Equity	36,597	34,719	35,619
Provisions	451	426	440
Non-current liabilities			
Non-current interest-bearing liabilities	3,250	3,700	2,700
Other non-current liabilities	89	23	36
Total non-current liabilities	3,339	3,723	2,736
Current liabilities			
Current interest-bearing liabilities	3,021	1,013	1,427
Current liabilities to Group companies	7,934	8,323	9,261
Other current liabilities	475	387	405
Total current liabilities	11,430	9,723	11,093
TOTAL EQUITY AND LIABILITIES	51,816	48,591	49,889

Quarterly overview

Quarterly overview key ratios

	Kv 4 2018 ¹⁾	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Net sales, SEKm	30,069	28,098	30,529	29,818	30,850	30,366	31,924	31,400
Operating profit before depreciation/amortisation (EBITDA), SEKm	2,491	2,439	2,284	2,894	2,576	2,624	2,775	3,026
Operating profit (EBIT) excl. items affecting comparability, SEKm	1,180	1,125	1,365	1,599	1,267	1,310	1,452	1,698
Operating margin excl. items affecting comparability, %	3.9	4.0	4.5	5.4	4.1	4.3	4.5	5.4
Operating profit (EBIT), SEKm	1,212	1,115	975	1,595	1,249	1,309	1,454	1,686
Operating margin, %	4.0	4.0	3.2	5.3	4.0	4.3	4.6	5.4
Profit before tax, SEKm	1,077	974	837	1,469	1,122	1,183	1,338	1,572
Profit for the period, SEKm	892	813	520	1,202	915	976	976	1,302
Earnings per share, SEK	4.42	4.02	2.56	5.96	4.52	4.83	4.83	6.45
Equity per share, SEK	163.29	167.62	158.66	163.23	167.06	172.79	169.26	168.75
Share price at the end of period, SEK	316.80	373.00	399.20	454.80	437.20	417.90	441.80	455.30
Return on equity, %	10.6	10.9	9.7	10.0	10.1	10.6	11.8	12.0
Return on capital employed, %	7.7	7.8	7.7	7.9	7.9	8.2	9.0	9.1
Cash flow from operating activities, SEKm	3,124	1,669	3,068	1,915	3,096	2,381	4,021	1,328
Cash flow per share from operating activities, SEK	15.53	8.30	15.25	9.52	15.39	11.84	19.99	6.60
Investing activities (cash flow), SEKm	786	913	594	762	811	992	2,167	802
Capital employed excl. ICA Bank, average, SEKm	58,251	58,762	58,866	59,080	59,278	59,799	60,102	60,821
Net debt, SEKm	-20,988	-21,939	-21,980	-21,233	-20,117	-20,134	-20,573	-21,734
Net debt/EBITDA	2.1	2.2	2.2	2.1	2.0	1.9	1.9	2.0

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

Quarterly data by segment

Net sales by segment

SEKm	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
ICA Sweden	21,348	19,793	21,880	21,494	22,020	21,430	23,496	23,035
Rimi Baltic	4,066	3,774	4,071	4,044	4,279	4,098	4,051	3,946
Apotek Hjärtat	3,641	3,634	3,778	3,553	3,813	4,087	3,638	3,648
ICA Real Estate	658	676	686	681	688	700	696	699
ICA Bank	358	370	391	399	410	417	408	434
Hemtex	343	213	93	—	—	—	—	—
Other	282	301	299	288	309	319	322	323
Intra-Group sales	-628	-662	-669	-641	-668	-684	-688	-686
Net sales	30,069	28,098	30,529	29,818	30,850	30,366	31,924	31,400

Operating profit before depreciation/amortisation by segment (EBITDA)

SEKm	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
ICA Sweden	869	955	1,087	1,255	980	1,061	1,264	1,361
Rimi Baltic	267	229	262	300	306	249	250	328
Apotek Hjärtat	217	134	179	146	152	168	107	144
ICA Real Estate	242	237	258	260	248	266	285	282
ICA Bank	57	46	62	83	81	23	56	54
Hemtex	58	-15	-11	—	—	—	—	—
Other	-103	-80	-469	-52	-91	-58	-84	-35
Operating profit before depreciation/amortisation (EBITDA) by segment	1,606	1,506	1,369	1,993	1,674	1,709	1,878	2,134
IFRS 16 ¹⁾	885	933	916	901	901	916	896	892
Operating profit before depreciation/amortisation (EBITDA)¹⁾	2,491	2,439	2,284	2,894	2,576	2,624	2,775	3,026

