

We make every day
a little easier





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A shared vision

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



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A positive force

Through cooperation and a strong local presence, ICA Gruppen wants to be a positive force in society.



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Strategy and targets

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



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Performance in 2021

For ICA Gruppen 2021 was another year of stable growth and good profitability.



This is ICA Gruppen

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B Board of Directors' Report
S Sustainability Report
F Financial statements

All sections marked B and F in the table of contents have been audited. Sections marked S refer to ICA Gruppen AB's Sustainability Report, which is also the statutory sustainability report of ICA Gruppen AB (publ), as defined on page 4. The Sustainability Report has been reviewed by the Company's auditors.

THE YEAR IN BRIEF

A year of major forward-looking initiatives

For ICA Gruppen 2021 was another year of stable growth and good profitability. The year was largely characterised by continued work on several major, forward-looking initiatives. One of the single largest projects during the year was the completion of ICA Sweden's new highly automated customer fulfilment centre in Brunna just outside Stockholm. Alongside this was the start of a process to migrate stores and warehouses to the new e-commerce platform, Ocado Smart Platform.

Sales in 2021

SEK **128** bn

Operating profit¹ in 2021

SEK **5.8** bn

Operating margin¹ in 2021

4.6%

¹ Excluding items affecting comparability.

Launch of new home mortgage offering

At the end of the year ICA Bank's new home mortgage offering was launched. Customers receive an interest rate discount based on their total purchases at ICA stores, Apotek Hjärtat, ICA Bank and ICA Insurance. With the new offering in place, ICA Bank is establishing its position as a strong challenger in the Swedish home mortgage market.

Major online initiatives

Online sales continued to increase during the year, despite high comparative figures. The ICA stores' online sales of grocery items and meal kits increased by 22%. The increase in online sales for Apotek Hjärtat was 27%. Compared with 2019 the increase is a full 165 and 144 respectively.



ICA Gruppen wins UN climate award

In conjunction with the COP26 Climate Change Conference in Glasgow ICA Gruppen was presented with a UN Global Climate Action Award. ICA Gruppen won the award for its work to create a climate-neutral business and its ambition to reduce the climate impact of groceries through efforts at the supplier and consumer level.

ICA Gruppen acquired by ICA-handlarnas Förbund and AMF

On 10 November 2021 ICA-handlarnas Förbund, together with AMF Pensionsförsäkring AB, announced a public offer to the shareholders of ICA Gruppen AB to transfer all their shares in ICA Gruppen for SEK 534 cash per share. The offer was recommended by the independent directors of the Board. The bidders reached an ownership share above 90% on 20 December and subsequently the shares were delisted on 14 January 2022.

Bond buyback

In connection with the buyout of ICA Gruppen shares from the stock market and subsequent delisting of the shares an offer was made to holders of ICA Gruppen's outstanding Notes to repurchase these. The Repurchase Offer was announced on 13 January 2022, and expired on 14 February 2022. Of a total nominal amount of SEK 3,750 million, the repurchase offer was accepted to an aggregate amount of SEK 560 million. The settlement date will be 14 March 2022.

New financing

There is a new agreed bridge financing at market terms with the offering company Murgröna Holding AB.

Extraordinary General Meeting and changes in the Board of Directors

The extraordinary general meeting on February 3, 2022 elected Jan Amethier, Göran Blomberg, Bengt Kjell and Katarina Romberg as new board members until the close of the Annual General Meeting 2022. Cecilia Daun Wennborg, Lennart Evrell and Andrea Gisle Joosen had, before the meeting, given notice that they were not available as board members. The Board in its entirety is presented on pages 71-72.



THE YEAR IN BRIEF

Financial key ratios

See page 82 for information and definitions.

Group, SEK m	2021	2020	2019
Net sales	127,957	126,283	119,295
Operating profit before depreciation/amortisation (EBITDA)	11,408	11,141	10,193
Operating profit excluding items affecting comparability	5,826	5,831	5,356
Operating profit	5,876	5,774	4,934
Profit before tax	5,478	5,308	4,402
Profit for the year	4,554	4,173	3,450
Cash flow from operating activities	10,942	11,641	9,748
Operating margin excluding items affecting comparability, %	4.6	4.6	4.5
Operating margin, %	4.6	4.6	4.1
Return on capital employed, %	9.2	9.2	7.9
Return on equity, %	12.7	11.7	10.1
Earnings per share ¹ , SEK	22.52	20.65	17.06
Dividend per share, SEK ¹	0.00	13.00	12.00

1 Board's proposal.

Sustainability performance indicators

See pages 135–137 for information and definitions.

Group	2021	2020	2019
Emissions (tonnes CO ₂ e) from the Group's own operations	78,791	92,121	128,512
Emissions (tonnes CO ₂ e) from the Group's own operations / SEK m sales	0.62	0.73	1.08
Climate impact of customers' grocery purchases, kg CO ₂ e/kg food sold	1.78	1.80	n.d.
Food waste in warehouses and stores, % by weight	1.67	1.57	1.70
Change in % food waste relative to base year 2016	-8	-14	-7
Customers' consumption of fruit and vegetables, grams	n.d.	n.d.	n.d.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, ICA Gruppen AB (publ) has chosen to prepare the statutory sustainability report as a separate document from the Annual Report. The Sustainability Report, the content of which is indicated in the table of contents, can be found on pages 7–9, 14–22, 24, 43–65, 70, 73, 75 and 124–137 of this document.

Performance in 2017–2021



Net sales for the Group increased by 1.3% despite challenging comparable numbers. Operating profit in ICA Sweden was burdened by ongoing online projects while all other segments posted improved earnings. Group operating margin at 4.6% was on the same level as 2020.

Image from Månadens Skörd,
ICA Kvantum's consumer magazine

Strong position in a rapidly changing market

2021 was a good year for ICA Gruppen. We are securing our strong positions in the grocery retail and pharmacy markets, continuing to develop our omnichannel offering and, through the launch of home mortgages, advancing our position significantly in the banking market.

Despite the ongoing and significant pandemic-related challenges, 2021 was another strong year for ICA Gruppen. Net sales increased by 1.3% to SEK 127,957 billion. Operating profit excluding items affecting comparability amounted to SEK 5,826 billion, corresponding to an operating margin of 4.6%. It thus remains at the same high level as in the previous year.

ICA Sweden is delivering a good result and is continuing its substantial investments, especially in e-commerce. A slightly lower market share is explained by a slower pace of expansion in 2021 and a lower share within e-commerce. In terms of earnings, both Rimi Baltic and Apotek Hjärtat saw strong recovery during the year and also increased their respective market share. Apotek Hjärtat distinguished itself in particular, with very strong development, especially during the second half of the year. ICA Real Estate is still generating stable cash flows while also implementing multiple important investments in warehouses and logistics. ICA Bank is continuing its transformation and also reporting strong growth in earnings. Business volumes increased by just over 40%, largely due to the acquisition of the Forex customer deposit and lending portfolios. ICA Insurance continues to grow and achieved good results again in 2021, which is very gratifying.

Fast pace of change and changed market dynamics

The pace of change in all of ICA Gruppen's markets remained high in 2021. Rapid digitalisation, new consumption

patterns and extensive blurring of industry lines continue to impact the markets and their dynamics. We recognise these trends, but some have been very noticeably reinforced as a consequence of the pandemic.

2021 – an important year of transition

Our development is fully in line with the investments we are making and, in this regard, 2021 has been a year of transition. During the year we completed and started testing ICA Sweden's new, highly automated customer fulfilment centre in Brunna just outside Stockholm, as well as a new customer fulfilment centre in Gothenburg. Alongside this, we have also started migrating stores and warehouses to our new e-commerce platform, Ocado Smart Platform. These are among the single largest projects in ICA Gruppen's history – all vital pieces of the puzzle to strengthen our positions as a leading omni-actor.

The best customer experience – in every channel

All of our efforts are based on our vision of making every day a little easier for our customers. To succeed we need to meet them in the locations and channels where they are and where they want to be – whether this is in a physical store or pharmacy, or online. Our investments and initiatives are aimed at strengthening loyalty to our business and facilitating increased internal cooperation, but also at creating the right conditions for e-commerce that is profitable in the long term for the independent ICA retailers and

for ICA Gruppen. All parts are equally important.

Over the past few years we have seen a significant increase in online sales of groceries and pharmacy products. This continued in 2021 despite very high comparative figures. The ICA stores' online sales of grocery items and meal kits increased by 22% during the year. The increase in online sales for Apotek Hjärtat was 27%. Compared with 2019 – in other words, before the pandemic – the increase is a full 165 and 144 respectively. And despite a relatively significant return of customers to the physical stores during the year, mainly among customers in the 65+ age range, we are convinced that e-commerce is now established at higher level.

The strategy remains firmly in place

At the end of the year ICA-handlarnas Förbund and AMF Pensionsförsäkring AB announced a public takeover offer to the shareholders of ICA Gruppen AB. The offer, which ICA Gruppen's board recommended, was carried out and in mid-January 2022 ICA Gruppen's shares were delisted from Nasdaq Stockholm.





The period during which ICA Gruppen was a listed company was a success for the Group. With the new ownership structure in place the conditions are in place for an even higher level of internal involvement and dialogue with retailers. This is important because it enables the entire ICA system to act in a more uniform and coordinated way as we work towards the common goals we set.

Despite the change in ownership, developments in the world around us, and the consequences of the pandemic and transition to a new normal, no comprehensive change in the way we work is necessary going forward. Our strategy remains firmly in place, and combined with our Group-wide ambition for 2025, it is more relevant than ever.

In order to deliver fully on our strategy we need to continue to combine and leverage our strengths in a number of key areas. These are described in more detail on pages 10–25, but the most important ones include:

Strengthened food ecosystem

Going forward we intend to leverage and benefit even more from our corporate structure. From our strong position in food, our goal is to grow by adding new services and a complementary assortment of products – within our own operations or together with partners. A good example of this is the new home mortgage offering that ICA Bank has launched. Members of ICA's Stamnis loyalty programme will of course receive a discount on their home mortgage. Another example is joint deliveries between ICA and Apotek Hjärtat, which has started and will be developed further in the future. Smart services that help simplify people's lives.

Data-driven transformation supported by AI/AA

Our key step-change areas including having more data-driven work processes and, wherever possible, take advantage of artificial intelligence (AI) and advanced analytics (AA). We have made some progress in this area but there is a lot left to do. The potential is enormous, especially in areas such as pricing, product assortment and campaigns – but also in automating many of our internal administrative process, where we have already come a long way.

Major initiatives within health

Our health initiatives will continue. This is an important area for our customers and we have good opportunities to make a significant difference thanks to our extensive and wide-ranging customer interactions. Our ambition for health covers a broad spectrum of areas – from diet and personal finances to providing advice on medicines as well as simple healthcare services. We are conducting this initiative within the framework of our various businesses, but also in different types of partnerships with other actors. Children and young people will remain a particularly prioritised target group. The more concrete goals include increasing the amount of fruit and vegetables that customers purchase. By 2025 consumption is to have increased to the equivalent of 500 grams a day, which is line with national recommendations.

“We have a well-functioning business characterized by good profitability and strong cash flows.”

A learning and agile organisation

Rapid development in the world around us requires us to be more agile and able to transform. The need for flexibility and speed in both decision-making and implementation has never been higher. To support this development we have numerous ongoing strategic initiatives relating to leadership, learning, and diversity and inclusion. These will continue and be further intensified.

New climate ambition commended by UN

There is no doubt that the world is facing major climate, environmental and resource-related challenges. Our size and proximity to the end consumer mean that ICA Gruppen has a great responsibility, but also an opportunity to make a real difference.

So far our efforts have been focused to a relatively large extent on our own direct impact – and we have achieved substantial improvements in this area. This is of course very

positive, but to bring about real change we need to broaden the perspective, look back as well as forward along the value chain and work with others towards a more sustainable food system – all the way from farm to table.

This is also the basis for the new climate ambition we are working towards. The target is net zero emissions in our own operations by 2030. By the same year we aim to have cut the climate impact from customers' food purchases in half. This effort involves numerous activities – from working more closely with food producers, to making changes to product assortments and campaigns. One of the most important initiatives is increasing the amount of plant-based food we sell, which is being done, for example, within the framework of our ICA Växa (ICA Grow) initiative. All of our efforts are part of a long-term and ambitious investment that we hope can inspire others.

We have been a signatory to the UN Global Compact since 2004. That fact that at COP26 in Glasgow we received the UN Global Climate Action Award for the results achieved so far is highly encouraging and of course spurs us on to intensify our efforts.

Strong starting point

The pandemic made its mark on the year once again in 2021. Needing to transform once again has been a challenge, but it was also impressive to see the commitment throughout the organisation and among independent ICA retailers. At times it has been necessary to go the extra mile and the dedication shown throughout the company over the past two years has been admirable.

Now as we enter a new year we do it from a strong position, and our new ownership structure will facilitate even better internal dialogue and coordination. The challenges may be big but the possibilities are even bigger. We have a well-functioning business characterised by good profitability and strong cash flows. Altogether this creates a solid foundation for sustainable growth with sustained profitability. We also have a clear idea of how we want to continue to grow – both the individual parts of the business and as a whole. With our corporate structure and vision of making every day a little easier for our customers, we are now together moving forward – ICA retailers, employees and partners – to build a stronger and more exciting company in every way, on the foundation of the whole ICA system.

Stockholm, February 2022

Per Strömberg
CEO ICA Gruppen

Our vision:

We make every day a little easier

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



Grocery retail

The heart of ICA Gruppen's operations is grocery retail, where the hub consists of some 1,560 grocery stores in Sweden, Estonia, Latvia and Lithuania. In Sweden grocery retail is operated in cooperation with independent ICA retailers, who own their own stores. This cooperation is based on the ICA Idea – a unique business model where economies of scale are combined with the entrepreneurship of the local retailers. In Estonia, Latvia and Lithuania all stores are owned and operated by the wholly owned subsidiary Rimi Baltic.

[➔ Read more on pages 29 and 33](#)



Pharmacies

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

[➔ Read more on page 35](#)



Banking

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

[➔ Read more on page 41](#)



Insurance

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

[➔ Read more on page 41](#)



Real estate

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

[➔ Read more on page 38](#)

Cooperation in various areas...

...which provides benefits for:



Offering

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



Customer insights

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



Marketplaces

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



Online

Coordinated online solutions and development of ecosystems around the food.



Investments

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



Sourcing

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



Customers...

- Making every day a little easier
- Attractive and relevant offerings
- Co-locating operations and coordinated online solutions mean people can get several things done all in one place
- Integrated loyalty programmes – bonuses at ICA, Apotek Hjärtat, ICA Bank and ICA Insurance
- Quality and value for money



...the businesses...

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



...employees...

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



...and society in general

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

A positive force

For ICA Gruppen, strong community engagement and a conscious focus on sustainability go hand in hand with long-term profitability. This has been the case ever since ICA was formed in 1917. Right from the start the retailers understood the importance of taking a long-term approach, acting responsibly and giving back to their local communities. This approach continues to be important in guiding the Group's actions. Through cooperation and a strong local presence, ICA Gruppen wants to be a positive force in society.

ICA Gruppen's ambition is to be a leader in corporate responsibility: in part because major players have a particularly great responsibility, and in part because sustainability drives and enables long-term growth. Customers are increasingly demanding sustainable and healthy products. Partners and suppliers want to work with companies that take a long-term approach, and tomorrow's employees increasingly want to work for responsible companies.

ICA Gruppen is always striving to raise its ambition and take the lead on important aspects of the environment, health, inclusion and diversity, quality, and commitment to local communities. Among those aspects given high priority are contributing to the development of local communities, continuing to reduce the Group's own climate impact, inspiring people to make more sustainable choices and in various ways contributing to better public health.

[➔ Read more about our priority focus areas on page 17.](#)



UN Sustainable Development Goals

ICA Gruppen's operations have a direct or indirect impact on all of the UN Sustainable Development Goals. The focus is on Goals 3, 5, 8, 12 and 13, however – areas with a substantial bearing on the Group's activities.



THE GLOBAL GOALS

FOR A GOOD TOMORROW

Sustainability work within ICA Gruppen is wide-ranging and includes numerous activities and initiatives. Our ambitions come together in the concept For a Good Tomorrow, broken down into five defined areas: local, environment, health, inclusion and diversity, and quality.

[➔ Read more on pages 46–58](#)



Taking the ICA Idea and the unique local circumstances as our starting point, together with our customers, partners and suppliers we will contribute to positive development in communities and a stronger food system throughout the grocery chain.



We will minimise our environmental impact, move from climate-neutral to net zero in our own operations and help our customers make more sustainable choices.



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



We work proactively on transparency, diversity and equality in order to be one of the most inclusive workplaces and help to build a more inclusive society.



By being open and transparent we will actively take responsibility for quality and the impact of production on people, animals and the environment.

ONLINE

“ We will be the leading omnichannel actor

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

On the following pages representatives of ICA Sweden, Apotek Hjärtat, Rimi Baltic, ICA Real Estate and the independent ICA retailers talk more about overall goals and visions for our online offerings.

 Read more on pages 11-13





We intend to grow step by step by adding new services

ICA Gruppen is currently investing heavily in automated warehouses, an entirely new e-commerce platform and significant efforts for the last mile. How would you describe ICA Gruppen's overall ambitions for its online solutions?

Peter Muld: All of our efforts are based on the vision of making every day a little easier for our customers. To succeed we need to be able to meet them in the locations and channels where they are and where they want to be – whether it's in a physical store or pharmacy, or online. The goal is to be the leading omnichannel actor.

Tony Holmberg: The investments we're making now have multiple objectives. One of the main objectives is to strengthen loyalty to our businesses and at the same time create the right conditions for e-commerce that provides long-term profitability for the independent ICA retailers. From a consumer perspective the goal is to provide a personalised, easy and inspiring shopping experience. Simply put, we want to offer the best experience around food online. By allowing physical and digital channels to work together – and by fully leveraging the strength of our corporate structure – we will develop ecosystems that have entirely new types of services.

What will these ecosystems look like?

Peter Muld: Here and now we're focusing on being able to offer a broad, attractive and value-for-money range of food and meal solutions as well as near-food and non-food products. Then we intend to grow step by step by adding new services and a complementary assortment of products – within our own operations or together with partners. A good example of this is the new home mortgage offering that ICA Bank has launched. Members of ICA's Stamma loyalty programme will of course receive a discount on their home mortgage. Other potential services include an expansion of joint deliveries between ICA and Apotek Hjärtat, and various types of delivery subscriptions.

ICA Gruppen has invested heavily in online-related investments. What are the largest projects?

Tony Holmberg: The largest projects are ICA Sweden's investment in a new, automated customer fulfilment centre and a brand new e-commerce platform. Both the automation technology and the new platform have been developed in close partnership with Ocado, a world leader in e-commerce solutions for food. Other major investments include ICA Sweden's new customer fulfilment centre in Gothenburg and Apotek Hjärtat's customer fulfilment centre in Norrköping.

ICA Gruppen's online ambitions

World-class shopping experience

A personalised, easy and inspiring shopping experience, adapted by the local retailer, that drives enjoyment of food

Everything for the household – centred around food and mealtimes

Broad, attractive and value-for-money offering of food, meal solutions, near-food and non-food, strengthened by a range of local products



Flexible and reliable delivery service

The best click and collect solutions in the market and a strong home delivery offering where good personal interactions are key

Making every day a little easier for loyal customers

Stamma loyalty programme where companies within ICA Gruppen as well as external partners help to strengthen the offering and promote loyalty, including online



Peter Muld
Chief Strategy & Digital Officer
ICA Sweden



Tony Holmberg
Director of eCommerce,
ICA Sweden



Monika Magnusson,
Director of Sales & Operations,
Apotek Hjärtat



Linda Widlund
ICA retailer
ICA Supermarket
Sjöstaden,
Stockholm



Zane Ermansone
Acting Digital Development
Director,
Rimi Baltic



Maria Kristensen
Director Lease Location and Warehouse,
ICA Real Estate

ONLINE

At the end of 2021 ICA Sweden's brand new, fully automated customer fulfilment centre was opened in Brønna outside Stockholm. What does this mean for customers and ICA retailers?

Tony Holmberg: The new automated customer fulfilment centre will enable us to meet rapidly growing demand for online food shopping in the Stockholm-Mälaren region for many years to come. In combination with Ocado's automation solution, the new warehouse is making it possible to offer a significantly larger assortment online and to achieve long-term profitability for e-commerce. It's also the first warehouse of its kind in Sweden, which is extra exciting.

"The goal is for online sales to have the same market share as in physical stores and pharmacies"

The process of migrating ICA stores to the new e-commerce platform, Ocado Smart Platform, is currently under way as well. What will be the difference in the experience for customers and ICA retailers?

Linda Widlund: The main benefits for us as retailers include a marked increase in flexibility and entirely new opportunities for continuous development. It provides us with new tools that will take the customer experience to a new level – especially in terms of our ability to adapt our offering based on specific customer needs. For example, the new system keeps track of what customers usually buy, how often and what "others like you" are buying.

Sales of groceries and pharmacy goods online have grown sharply in recent years. How do you see growth going forward?

Peter Muld: Over the past two years e-commerce growth has been extremely strong. In 2020 and 2021 e-commerce increased by 95% and 24% respectively. For ICA the growth has been even stronger at 117% and 22% respectively. Obviously one of the drivers was the pandemic, which resulted in entirely new groups starting to shop online. But what we saw in 2021 was that some of our online customers – primarily older ones – found their way back to stores and also that customers are increasingly switching between the two channels.

This is a trend we believe will continue. E-commerce has big advantages, but so do the physical stores. As we look to the future we expect continued growth, although not quite at the same pace as over the past two years. But it's obvious that e-commerce is now established at a new, significantly higher level than before.

Monika Magnusson: Within pharmacy retail the growth online has been even stronger and we believe this will continue. We see great opportunities going forward to link our strong pharmacy network with online shopping to an even greater extent. Today the pharmacies are already functioning to some degree as local warehouses for online

E-commerce growth, ICA stores



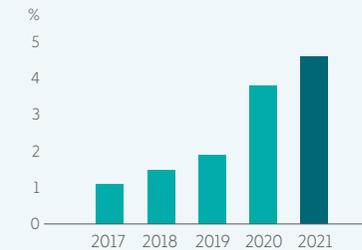
Source: HUI

E-commerce growth, Apotek Hjärtat

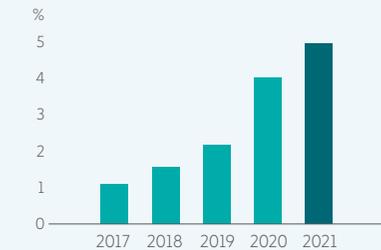


Source: Swedish Pharmacy Association

Online sales as share of total sales, ICA stores



Online sales as share of total sales, Apotek Hjärtat



Milestones in e-commerce and online



ONLINE

sales. Customers can, for example, shop online but opt to pick up their purchase from the pharmacy of their choice just a couple of hours later. In big cities express home delivery is also offered, with products being picked, packed and sent directly from larger pharmacies within just a couple of hours.

In 2021 ICA's and Apotek Hjärtat's market share online was lower than in physical retail channels. What are your ambitions here?

Tony Holmberg: Despite tough competition from pure-play e-commerce operators, both ICA and Apotek Hjärtat have grown faster than the market in general in recent years. The goal going forward is to continue to grow and increase our market share. Over time we intend to have the same market share online as in the physical channels.

Monika Magnusson: Of course, we want to be just as strong regardless of where the customer chooses to shop. And we really are in the very best position – what we can offer together is very difficult for anyone else to achieve.

What is ICA Real Estate doing to facilitate e-commerce?

Maria Kristensen: E-commerce brings with it entirely new types of needs in terms of both the location and the design of warehouses as logistics hubs. At the corporate level we're doing our part by securing access to appropriate properties in the right locations. We're also actively supporting the ICA retailers in the process of adapting

existing stores and marketplaces. This involves everything from developing and setting up collection points to adapting the refrigeration and storage areas at the stores so that they're efficient for both normal in-store and online shopping. We're doing all this to make it as easy as possible for customers to collect pre-ordered bags of groceries and pharmacy items as well as post and parcels.

How are things developing in the Baltic countries?

Zane Ermansone: Here, too, the market picked up significantly during the pandemic. Compared with Sweden, e-commerce is at a lower level as a percentage of total grocery sales – but the number of actors is growing fast, resulting in tough competition. Rimi Baltic is, however, clearly one of the actors driving this. Since spring 2020 we've been offering online shopping in all three Baltic countries and it's been growing rapidly, albeit from low levels. In 2021 we saw growth of a just over 130% and online sales accounted for 2.6% of our total sales. In 2020 the online share was 1.2%.

What does the future look like? Which activities have top priority in 2022?

Peter Muld: 2022 will be an intense year with a big focus on getting the new automated warehouse in Brunna fully operational. We'll also continue to migrate ICA stores to the new e-commerce platform, which is the basis for everything we're planning to do in the future – in the form of new services for both retailers and customers. We can only really get going on this journey once this is in place.

A Customer fulfilment centres in Stockholm and Gothenburg

In Stockholm and Gothenburg local ICA retailers can opt to connect their stores to ICA Sweden's standalone customer fulfilment centres. The warehouses enable high capacity, a broad range of products and excellent service for the end customers.

B Highly automated customer fulfilment centre

At the end of 2021 ICA Sweden's new, highly automated customer fulfilment centre was opened in Brunna just outside Stockholm. The warehouse is equipped with Ocado's automation solution. Products are picked by robots.

C New e-pharmacy under construction

In 2022 Apotek Hjärtat's customer fulfilment centre in Norrköping will move to larger premises.



Partnership with Ocado

Since 2018 ICA Gruppen has been working with UK-based Ocado Group to use its e-commerce platform and highly automated warehouse technology.

Ocado has been active in the UK market since 2000 and is now a world leader in e-commerce technology for grocery operations. Ocado's technology is used by top grocery retail actors throughout the world.

Ocado Smart Platform

Ocado's e-commerce platform, Ocado Smart Platform, has been specially designed and tailored for ICA's business model of independent retailers working together. The new platform brings several new functions, enhancing route optimisation and logistics etc.

A strategy more relevant than ever

ICA Gruppen's strategy is aimed at ensuring long-term growth with sustained profitability – in a market in rapid and major transition. The pace of change has been fast for many years, but has accelerated further due to the pandemic and its consequences. Overall, the trends have demonstrated that the strategy – with its strong focus on digitalisation, online channels, health and value for money, among other things – is more relevant than ever.

 Read more on pages 15-22



ICA GRUPPEN'S STRATEGIC FRAMEWORK



A guiding vision

We make every day a little easier

Clear long-term strategic objectives...

...a shared ambition for 2025...

...and prioritised step-change areas in 2022

Clear and inspiring objectives

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



Ambition 2025 sets out this course in more detail and states where ICA Gruppen is to be in around four years' time in response to identified changes and drivers in the world around us.



To deliver on the strategy and develop the business in line with the vision and Ambition 2025, we need to leverage our strengths in a number of important areas. Six of these involve initiatives that are relevant to all or large parts of the Group. There are also others that are relevant to ICA Gruppen's individual segments. The six step-change areas that apply throughout ICA Gruppen are:

- Strengthened food ecosystem
- Climate net zero
- Make healthy choices easy
- Transformation to build new capabilities
- Transformation to improve productivity
- Data driven transformation supported by AI/AA

Financial targets

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

Sustainability targets

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

From trends to the new normal

Rapid digitalisation, a strong increase in e-commerce, new consumption patterns and extensive blurring of industry lines are fundamentally changing ICA Gruppen's markets. The pace of change has been fast for a long time, but has accelerated further as a consequence of the pandemic. This is impacting offerings, business models and internal processes. It brings challenges as well as important opportunities.



Comprehensive digitalisation

- Impacting both consumers and businesses
- Enabling new actors and new business models to enter the arena



New expectations from employees

- Changed expectations around ways of working and flexibility based on experiences of working from home during the pandemic – especially in terms of being able to work remotely
- Increased focus on ethics and responsibility

Changes in customer behaviour and preferences

- Clear and permanent shift towards more e-commerce
- Increased demand for ready meals and meal solutions
- Increased focus on and interest in health and sustainability
- Higher demand for domestically and locally produced assortment
- Growing polarisation between different customer groups with respect to both purchasing power and selection preferences
- The home as the "hub" for both work and leisure is leading to changes in ways of working, commuting patterns and eating habits



Competition and markets

- Noticeable blurring of industry lines
- Increased competition from discount actors
- More challenging competition landscape online – with greater competition from both existing and brand new actors



Macroeconomic climate in 2022

- Expected continued recovery of the Swedish economy. Household consumption could be affected by increasing inflation and higher interest rates
- Following a strong 2021 recovery in the Baltics, growth in 2022 might be somewhat muted

Impact on grocery retail

- New technical opportunities that affect all parts of the value chain – from product development, sourcing, logistics and product supply to e-commerce, personalised offerings and new services
- Ever-increasing expectations from customers – of offerings, corporate responsibility and prices
- Increased competition, less predictability and a shorter planning horizon

Consequences for ICA Gruppen

- Need for continued fast pace of investment – in both core processes and growth areas
- Increasing relevance of data and customer insights
- Further need for more speed and flexibility, constant learning and more agile work processes
- New expectations from employees around more flexible ways of working
- Good relationships with local suppliers continue to be important in all markets
- Clear values – important for both customers and employees

Ambition 2025

The vision and the strategic objectives set the long-term course for all operations within ICA Gruppen. Ambition 2025 sets out the course in more detail and states where ICA Gruppen intends to be and how the Company must be perceived in the years ahead in order to respond to the changes and trends identified in the world around us. Ambition 2025 was created in a joint process involving management, other key individuals within the Group and independent ICA retailers.



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

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



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

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

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



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

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



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

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

AMBITION 2025

PERSONAL & LOCAL

Active efforts to constantly increase the amount of locally produced goods in the assortment



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

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

Prioritised step-change area

- Strengthened food ecosystem

Significant investments in online solutions and the food ecosystem

Throughout ICA Gruppen significant investments are being made in technology and infrastructure that will help enhance the customer experience, improve the efficiency of internal processes and speed up deliveries. One of the single largest e-commerce projects is ICA Sweden's investment in a modern e-commerce solution. The project includes the e-commerce platform from UK-based e-commerce company Ocado and a new, highly automated customer fulfilment centre in Brunna, north of Stockholm. Migration to the new platform started in 2021. The new warehouse was completed in 2021 and is expected to be fully operational in the second quarter of 2022.

➔ Read more about ICA Gruppen's investments in online solutions and the food ecosystem on pages 10–13.

Greater personalisation

Efforts to make everyday life easier using smart ecosystems of products and services will continue. An important aspect of this is to make these more personalised and relevant. Several of the digitalisation projects currently under way are aimed at meeting customer needs in an even better and more effective way – in both physical and digital channels. An important part of this is the Stämmis loyalty programme which, in addition to ICA, covers Apotek Hjärtat, ICA Bank and ICA Insurance. At the end of 2021 there were close to 5.8 million customers in the programme.

Expanded range of locally produced products

There is substantial and growing demand for locally produced food – both in Sweden and in the Baltic countries. Both ICA Sweden and Rimi Baltic are actively working to continually increase the number of locally produced items in the product assortment, for example by simplifying sourcing processes for local producers and small businesses. Within ICA Växa (ICA Grow) several projects are also under way aimed at strengthening local ecosystems between retailers, small businesses and producers.

Increased availability by being open around the clock

To increase the level of service and accessibility, unstaffed and 24-hour grocery stores are being tested in several locations in Sweden. At the end of 2021 there were nine unstaffed stores and there are plans to open more in the years ahead. Some will be located adjacent to existing stores while others will be in separate locations. Most of them will be in sparsely populated areas or small towns. Customers use the ICA ToGo app and Bank-ID to enter the stores.

Strong focus on price and value for money

ICA Gruppen's ambition is not to be a price leader, but to always be perceived as offering value for money. Having a broad range of private label products plays an important role in this effort. These products provide benefits for customers as well as for stores and pharmacies. They create a wide and unique assortment while also promoting good profitability.

Significant investment in meal solutions

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



AMBITION 2025

HEALTHY & SUSTAINABLE

Special focus on children and young people!



We are recognised as one of the companies doing the most to improve public health. We are industry leader in progressing towards a business with net zero climate impact.

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

Prioritised step-change areas

- Climate net zero
- Make healthy choices easy

Wide-ranging efforts for better public health

ICA Gruppen wants to contribute to better public health. By virtue of its size and through cooperation, ICA Gruppen's businesses are well-equipped to reach out and in various ways inspire people to live a healthier life – and in doing so, make a difference for both individuals and society.

ICA Gruppen's health ambition extends to all of the Group's operations in Sweden. It includes both preventative activities involving encouraging healthy eating and regular exercise, and offering simple healthcare services and advice on both medicines and personal finances. Children and young people make up a target group we are prioritising in particular.

500 grams of fruit and vegetables a day

The Swedish National Food Agency recommends that people consume at least 500 grams of fruit and vegetables a day, but average consumption is significantly lower than this. ICA Sweden's target is

for customers' purchases of fruit and vegetables to equal the recommended consumption of at least 500 grams a day by 2025.

More and more products with reduced sugar

Four out of 10 people eat too much sugar and consuming large amounts of sweetened foods can contribute to obesity and other lifestyle-related diseases. As part of ICA Gruppen's ambition to guide customers in a healthier direction, several initiatives are under way aimed at reducing the sugar content of existing products and developing alternatives containing less sugar.

Sustainable antibiotic use

Antibiotic resistance is a serious public health challenge and ICA Gruppen is taking active steps to promote the sustainable use of antibiotics. This effort includes information and campaigns at pharmacies, as well as applying standards for meat suppliers.

Circular and sustainable use of plastics

To contribute to a circular and more sustainable plastics system, in 2018 ICA Gruppen adopted a Group-wide plastics strategy. In line with this, all single-use items made from plastic have since been phased out of the central assortment. Single-use plastics have instead been replaced by biomaterials. After 2025 all plastic food packaging used for ICA Gruppen's corporate brand products is to be recyclable, and after 2030 will be made from recycled or renewable materials.

➔ Read more about work on reducing the amount of plastics used on page 51.



Three focus areas in the ambition for improved health

Physical wellbeing

Make it easier to live a healthier life every day.

Mental wellbeing

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

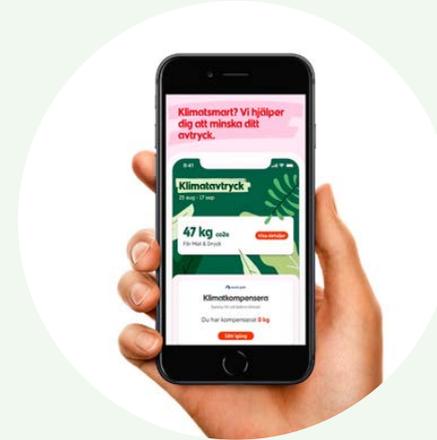
Sustainable antibiotic use

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

AMBITION 2025 | HEALTHY & SUSTAINABLE

Towards net zero emissions and halving customers' climate impact

Around a quarter of global greenhouse gas emissions come from food production, according to the 2019 EAT-Lancet report. In addition to achieving net zero emissions within its own operations, ICA Gruppen therefore also has the ambition to halve the climate impact of customers' food purchases. Active steps are being taken by ICA Gruppen itself and in cooperation with suppliers and other partners to develop an attractive assortment of products with a lower climate impact, and also to make it easy for customers to make sustainable choices.



Net zero emissions from the Group's own operations by 2030

To achieve the target of net zero climate impact from the Group's own operations by 2030, ICA Gruppen intends to work on continuing to reduce emissions as much as possible. The emissions that still remain will be carbon offset, with the aim over time of balancing all emissions using measures that bind carbon from the atmosphere. Today, carbon offsetting is taking place in projects outside ICA Gruppen's own value chain, but the aim once the right conditions are in place is to implement balancing measures within the value chain as well.



ICA Gruppen's ambition to go beyond climate neutrality earned the Group an award in the Climate Neutral Now category of the 2021 UN Global Climate Action Awards programme.

For a food system that is sustainable long-term

Global food production was pinpointed by the UN IPCC (Intergovernmental Panel on Climate Change) and other experts as one of the main reasons for the changes now taking place in both the climate and biodiversity, as well as in the health of the planet and humans. For more sustainable food systems – locally and globally – changes are needed towards more sustainable production, a transition in consumption to a higher percentage of plant-based food and a reduction in waste throughout the value chain. As a leading actor in groceries and food, ICA Gruppen has both a significant responsibility and considerable opportunity to have an impact.

Supplier climate impact

In addition to achieving net zero climate impact within its own operations, ICA Gruppen is aiming to halve the climate impact of customers' food purchases by 2030. ICA Gruppen also has a target for suppliers with the largest climate impact and that today are responsible for 70% of the climate impact in the supply chain to have adopted science-based climate targets no later than 2025. This means they are to work towards emissions reductions at the pace which, according to the science, is required to slow global warming.

Easier to choose food with a lower climate impact

ICA Gruppen's ambition is to make it easier for customers who want to reduce their climate impact from food. The activities include working actively on changes to the assortment, including the ICA Swedish plant-based range, initiatives around fruit and vegetables, offering recipes with climate impact information, and the "Klimat" meal kit solution. The digital service called "My climate target" also makes it possible for all members of the Stammais loyalty programme to easily monitor their actual climate impact from food purchased from ICA. The service provides individualised tips to reduce climate impact from food purchases.

Food waste

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

ICA Gruppen's climate ambition

Climate target for the Group's own operations

ICA Gruppen's own operations are to reach net zero climate impact no later than 2030¹

By 2030 the target is net zero climate emissions from the Group's own operations. This means continuing to reduce emissions in line with the Paris Agreement to as close to zero as possible, alongside a gradual transition from carbon offsetting to balancing measures for the emissions that cannot be entirely eliminated.

Climate target for suppliers

ICA Gruppen's suppliers are to have adopted science-based climate targets by 2025²

By 2025, ICA Gruppen suppliers representing 70% of its upstream climate impact are to have adopted science-based climate targets.

Climate ambition for customers

ICA Gruppen aims to cut the climate impact of customers' grocery purchases in half by 2030

By enabling more sustainable production and making it easier for people to change their habits and behaviours, ICA Gruppen will help customers reduce their climate impact from food purchases.

¹ Work began during the year on developing ICA Gruppen's climate ambition in line with the standard for the net zero target launched by the Science Based Targets initiative (SBTi) in October 2021. This work will continue in 2022 based on ICA Gruppen's intention to have its climate target approved by SBTi.

² Target approved by Science Based Targets initiative.

AMBITION 2025

ATTRACTIVE

Leadership is being shifted closer and closer to the employees



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

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

Initiative, mandate and agility

Within ICA Gruppen a process is under way to implement a new, agile and more activity-based work process. The purpose is to increase flexibility and speed in both decision-making and implementation processes – and thereby enable faster deliveries, achieve a greater customer focus and at the same time minimise risk. This transformation impacts both leadership and what has become known as employeeship. In general, decision-making is being shifted closer to the employees working in independent, cross-functional teams. An increasing focus is also being placed on cooperation and dialogue between different areas of operation and departments.

A company that is constantly learning

ICA Gruppen works actively to support constant learning. The rapid changes in the world around us have resulted in a need for both ICA Gruppen as a whole and the individual employees to constantly develop and improve skills in both existing and entirely new areas – and to a

significantly greater degree than in the past. Being able to respond to change and act in highly uncertain situations will become increasingly important in the future – as will the ability to continually share knowledge, try new things and relearn. There is therefore a strong focus on supporting the ability of individual employees to develop their skills and have the courage to try new things.

Continual learning is partly about culture, habits and approaches, but also requires effective learning platforms and structures. Within ICA Gruppen the Group-wide learning platform Grow at ICA is used to better integrate on-the-job learning, increase opportunities for just-in-time learning and put the conditions in place for networking and exchange of experiences.

A sustainable worklife

ICA Gruppen wants to be an attractive employer that empower both engagement and community, and offers workplaces where people can develop together. The Group's ambition is to offer a safe and healthy work environment that enables people to have a long, sustainable

worklife in a changing world. A number of important initiatives are under way within the Group aimed at ensuring a good physical, social and organisational work environment based on ICA Gruppen's wellbeing ambition. These include maintaining the focus on training for managers and other employees, initiatives for a healthy lifestyle and providing support for a good work-life balance. ICA Gruppen is applying a "flexible workplace" concept, enabling employees at many workplaces to work part of their work hours remotely.

Inclusion and diversity

ICA Gruppen is working actively to spread knowledge about equality, inclusion and diversity. Important aspects of this include increasing awareness of unconscious bias and preventing discrimination. The goal is to ensure that fundamental rights are respected but also to make the most of the creativity and the added value that people's differences and diverse interactions provide, thereby creating a dynamic organisation that can offer high quality products and services.

Prioritised step-change area

- Transformation to build new capabilities



The inclusion and diversity ambition focuses on three aspects

Increased openness

We will identify, welcome and utilise the differences of individuals.

Increased diversity

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

Increased equality

We are creating the conditions to respect everyone's equal rights and opportunities to participate on equal terms.



Read more about ICA Gruppen's Inclusion and diversity efforts on page 54–55.



AMBITION 2025

DATA-DRIVEN

Data-driven analysis enables the right priorities and initiatives to be put in place



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

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

Prioritised step-change areas

- Transformation to improve productivity
- Data driven transformation supported by AI/AA



Substantial investments in artificial intelligence and advanced analytics

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

Using new technology to improve the customer offering

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

Data-driven sustainability work

Data-driven transformation makes it possible to target resources into the right areas to improve sustainability and also to ensure traceability in the value chain. Important areas for development include optimising measures to prevent food waste based on data-driven analysis, combining climate and sales data to analyse and identify

the most efficient ways to reduce the climate impact of food sold, and developing better system support to monitor the supply chain.

Fact-based assortment optimisation

In 2021 a project was launched within Apotek Hjärtat where data from various sources was used to create automated recommendations for developing, changing and optimising the product assortment. The recommendations are based on data from, for example, sales transactions, warehouses and deliveries, as well as actual customer behaviour. Combining analytical models allows fact-based decisions to be made on which items to remove or replace and which to add.

Fact-based decisions in HR

In recent years ICA Gruppen has implemented several new types of system support and routines that enable data-driven analysis and fact-based decisions to be made within HR. Examples include new system support for recruitment and ongoing employee surveys.

Initiatives are under way aimed at enabling data-driven analysis in other areas as well, such as wellbeing, diversity and inclusion, and work processes.



Financial targets



Grow faster than the market

Good sales development and a strong market position are key factors in achieving and maintaining good profitability. The target is valid for the Group's retail segments ICA Sweden, Rimi Baltic and Apotek Hjärtat.

Achieve an operating margin excluding items affecting comparability of 4.5%

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

Achieve a return on capital employed of 7.5%

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

Dividend of at least 50% of profit for the year

Following the delisting of the shares, this target is no longer applicable.

Net debt/EBITDA < 3

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

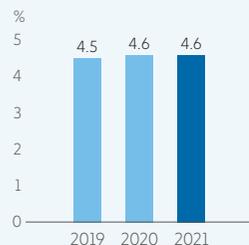
Outcome 2021

Continued pandemic effects also impacted the markets in 2021, but to a lesser extent than the previous year. The growth rate in Sweden fell in the grocery retail market in general, although there was some growth, both in-store and online. The ICA stores grew at a slightly slower pace than the market. The markets in the three Baltic countries had relatively good growth in 2021. According to preliminary data, Rimi Baltic grew faster than the market overall for the region and faster than the market in all three countries.

Apotek Hjärtat also succeeded in achieving growth that was higher than the pharmacy market overall, as well as higher than market growth in physical pharmacies and online.

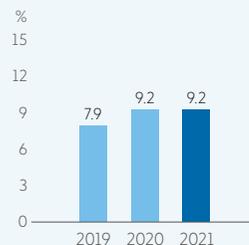
Outcome 2021

The margin target was reached in 2021 and the operating margin remained at 4.6%, the same level as in 2020. The profit mix within the Group was slightly different in 2021 because ICA Sweden's profit was somewhat lower, while operating profit improved in other segments. Rimi Baltic and Apotek Hjärtat, in particular, showed strong development.



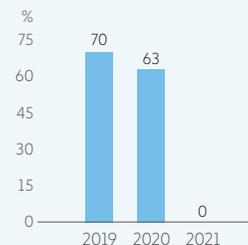
Outcome 2021

Return on capital employed remained at 9.2%, the same level as the previous year. The measure for both profit and capital remained unchanged compared with 2020.



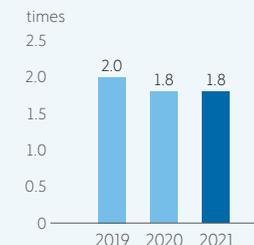
Outcome 2021

No dividend will be paid for the 2021 financial year.



Outcome 2021

At 1.8, the outcome is well below the target level. The level is the same as the previous year. EBITDA was SEK 267 million higher than in 2020, while net debt increased by around SEK 1 billion, mainly due to changes in lease liabilities. Net debt excluding lease liabilities was SEK 224 lower than the previous year.



Sustainability targets



ICA Gruppen's own operations are to be climate neutral from 2020 and have net zero climate impact no later than 2030

Since 2020 all of ICA Gruppen's emissions are carbon offset, making the operations climate neutral. By 2030 ICA Gruppen intends to have net zero climate emissions from its own operations. This means continuing to reduce emissions in line with the Paris Agreement to as close as to zero as possible, while gradually replacing carbon offsetting with balancing measures.

Outcome 2021

Greenhouse gas emissions in 2021 amounted to 78,791 tonnes, a decrease of 14% compared with the previous year. The largest decreases were in the areas of refrigerants and goods transport. Emissions continue to decrease, including in relation to sales, which is partly the result of improved operational efficiency. All emissions from operations in 2021 are carbon offset.

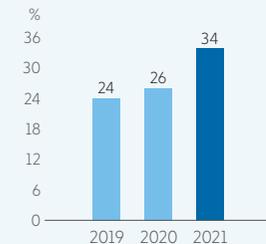


ICA Gruppen's suppliers are to adopt science-based climate targets

By 2025, ICA Gruppen suppliers representing 70% of its upstream climate impact are to have adopted science-based climate targets. This means they are to work towards emissions reductions at the pace which, according to the science, is required to slow global warming.