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

Operating profit excluding items affecting comparability by segment

SEKm	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
ICA Sweden	750	825	949	1,111	827	916	1,113	1,208
Rimi Baltic	182	145	175	211	213	152	147	227
Apotek Hjärtat	128	96	142	109	117	130	66	101
ICA Real Estate	115	109	133	136	126	142	154	143
ICA Bank	42	39	55	76	74	17	50	47
Hemtex	53	-20	-16	—	—	—	—	—
Other	-130	-110	-115	-85	-133	-92	-120	-71
Operating profit excluding items affecting comparability by segment	1,139	1,085	1,323	1,558	1,223	1,266	1,409	1,656
IFRS 16 ¹⁾	41	40	42	42	42	44	42	43
Operating profit excluding items affecting comparability¹⁾	1,180	1,125	1,365	1,599	1,267	1,310	1,452	1,698

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

Depreciation/amortisation by segment

SEKm	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
ICA Sweden	120	130	137	144	154	144	151	154
Rimi Baltic	84	84	86	89	93	96	102	100
Apotek Hjärtat	40	38	37	37	35	38	41	42
ICA Real Estate	131	129	125	125	122	121	132	139
ICA Bank	7	7	7	7	7	6	6	7
Hemtex	5	5	2	—	—	—	—	—
Other	25	30	33	32	42	34	36	35
Depreciation/amortisation by segment	411	422	428	434	452	441	466	477
IFRS 16 ¹⁾	844	892	873	859	859	872	854	849
Depreciation/amortisation¹⁾	1,255	1,314	1,301	1,293	1,311	1,312	1,321	1,327

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

Financial key ratios

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

Reconciliation EBITDA

SEKm	Third quarter		Jan-Sep		12 months	Full year
	2020	2019	2020	2019	Oct 2019 - Sept 2020	2019
Operating profit (EBIT)	1,686	1,595	4,449	3,685	5,698	4,934
Depreciation/amortisation	1,327	1,293	3,960	3,908	5,271	5,219
Impairment and impairment reversals	13	6	16	24	31	39
Operating profit before depreciation/amortisation (EBITDA)	3,026	2,894	8,425	7,617	11,001	10,193

Reconciliation EBITDA

SEKm	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Operating profit (EBIT) excl IFRS 16	1,172	1,075	932	1,552	1,207	1,265	1,412	1,643
Depreciation/amortisation excl IFRS 16	411	422	428	434	452	441	466	477
Impairment and impairment reversals	23	10	8	6	15	3	—	13
Operating profit before depreciation/amortisation (EBITDA) excl IFRS 16	1,606	1,506	1,369	1,993	1,674	1,709	1,878	2,134
IFRS 16 Operating profit (EBIT) ¹⁾	41	40	43	42	42	43	42	43
IFRS 16 Depreciation/amortisation ¹⁾	844	892	873	859	859	872	854	849
Operating profit before depreciation/amortisation (EBITDA)¹⁾	2,491	2,439	2,284	2,894	2,576	2,624	2,775	3,026

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

Reconciliation Net debt excluding ICA Bank

SEKm	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Non-current interest-bearing liabilities	-3,626	-4,625	-4,625	-3,713	-2,713	-3,761	-4,673	-4,173
Current interest-bearing liabilities	-2,233	-1,956	-1,734	-1,926	-2,340	-3,414	-2,512	-3,021
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Cash and cash equivalents	779	1,283	491	334	846	3,256	1,937	827
Net debt excl IFRS 16	-5,079	-5,297	-5,869	-5,304	-4,207	-3,919	-5,248	-6,367
Non-current lease liabilities ¹⁾	-12,553	-13,176	-12,721	-12,527	-12,521	-12,790	-12,011	-12,063
Current lease liabilities ¹⁾	-3,355	-3,466	-3,390	-3,402	-3,389	-3,425	-3,314	-3,303
Net debt¹⁾	-20,988	-21,939	-21,980	-21,233	-20,117	-20,134	-20,573	-21,734

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

Reconciliation Capital employed excluding ICA Bank 2019 and recalculated 2018

SEKm	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Equity ¹⁾	33,110	33,988	32,170	33,075	33,844	35,001	34,277	34,165
Provisions for pensions	3,072	3,309	3,353	3,843	3,928	3,979	4,301	4,623
Other provisions	32	15	14	8	37	31	30	13
Non-current interest-bearing liabilities	3,626	4,625	4,625	3,713	2,713	3,761	4,673	4,173
Current interest-bearing liabilities	2,233	1,956	1,734	1,926	2,340	3,414	2,512	3,021
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Other non-current liabilities	45	20	24	23	87	63	151	137
Non-current lease liabilities ¹⁾	12,553	13,176	12,721	12,527	12,521	12,790	12,011	12,063
Current lease liabilities ¹⁾	3,355	3,466	3,390	3,402	3,389	3,425	3,314	3,303
Capital employed¹⁾	58,025	60,554	58,032	58,517	58,859	62,465	61,270	61,500
Average capital employed¹⁾	58,251	58,762	58,866	59,080	59,278	59,799	60,102	60,821

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

Definitions of key ratios

Business volume (ICA Bank)

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

Capital employed

Equity plus interest-bearing liabilities.