Outcome 2021

By the end of 2021, 34% of ICA Gruppen's suppliers had adopted science-based climate targets, an increase of 8 percentage points compared with 2020. During the year ICA had a dialogue with suppliers aimed at increasing the percentage of suppliers with climate targets approved by the Science Based Targets initiative.

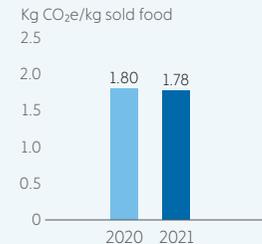


The climate impact of customers' food purchases is to be halved by 2030

ICA Gruppen's ambition is to halve the climate impact of customers' food purchases by 2030. To achieve that target, active steps are being taken to reduce the climate impact of the products that are sold. Among the ways this is being done is working with suppliers and developing an attractive plant-based product assortment. Comprehensive efforts are also being made to change habits and behaviours by engaging with and inspiring customers to make climate-smart choices.

Outcome 2021

In 2021 the climate impact of food being sold in ICA stores amounted to 1.78 kg CO₂e/kg food sold. The base year for this target is 2020 and that year the climate impact was measured at 1.80 kg CO₂e/kg food sold. The decrease in 2021 is primarily due to a shift towards lower sales of climate-intensive food items compared with the base year.



The outcome comprises ICA Sweden. Rimi Baltic outcome will be included when reliable climate data for the Baltic markets can be obtained.

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

ICA Gruppen's target is to cut food waste from warehouses and stores in both Sweden and the Baltic countries in half by 2025 compared with the base year 2016. Food waste is measured using an international standard created by the Food Loss & Waste Protocol (FLW Protocol).

Outcome 2021

Since the base year 2016 ICA Gruppen's food waste has decreased by 8%. The increase compared with 2020 may in part be due to improved data collection and new metrics, but the opening of a new customer fulfilment centre as well as increased fruit and vegetables waste in ICA Sweden are also factors. The latter is mainly due to an inaccurate forecast of melon sales. This had a significant impact on the figures as they are reported in kg. Food waste within Rimi Baltic decreased during the year.



Customers' purchases of fruit and vegetables are to correspond to a consumption of 500 grams per day by 2025

All of ICA Gruppen's companies in Sweden have adopted a health strategy based on the ambition to make it easier to live a healthier life. There is a special focus on children and young people. The targets include increasing customer purchases of fruit and vegetables to consumption equivalent to 500 grams a day by 2025.

Outcome 2021

To estimate how much fruit and vegetables ICA's customers in Sweden consume, a calculation is made based on sales data for the customers who are assumed to purchase most of their food at ICA. Due to the need to update the calculation model, reporting of this indicator has been paused for now and will resume once a new model is in place.

Strong performance during volatile year

ICA Gruppen's performance in 2021 was positive overall in both earnings and sales. The following pages describe the various segments, their markets and important focus areas going forward.

 [Read more on pages 26-42](#)



Group performance

Overall ICA Gruppen saw stable development during a year where the markets, impacted by continued pandemic effects, experienced volatile development, with large variations between the quarters. All of the Group's operations, except ICA Sweden, which was burdened by start-up costs for e-commerce projects, reported improved operating profits and the Group's operating margin remained at 4.6%, unchanged compared to the previous year.

Net sales and earnings

Consolidated net sales in 2021 amounted to SEK 127,957 million (126,283). In local currency and excluding the effect of the leap day in 2020, the increase was 1.9%. The increase in sales was due to positive volume effects in ICA Sweden's wholesale segment and in all other segments, as well as positive price effects in all operations except the Bank. E-commerce continued to grow but the pace of growth was much lower than the previous year.

The operating profit excluding items affecting comparability amounted to SEK 5,826 million (5,831). Both volume and price effects were positive. Earnings increased in all segments except for ICA Sweden where earnings growth was heavily impacted by costs in connection with the launch of e-commerce projects, such as the new, automated customer fulfilment centre in Stockholm. These cost increases were only partly offset by higher profit shares from ICA stores. ICA Sweden's operating profit also includes non-recurring items of around SEK +35 million net, consisting of structural costs, insurance compensation and payout of funding capital from Afa insurance. Corresponding items in 2020 amounted to SEK +30 million, indicating a small difference between the years. The 2021 earnings also include a full-year effect of SEK -8 million from ICA Bank's acquisition of Forex customer portfolios. This item includes an initial non-recurring cost of SEK 60 million relating to the acquisition.

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

Profit for the year amounted to SEK 4,554 million (4,173). Gains from divestments as well as impairment losses are included in the amount of SEK +50 million (-58). Earnings per share increased to SEK 22.52 (20.65).

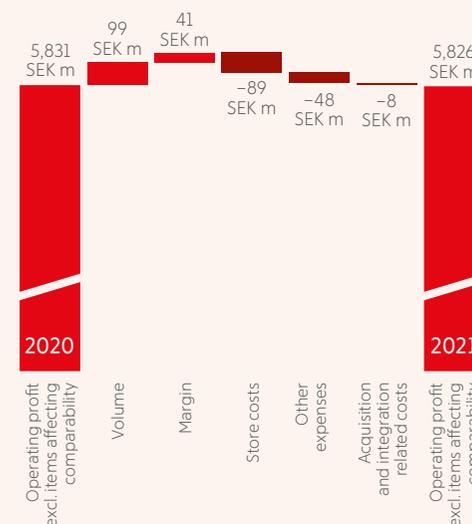
Assessment of Covid-19 pandemic effects

Covid-19 is considered to have had a positive impact on sales development, albeit to a significantly lower degree than the previous year. The effect of Covid-19 on the Group's operating profit is considered to have been slightly positive overall, while the effect was slightly negative the previous year. The effect on earnings includes some general government assistance of around SEK 55 million (125), mainly to cover the cost of sick pay.

Net financial items and tax

The Group had a net financial expense of SEK -399 million (-466), including an interest expense associated with IFRS 16 of SEK -304 million (-321). Underlying interest expense was lower, mainly due to refinancing and lower interest on pension liabilities.

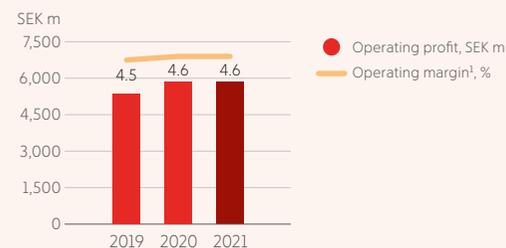
The tax expense for the year was SEK -924 million (-1,135), representing a tax rate of 16.9% (21.4). The difference between the years is essentially due to accounting changes for tax on dividends from Rimi Baltic, which in 2020 involved reporting a non-recurring amount of deferred tax. Provisions are done on a monthly basis since December 2020. Paid tax amounted to SEK -976 million (-1,078).



Operating profit development

ICA Gruppen's operating profit excluding items affecting comparability decreased by SEK 5 million. The volume effect was positive, driven by Rimi Baltic, Apotek Hjärtat and ICA Insurance. Positive price effects were mainly within Rimi Baltic and Apotek Hjärtat. Store costs were impacted by both fewer consolidated stores within ICA Sweden and higher profit shares, while corresponding costs increased for Apotek Hjärtat and Rimi Baltic. Other expenses include a non-recurring cost of SEK 28 million linked to the buyout from the stock exchange and higher credit losses. The acquisition effect is entirely related to ICA Bank's acquisition of Forex customer portfolios.

Operating profit, SEK m and operating margin, %¹



¹ Excluding items affecting comparability.

Net sales



GROUP PERFORMANCE

Financial position

The Group's net debt (excluding ICA Bank and pension liabilities) at the end of the year amounted to SEK 20.9 billion (19.9). Excluding IFRS 16 lease liabilities, net debt at the end of the year amounted to SEK 4.7 billion (4.9). The slightly lower net debt excluding lease liabilities is mainly due to continued stable cash flows, property sales and a lower investment level than in 2020. As of 31 December 2021, net debt in relation to EBITDA was 1.8 (1.8), which is well in line with the Group's long-term target of < 3.0.

Cash flow

Cash flow from operating activities (excluding ICA Bank) amounted to SEK 9,654 million (10,444). The decrease is related to unfavourable working capital development linked to calendar effects, as well as effects of new rules around payment of trade payables. The development in cash flow from investing activities in 2021 is explained by the significantly lower investment level for the year compared with 2020 when some large projects and property acquisitions were implemented.

Investments

Investments during the year amounted to SEK 2,872 million (5,372), of which SEK 889 million (3,005) was attributable to ICA Real Estate. The difference between the years was mainly due to a lower investment level within ICA Real Estate and Rimi Baltic. The 2020 investments included the acquisition of a logistics building in Västerås for around SEK 1 billion and customer fulfilment centre projects in Stockholm and Gothenburg. In addition, the large investment in a new warehouse in Riga was concluded the previous year. The level of investment in IT and digitalisation remained at a high level.

Parent Company

The Parent Company's net sales were SEK 1,249 million (1,192) and earnings after financial items amounted to SEK 1,601 million (3,283). The change from the previous year is essentially attributable to lower dividends from subsidiaries.

Seasonal variations

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

Net sales by segment

SEK m	2021	2020	2019
ICA Sweden	92,242	91,684	85,187
Rimi Baltic	16,991	16,373	16,168
Apotek Hjärtat	15,531	15,178	14,778
ICA Real Estate	2,833	2,840	2,731
ICA Bank	1,931	1,699	1,570
Hemtex	-	-	306
Other	1,334	1,282	1,197
Intra-Group sales	-2,904	-2,773	-2,640
Net sales	127,957	126,283	119,295

Operating profit excluding items affecting comparability by segment

SEK m	2021	2020	2019
ICA Sweden	4,019	4,240	3,712
Rimi Baltic	784	703	744
Apotek Hjärtat	444	383	464
ICA Real Estate	650	603	504
ICA Bank	181	174	244
Hemtex	-	-	-36
Other	-446	-446	-443
Operating profit excl. items affecting comparability and excl. IFRS 16 Leases	5,632	5,657	5,189
IFRS 16 Leases	194	175	166
Operating profit excl. items affecting comparability and incl. IFRS 16 leases	5,826	5,831	5,356

Cash flow statement, Group excluding ICA Bank

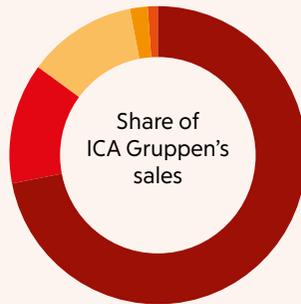
SEK m	2021	2020	2019
Cash flow			
From operating activities before change in working capital	10,301	10,133	9,959
Change in working capital	-647	310	-35
From operating activities	9,654	10,444	9,923
Investing activities, net	-2,382	-5,184	-2,811
Before financing activities	7,272	5,259	7,113
Financing activities, net	-7,282	-4,802	-7,044
Cash flow for the period	-10	457	69



ICA Gruppen's segments

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

- ICA Sweden, 72%
- Rimi Baltic, 13%
- Apotek Hjärtat, 12%
- ICA Real Estate, 2%
- ICA Bank, 1%



ICA Sweden

With 1,267 stores and a market share of around 36%¹ (for 2020), ICA Sweden is the leading grocery retail actor in the country. The independent ICA retailers own and operate their own stores, but have agreements with ICA Sweden in areas such as coordinated sourcing, logistics, market communication and store development.

Focus in 2021

- Major investments aimed at supporting the ICA retailers' online sales, including completion of a new, highly automated customer fulfilment centre in Stockholm and putting into operation a new customer fulfilment centre in Gothenburg



Rimi Baltic

Rimi Baltic operates a grocery retail business and has 294 wholly owned stores in Estonia, Latvia and Lithuania. The properties owned by the Group in the Baltic region are also part of Rimi Baltic. At year-end Rimi Baltic had 82 stores in Estonia, 133 in Latvia and 79 in Lithuania. Rimi Baltic's combined market share in the region is just above 14%.

Focus in 2021

- Strong online growth
- Secure efficiency gains in the new central warehouse in Riga
- Respond effectively to new competition from Lidl in Latvia

Apotek Hjärtat

With 390 pharmacies, extensive online operations and a market share of around 31%, Apotek Hjärtat is the largest company in the Swedish pharmacy market. Pharmacy operations complement grocery retail and play an important role in ICA Gruppen's efforts to achieve a leading position in health.

Focus in 2021

- Cost savings, efficiency improvements
- Start of project for new customer fulfilment centre in 2022



ICA Real Estate

ICA Real Estate has a large and actively managed property portfolio within the retail segment. Its overall mission is to satisfy the long-term need for appropriate properties in the right locations and to create the conditions for ICA's businesses to increase growth and take market share.

Focus in 2021

- Increased focus on premises for e-commerce and logistics
- Agreement to acquire Första AP-fonden's stake in Secore Fastigheter as of 1 April 2022



ICA Bank

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

Focus in 2021

- Launch of new home mortgage offering
- Acquisition of Forex's customer portfolios completed



¹ For a definition of market share, see page 29.

→ ICA SWEDEN

Rapid changes continue in the Swedish grocery retail sector



The market for groceries, food and meals continues to change at a fast pace. An ever-growing number of actors provide overlapping offerings, while patterns of where and when consumption takes place are changing rapidly. This is particularly evident through the growing online share of sales.

Like other retail segments, over the past two years grocery retail has been heavily impacted by the pandemic and its effects. Grocery retail has fared better than durable goods retail, but with significant differences between stores and locations.

Despite high comparative figures, grocery retail sales grew by 1.3% in 2021 (7.6) according to the Swedish Food Retail Index (DVI). Adjusted for price and calendar effects, the volume increased by 1.2% (5.2).

As the effects of the pandemic receded, a gradual recovery was seen up to end of the year for stores in city centre locations, more specialised food stores and restaurants. Sales in cross-border trade also increased, albeit from very low levels.

Continued growth in online sales

The pandemic very noticeably helped reinforce the trends that were already characterising the grocery market. One of the most obvious is the clear increase in online sales of groceries and meal kits. In 2020 online sales increased by a full 95%. Online sales as a share of total sales increased again in 2021, but the growth was considerably lower than in the previous year at 24%. This development is mainly explained by the very high growth rate in 2020, but also by the fact that increasing numbers of consumers have gone

back to shopping in a physical store. Online sales amounted to 5.8% of the total market. Click and collect was the format that increased the most, but home deliveries also continued to grow.

Moderate but relatively stable growth

Grocery retail is less sensitive to economic fluctuations than other retail segments. The growth rate can be described as moderate but relatively stable. Sales growth has over time largely followed population growth.

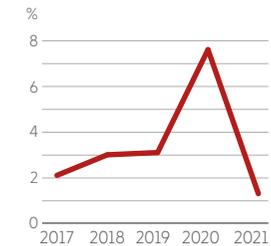
Svensk Handel (Swedish Trade Federation) predicts that grocery retail sales will grow by 0.6% per year in fixed prices up to 2030. Among the factors that are expected to drive the sales volume are primarily population growth and an increasing proportion of refined products, including complete meal solutions. In addition, continued growth in online sales is also expected to contribute to somewhat higher average purchases as well as increased revenue from peripheral services.

Calculating market share is complex

According to Statistics Sweden, total consumption of groceries in Sweden grew by 3.6% to SEK 396 billion (382) in 2020. ICA's share of this market was around 36%. Calculating the market share of individual actors is complex and depends on whether it is based on total consumption as above or sales. If based on sales, the size of the market is affected by which segments and actors are included.

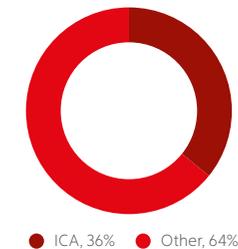
The Food Retail Index (DVI) produced by the Swedish Food Retailers' Federation is based on sales statistics from a number of selected actors, both physical stores and online. The total market in 2021 according to DVI was SEK 288 billion, of which SEK 16.7 billion was online.

Development of the grocery retail market in Sweden¹



¹ DHI (Swedish Retail Sales Index) 2017, DVI (Swedish Food Retail Index) 2018–2021
Source: Statistics Sweden, HUI, Swedish Food Retailers Federation

Market share, groceries Sweden



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

 ICA SWEDEN

Major online initiatives

For ICA Sweden 2021 was marked by intensive work on various large projects related to online sales. These included the opening of a new customer fulfilment centre in Gothenburg, the start of rollout of a new e-commerce platform (Ocado Smart Platform) and completion of the new highly automated customer fulfilment centre in Stockholm.

ICA stores' sales

Despite high comparative figures, sales in the Swedish ICA stores increased by 1% in 2021 (7.2). The increase for comparable units amounted to 0.7% (7.0). Compared with 2019 the sales increase is 8.3%.

Overall, sales were driven by higher average spends – especially at the start of the year. The performance of hypermarkets and stores in areas with plenty of leisure facilities was particularly positive. Stores in urban areas close to residential districts experienced somewhat weaker growth as the effects of the pandemic receded.

Future focus

Continued development of the e-commerce offering will be prioritised in 2022, along with support for the ICA stores in their transformation efforts. There will also be a major focus on ensuring excellent value for money, including through continued investment in private label products, effective individually tailored campaigns and active work on pricing strategy and value for money. Other priority areas include the development of new concepts for meal solutions, broadening the offering within health, further sustainability initiatives and continued investment in warehouses and logistics – including

The ICA stores' online sales also continued to increase during the year, albeit at a considerably slower rate than in the previous year, particularly in the second half. Altogether sales of grocery items and meal kits increased by 22% (117) during the year, compared with an 24% increase in grocery sales for the market as a whole (according to the Swedish Food Retail Index, DVI). The number of stores included in ICA Sweden's central e-commerce solution increased from 374 to 441 in 2021. Online share of sales reached 4.6% for the year, compared to 3.8% in 2020 and 1.9% in 2019.

Major online initiatives

The major projects relating to online sales that have been under way for some years were put into operation in 2021. The biggest of these included the opening of a new highly automated customer fulfilment centre in Brunna just outside Stockholm. Based on Ocado's e-commerce platform, the fulfilment centre enables the Group to meet the rapidly growing demand for online food shopping in the Stockholm-Mälaren region. During the year a new customer fulfilment centre also opened in Gothenburg, again based on Ocado's e-commerce platform. At year-end the number of stores covered by the customer fulfilment

new last mile solutions. The number of new store launches is expected to be 12–15. The pace of renewal of the existing store network will remain high, involving around 250 stores.

PRIORITISED STEP-CHANGE AREAS

- Online and food ecosystem
- Price value for everyone
- Efficiency through the value chain and store support
- Logistics of the future: investing in capacity and efficiency
- Reduce carbon footprint



centres in Stockholm and Gothenburg amounted to 74 and 24 respectively.

Converting the stores and the manual customer fulfilment centre in Jordbro to the Ocado Smart Platform also began during the year. Feedback from both retailers and customers has been positive. The new platform adds various new functions, including route optimisation and optimised loading of orders onto the delivery vans, and allows both customers and retailers to see stock levels in real time. At the end of the year around 100 stores were using the new platform. The migration is expected to be fully completed in 2022.

Read more about the highly automated customer fulfilment centre and Ocado Smart Platform on pages 11–13.

Greater focus on price and personalised offers

In addition to the online investments, there was emphasis during the year on efforts to ensure that products are offered at the right price and provide value for money. An important part of this was continued long-term development of private label products. The private label line provides breadth and depth in the product assortment and strengthens ICA's brand while also contributing to good profitability.

ICA Gruppen's Stämmis loyalty programme also plays a key role in enhancing the offering. Access to data-driven customer insights from the loyalty programme provides valuable information on preferences and behaviour – thereby enabling the right offering to be made in the right channel at the right price. At the end of the year the loyalty programme had more than 5.8 million members. Membership increased steadily over the year and surveys show that customers have never been more satisfied with ICA's loyalty programme. As well as ICA, Stämmis also includes Apotek Hjärtat, ICA Bank and ICA Insurance.

Investment in new freezer warehouse

The optimisation of warehouses and logistics continued during the year. As part of this, at the end of the year a decision was made to build a new freezer warehouse in Hacksta, Västerås. The decision covers the construction of a new logistics building of around 23,000 square metres with highly automated warehousing operations. The new warehouse will be built adjacent to ICA's existing warehouse in Västerås and is expected to begin operating in 2025. The total investment amounts to around SEK 1.8 billion. It has also been decided to build a flower warehouse and a delivery hub in Västerås. This is scheduled for completion in 2023.

“The rapid developments within the grocery market are having a major impact on the stores. Going forward, we will put a lot of effort into supporting the ICA retailers as they develop the physical stores, which will remain the key part of our offering.”

Anders Svensson, CEO ICA Sweden

 ICA SWEDEN

Sales growth and number of stores including retailer-owned stores

Format	Store sales (excluding VAT)			Number of stores in Sweden			
	2021, SEK m	Change, all stores %	Change, like-for-like %	Dec 2020	New	Closed	Dec 2021
Maxi ICA Stormarknad	42,910	1.8	1.0	87	1	-	88
ICA Kvantum	31,932	0.6	0.2	129	1	-	130
ICA Supermarket	37,515	0.1	0.1	422	3	-3	422
ICA Nära	19,726	1.6	2.2	628	2	-3	627
Total	132,083	1.0	0.7	1,266	7	-6	1,267

Performance indicators

	2021	2020	2019
Net sales, SEK m	92,242	91,684	85,187
Operating profit before depreciation and amortisation (EBITDA), SEK m	4,708	4,851	4,277
Operating profit excl. items affecting comparability, SEK m	4,019	4,240	3,712
Operating margin excl. items affecting comparability, %	4.4	4.6	4.4
Investments, SEK m	1,000	825	656
Depreciation/amortisation, SEK m	689	611	565
Average number of employees	8,662	8,412	8,292
Private label share of store sales, %	26.7	26.9	25.8

Financial performance

ICA Sweden's revenue increased during the year by 0.6%. Higher wholesale volumes and positive price effects were offset by fewer subsidiary stores. The operating profit was lower than the previous year, mainly due to increased costs linked to the launch of e-commerce projects during the year, for example the new,

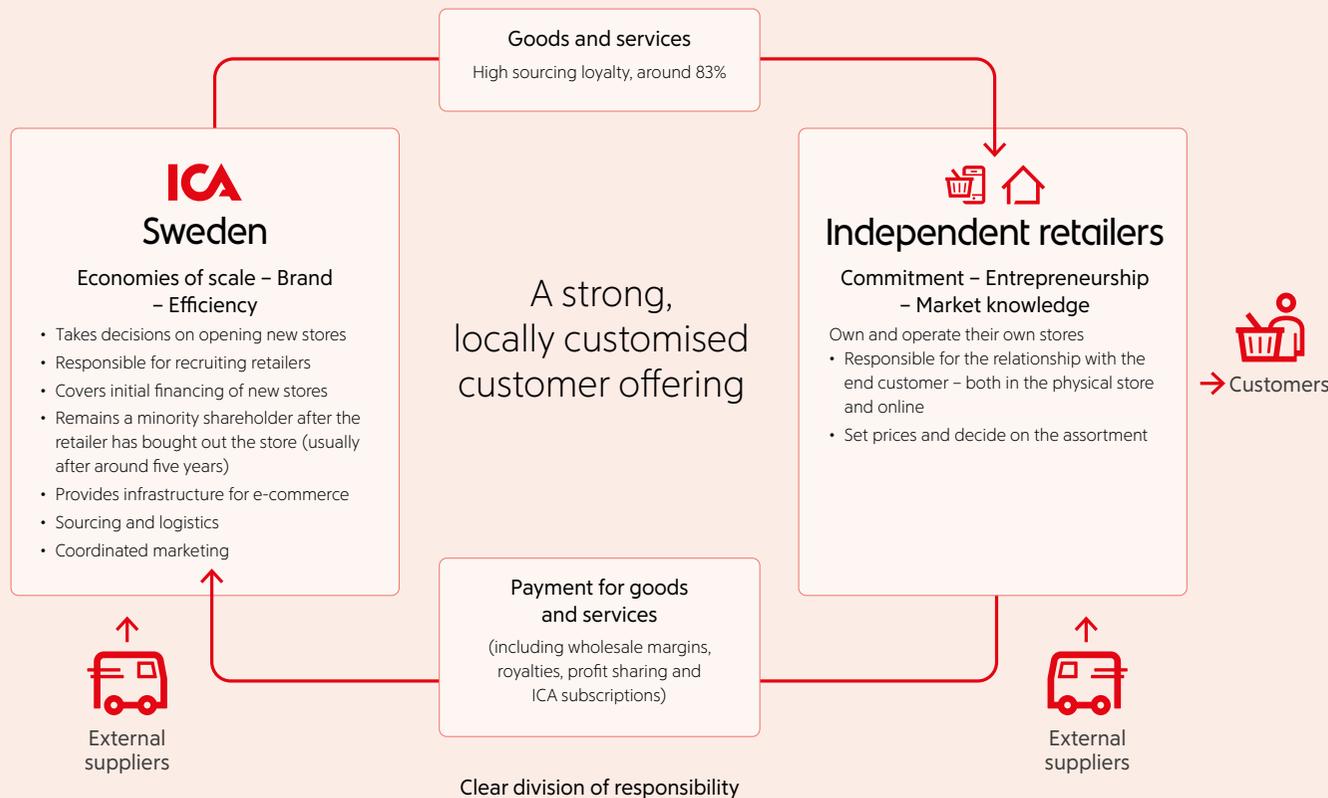
automated customer fulfilment centre in Stockholm. This was partly offset by higher profit shares from ICA stores and increased operating profit from non-food.



→ ICA SWEDEN

The ICA Idea – a unique business model

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



The relationship between ICA Sweden and the individual ICA retailers is regulated in an agreement. The agreement sets out, among other things, how the store network will be operated and how new stores will be financed. Key elements of the agreement include the overall division of responsibility between ICA Sweden and the retailer, the principles governing the rights to the ICA brand and ICA Sweden's right to compensation in the form of royalties and, in

some cases, profit sharing. It also contains a pre-emption clause in the event that ICA retailers want to sell their company or its operations.

some cases, profit sharing. It also contains a pre-emption clause in the event that ICA retailers want to sell their company or its operations.

ICA Sweden's revenue and earnings

Revenue that contributes to profits

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

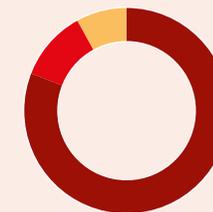
Factors affecting ICA Sweden's profits

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

Revenue that provides cost coverage

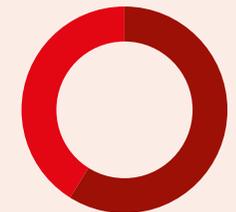
- Revenue from ICA subscriptions (fees from ICA retailers to finance the joint organisation)
- Compensation for logistics, infrastructure
- Add-on services not exposed to competition

ICA Sweden's revenue in 2021



- Wholesale, 81%
- Store subsidiaries and non-food sales at Maxi ICA Stormarknad hypermarkets, 11%
- Other sales/revenue, 8%

ICA Sweden's earnings in 2021



- Wholesale, 59%
- ICA agreements (royalties and profit-sharing) and other (store subsidiary sales, ICA's own non-food product sales, add-on services), 41%

➔ RIMI BALTIC

Continued significant impact of the pandemic

Grocery retail markets in Estonia, Latvia and Lithuania are characterised by tough competition, a strong focus on price and price perception, and an increased trend towards online shopping – albeit from low levels.

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

Direct competition varies between the three countries. In Estonia the primary competitors are Coop, Maxima, Selver and Prisma. In Latvia Lidl opened 17 stores during the year and is the main competitor along with Maxima, Top!, Mego and Elvi. In Lithuania the main competitors are Maxima, IKI, Norfa and Lidl. Decreased or unchanged population rates are also having a moderating effect on growth in underlying demand. This is offset by positive growth in buying power, however, which is above the EU average.

Good growth despite reintroduction of restrictions

Overall, the market in the Baltic countries grew by 5–6% (5.5), according to preliminary data, in 2021. The underlying volume

developed positively in all three countries, but most strongly in Lithuania and Estonia. At the end of the year the increased infection rate resulted in severe restrictions being reintroduced in Latvia and Lithuania. Among other things, a Covid pass was required in order to shop in stores with an area of more than 1,500 square metres. This mainly affected city-centre stores and stores in shopping centres.

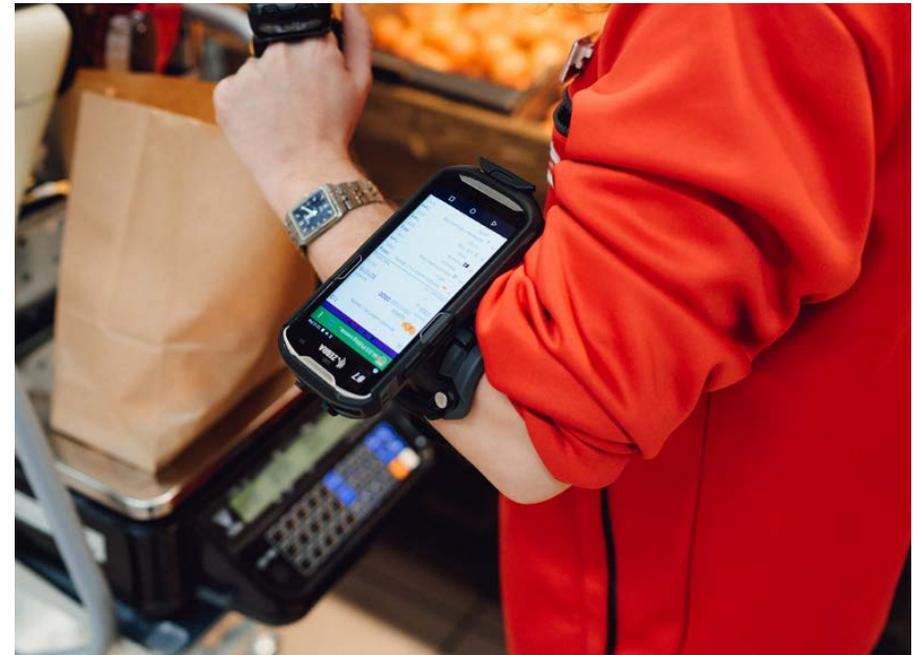
Food price inflation fell in 2021 compared to 2020 but saw a strong increase towards the end of the year. In total, it is estimated that sales in the Baltic grocery retail market were around EUR 11 billion in 2021, with Lithuania accounting for around 47%, Latvia for around 28% and Estonia for around 25%.

Sharp increase in online sales

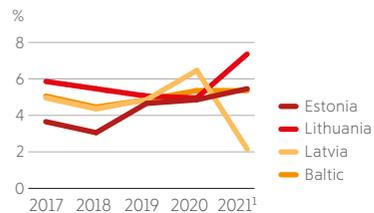
As a result of Covid-19, online sales increased sharply during the year – albeit from low levels. The number of operators offering groceries online continued to increase.

Growing market share

Rimi Baltic's total market share in the region in 2021 is estimated at 14.4%, an increase by approximately 0.2 percentage points compared to 2020.



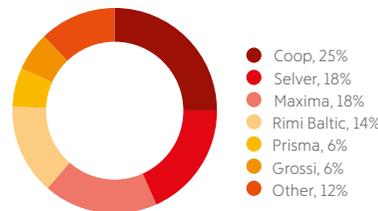
Development of the grocery retail market in the Baltics



¹ Estimated development

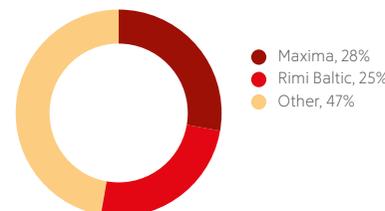
Source: Government statistics

Market share, groceries Estonia¹

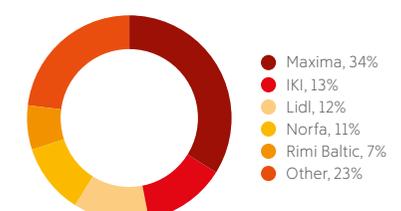


¹ 2020 government statistics, the companies' annual reports and Rimi Baltic's analysis.

Market share, groceries Latvia¹



Market share, groceries Lithuania¹



 RIMI BALTIC

Stable growth and good profitability

For Rimi Baltic 2021 was characterised by stable growth and good profitability. Extensive restrictions and lockdowns brought increased costs and a substantial drop in footfall in the first and fourth quarters in particular. Stores in city centre locations and shopping centres in Latvia and Lithuania were affected the most.

There was a significant focus during the year on meeting increasingly tough competition from existing and new discount operators. Activities included store efficiency improvements, internal cost optimisation and the introduction of new work processes. Extensive efforts were also put into price and value for money.

The expansion of the store network continued during the year. Altogether 19 new stores were opened during the year, the majority in Lithuania. Eight stores were closed during the year.

Future focus

In the coming years, much effort will be put into meeting increasingly tough competition from discount actors, not least Lidl. Among the ways this will be done is by intensifying work to ensure that products are offered at the right price and provide value for money – including through continued investment in private label products. Work on efficiency improvements in stores, logistics and administration will also continue. The introduction of a new organisational structure is an important part of this work.

Major activities planned for 2022 also include scaling up the e-commerce concept in all three countries, continued investments in private label products and in prepared food and meal solution concepts, and greater coordination between the countries.

Strong online growth

Major activities in 2021 included a continued scaling up of online trading. Since spring 2020 online shopping has been offered in all three countries and at the end of 2021 there were 26 collection points. The option of home delivery is also being offered in a growing number of locations.

There was sharp growth in the online channel during the year, with the growth amounting to around 130% overall. Online sales as share of total sales was 2.6% in 2021.

New central warehouse in Riga

Development of the new central warehouse in Riga continued during the year. Some processes were automated and a production unit for prepared foods was established adjacent to the warehouse. During the year a decision was also made to invest in a new distribution centre in Estonia. The move to the new centre, which will replace the current two terminals, is scheduled to begin in spring 2024.



A significant expansion of the store network is expected in Lithuania, with a substantial increase in the number of stores from 79 today to around 100 in 2023. A particular emphasis will be placed on the Supermarket and Convenience concepts. A total of 18–22 new stores are expected to be opened in 2022.

PRIORITISED STEP-CHANGE AREAS

- Digital transformation
- Price, campaigns and assortment
- Expand convenience and meal solutions

Performance indicators	2021	2020	2019
Net sales, SEK m	16,991	16,373	16,168
Operating profit before depreciation and amortisation (EBITDA), SEK m	1,264	1,111	1,097
Operating profit/loss excl. items affecting comparability, SEK m	784	703	744
Operating margin excl. items affecting comparability, %	4.6	4.3	4.6
Investments, SEK m	507	1,068	985
Depreciation/amortisation, SEK m	442	405	352
Average number of employees	11,175	10,647	10,494
Private label share of store sales, %	23.1	23.4	23.9
EUR exchange rate, average	10.14	10.48	10.59

Store format by country

Concept	Estonia	Latvia	Lithuania	Total
Rimi Hyper	17	37	39	93
Rimi Super	21	33	23	77
Rimi Mini	41	55	5	101
Rimi Express	3	8	12	23
Total	82	133	79	294

Sales development and number of stores

Country	Store sales (excluding VAT)			Number of stores			
	2021, EUR m	Change, all stores %	Change, like-for-like %	Dec. 2020	New	Closed	Dec. 2021
Estonia	408.7	6.9	5.9	84	1	-3	82
Latvia	855.2	6.2	2.6	131	6	-4	133
Lithuania	395.0	9.7	2.8	68	12	-1	79
Total	1 658.9	7.2	3.4	283	19	-8	294

Financial performance

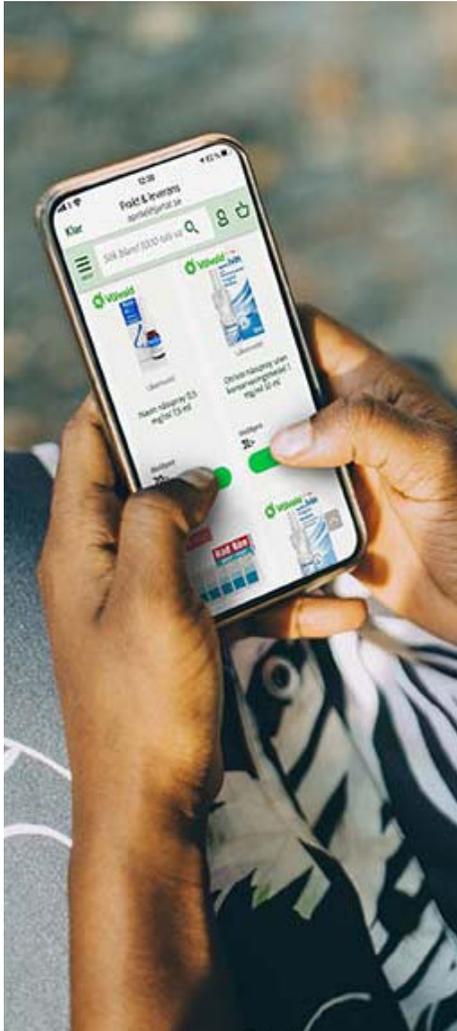
Net sales increased by 7.2% during the year in local currencies. The increase was both price- and volume-driven. Increased revenue and improved efficiency in logistics were partly offset by higher electricity costs and wage inflation, as well as investments in e-commerce. Overall, however, the operating profit and margins were stronger than the previous year.

“With a strong 2021 behind us we can now continue our successful journey with an emphasis on value for money, digitalisation and our sustainability agenda”

Giedrius Bandzevičius, CEO Rimi Baltic

→ APOTEK HJÄRTAT

Significantly stronger market towards the end of the year



After a weak start to the year, the pharmacy market gradually performed better through the year. There was a continued shift towards online channels, but at a lower pace than in 2020.

The combined sales in the Swedish pharmacy market during the year amounted to around SEK 50.5 billion, representing an increase of 2.3% compared with 2020. For the full year, all growth came from further increases in online sales. After a very weak first quarter, the market showed relatively strong growth, including growth in physical pharmacies. The improving market was mainly driven by the pandemic receding and increased demand for both prescription drugs and self-care medicines.

Continued online growth

The Covid-19 pandemic has accelerated the move from purchasing in bricks-and-mortar pharmacies to online. Online purchases are estimated to have accounted for 18.9% (16.2) of total sales in 2021, representing growth of 19.2% (59).

There are today more than 1,400 outpatient pharmacies in Sweden. The vast majority of the pharmacies belonged to one of the five largest pharmacy chains. With the growth rate in online channels remaining high, the number of pharmacies is expected to decrease over the next few years. The majority of the chains currently offer online sales. There are also three pure-play e-commerce operators, with the largest one, Apotea, in particular showing strong growth in recent years.

Regulated purchase and retail prices

Prescription drugs account for around 72% of total market sales, self-care medicines for around 9% and other commercial goods and services for around 19%. Both purchase prices and retail prices for prescription drugs within the reimbursement system are set in the price model and according to regulations established by the Swedish Government through the Dental and Pharmaceutical Benefits Agency (TLV). The pharmacies' trade margin consists of a fixed amount and a percentage supplement based on the purchase price. As a result of economic conditions, pharmacies have generally broadened and intensified their offering of over-the-counter medicines and of other com-

mercial goods and services. They have also contributed to the consolidation of the market that has taken place in recent years.

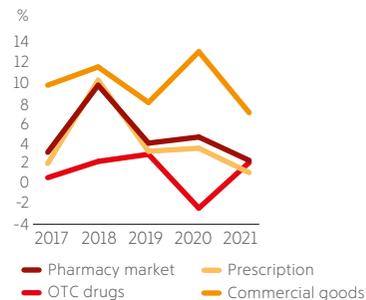
Blurring of industry lines and fierce competition

Like grocery retail, the pharmacy market is characterised by extensive blurring of sector lines and fierce competition – not least from pure-play e-commerce operators. In terms of total sales, Apotek Hjärtat was the market-leader at the end of 2021, with a market share of 31%. During the year Apotek Hjärtat also continued to increase its market share online.

Proposed legislative amendment

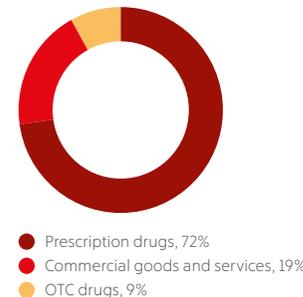
In 2019 the Swedish Medical Products Agency recommended that the Government review the possibility of healthcare companies owning pharmacies, and vice versa. One of the reasons for this is the risk of over-prescribing and of inappropriate drug treatment. In its response, the Swedish Pharmacy Association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

Growth of the pharmacy market in Sweden 2017–2021

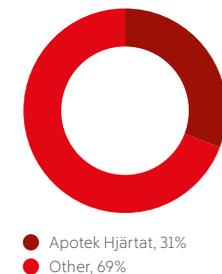


Source: Swedish Pharmacy Association

Pharmacy market sales, Sweden



Apotek Hjärtat market share



→ APOTEK HJÄRTAT

Strong recovery and increased market share

The focus in 2021 was on fending off strong fluctuations in sales, managing strong growth in the e-commerce channel and continuing to develop the omnichannel offering.

The pandemic and its consequences continued to have a significant bearing on Apotek Hjärtat's performance. The year began with a substantial drop in volume for sales of prescription drugs and self-care medicines in particular. The reasons included very few cases of seasonal illnesses as well as a substantial reduction in the number of elective surgery. From the second quarter onwards the market began to consistently strengthen. Overall, Apotek Hjärtat's store sales increased by 2.6% during the year. Pharmacies located close to food outlets generally enjoyed positive development, while pharmacies in shopping centres and cross-border trade had a more difficult time, at least at the start of the year.

Cost savings, efficiency improvements and significant online investments

In response to challenges in the external environment and changes in demand, cost savings and efficiency improve-

ments were made during the year in areas such as logistics, stock management and staffing. In addition, a number of forward-looking initiatives were implemented with the aim of developing and enhancing omnichannel capacity. These included the decision to move to a new customer fulfilment centre located in Norrköping, which will enable continued expansion and increased delivery capacity. The new customer fulfilment centre will have a greater degree of automation and will also contribute to the development of an omnichannel offering encompassing the pharmacies, e-pharmacy and ICA's e-commerce. Overall it will be an important aspect of the efforts to increase the profitability of the online operations.

Marked increase in online sales

E-commerce continued to grow during the year, despite high comparative figures. Altogether online sales increased by around 27%, compared to market growth of 19%. Online sales during the year accounted for around 10% of total sales. There was a strong emphasis during the year on developing both delivery services and the product assortment. In 2021 all of the pharmacies offered the Click & Collect concept, where customers can shop online but opt to pick up their purchase from the pharmacy of their choice in a few hours. In Stockholm, Gothenburg and

Malmö express delivery was also offered, with products being picked, packed and sent directly from larger pharmacies within a few hours. Demand for both services increased substantially during the year. In Stockholm the pilot project for joint deliveries with ICA also continued. In 2022 this will be intensified further following implementation of the Ocado Smart Platform.

Continued development of the pharmacy network

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

Performance of Min Doktor

The turnover for Min Doktor increased by 32% driven by increased demand for both digital and physical services. Two new clinics opened during the year. In addition, during the summer temporary clinics also opened next to ICA stores in 12 locations.



"In 2021 we secured our leading market position and delivered substantial growth with a strong recovery in earnings. Now we are continuing our efforts to improve our capacity as an omni-actor and, for example, to leverage our strong pharmacy network to provide fast deliveries throughout Sweden."

Eric Lundberg, CEO Apotek Hjärtat

Future focus

The goal going forward will be to maintain and further strengthen Apotek Hjärtat's position as the leading player in the Swedish pharmacy market. There will be a major focus on continuing to develop the e-commerce channel and a strong omnichannel offering, with larger pharmacies increasingly also functioning as local delivery hubs. In 2022, 4–5 new pharmacies are planned, all in locations close to ICA stores. At the same time, the rate of renewal of existing pharmacies will remain high. There will also be an emphasis on continued development of fast and flexible delivery options, and on the launch of the new customer fulfilment centre in Norrköping which is expected to happen in the second half of 2022.

PRIORITISED STEP-CHANGE AREAS

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



 APOTEK HJÄRTAT


Performance indicators	2021	2020	2019
Net sales, SEK m	15,531	15,178	14,778
Of which:			
Prescription drugs, SEK m	11,558	11,384	11,119
OTC drugs, SEK m	1,400	1,389	1,453
Other products and services, SEK m	2,574	2,405	2,206
Operating profit before depreciation and amortisation (EBITDA), SEK m	627	550	611
Operating profit excl. items affecting comparability, SEK m	444	383	464
Operating margin excl. items affecting comparability, %	2.9	2.5	3.1
Investments, SEK m	208	212	226
Depreciation/amortisation, SEK m	184	167	147
Average number of employees	3,049	3,067	3,132
Private label share of other products, %	17.4	18.5	19.8
Min Doktor, share of operating profit excl. items affecting comparability	-56	-43	-53

Number of pharmacies	Dec. 2020	New	Closed	Dec. 2021
Apotek Hjärtat	391	7	-8	390

Financial performance

Apotek Hjärtat's net sales increased by 2.3% in 2020 and operating profit excluding items affecting comparability increased by SEK 61 million. The improved profit was driven by a higher sales volume, mix effects and improved efficiency in logistics. Both

sales and operating profit were positively affected by the fact that the intensity of the pandemic subsided from the first quarter onwards. The effects of the pandemic have, however, been negative, albeit to a lower extent than the previous year.

 ICA REAL ESTATE

Strong transaction market

A significant feature of 2021 was a strong transaction market with increases in both transaction volume and the number of transactions. Low alternative returns on other assets combined with a good supply of capital and attractive financing terms for real estate are driving the property market and the indications are that it will remain strong going forward. Low interest rates and ever fiercer competition between both Swedish and international buyers have resulted in record-low yield requirements, and the long-term trend of falling yields on core assets has been partly reinforced by the pandemic.