Cash flow from operating activities per share

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

C/I ratio (ICA Bank)

Total costs in relation to total income.

Common Equity Tier I ratio (ICA Bank)

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

Divestments

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

Earnings per share

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

EBITDA

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

Equity/assets ratio

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

Equity per share

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

Gross profit

Net sales less cost of goods sold.

Investments

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

Items affecting comparability

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

Like-for-like store/pharmacy sales

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

Loan loss ratio (ICA Bank)

Loan losses in relation to average lending.

Net debt

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

Net debt excl. IFRS 16

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

Net debt/EBITDA

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

Net interest (ICA Bank)

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

Net margin

Profit for the period as a percentage of net sales.

Occupancy rate (ICA Real Estate)

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

Operating margin

Operating profit as a percentage of net sales.

Operating profit/loss

Profit/loss before net financial items and tax.

Return on capital employed

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

Return on equity

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

Yield (ICA Real Estate)

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

This interim report and sustainability report has been reviewed by the company's auditors.

Stockholm, 23 October 2020

Per Strömberg
CEO ICA Gruppen

Review report

ICA Gruppen AB, reg. no. 556048-2837

Introduction

We have reviewed the condensed interim financial information (interim report) of ICA Gruppen AB (publ) as of 30 September 2020 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 23 October 2020

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Auditor's Review Report on Sustainability Report

ICA Gruppen AB, reg. no. 556048-2837

Introduction

We have been engaged by the Board of Directors of ICA Gruppen AB to review ICA Gruppen AB's Sustainability Report for the period 1 January–30 September 2020.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the quarterly report in accordance with the applicable criteria, as explained in the paragraph "About this report" in the quarterly report. As stated in the paragraph "About this report", ICA Gruppen AB's Sustainability Report for the period January–September 2020 is not a complete GRI report, but is a status report on the material areas reported on in the 2019 Sustainability Report for ICA Gruppen AB. The Sustainability Report for the period January–September 2020 is therefore a complement to the 2019 Sustainability Report and should be read in connection to this.

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Report January–September 2020 based on the procedures we have performed.

We have performed our review in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information, issued by IFAC. A review consists of making inquiries, primarily of persons responsible for the preparation of the quarterly report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other 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.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our assurance does not comprise the assumptions used, or future oriented information (e.g., goals, expectations and ambitions). The criteria on which our review is based on are stated in the section "About this report". We consider these criteria suitable for the preparation of ICA Gruppen AB's Sustainability Report January–September 2020.

Our review has, based on an assessment of materiality and risk, e.g. including the following procedures:

- a. an update of our knowledge and understanding of ICA Gruppen AB's organisation and activities
- b. assessment of the suitability and application of criteria in respect to stakeholders' need of information
- c. read internal and external documents to assess if the reported information is complete, correct and sufficient
- d. analytical review of reported information
- e. overall impression of the quarterly report and its format
- f. reconciliation of the reviewed information against the sustainability information in ICA Gruppen AB's Sustainability Report for 2019

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions

Based on our review, nothing has come to our attention that cause us to believe that the information in ICA Gruppen AB's Sustainability Report for the period 1 January–30 September 2020 has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, 23 October 2020

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR

Contacts and calendar

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Conference call for the media and financial market

ICA Gruppen will hold a webcast conference call at 10.00 CET on Friday, 23 October 2020, during which CEO Per Strömberg and CFO Sven Lindskog will present the interim report. The conference call will be conducted in English and can be followed at www.icagruppen.se/investors. To participate, call tel. +46850558352 or +443333009035.

Calendar

9 December 2020	Capital Markets Day
10 February 2021	Year-end report 2020
15 April 2021	Annual General Meeting
29 April 2021	Q1 interim report
18 August 2021	Q2 interim report
28 October 2021	Q3 interim report

The information in this report is such that ICA Gruppen AB is obligated to disclose pursuant to EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted, by the agency of the contact person above, for publication at 07.00 CET on Friday, 23 October 2020.

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

For more information, see icagruppen.se.

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