Increased focus on larger transaction volumes

One effect of the significant allocation of capital to real estate is a growing focus on larger transaction volumes, which has resulted in the Swedish real estate market being increasingly characterised by larger volume structures, joint ventures and strategic partnerships between a few large investors. Implementation of the EU taxonomy and ESG has become increasingly important for investors, as have strategies for reducing energy consumption and carbon emissions, and for climate change adaptation of real estate.

Falling yield requirements for logistics properties

With its assured cash flows, the grocery segment is the most attractive retail subsegment. Also, grocery properties are regarded as a low-risk product as well as an attractive alternative to low-yield bonds or volatile equities investments. In 2021 logistics properties continued to be traded with ever falling yield requirements. A large part of the price increase is related to a decreasing risk premium for investors and a number of transactions with record volumes were made during the year.

Consistent increases in demand for grocery retail properties

Demand for grocery retail properties is consistently growing and transaction volumes are increasing again after a period of fewer transactions and falling prices – the pandemic and concern regarding the impact of online shopping having raised questions about the future of the segment. ICA Real Estate's exposure to types of retail other than grocery remains limited.



“The real estate sector accounts for a large share of total greenhouse gas emissions. As Sweden’s leading owner of commercial and logistics properties, we have the opportunity to make a difference for the environment while also creating the conditions for ICA’s businesses to grow and take market share.”

Anna Nyberg, CEO ICA Real Estate



→ ICA REAL ESTATE

Continued high level of activity

For ICA Real Estate 2021 was largely a year involving the development of marketplaces in locations close to cities. In addition, work on managing the properties in a sustainable, customer-focused and value-creating way continued – with the aim of supporting and developing ICA’s store network and online sales in Sweden.

Development continued during the year on a number of larger urban development projects which, in addition to grocery retail, include other commercial activity, housing, offices, restaurants, care and other functions important to communities. What these projects have in common is that they are long-term, include new stores and are run in close cooperation with municipalities and other actors. Examples of large ongoing development projects include the Brunnshög area outside Lund, the new Södra Häggvik district outside Stockholm and the Arninge commercial centre in Täby. The Planning and Community Development Board approved ICA Real Estate’s application for planning permission for the Berga centre in Linköping during the year, ruling that planning work can begin in 2022.

Large projects begun during the year include the start of construction of a Maxi ICA Stormarknad hypermarket in Åkersberga, which in addition to an ICA store will also accommodate Apotek Hjärtat and Min Doktor as well as other adjacent complementary businesses. The property will be ICA Real Estate’s most sustainable store property to date.

Increased focus on premises for e-commerce and logistics

As e-commerce rapidly grows, the need for premises to house customer fulfilment centres and logistics operations is increasing. In spring 2021 ICA Sweden’s new automated customer fulfilment centre in Brunna, north of Stockholm, was

completed. The site is around 83,000 square metres and the building, including offices, has an area of around 32,000 square metres. The building is certified to BREEAM’s Excellent rating.

At the end of the year the decision was made to build a new flower and freezer warehouse. The new warehouse will be located directly next to ICA Sweden’s central warehouse in Västerås.

To meet the rapidly growing demand for online shopping Apotek Hjärtat will move its customer fulfilment centre to larger premises in the Ingelsta industrial park outside Norrköping in a leased location. Here ICA Real Estate is responsible for upgrading and modernising the premises, including installing automation equipment.

Review of the portfolio strategy

During the year a new review was conducted of the potential risks relating to external circumstances and developments in the retail market, particularly in light of the strong growth of e-commerce. The assessment remains that ICA Real Estate has a well-balanced property portfolio with low risk, but that the development still requires constant monitoring.

Acquisition of Första AP-fonden’s stake in Secore Fastigheter

During the year ICA Real Estate entered into an agreement with Första AP-fonden to acquire its 50% shareholding in the jointly owned company Secore Fastigheter AB. The total underlying property value in Secore is around SEK 3 billion and the purchase consideration is SEK 738 million. Första AP-fonden’s share of Secore’s loans, amounting to SEK 712 million, will also be taken over. Secore has loans totalling SEK 1.4 billion. The aim is to create a new partnership with a long-term partner in the future.

→ ICA REAL ESTATE

Work to reduce environmental and climate impact

ICA Real Estate has numerous initiatives aimed at constantly reducing the environmental and climate impact of the properties, including reducing energy consumption in the buildings. Among the more prominent activities are the installation of systems that allow better control of heating and ventilation, and greater use of what are known as digital twins – virtual copies of stores that allow planned store refurbishments to be digitally tested, evaluated and quality assured before being actually implemented.

All new buildings constructed are already certified to Miljöbyggnad or BREEAM standards. During the year the strategic decision was made to also obtain environmental certification for existing buildings to Miljöbyggnad iDrift and BREEAM-in-use standards. This decision was taken in order to improve the environmental performance of buildings through their operation and management, thereby also increasing the value of the properties. For new properties ICA Real Estate has also decided to add NollCO₂ certification, which aims to achieve net zero climate impact throughout the life cycle of a building.

Future focus

In 2022 there will be a major focus on the launch and implementation of various important projects including a new commercial centre in Arninge and the Brunshög district outside Lund. There will also be a strong emphasis on developing attractive and sustainable sites adjacent to ICA stores and Apotek Hjärtat, with a particular focus on metropolitan areas. The ongoing optimisation of the portfolio will continue. Sustainability work will be ramped up further, prioritising energy savings, mobility and safe locations. Another important project is to complete the work to find a new partner for Secore Fastigheter.

PRIORITISED STEP-CHANGE AREAS

- Urban strategy 2.0
- Strategic and active portfolio management
- Customer-centred property management

Performance indicators	2021	2020	2019
Net sales, SEK m	2,833	2,840	2,731
Of which rental income from owned properties, SEK m	1,329	1,213	1,080
Operating profit before depreciation/amortisation (EBITDA), SEK m	1,308	1,138	1,003
Operating profit excl. items affecting comparability, SEK m	650	603	504
Operating margin excl. items affecting comparability, %	22.9	21.2	18.4
Investments, SEK m	889	3,005	992
Divestments, SEK m	221	29	-1
Depreciation/amortisation, SEK m	610	533	501
Property yield, %	7.0	7.0	6.8
Occupancy rate, %	98.5	98.5	98.6
Average number of employees	117	111	110

Market valuation

The assessed market value of ICA Real Estate's properties, owned or partly owned, amounted to SEK 28.7 billion at the end of the year. The book value amounted to SEK 18.1 billion. The value is broken down in the table below:

	Book value	Assessed market value
Wholly owned Swedish properties	13.5	22.0
Properties partly owned through joint ventures, of which:	9.2	13.5
Långeberga Logistik ¹	1.4	2.4
Ancore ²	5.4	8.3
Secore ²	2.4	2.9
Total incl. partly owned properties	22.7	35.5
Total ICA Real Estate	18.1	28.7

¹ Consolidated into ICA Real Estate.

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

Financial performance

Operating profit excluding items affecting comparability was SEK 46 million higher than in 2020 and was positively affected by revenue from new investments and acquisitions, and by higher sales-based rents. This was partly offset by increased depreciation and an increase in some operating and maintenance costs.

Other performance indicators

	Consolidated operations, Sweden		Joint venture according to the equity method ¹
	Wholly owned	Partly owned Långeberga ¹	
Book value of owned properties, SEK bn	13.5	1.4	7.8
Estimated market value, SEK bn	22.0	2.0	11.2
No. of properties owned	132	2	75
No. of square metres owned, thousands	855	106	401
Occupancy rate, %	98.5	100	97.3
Share of rents from non-ICA operations, %	13.0		
Investments, SEK m	889		
Divestments, SEK m	221		

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





Banking market in transition

The Swedish banking market is still undergoing a significant transition. New customer demands, changed consumption patterns and fast digitalisation have in recent years paved the way for new business models and this in turn has opened up opportunities for new actors to enter the arena.

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

Increase in lending continued

According to Statistics Sweden, bank lending to households and non-financial companies continued to gradually increase in 2021. The rate of increase was higher than in 2020 – above all in consumer loans – peaking at the end of the year at 6.8%. The total loan debt at the end of the year was around SEK 7,300 billion. Mortgage lending continued to increase, rising by a total of 6.9% during the year. Retail and niche banks increased their share of the home mortgage market, while the biggest operators' share of the market continued to decline. According to Finansinspektionen's Bankbarometer, over the past decade and up to the end of the second quarter of 2021, the retail and niche banks' share of the mortgage lending market increased from 10% to 18.2% and for consumer loans from 10% to 34%.

New opportunities offered by open banking

Development in the banking market has been characterised in recent years by low interest rates, sharp growth in demand for credit – particularly mortgages – and ever more extensive regulation. Higher capital requirements have limited the banks' lending capacity, while external factors have squeezed profitability. These factors combined have resulted in banks needing to review their business and revenue models. Alongside this trend is the emergence of new actors – often start-ups at the intersection of the finance and IT industries. New regulations have enabled open banking to flourish. This allows third-party developers to build customer applications around the banks' systems and data through APIs. Open banking is expected to play a significant role in the future development of new banking services.





Launch of new home mortgage offering

For ICA Bank, 2021 was largely characterised by further development of the offering and fending off the continued consequences of the pandemic. At the end of the year the new home mortgage offering was launched.

The development in 2021 was impacted by the acquisition of Forex customer portfolios, increased volume and operating result from ICA Insurance and continued negative pandemic effects on sales. Operating result was slightly higher than in 2020.

More customers and stronger relationships

In recent years ICA Bank has implemented comprehensive changes with the overall objective of developing the business and the offering. The transition process has resulted in a significantly broader offering of financial services in lending, saving, payment and insurance. It has also resulted in more customers and stronger relationships with existing ones. The number of bank customers at the end of the year was around 1 million (including customers from Forex). Business volumes, measured as the sum of lending, deposits, saving in investment funds and mortgages, increased during the year by around 41%, largely as a result of the acquisition of Forex's customer portfolios for deposits and lending. Excluding the acquisition the increase was around 14%.

Launch of home mortgage offering

In 2021 there was significant focus on preparations for the launch of a brand new home mortgage offering, with interest rate discounts based on the customer's total purchases from ICA stores, Apotek Hjärtat, ICA Bank and ICA Insurance as well as the loan-to-value ratio.

At the end of the year the offering was launched to customers with an existing home mortgage, either with ICA Bank or with another bank. In spring 2022 the offering will be broadened to all ICA customers wanting to take out a new home mortgage.

The new home mortgage solution is being provided in partnership with the mortgage company that ICA Bank established in 2019 jointly with Ikano Bank, Borgo, Söderberg & Partners and Ålandsbanken.

Profitability for ICA Insurance

During the year ICA Insurance posted a solid improvement. At the same time, it consolidated its position as one of the fastest growing companies in Sweden within consumer insurance. The number of customers at year-end was around 210,000, an increase of around 5%. The insurance business strengthens and broadens ICA Bank's customer offering, and also helps improve customer loyalty to the grocery stores.

Acquisition of Forex's customer portfolios for deposits and lending completed

During the year the acquisition of Forex Bank's customer portfolios for deposits and personal loans was completed, with a total business volume of around SEK 12 billion and around 235,000 customers. The transaction increased ICA Bank's business volume by around 35%.

Performance indicators	2021	2020	2019
Revenues, SEK m	1,931	1,699	1,570
Of which net interest income, SEK m	835	700	602
Operating profit before depreciation/amortisation (EBITDA), SEK m	203	197	272
Operating profit excl. items affecting comparability, SEK m	181	174	244
of which ICA Insurance	38	1	-
Cost/income ratio, %	74.5	78.5	78.5
Return on equity, % ¹	4.9	5.2	9.0
Credit loss ratio, %	-1.5	-1.3	-0.7
Common equity Tier 1 ratio, %	13.9	14.0	14.9
Business volume, SEK m	54,489	38,722	50,515
Average number of employees	452	440	423

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

Financial performance

Revenues increased due to acquisition effects and higher premiums within ICA Insurance. The acquisition of Forex customer portfolios had a net effect of SEK -8 million on operating profit, including SEK -60 million in non-recurring costs. In addition, credit losses and other costs were higher. ICA Insurance had significantly higher operating profit than in 2020. Altogether, the operating profit was slightly higher than the previous year. This result also includes certain costs linked to the launch of the home mortgage offering.

"The launch of ICA Bank's home mortgages with special rates for members of ICA's loyalty programme really shows the value to customers of ICA's various businesses."

Marie Halling, CEO ICA Bank

Future focus

The focus going forward is on continuing to increase revenues, volumes and profits. Priorities include continuing to establish the new mortgage company and the launch of ICA Bank's home mortgage offering. Development of new, innovative services that help simplify people's lives and personal finances will continue. Cooperation with other businesses within ICA Gruppen will increase. ICA Insurance will continue to grow in terms of

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

PRIORITISED STEP-CHANGE AREAS

- Strengthened food ecosystem
- Mortgage growth
- Profitable growth in ICA Insurance

Leading in sustainable enterprise

ICA Gruppen's ambition is to be a leader in corporate responsibility. Sustainability is therefore an integral part of all ICA Gruppen's day-to-day operations. Through cooperation within the Group and with relevant actors in society, ICA Gruppen can play a role in improving sustainable development.

 [Read more on pages 44-58](#)



ICA Gruppen's sustainability efforts

Sustainability efforts form a natural and integral part of ICA Gruppen's operations and strategy. They help enhance the Group's long-term competitiveness and the aim is to create long-term value for both ICA Gruppen and the Company's stakeholders.

ICA Gruppen's operations extend across many areas: grocery retail, medicines and other pharmacy products, property development and management, as well as banking and insurance services. The breadth of the business means the Group has an impact – both positive and negative – in a great many areas.

Collaboration and partnerships

By virtue of its size, ICA Gruppen has a great responsibility – but also the capacity and opportunity – to contribute and influence developments in a positive direction. A strong local presence combined with global value chains allows the Group to contribute both to the positive development of local communities and to solving shared global challenges.

ICA Gruppen's sustainability work is wide-ranging and spans many different areas – the environment, health, inclusion and diversity, social responsibility and quality. Extensive efforts are made in all areas – at the Group level, within the operating companies and among the independent ICA retailers. The overall aim is to reduce undesirable negative impacts and at the same time increase the positive contributions and opportunities that become possible when sustainability aspects are integrated into the business. Through collaboration and partnership the strength of the Group structure is leveraged to create the greatest possible effects.

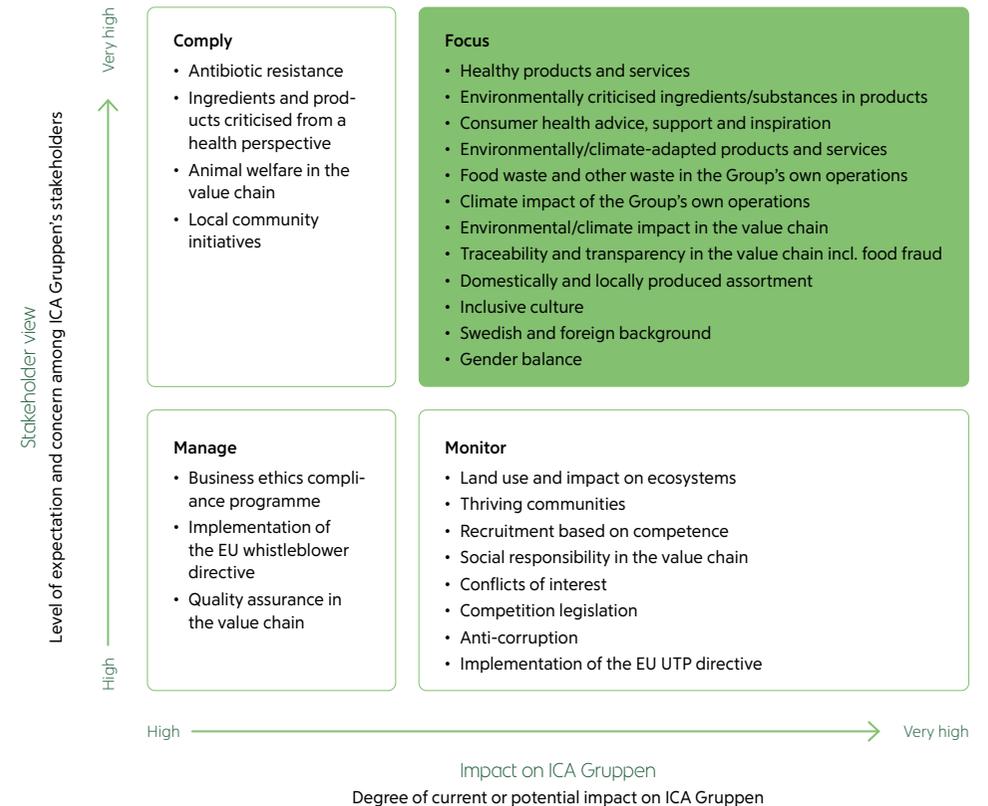
Areas of special focus

The focus varies between the different businesses, but the areas given highest priority include continuing to reduce the climate impact of the Groups own operations, inspiring customers to make sustainable and healthy choices, helping to improve public health, minimising food waste in our own operations, increasing the percentage of the assortment produced domestically and locally, ensuring traceability and transparency in the value chain and working for gender balance.



Sustainability work within ICA Gruppen is wide-ranging and includes numerous activities and initiatives. These ambitions come together in the concept For a Good Tomorrow, broken down into five defined areas: local, environment, health, inclusion and diversity, and quality. *Read more on pages 46–58.*

ICA Gruppen's materiality analysis



ICA Gruppen's efforts relating to sustainability and business ethics are based on a materiality analysis which takes as its starting point the UN Sustainable Development Goals, the Ten Principles of the UN Global Compact, ICA Gruppen's policies and structured dialogue with stakeholders. The evaluation is based on four fields in which each issue is

evaluated both from a stakeholder viewpoint and in terms of its impact on ICA Gruppen. The materiality analysis was defined for the first time in 2008 and is revised each year. A more comprehensive update of the materiality analysis will be carried out in 2022.

Read more about ICA Gruppen's stakeholder dialogue on page 124.

Sustainability efforts within ICA Gruppen's operating companies

A significant part of the ongoing sustainability work within ICA Gruppen is carried out within the various companies. The fact that the businesses have different purposes affects the focus and direction somewhat. Each individual company's efforts are in line with the Group strategy and with the Group-wide targets, priorities and focus areas, but they also have their own targets and materiality analysis.



Apotek Hjärtat

Examples of company-specific sustainability priorities

- Contribute to better use of medicines and improved health
- Work with suppliers and research institutions to investigate the climate and environmental impact of pharmacy products
- Raise awareness of pharmaceutical products' impact on the environment



ICA Sweden

Examples of company-specific sustainability priorities

- Continued work to reduce the climate footprint, both in the Group's own operations and at the customer level
- Continued work to minimise food waste in stores and warehouses – and at the customer level
- More of the assortment produced domestically and locally
- Increase customers' consumption of fruit and vegetables
- Increase the percentage of recyclable plastic packaging



ICA Real Estate

Examples of company-specific sustainability priorities

- Develop attractive, sustainable places and destinations where people can shop, live, work and thrive
- Establish property-specific sustainability plans
- Restore the conditions for biodiversity after new buildings are completed
- Certification of all properties
- Build with net zero climate impact



Rimi Baltic

Examples of company-specific sustainability priorities

- Continued work to minimise food waste in stores and warehouses – and at the customer level
- More of the assortment produced domestically and locally
- Focus on Health: Healthy eating, physical activity and mental wellbeing



ICA Bank

Examples of company-specific sustainability priorities

- Initiatives for our own green investment funds
- Work together to prevent mental health problems associated with finances and insurance

FOR A GOOD TOMORROW

ICA's ambition is to be a leader in corporate responsibility. Sustainability work is wide-ranging and includes numerous activities and initiatives. These ambitions come together in the concept For a Good Tomorrow, broken down into five defined areas: local, environment, health, inclusion and diversity, and quality.





ICA Gruppen's ambition

Taking the ICA Idea and the unique local circumstances as our starting point, together with our customers, partners and suppliers we will contribute to positive development in communities and a stronger food system throughout the grocery chain.

Focus areas

Community development

- We contribute to the communities where we operate
- Through our partnerships and by working together we enable communities to develop positively

Food system

Taking Sweden's food strategy as a starting point:

- Through our assortment we want to strengthen local and domestic production of Swedish foods to increase employment and security of supply.
- We want to contribute long-term to making a positive difference for Swedish farmers.
- We want to enable local suppliers to reach the market and the shelves of ICA stores.
- We want to strengthen the food system through research and innovation.

Meetingplaces

- We work to ensure that the places where we operate are inclusive and sustainable.
- Wherever we operate we contribute to both social and environmental sustainability.

Direct impact



Indirect impact



Initiatives to support domestic and local production

Various initiatives is conducted within both ICA Sweden and Rimi Baltic aimed at supporting local production and assisting local suppliers in various ways. This work has intensified in recent years as a result of the Covid-19 pandemic.

Partnership maintained with LRF

ICA Sweden's partnership with the Federation of Swedish Farmers (LRF) continued during the year. The purpose of this partnership, which began in 2014, is to expand the offering of Swedish products in stores, increase sales of Swedish food and support development and growth in Sweden's rural areas.

Greater focus on Swedish produce – through ICA Växa

Although Sweden has a long agricultural tradition and is entirely self-sufficient in cereals, the majority of its plant-based food is produced beyond the country's borders. The ICA Växa (ICA Grow) initiative, which was launched in 2020, provides a framework for bringing together various projects and areas aimed at increasing the percentage of Swedish-produced plant-based food and encouraging innovation within the food industry. A further aim is to strengthen the local ecosystems between retailers, small businesses and producers. In 2021 the first products were launched within the new concept "ICA svenskt växtbaserat" (ICA Swedish plant-based). These products are produced in collaboration with important producers and innovative food entrepreneurs, and include a rapeseed oil, various lentil and bean medleys, and yellow pea soup. The initiative covers three areas:

- *Local ecosystems* – between local producers, ICA retailers and consumers. As part of strengthening

these ecosystems and increasing the proportion of local products in the stores, ICA Sweden has created an order portal where about 600 small producers are linked up with retailers around the country.

- *Scale up* – project with small businesses in a scale-up phase, providing knowledge, advice or long-term volume commitments.
- *Collaboration and open innovation* – aimed at driving development. To strengthen collaboration ICA Sweden has begun and intensified partnerships with Sweden Food Arena, RISE and others. ICA also conducts dialogue with regional networks under "Samla Sverige". In addition, ICA Sweden is involved in various research projects and also works with start-ups.

Support for local producers in the Baltic countries

During the year Rimi Baltic engaged experts from the banking sector and academia, among others, to make

clear how shopping locally can benefit the national economy.

The collaboration also provided a basis for a communication campaign "Grow Latvia", in which food producers in Latvia were offered advice from Rimi's experts on business development, marketing and sustainability. A number of actors were then selected for further coaching, with the aim of launching the companies' products in Rimi stores. In the future the project will also be implemented in Lithuania and Estonia.

Improving access to local community services and simple healthcare services

By providing food, medicine and healthcare, and acting as an agent for postal services, the state alcohol outlet Systembolaget and others, ICA Gruppen's businesses have multiple important functions in the community. In Sweden, at the end of 2021 ICA had a presence in 286 out of 290 municipalities and Apotek Hjärtat in 164. In Estonia, Latvia and Lithuania, Rimi Baltic has 294 stores.



 LOCAL

ICA, Apotek Hjärtat and Rimi Baltic all also offer customers the opportunity to shop online.

Testing unstaffed stores

The Group works continually to improve accessibility, both by optimising the store and pharmacy network and by developing the e-commerce channel. Unstaffed ICA stores were trialled at several locations in Sweden during the year. More are planned to open in the years ahead. Some will be located adjacent to existing stores while others will be in separate locations. The majority will be in sparsely populated areas.

Greater access to healthcare through summer clinics

During the year Min Doktor opened 12 new summer clinics next to ICA stores in various locations around Sweden.

People visited these clinics for assistance from Min Doktor's nurses with checking moles, antibody tests and vaccination against tick-borne encephalitis (TBE).

Secure, inclusive and sustainable places

ICA Gruppen wants to help create places that are secure, inclusive and sustainable. Building attractive urban environments where people want to live and spend their time cre-

ates long-term value for both new and existing areas. This work takes place at both central and local levels. For example, ICA Real Estate is taking active steps to increase security, wellbeing, movement, mobility and accessibility.

Supporting local communities

Through sponsorship and fundraising campaigns, ICA Gruppen's operations are helping in various ways to make local communities stronger. At the local level, ICA retailers around Sweden account for a substantial and important part of ICA's sponsorship. Their commitment to local sports clubs, cultural events and social sponsorship is significant and important.

Support for vulnerable groups in the Baltic region

During the year numerous activities were carried out, including a fundraising campaign for disabled people and children with serious diseases in Latvia, donations of school materials for economically vulnerable children in Lithuania and fundraising for the Red Cross in Estonia. For the past 10 years Rimi Baltic has worked with Food Bank by donating products to those in need. Overall 2,000 tonnes of food were donated during the year.

During the year support also continued for groups severely impacted by the effects of the pandemic. Online shoppers at Rimi were given the opportunity to donate to Save the Children, Food Bank and Sidabrinė linija (a free helpline for the elderly) directly from the website. In total EUR 14,000 was donated.

Fundraising and financial support

ICA Gruppen is also involved in fundraising activities for various organisations. In 2021, for example, ICA Gruppen's Swedish companies – in partnership with the foundation ICA Stiftelsen – contributed around SEK 7 million to the Red Cross. Customers in Sweden also contributed around SEK 7.2 million to the Red Cross via the so-called Red Cross Button on deposit machines for beverage containers in ICA stores.

New meeting places through the Folke cheese

Together with ICA Stiftelsen and Sweden's 1,500 ICA retailers, Folke cheese is creating meetingplaces around the country. A part of the profit from each Folke brand product sold goes to finance Folkeprojekten ("Folke Projects"). In 2021 SEK 1.3 million was distributed to non-profit organisations.



New report on ICA's contribution to Sweden's rural communities

During the year a report entitled "Handlarkraft" was released, looking at the significance of ICA stores for vibrant rural communities. The report took as its starting point the 23 municipalities that a parliamentary rural affairs committee had defined as facing particularly great challenges. Among other things, the report states that 75 ICA retailers run stores in the 23 municipalities. Together they contribute more than 1,500 jobs, nearly SEK 200 million in municipal tax revenues and over SEK 1 billion per year in gross regional product. The ICA retailer is often one of the main employers in the locality and the stores provide the first step for many into the world of work.

Ready, steady, clean!

During the year ICA Sweden and ICA Stiftelsen deepened their collaboration with the environmental organisation Städa Sverige. This included entering into a three-year partnership.

Among the larger projects within this collaboration is the initiative "Ready, steady, clean!", which involves cleaning up the local area. Overall, more than 2,400 young people and leaders from 91 sports clubs took part during the year.

To utilise fruit that might go to waste in people's gardens a joint project called "Klara, färdiga, plocka!" ("Ready, steady, pick'!) was also started during the year. Apples are picked by sports clubs, crushed by Rscued and sold as Trädgårdsmust (Garden Fruit Juice) at local ICA retailers.



ICA Gruppen's ambition

We will minimise our environmental impact, move from climate-neutral to net zero in our own operations and help our customers to make more sustainable choices.

Focus areas

Climate impact of the Group's own operations

- Reduce climate impact from refrigerants and energy in offices, warehouses, stores and pharmacies
- Reduce climate impact from transport by switching to fossil-free alternatives

Circular use of plastics

- Switch to recyclable packaging
- Choose recycled or renewable plastic materials
- Design packaging so as to reduce littering

Food waste

- Reduce food waste in warehouses and stores
- Implementing other sustainability ambitions must not be at the cost of increased food waste in any part of the value chain

Sustainable food systems

- Reduce climate impact from food production and consumption
- Supplier requirements that safeguard biodiversity

Direct impact



Indirect impact



Working to cut the climate impact from food in half – through innovation and by inspiring people to make more sustainable choices

To achieve the ambition of cutting the climate impact of its customers' food purchases in half by 2030, the Group needs to work with suppliers to develop the assortment and reduce the climate impact of each product. The Group must also develop tools and inspiration that make it easier for customers to make sustainable choices.

Innovation to increase the percentage of plant-based food

Key efforts include increasing the percentage of plant-based food, which is partly being done within the framework of ICA Växa (ICA Grow). As part of this work, this year saw the test-launch of products based on a new Swedish mycoprotein called Promyc – a fungi-based protein that can be used for various food products. Vegan nuggets with a taste reminiscent of chicken were also launched during the year. The project is being conducted in partnership with food tech pioneer Mycorena.

Halving the climate impact of customers' pharmacy purchases

Apotek Hjärtat is making active efforts to halve customers' climate impact from the consumption of self-care products and other merchandise. Working with suppliers and research institutions, various projects are being conducted with the aim of increasing knowledge about pharmacy products and identifying activities to reduce their climate impact.



New industry-wide pharmaceutical guide

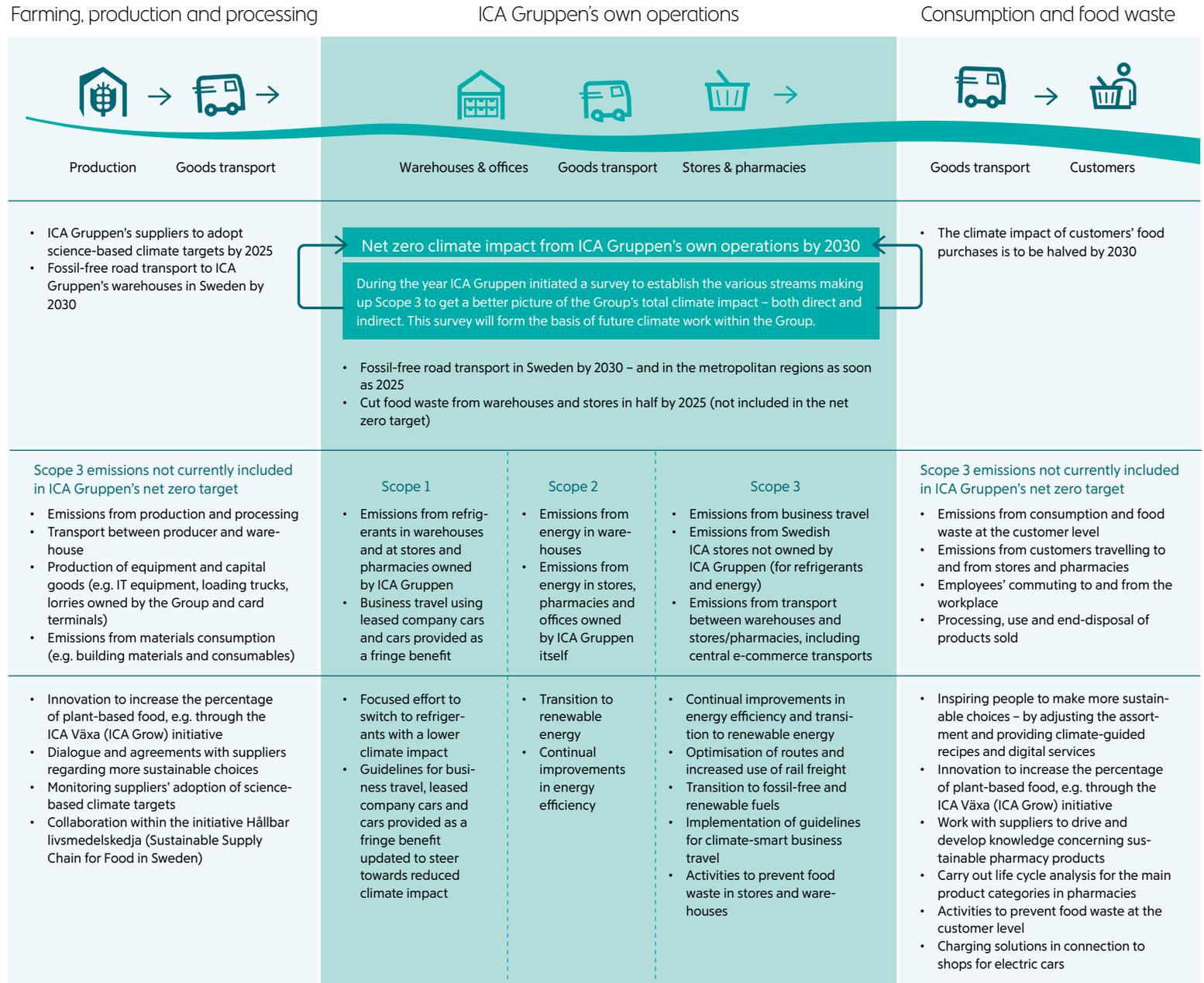
At the start of the year all Swedish pharmacies introduced the "Välvald" guide that encourages greater transparency in the pharmaceuticals industry. The guide is based on the guide that Apotek Hjärtat was the first pharmacy operator to produce in 2017 - Välj med Hjärtat (Choose with your Heart).



ENVIRONMENT

Actively work to reduce emissions – all the way from production to consumption

Within ICA Gruppen active work is under way to minimise emissions. The goal is to achieve net zero climate impact from the Group's own operations within Scope 1, Scope 2 and parts of Scope 3. However, the entire Group is also working actively to chart, prevent and minimise emissions from other Scope 3 flows. In particular, these include emissions related to the production, processing and consumption of food and pharmacy products. These are areas that ICA Gruppen has no direct influence over, but that nonetheless account for a very large part of the Group's overall direct and indirect climate impact. As a significant and leading actor, ICA Gruppen has a responsibility, an opportunity and an ambition to make a positive contribution in this area.



 ENVIRONMENT

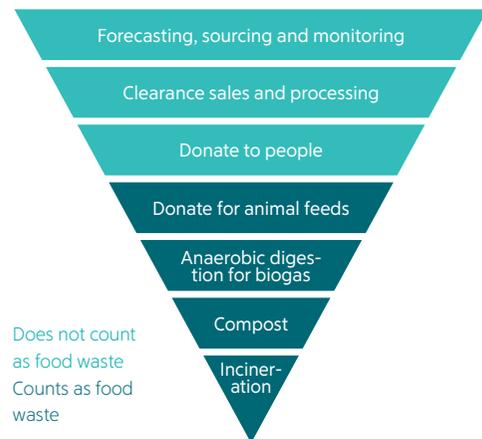
Reducing food waste through prevention and data-driven initiatives

ICA Gruppen's efforts to reduce food waste volumes are based on the food waste pyramid, which means that highest priority goes to preventive efforts. These focus on forecasting, sourcing and monitoring, as well as systems and analysis tools for identifying and dealing with products that are at risk of going to waste.

Both ICA Sweden and Rimi Baltic also work extensively to process and sell off produce that might otherwise be wasted. Eggs with superficial blemishes are used in ICA's pancakes, for example. At the local level, ICA stores are proactive: cutting the price of short-dated items, preparing foods in store and partnering with charitable organisations.

Collecting accurate data on food waste is key to preventive work and during the year efforts were made to improve the data quality. In addition, various initiatives were tested that utilise AI to minimise waste.

How ICA Gruppen works to prevent and reduce food waste:



Towards fossil-free road transport

Today transport accounts for over 50% of the Group's remaining greenhouse gas emissions. Efforts are under way to reduce these emissions – involving both the optimisation of flows between warehouses and stores, and a gradual transition to renewable fuels. By 2030 all road transport within ICA Gruppen's Swedish companies is to be fossil-free. In Sweden's metropolitan regions this is to be achieved as early as 2025.

Partnering with Volvo Trucks on electromobility

During the year ICA Sweden continued the collaboration with Volvo Trucks that started at the end of 2020. Various areas are involved, but one key element is to enable electrified transport solutions in Sweden for both urban transport and, in due course, also for longer distances between cities. ICA Sweden and Volvo Trucks will together create the conditions for implementing electrified solutions, both using existing products and service offerings and by together testing new technology. The first lorry with an electric motor was delivered during the year. The FE Electric model is used for refrigerated transport to ICA stores in the Stockholm area.

Greater use of biogas

ICA Sweden's use of biogas as a transport fuel increased over the year by about 170%. Consumption of biogas in 2021 totalled around 2,700 tonnes which reduced climate impact by 9,400 tonnes of CO₂e compared with equivalent diesel transport.

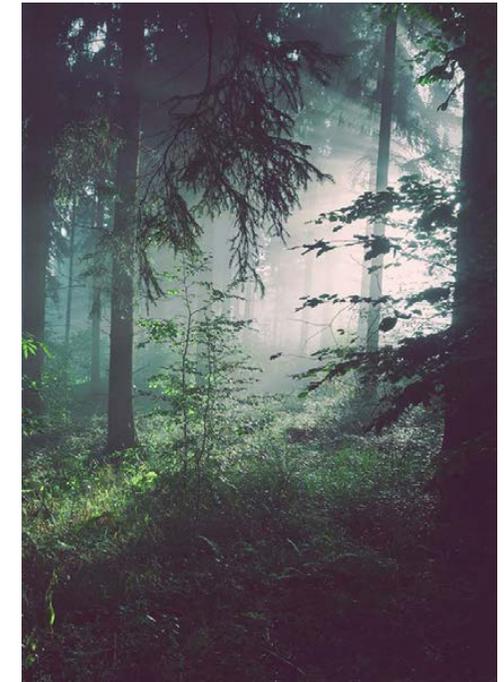
Biodiversity

ICA Gruppen works actively to safeguard and promote biodiversity through requirements of the products the Group sells, partnerships to encourage sustainable food production in Sweden and through the requirement to re-establish the original conditions for biodiversity when new properties are built.

The greatest impact on biodiversity is from production of the food sold. Globally, deforestation is seen as one of the main threats to biodiversity, particularly

when combined with large-scale highly intensive agriculture. ICA Gruppen makes requirements of its suppliers to safeguard biodiversity and ensure that natural resources are managed responsibly. These requirements are set at 100 percent responsibly grown and certified palm oil in all of ICA Gruppen's corporate brand products and 100 percent certified soy in all of ICA Sweden's corporate brand food products, including consumption that occurs indirectly via animal feed.

In Sweden biodiversity is under threat from a reduction in agricultural production, resulting in less pastureland and consequently less variety in the landscape. ICA therefore works actively to promote Swedish agriculture, such as through its long partnership with the Federation of Swedish Farmers (LRF), within the ICA Växa (ICA Grow) initiative and by having a high proportion of Swedish ingredients in ICA's private label products. Organic production has clear added value associated with biodiversity and ICA Gruppen endeavours to offer a broad range of organic and sustainability-labelled items among its private label products.



Revised packaging targets and continued innovation to reduce plastics

ICA Gruppen's target for all food packaging for private label products to be recyclable was postponed during the year to 2025 (previously 2022). This decision is in line with an industry agreement within the Swedish Food Retailers' Federation and was taken in view of the system and capacity changes needed to allow the target to be achieved.

During the year ICA Gruppen also expanded its commitment to follow the Consumer Goods Forum's (CGF's) design rules for packaging. The design rules were pro-

duced by CGF's Plastic Waste Coalition of Action to help the industry improve circularity in plastics.

Work to develop packaging continued in parallel. Initiatives included switching the packaging for ICA's own burgers from plastic-based to paper-based trays, bringing about a reduction in plastic of 67 tonnes per year. At Rimi Baltic, switching to thinner plastic for the products packaged in store is reducing plastics consumption by 37 tonnes per year.



ICA Gruppen's ambition

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

Focus areas

Physical wellbeing

- Make it easier to live a healthier life every day

Mental wellbeing

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

Sustainable antibiotic use

- Promote a healthy and safe approach to the use of antibiotics

Direct impact



Indirect impact



Improved physical wellbeing

As leading players in their respective geographic markets, both ICA Sweden and Rimi Baltic are well-equipped to promote healthy eating habits through their product assortment, campaigns, labelling, recipes, inspiration and other initiatives. In Sweden this work is always based on official Nordic dietary guidelines and nutritional recommendations.

Major focus on fruit and vegetables

ICA Sweden's target is for customers' purchases of fruit and vegetables to equal the recommended consumption of at least 500 grams a day by 2025. During the year various initiatives were implemented to increase consumption, particularly among children and young people.

Reducing the sugar content of various products

ICA's work to reduce the amount of sugar in corporate brand products involves both cutting the sugar content of existing products and developing alternatives that contain less sugar. In line with these efforts a number of products were launched during the year including ketchup, drinking yoghurt and jam.

Sweden's biggest collection of Keyhole-labelled recipes

During the year what is probably Sweden's largest collection of Keyhole-labelled recipes – more than 440 recipes – was launched. The recipes can be found both at ica.se and in the ICA app, and form part of ICA's efforts to encourage healthy choices.

Special focus on children and young people

Children and young people are a priority target group for ICA's health ambition. During the year ICA Sweden launched its new concept "Bra snack" (Good Snack),



offering simple wholesome snacks suited to growing children aged from 7 to 15. Products in this concept must meet certain requirements such as containing more fibre, more vegetables or less added sugar.

Over the year more than 650 school classes in grades 2 and 5 used ICA Sweden's educational material Kompis med kroppen (Buddy with your Body), which explains the benefits of good diet and exercise. In addition, 187 classes took part during the year in Melliskockarna (Snack Chefs), an initiative developed by ICA jointly with Generation Pep. Its ambition is for preschool-aged children to learn how to make healthy snacks.

During the year ICA Sweden took part in a Grand Challenge as part of the national project Prevention Barnfetma, which aims to prevent childhood obesity. ICA has been involved in the project at a general level for some years. The Challenge continues into 2022 and ICA's involvement focuses on behavioural changes for a healthier diet among children.

In Lithuania, Rimi launched a programme during the year aimed at inspiring schoolchildren in grades 5–8 to eat more healthily by educating them in healthy products and food preparation.

Movement and exercise

In addition to good eating habits, ICA Gruppen wants to inspire movement and exercise. ICA Sweden's initiatives include the ICA Classic sporting challenge, which consists of the same disciplines and distances as the Swedish Classic challenge but with the difference that the various elements can be completed over a longer period of time. ICA Sweden also has a long-standing partnership with Friskis & Svettis aimed at inspiring people to live healthier lives. Rimi Baltic has been partnering for many years with the Rimi Riga Marathon in Latvia and the Vilnius Marathon in Lithuania, and supports the Tallinn Marathon in Estonia.

HEALTH

Rimi Baltic also had a healthy living month during the year, with special offers in partnership with pharmacies and gym chains, communication campaigns to encourage a healthy lifestyle and health promotion activities for employees.

During the year ICA Real Estate continued to develop and build outdoor gyms, playgrounds and other health-promoting solutions that can help people lead more active lives.

Blood glucose measurement at pharmacies

Estimates suggest that around 200,000 people in Sweden are living with undiagnosed diabetes, putting a great strain on the body. To identify and help customers with high blood sugar levels, in autumn 2021 a pilot project was started that offers blood glucose measurement at 11 of Apotek Hjärtat's pharmacies. Apotek Hjärtat's pharmacists can provide simple dietary advice, but all those with glucose levels indicating type 2 diabetes will be referred to local healthcare services for further testing and treatment.

Mental health activities

During the year Apotek Hjärtat began a long-term partnership with Mind to highlight and improve support for everyone affected by mental health problems. The partnership partly involves financial support for the helplines that Mind operates for parents, older people and those at risk of suicide, and partly concerns joint communications, information and education in the area of mental health.



Vardagsvän (Everyday Friend)

During the year ICA Bank and ICA Insurance continued their initiative called Vardagsvän (Everyday Friend) to draw attention to mental health issues among children and young adults. This is a joint initiative with the Jourhavande Kompis chat hotline, a programme of the Swedish Red Cross Youth.

The foundation ICA Stiftelsen was already working actively with Mind before this.

Counselling

Stress and worry associated with accidents and financial difficulties can impact on mental health and result in people having to take time off work. During the year ICA Insurance therefore introduced free counselling linked to its accident insurance policies. Customers can use the Blue-Call app to chat with or talk to a therapist, to prevent mental health problems developing. ICA Insurance already offered counselling for customers with home mortgages or personal loans with loan protection. ICA Bank also issues guides to help and support customers through difficult stages in life, including separation, unemployment, sickness and death. As part of its home insurance, ICA Insurance offers crisis intervention in cases of bullying and domestic violence, as well as family therapy as part of its child accident and sickness insurance.

Sustainable antibiotic use

Antibiotic resistance is a major public health challenge. ICA Sweden requires all its suppliers not to use antibiotics to treat animals preventively, but rather only if prescribed by a vet.

During the year ICA Sweden continued to implement the updated industry agreement from the Swedish Food Retailers' Federation on the use of antibiotics in livestock rearing, with the aim of reducing the overuse of antibiotics in food-producing animals.



Pink Ribbon: SEK 57 million for cancer research

ICA stores, Apotek Hjärtat and their customers together raised SEK 57 million for Swedish cancer research in conjunction with the Swedish Cancer Society's Pink Ribbon campaign (SEK 47 million from ICA and SEK 10 million from Apotek Hjärtat). As well as selling pink products, ICA wants to encourage its customers to be 'in the pink' by adopting a healthy lifestyle. Many types of cancer

can be prevented by good diet and regular activity that raises the heart rate. ICA offers Sweden's biggest collection of Keyhole-labelled recipes and the pink food products selected jointly with the Swedish Cancer Society are aimed at encouraging people to eat healthy meals. These pink products can therefore guide customers towards healthier food.



ICA Gruppen's ambition

We work proactively on transparency, diversity and equality in order to be one of the most inclusive workplaces and help to build a more inclusive society.

Focus areas

Increased openness

- We will identify, welcome, and utilise the differences of individuals.

Increased diversity

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

Increased equality

- We are creating the conditions to respect everyone's equal rights and opportunities to participate on equal terms.

Direct impact



Indirect impact



More gender equality in leadership

Active efforts are being made within all of ICA Gruppen's operations to ensure gender equality in senior management. This work is taking place on several levels in parallel. It involves removing structural barriers, bringing to light unconscious bias and promoting individual development opportunities – regardless of gender.

ICA 50/50

Specific efforts include the ICA 50/50 initiative. This involves two networks: one to increase and promote the number of women managers in senior positions within ICA Gruppen, and one to support women with the potential to take on more senior roles.

Efforts for inclusion

ICA Gruppen works actively to create and support an inclusive culture. Inclusive means that everyone feels respected, valued, supported and encouraged to achieve their full potential. This is about fundamental rights, but also about making the most of opportunities. The pace of change in ICA Gruppen's markets is fast, and to ensure its business is sustainable long-term the Group needs to possess a broad range of skills, experience and perspectives.

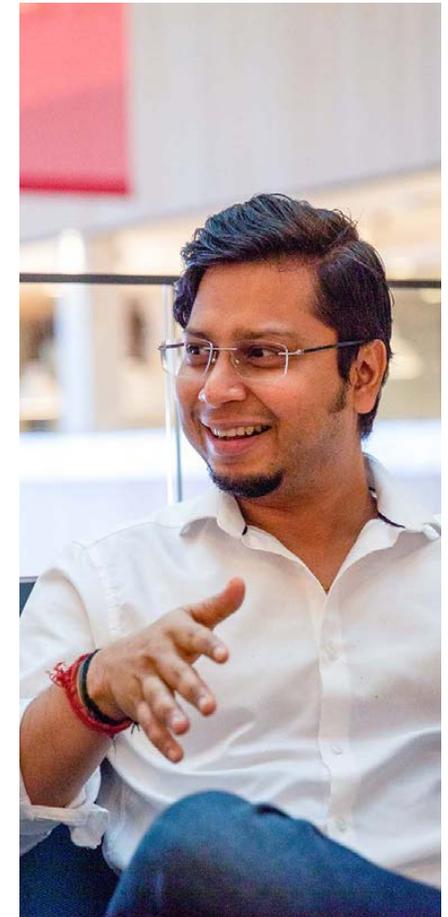
The focus in 2021 was partly on continued work to increase awareness of unconscious bias and partly on reinforcing the link to the real business benefits for ICA Gruppen's various operations. Various types of training were carried out during the year, including the launch of e-learning that is available to all employees of ICA Gruppen.

New target relating to foreign backgrounds

ICA Gruppen is convinced that diversity contributes to a stronger and more dynamic company. In order to gain greater insight into what diversity looks like among employees and managers within ICA Gruppen's operations in Sweden, a study was conducted during the year together with Statistics Sweden (SCB). The outcome shows that the distribution of employees with Swedish and foreign backgrounds reflects the population in Sweden. The long-term goal is that there should also be the same distribution at managerial level.

European Diversity Month

In May ICA Gruppen highlighted European Diversity Month, as proclaimed by the European Commission. In Sweden this included talks on topics such as LGBTQ matters and neuropsychiatric diagnoses, as well as an e-learning initiative. In Lithuania Rimi worked in partnership with NGOs to increase the inclusion of individuals with physical disabilities or learning difficulties.





DIVERSITY AND INCLUSION



Pengakollen

Svensken och bolån

ICA Banken

Reports sheds light on inequalities in household finances

In 2021 ICA Bank released two reports drawing attention to inequalities in Swedish consumers' household finances. One report highlighted differences in ways that women and men choose to save.

The other showed that Swedish households are worse than they think at building equal household finances by, for example, compensating for the income and pension lost during parental leave.



Support for groups facing challenges in the job market
In several of the operations, initiatives are being implemented with the aim of improving inclusion among groups that for various reasons have a challenging time in the labour market. For example, Apotek Hjärtat is taking part in various initiatives aimed at helping newcomers to Sweden to enter the labour market. These include offering internships and assistant positions to people who are awaiting validation of their qualifications and certifications.

Everyone is different – different is good

ICA has partnered with the Swedish Football Association (SvFF) for many years and is a linchpin in a joint programme to encourage children and teens to spend their leisure time in meaningful ways. During the year support was extended for SvFF's initiative "Alla är olika – olika är bra" ("Everyone is different – different is good"), which trains and distributes funds to clubs keen to make a difference by promoting gender equality, diversity and democratic principles.

Highly ranked in surveys

In the LEAD Gender Diversity Scorecard – a survey of gender equality in large European corporations in the retail and consumer goods sectors – ICA Gruppen came top, with 51% women in senior positions compared with an average of 35%.

ICA Gruppen was included in "Gröna Listan" ("Green List") in the Allbright Foundation's annual review of gender equality in listed companies in Sweden. The results of the review are based on the percentage of women in management teams, the percentage of women in line positions in management teams and the percentage of women on boards.

During the year ICA Sweden won the Swedish Marketing Federation's newly established Senior Talent Award. The award was created to highlight organisations that are helping to redefine stereotypes and remove outdated age structures associated with jobs and skills.



ICA Gruppen's ambition

By being open and transparent we will actively take responsibility for quality and the impact of production on people, animals and the environment.

Focus areas

Social responsibility

- We respect human rights and contribute to human rights improvements throughout the value chain in line with the UN principles on Human rights due diligence (HRDD)

Product and production quality

- The services and products we offer must meet requirements and expectations and must attain high standards regarding the impact of production on the environment and animal welfare

Traceability and transparency

- We will develop our work on traceability and transparency to create improved monitoring and to build trust in ICA and the products/services we offer

Direct impact



Indirect impact



Focus on human rights

Development of risk-based work to safeguard human rights

ICA Gruppen has long implemented systematic social responsibility efforts based on the UN and ILO conventions on human rights. In 2021 these were expanded to include a human rights due diligence (HRDD) process. This work was established by and decided upon by the ICA Management Team and is monitored continually.

Outlined in the UN Guiding Principles, the aim of HRDD is to guide companies in their work to achieve an ongoing risk management process for human rights throughout the value chain. The process is to ensure that the company identifies, acts on and prevents adverse impacts on human rights based on the size of the business and the nature and context of its operations.

ICA Gruppen endeavours to ensure that every product is produced in a manner that is acceptable in terms of human rights. The Group does not accept discrimination, any lack of the right to freedom of association and collective bargaining, child labour, forced labour, young workers being exposed to risky tasks or any other failure to comply with human rights.

Human rights are an integral part of ICA Gruppen's Sustainability Policy and of its sourcing agreements, which have a sustainability annex. All ICA Gruppen's corporate brand suppliers in high-risk countries must be checked and approved by ICA Gruppen or by a third party.

Social audits on suppliers

ICA Gruppen is working towards all corporate brand suppliers in high-risk countries using a third-party

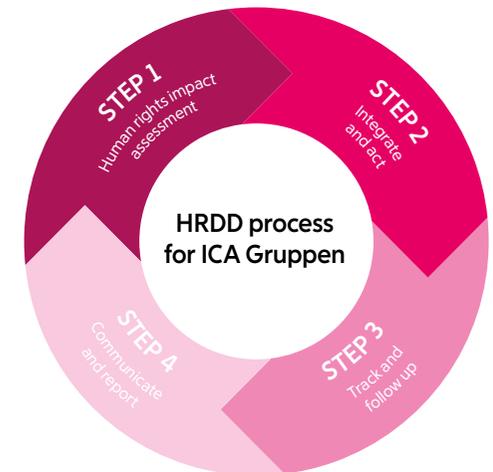
system for social audits. To complement other accepted third-party audits, ICA Gruppen has produced its own tool for social auditing of the Group's corporate brand suppliers in high-risk countries: the ICA Social Audit. The requirements are based on similar criteria to amfori BSCI (Business Social Compliance Initiative).

If ICA Gruppen's own auditors or third-party auditors detect irregularities at a production facility used by the Group, a concrete action plan is established and followed up in a re-audit. The first time a supplier violates the contractual requirements, it generally gets a chance to correct the problem and is given temporary approval in the meantime. If the supplier corrects the problem to the Group's satisfaction, ICA Gruppen will keep working with the supplier. If a critical deviation is repeated, the agreement with the supplier will be terminated.

In 2021 ICA Gruppen decided to terminate agreements with 9 (4) suppliers because they did not adequately meet the Group's requirements on human rights or they had not made the necessary improvements since the first audit.

Combating child labour

ICA Gruppen's basic rule when it comes to child labour is that individuals younger than 15 may not work for any of the Group's suppliers. If national laws have stricter limits, these apply. In China, for example, the minimum legal working age is 16. ICA Gruppen also requires its suppliers to give special consideration to young workers (younger than 18) in matters such as the right to limited working hours.



Procedures to ensure product and production quality

The goods that ICA Gruppen sells must meet requirements and expectations, and must maintain high standards as regards the impact of their production on people, the environment and animal welfare. They must be safe to use, reduce environmental impact and be produced under good working conditions and in accordance with animal welfare legislation in force. The requirements are defined in the Group's sourcing agreements, which have a sustainability annex.

 QUALITY

Corporate brands

The standards for ICA Gruppen's corporate brands are particularly high. In line with ICA Gruppen's new quality ambition, products particularly associated with risks will be identified. The aim is that by 2025 these will be sustainability-labelled if used in ICA Gruppen's corporate brands. High-risk products are associated with particularly significant challenges in terms of the impact of their production on people, the environment and animal welfare. The requirement will be based on third-party labelling for certified products and sustainable sourcing, such as KRAV, the EU organic logo, Fairtrade, MSC, ASC, Rainforest Alliance, RTRS, RSPO and GOTS.

Suppliers of the Group's corporate brand products must also be quality-certified to a standard accepted by the Group. Social audits are also in place for suppliers of ICA Gruppen's corporate brand products in high-risk countries.

Working actively to promote animal welfare

ICA Sweden sets standards for both Swedish and imported meat – not only for its private label products, but also for products from other suppliers. The requirements are based on Swedish animal welfare legislation. In general, animals must be treated well, protected from unnecessary suffering and kept in an environment that promotes their health and natural behaviours.

Suppliers of all fresh and frozen meat in ICA Sweden's central assortment have been approved following an animal welfare audit. These audits include checking how the animals are reared, and how they are treated during transport and slaughter. The audits are conducted either by ICA Sweden's own quality specialists or by a third party. During the year one animal welfare evaluation was carried out. Audits could not be performed due to the pandemic.

Rimi Baltic performed a review of its suppliers during the year focusing on animal welfare, and began a process of risk analysis and a dialogue with third parties in order to carry out audits. In 2021 Rimi Baltic conducted three audits, with the requirements being met in all cases.

Activities to prevent food fraud

ICA Gruppen is working in various ways to prevent food fraud. The main efforts include work on quality certificates, analysis and unannounced audits, along with cooperation in the industry. ICA Gruppen also has a continuous dialogue with the food industry and relevant authorities. The Group has conducted an internal vulnerability analysis in accordance with GFSI (Global Food Safety Initiative) requirements and has its own action plan to prevent food fraud.

In 2021 ICA Sweden carried out 35 analyses focusing on food fraud, with no indications of deliberate fraud being found. No audits were carried out on suppliers' premises due to the pandemic. During the year Rimi Baltic implemented a special programme to prevent food fraud, involving risk analysis of its private label products, education initiatives and the completion of 18 product analyses. Again, no indications of deliberate fraud were found.

Traceability and transparency

Traceability and transparency are essential if customers are to feel safe and have confidence in ICA Gruppen's operations and products, as well as for efforts to ensure quality and good production conditions in the value chain. Among other things, this involves ensuring where the products come from, how they are transported and stored, what they contain and how the suppliers operate their businesses. ICA Gruppen's new quality ambition involve a greater focus on digital traceability and transparency. The aim is to develop the work being done by 2025 and make more information regarding the supply chain available to consumers.

Recalls

If it is suspected that a product ICA Gruppen has sold may pose a health risk, the Group contacts the relevant supervisory authority, takes the product off the shelves and distributes a press release announcing a recall. A recall means that the product is immediately stopped at checkout and is no longer available to buy. A recall is always followed up with the supplier through a visit and/or documented feedback on the measures the supplier has taken to prevent any reoccurrence.

ICA Sweden's main risks of impacts on human rights and assessment of materiality in the supply chain

Risk of negative impact	Description of impact	Severity ¹
Modern slavery and forced labour	Forced labour and modern slavery are based on indentured labour and other restrictions on freedom	 Very high
	Increased risk of human trafficking and working conditions that resemble forced labour within the transport sector	 High
Fair and favourable working conditions	Poor working conditions are an industry-wide problem in agriculture and manufacturing	 Medium
	Hazardous working conditions are a natural part of agricultural work and workers in factories are vulnerable to health and safety deficits	 Very high
Good standard of living, including access to food, water and sanitation	Low wages contribute to inadequate access to food	 High
	Poor living standards for agricultural and factory workers	 Medium
	Land rights and communities are negatively impacted by large projects	 Medium
	Poorer access to drinking water and contaminated land in neighbouring communities	 High
Trade union rights	Trade union rights are severely restricted	 Medium
Women's rights and non-discrimination	Women are particularly vulnerable to discrimination in the majority of countries and industries	 Medium
	Discrimination against migrant workers and other minorities	 Medium
Rights of indigenous peoples	Violation of indigenous peoples' rights to land, livelihoods, wellbeing and cultural heritage	 High
Children's rights	Child labour is a risk to children's lives and health	 Very high
	Children's right to schooling and family	 High

¹ Severity is assessed according to the assessed impact on those affected, with the highest level of severity implying a risk to life and health. In addition, severity is based on whether the violation can be remedied, how many are negatively affected and whether particularly vulnerable groups are affected.

During the year a risk analysis was performed for ICA Sweden. The analysis was restricted to ICA Sweden's impacts in the supply chain, where ICA Gruppen's risk is deemed to be highest. A total of 14 areas were identified where there is a risk of human rights being adversely affected by ICA Sweden's operations. Also identified were the main products, components and

materials associated with the greatest risks of human rights being violated. The HRDD efforts will continue in 2022 with risk management for ICA Sweden and by expanding the approach to other companies within ICA Gruppen.

★ QUALITY

ICA Gruppen's suppliers

ICA Gruppen has a global network of suppliers. This means it has a global responsibility that extends across borders. Continuous dialogue and monitoring are used to check that suppliers comply with both social and environmental requirements. The map shows the locations of ICA Gruppen's suppliers for sourcing and production of corporate brand products.



Approximate number of production sites around the world for ICA Gruppen's corporate brand products. The number of production units is not static; it depends on the assortment in the stores and on seasonal variations.

Risks and risk management

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

Risk management strategy

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

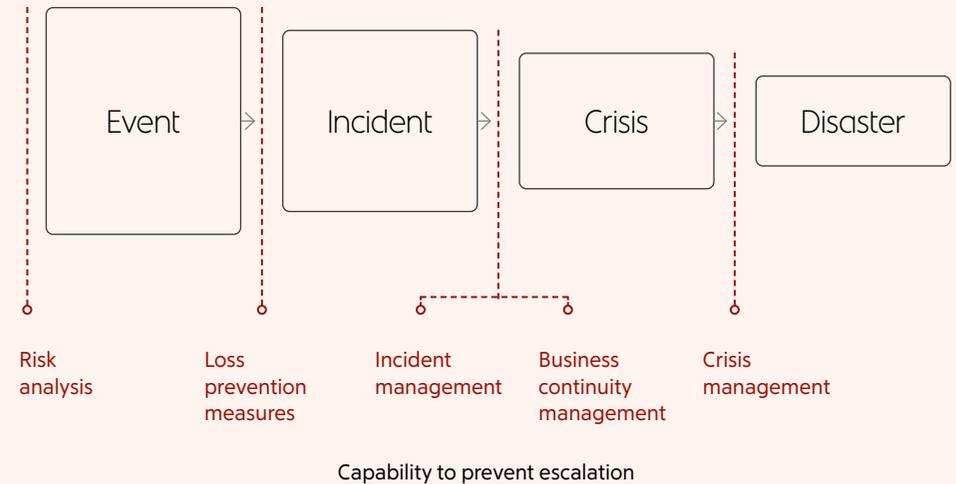
Undesirable future events are identified through **risk analysis** and the risks that are deemed to cause significant negative impacts on the business are managed proactively. By identifying risks at an early stage and implementing **loss prevention measures**, undesirable developments can be prevented,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

Should an undesirable event nonetheless occur, loss limitation measures and **incident management processes** must be in place to prevent escalation. The Group must also have **crisis and business continuity capability** to manage, mitigate or limit the effects and ensure continuity in the delivery of goods and services. The Group also has **insurance** policies in place to provide financial compensation for losses. Information security is an integral aspect of the risk management strategy. For more information about work on information security, see pages 62 and 74.

ICA Gruppen's risk management framework establishes, among other things, the levels of risk that are acceptable and how risks that exceed these levels are to be reported to the ICA Management Team and the Board of Directors for decisions on risk management measures. Levels of risk are established by the Board of Directors and are expressed as a number of factors which, along with the financial impact, are to be analysed and assessed with the objective of minimising the risk of the following occurring:

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

Resilience



Crisis management during the pandemic

ICA Gruppen's crisis management resources have been active for large parts of the year. Key resources include a Group-wide crisis management team and crisis management teams within the Group's subsidiaries. The crisis management organisation enables a structured approach to be taken, where the Group's crisis management team establishes and communicates internal guidelines for Covid-19 and the crisis management teams within the subsidiaries ensure that the guidelines are appropriately implemented within their operations.

Risk management process

To ensure a good overview of the risks that the business is exposed to, ICA Gruppen has structured procedures for identifying, analysing, evaluating and managing risk in the form of an established Risk Management process. The process is an integrated part of the Group's strategy and business planning process. The process involves regularly identifying, analysing and monitoring the Group's main risks. In addition, risk analysis is performed on an ongoing basis in connection with large projects, and significant changes in operations, before making significant investments, when new products and services are introduced and as an integral aspect of the Group's sustainability work.

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

Risk management organisation

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

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

Through regular meetings between GRM and the Internal Control and Internal Audit units, any shortcomings found during scrutiny are shared. This improves efficiency in actions aimed at increasing risk awareness in the identified risk areas. For further information on internal control over financial reporting, see page 79.

On pages 61-64 some of the material risks identified within the framework of ICA Gruppen's risk management process are presented, along with the measures being taken to manage these risks.

Risk categorisation

ICA Gruppen has chosen to place risks in four categories.

Strategic risks

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

Operational risks

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

Compliance

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

Financial risks

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

Risk management – process and responsibility



Strategic risks

Increased risk
 Unchanged risk
 Decreased risk

Risk description	Trend	Management
<p>Ability to manage market fluctuations</p> <p>ICA Gruppen's business and products are heavily impacted by changes in the market. Major changes in consumption patterns and purchasing behaviour – such as higher online sales, increased demand for ready meal solutions or new competitors in the market – could result in reduced market share, lower margins and greater pressure on prices.</p>		<p>ICA Gruppen continues to develop its ability to adapt the organisation and offering, so that it can continue to offer attractive products and services in the future. This includes continuing to invest in e-commerce solutions within ICA Sweden, Apotek Hjärtat, Rimi Baltic and ICA Bank. During the year customer fulfilment centres in Gothenburg and Brunna, north of Stockholm, were put into operation, and the ongoing pandemic developed ICA's ability to find cross-functional partnerships and dynamic solutions. In 2021 ICA Gruppen launched its unstaffed store concept under the name ICA to go.</p> <p>Constant adjustment of prices, the product assortment, quality and services in line with customer demand is a priority and is achieved through constant dialogue with customers and by ensuring that sufficient resources are available for future investments.</p>
<p>Sustainability risk</p> <p>Expectations of companies have increased in recent years with regards to acting as a good member society and being transparent about how the business affects the world around it. Companies need to adapt to new laws and regulations, such as bans on single-use plastic items or tax on plastic carrier bags. Increased customer awareness about climate change, product origins, ethical positions and personal health is impacting purchasing behaviours. ICA Gruppen is expected to engage extensively in sustainability efforts and to be open about both the positive and negative impact of its operations. If the community's trust in ICA Gruppen's sustainability work were to decline due to shortcomings in the handling of products or dubious supplier working conditions, or failure to act on risks swiftly, confidence in ICA Gruppen as well as the Group's earnings and attractiveness as an employer could be negatively affected.</p>		<p>Sustainability is a core aspect of ICA Gruppen's operations. The Sustainability Policy and its guidelines provide a framework, and performance in relation to overall sustainability targets is monitored and the results published in ICA Gruppen's interim reports. A key aspect of the focus on sustainability is to work according to relevant standards and certifications for quality, the environment and social responsibility. ICA Gruppen's For a Good Tomorrow concept is used to communicate and provide greater insight into how the Group conducts its sustainability work in its focus areas: local, environment, health, inclusion and diversity, and quality. ICA Gruppen has worked strategically and operationally during the year in all five areas, with a particular focus on sustainable plastic packaging, reducing food waste, and lowering climate impact, and innovation. In addition, the Group has worked actively on completing the human rights due diligence (HRDD) process and on beginning and completing the work on a new quality ambition.</p>
<p>Climate risk</p> <p>Predicting how climate change and population growth will affect the supply and cost of various products remains a significant challenge. Stores and goods transportation may also be affected by factors triggered by extreme weather conditions, such as floods or wildfires resulting from drought. Other extreme or unforeseen events, such as Covid-19, have also been shown to impact our business. Society's measures to limit global temperature rise are resulting in new laws and regulations that affect ICA Gruppen's operations. For example, Sweden has introduced a statutory requirement to reduce greenhouse gas emissions from petrol and diesel by increasing the amount of biofuels in the fuel mix. Another example is the EU's F-Gas Regulation, which as of 1 January 2020 bans the use of refrigerants with a particularly high global warming potential. As legal requirements increase, demand for products and services to drive the transition will also increase and there is a risk that ICA Gruppen's access to the resources needed for the transition and to adapt operations will be affected. For example, the statutory requirement to reduce greenhouse gases has already affected access to and the cost of renewable fuel, and the shortage of available technicians to convert to new refrigerants is affecting the pace of installation for ICA Gruppen. ICA Gruppen is also dependent on public-sector joint investments in critical infrastructure, such as for electrification.</p>		<p>ICA Gruppen has been focused on reducing climate impact within its own operations for a long time; for example, through energy efficiency measures, transitioning to renewable electricity and refrigerants with a lower climate impact, and reducing transport emissions. In 2020 ICA Gruppen became climate neutral by carbon-offsetting all climate emissions from the Group's operations, i.e. the climate impact of our stores, pharmacies, warehouses, offices and transport. Carbon-offsetting complements ICA's work to reduce the climate footprint of our operations, to help accelerate climate efforts at a global level.</p> <p>During the year work within the organisation continued to reduce the climate footprint in line with the climate target of net zero for the Group's own operations by 2030. However, a significant portion of the climate impact that ICA Gruppen's operations give rise to, as well as the climate-related risks that impact ICA Gruppen, are associated with the production of groceries. During the year ICA Gruppen continued working towards its ambition to cut the climate impact of customers' grocery purchases in half by 2030. There are two elements to this: shifting consumer behaviour so that more ICA customers buy less climate-intensive products, and work upstream in the chain to get suppliers and primary producers to lower the climate impact of climate-intensive products currently included in the assortment. Dialogue with suppliers about sustainability aspects was already under way. ICA Gruppen's target is for suppliers representing 70% of its upstream climate impact to have adopted science-based climate targets by 2025. Initiatives to cut food waste in half by 2025, as well as ICA Gruppen's transition to recyclable plastic packaging made from recycled or fossil-free plastic, are helping to reduce the Group's climate impact. Both food waste and the climate footprint of what ICA sells are also to some extent included in Scope 3, i.e. areas where ICA has an indirect impact. During the year a survey to establish the various streams making up Scope 3 was initiated to get a better picture of ICA's total climate impact – both direct and indirect. This survey will form the basis of future climate work within the organisation. A review of how climate risk can be better integrated into the ongoing risk management process was also begun during the year, with a view to developing the process during the coming years. See more detailed information on climate risk and TCFD on page 65.</p>

Operational risks

↗ Increased risk
→ Unchanged risk
↘ Decreased risk

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

Cont. Operational risks

↗ Increased risk
→ Unchanged risk
↘ Decreased risk

Risk description	Trend	Management
<p>Risk related to threats and violence</p> <p>ICA's business and the employees in the store network are exposed to growing levels of threat and violence in some parts of society. This could have an indirect effect on ICA's personnel in terms of their wellbeing and security, but could also affect them directly in the event of violent incidents.</p>		<p>ICA Gruppen has extensive security procedures and works in cooperation on this with Group companies and with ICA-handlarnas Förbund. Risk processes and security procedures are structured and include preventive measures and a number of initiatives to improve support in the event of incidents. Although the number of store robberies is at an historically low level, the number of threatening situations is increasing. ICA Gruppen is constantly working to improve the support it provides to the store network in the form of new training programmes and advanced support when sudden incidents occur.</p>
<p>Brand risk</p> <p>A good reputation is a key factor in ICA Gruppen's success. A product that is harmful to health or otherwise inferior that is supplied by ICA Gruppen or sold through stores, pharmacies or ICA Bank could have a negative impact on ICA Gruppen's reputation. The same applies if ICA Gruppen, any of the Group's suppliers, distributors, other partners or any of the ICA retailers act in a way that conflicts with the values that ICA Gruppen represents, or violate internal or external rules on the processing of personal data.</p>		<p>ICA Gruppen's framework includes various policies and guidelines to support the Group in its interactions with customers and suppliers, and in interactions between colleagues. Since ICA Gruppen's operations in Sweden consist of independent retailers who, to varying extents, also purchase products from suppliers other than ICA Sweden, the Group's ability to ensure adherence to ICA Gruppen's policies and guidelines can sometimes be limited. The continuous dialogue conducted between ICA Gruppen and ICA-handlarnas Förbund and the training offered to ICA retailers are resulting in increased understanding of and compliance with the values that ICA stands for.</p>

-  Increased risk
-  Unchanged risk
-  Decreased risk

Compliance

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

Financial risks

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

TCFD

ICA Gruppen supports the TCFD principles for management and reporting of climate-related financial risks and opportunities. In 2021 the framework was established within the organisation. In addition, existing management and processes were analysed to identify priority activities for further implementation. ICA Gruppen will continue to develop the Company's reporting in accordance with TCFD recommendations going forward.

ICA Gruppen's operations include grocery retail, pharmacies, real estate, banking and insurance. Climate-related risks and opportunities are analysed both within each company and for the Group as a whole. The Group's disclosures concerning governance, strategy and management of climate-related risks and opportunities, including relevant metrics and targets, are described below.

Governance

ICA Gruppen has a long-established responsibility at Board and management level for sustainability-related issues, which includes a focus on climate-related risks and opportunities. The strategic direction of ICA's sustainability work is set by the Board of Directors and is managed through strategic planning and business planning processes. Although the CEO has ultimate responsibility for sustainability issues within the Group, management of the day-to-day work has been delegated to the Chief Corporate Responsibility Officer, who is part of the ICA Management Team. To support the Management Team and the Chief Corporate Responsibility Officer, ICA Gruppen has established a cross-functional Sustainability Work Group.

Strategy

While the climate transition presents significant risks for ICA Gruppen's businesses, strategy and financial planning, there are also significant opportunities if the Group responds to the changes in areas such as consumer attitudes and consumption patterns that the climate transition is bringing about. The climate issue is therefore

an integral part of ICA Gruppen's long-term strategic direction and of the four areas in Ambition 2025 identified for responding to the changes and drivers identified in the world around us (see pages 14–22). ICA Gruppen's ambition is that by 2025 it will be an industry-leader in the development towards net zero impact operations and will be known as a trusted source of guidance for making sustainable choices. Strategic initiatives include ICA Gruppen's climate ambition (see page 20) and the development of an attractive and sustainable plant-based assortment, such as through ICA Växa (ICA Grow) (see page 47).

For ICA Gruppen the focus in the coming years will be on carrying out scenario analysis in selected areas. Based on all the Group's operations, the primary focus will be on the supply chain for food production and on ICA Gruppen's property stock.

Risk management

Climate and sustainability risks already form part of the overall risk analysis for ICA Gruppen (see page 61). A further review was begun during the year of how climate risk can be better integrated into the continuous risk management process, with a view to developing the process in the years ahead.

Metrics and targets

ICA Gruppen has reported climate emissions since 2007 and has set targets for reducing its climate impact, taking accepted standards such as the GHG protocol and Science Based Targets as its starting point. During the year work began on a review of the Group's Scope 3 emissions to enable the targets to be developed further in 2022.

An important area for future development is to define metrics and targets relating to the impact of climate-related risks and opportunities on ICA Gruppen's businesses, strategy and financial planning. This will follow when a more thorough review of the strategy aspect has been completed; for example, through scenario analysis.



Future focus areas

GOVERNANCE

The organisation's governance around climate-related risks and opportunities

The Board's oversight of climate-related risks and opportunities

Management's role in assessing and managing climate-related risks and opportunities

STRATEGY

Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material

Climate-related risks and opportunities the organisation has identified over the short, medium and long term

Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

RISK MANAGEMENT

How the organisation identifies, assesses, and manages climate-related risks

The organisation's processes for identifying and assessing climate-related risks

The organisation's processes for managing climate-related risks

How processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

METRICS AND TARGETS

Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

The targets used by the organisation to manage climate-related risks and opportunities and performance against targets

About TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) initiative was launched in 2017. To date, around 3,000 companies and organisations have adopted TCFD to improve their ability to identify their climate-related

financial risks and opportunities. In concrete terms, TCFD is about having financial oversight of how your organisation is affected by climate change and how it is affected by measures to lower emissions of carbon dioxide.



Corporate Governance Report 2021

Good corporate governance – the basis of continued long-term and profitable growth

The rapid changes in the markets and the world around us continued to shape the work of the Board during the year. Changed consumer behaviour, fast digitalisation and extensive blurring of industry lines are creating both challenges and opportunities.

The rapid changes happening in the markets and the world around were again a topic of major focus for the Board's work this past year. The principal ones being comprehensive digitalisation, a substantial increase in e-commerce, greater interest in health and an increased focus on sustainability. We have seen these trends in the past, but they have been very noticeably reinforced by the pandemic. This is particularly evident in e-commerce, a segment in which we are now making very substantial investments.

In many ways we find ourselves in a new normal. Neither we nor any other actor knows with certainty what tomorrow will bring. There are numerous challenges – but even more opportunities. The Board is optimistic about our joint ability to handle the changes. In many ways the ICA system has never been stronger than it is today. At the same time, developments in the world around us require us to continue showing great courage, having strong organisational capacity and being more agile. We cannot rest on our laurels, but must instead keep listening to our customers and ensuring that we provide them with the right offering in the right channels.

Retailer perspective as the starting point

One of the main tasks of the Board in this situation is to chart a long-term course and create the best possible

conditions for continued positive development. Through good and relevant corporate governance we want to ensure that our corporate culture is sound and helps the Group and its operations to develop – as a whole and as individual parts. Our starting position is strong. The retailers' perspective, entrepreneurship and a desire to evolve are key parts of our DNA – and as a result of the operational improvements and structural changes made in recent years, we have a stable structure to build on. We also have a financial position that allows us to continue to invest.

Major focus on sustainability

Due to our size and position we have a major responsibility to help promote more sustainable development. Since the beginning of 2021 we have been towards a new climate ambition which, in addition to our target of net zero climate emissions in our own operations by 2030, includes a target of cutting the climate impact of customers' purchases of food in half. This goal is both inspiring and challenging, and we are convinced that it will create value for our customers, our communities and ourselves.

Sustainability work is a key priority for ICA Gruppen, and the Board is monitoring the Group's progress closely and with great interest.

Commitment and constructive discussions

The Board has performed its duties during the year through Board meetings and in various Committees. The fact that each Board member serves on at least one committee ensures participation and that continuity is maintained between the meetings. The level of commitment among the Board members has remained high.

New ownership structure

At the end of the year ICA-handlarnas Förbund and AMF Pensionsförsäkring AB made an bid for all of the shares in ICA Gruppen AB. The bid, which ICA Gruppen's board recommended, was carried out and in mid-January 2022 the shares were delisted from Nasdaq Stockholm. It should be pointed out here that the members of the Board, including myself, who are not considered to be independent in relation to ICA-handlarnas Förbund, did not take part in the administration or evaluation of the bid.

As a consequence of the change in ownership some changes took place on ICA Gruppen's Board of Directors after the end of the financial year, where former members Cecilia Daun Wennborg, Lennart Evrell och Andrea Gisle Joosen decided to leave the Board. As Board Chair I would like to take this opportunity to thank them for their significant commitment and the important work they have done

during a very eventful period. I would also like to welcome the new board members, Jan Amethier, Göran Blomberg, Bengt Kjell och Katarina Romberg, who were elected at the extraordinary general meeting on 3 February 2022.

Commitment, drive and go-ahead spirit

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

I would also like to express our appreciation for the commitment and go-ahead spirit that permeates our entire organisation. In times of sweeping change, this is exactly what is needed.

Stockholm, February 2022

Claes-Göran Sylvén
Chairman of the Board

About Corporate Governance Report 2021

This corporate governance report describes the governance of ICA Gruppen AB (publ) (ICA Gruppen or the Company) as of 31 December 2021 unless otherwise stated.



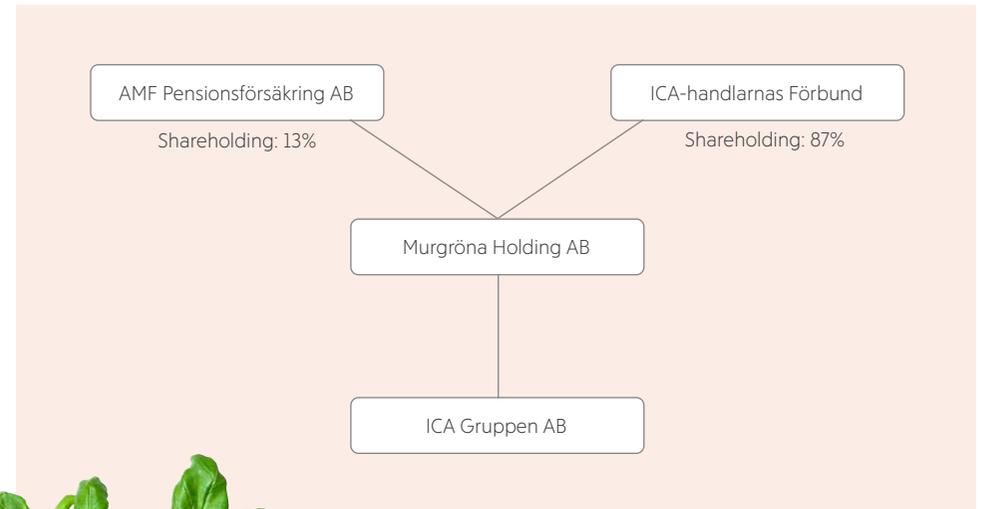
Takeover offer

On 10 November 2021 Murgröna Holding AB, corporate registration number 559338-5098, ("the Bidder") made a recommended public offer ("Offer") to the shareholders of ICA Gruppen to buy all the shares in ICA Gruppen for SEK 534 in cash per share. The Bidder is 87% owned by ICA-handlarnas Förbund and 13% owned by AMF Pensionsförsäkring AB. On expiry of the initial acceptance period on 14 December 2021, shareholders representing around 88.6% of the total number of shares and votes had accepted the Offer. After the Offer was declared unconditional and the acceptance period was extended until 7 January 2022, the Bidder achieved a shareholding of about 90% around 20 December 2021. The Bidder then called for compulsory redemption of the remaining shares and requested delisting of ICA Gruppen's share from Nasdaq Stockholm. On 23 December 2021 the Board of Directors therefore resolved to apply for delisting from Nasdaq Stockholm and at the same time convened an Extraordinary General Meeting to be held on 3 February 2022. On 28 December 2021 Nasdaq Stockholm approved ICA Gruppen's application for delisting and decided that the last day of trading in the ICA Gruppen share on Nasdaq Stockholm would be 13 January 2022. Upon expiry of the extended acceptance period on 7 January 2022 the Bidder controlled around 95.5% of the total number of shares and

votes in ICA Gruppen. On 10 January 2022 the Bidder announced that the acceptance period had again been extended, this time until 1 February 2022. Following expiry of this acceptance period the Bidder controls around 97% of the total number of shares and votes in ICA Gruppen.

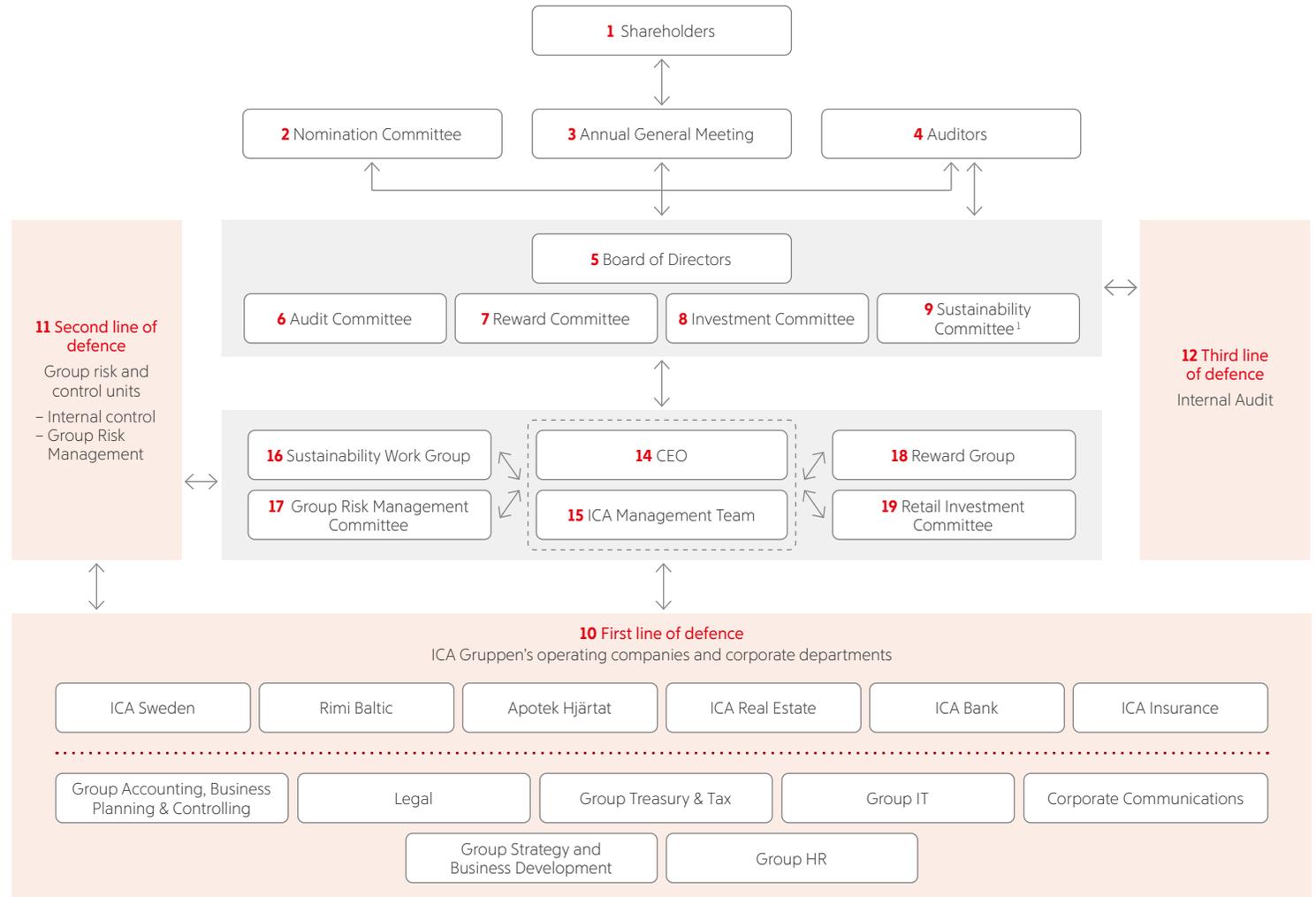
Requirement of corporate governance report

Since ICA Gruppen is no longer a listed company, the Company is not obliged to publish a corporate governance report in accordance with the Swedish Corporate Governance Code. However, the Company still has transferable securities in the form of listed debentures and this Corporate Governance Report has therefore been prepared in accordance with the requirements that follow from Chapter 6 Sections 6-7 of the Swedish Annual Accounts Act (1995:1554).



Governance for value creation

Good corporate governance is about ensuring that ICA Gruppen AB (publ) (ICA Gruppen or the Company) conducts its business in a sustainable and responsible way and as efficiently as possible. The overall goal is to increase shareholder value and in so doing, meet the requirements owners have with respect to their invested capital. ICA Gruppen's Board of Directors is responsible for the Company's organisational structure and the administration of the Company's affairs. The CEO is responsible for ensuring that the day-to-day administration of the Company is carried out in accordance with the Board's guidelines and instructions. In dialogue with the Chairman of the Board, the CEO also compiles an agenda for Board meetings and is otherwise responsible for providing the meetings with information documents and materials for use as a basis for decisions.



1 Shares and shareholders

The Company has one class of shares with equal voting rights and dividend entitlement. In voting at general meetings each share carries entitlement to one vote. As of 31 December 2021 the Board of Directors had no outstanding authorisations from the Annual General Meeting for the Board to issue new shares or acquire treasury shares.

As of 1 February 2022 the Bidder controlled around 97% of the total number of shares and votes in ICA Gruppen.

13 Corporate culture

1) The Sustainability Committee was dissolved in connection with the extraordinary general meeting on 3 February 2022.

2 Nomination Committee

The rules for the Nomination Committee ahead of the 2022 Annual General Meeting were adopted at the 2021 Annual General Meeting. Due to the Offer and the fact that the Company is now controlled by one owner (the Bidder), a decision was made at the extraordinary general meeting on 3 February 2022 to dissolve the Nomination Committee.

Nomination Committee ahead of the 2021 Annual General Meeting

The 2021 Annual General Meeting voted in favour of the Nomination Committee's proposal. The Nomination Committee's proposal to the 2021 Annual General Meeting and the work of the Committee ahead of the AGM are detailed in the Nomination Committee's Report 2020, which is available on the Company's website.

3 General meeting

The general meeting of shareholders is ICA Gruppen's highest decision-making body. The general meeting that is held within six months of the end of the financial year and that presents the income statement and balance sheet is known as the Annual General Meeting (AGM). Decisions at a general meeting are normally taken by simple majority. However, certain decisions, such as on amendments to the Articles of Association, must be approved by a qualified majority.

The 2021 Annual General Meeting was held on Thursday 15 April 2021 at ICA Gruppen's head office. With a view to countering the spread of the virus that causes Covid-19 the meeting was held by postal voting only, without attendance in person. The Annual General Meeting approved a dividend of SEK 13 per share in accordance with the Board's proposal. The minutes of the Annual General Meeting and related documents are available on ICA Gruppen's website, icagruppen.se/en. At an extraordinary general meeting on 3 February 2022 a decision was taken to increase the maximum number of elected board members to 11, to dissolve the Nomination Committee and to elect the Board of Directors presented on pages 71–72 below.

4 Auditors

The auditor conducts an independent audit of the Company's financial statements and determines whether these, in all material respects, are correct and complete and provide a fair presentation of the Company and its financial position and results. The auditor also examines the administration of the Company by the Board of Directors and CEO and also reviews the Company's sustainability reporting. According to the Articles of Association the Annual General Meeting is to appoint at least one but no more than two auditors or one or two authorised accounting firms. The accounting firm KPMG AB was elected as auditor at the 2021 AGM for a term of one year. KPMG AB has therefore audited the Company's financial statements for 2021. Authorised Public Accountant Helena Arvidsson Älgne has served as chief auditor. In addition to ICA Gruppen, Helena Arvidsson Älgne has significant audit assignments with LKAB, Alligo, Momentum Group, Knowit and Beijer Alma. She has no assignments that impact her independence with respect to ICA Gruppen. The auditors attended one Board meeting to present KPMG AB's audit process for ICA Gruppen and to give Board members an opportunity to ask questions without the presence of the ICA Management Team. In addition, the auditors attended all of the meetings of the Board's Audit Committee. The Audit Committee evaluates the auditor annually to ensure that the auditor's objectivity and independence cannot be called into question. The auditor confirms their independence annually in the Auditor's Report.

5 Board of Directors

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

- appointing, evaluating and, if needed, dismissing the CEO;
- establishing the Company's overall goals and strategy;
- identifying how sustainability issues affect the Company's risks and business opportunities;

- establishing the requisite guidelines for how the Company is to behave in the community to ensure its ability to create long-term value;
- ensuring that there are appropriate monitoring and control systems in place for the Company's operations and for the risks the Company faces in connection with its operations;
- ensuring that there is satisfactory control of the Company's compliance with laws and other regulations that apply to the Company's operations, and ensuring the Company's compliance with internal rules; and

According to the Articles of Association, ICA Gruppen's Board of Directors is to consist of between five and eleven members elected by the general meeting of shareholders. There are no other rules in the Articles of Association concerning the appointment or dismissal of Board members. The CEO makes presentations at Board meetings and the Company's General Counsel is the secretary to the Board. The 2021 Annual General Meeting re-elected Claes-Göran Sylvén (Chair), Cecilia Daun Wennborg, Lennart Evrell, Fredrik Häggglund, Andrea Gisle Joosen, Magnus Moberg, Fredrik Persson, Bo Sandström and Anette Wiotti. Jeanette Jäger left the Board and Charlotte Svensson was elected as a new member. Fredrik Häggglund stood down from the Board at his own request on 10 September 2021. At the extraordinary general meeting on 3 February 2022 board members Cecilia Daun Wennborg, Andrea Gisle Joosen and Lennart Evrell stood down from the Board, all at their own request. Jan Amethier, Göran Blomberg, Bengt Kjell and Katarina Romberg were elected as new members. The board members elected by the general meeting are now Claes-Göran Sylvén (Chair), Jan Amethier, Göran Blomberg, Bengt Kjell, Magnus Moberg, Fredrik Persson, Katarina Romberg, Bo Sandström, Charlotte Svensson and Anette Wiotti. Three of the elected board members are women and seven are men. In addition to the AGM-elected members, the Board has two employee representatives, each with a deputy. The Board is made up of individuals with extensive and solid expertise in ICA's affairs and in retail, business development, IT, corporate finance, corporate governance, sustainability and industry. The Board has ongoing professional development in areas that are relevant to ICA Gruppen. In 2021 the Board received further

training in various aspects of the business such as the Baltic and Swedish store operations, ICA Real Estate, Apotek Hjärtat, banking and insurance, Group sourcing and HR. The CEO, CFO and secretary to the Board are not members of the Board of Directors but do attend Board meetings, except where matters are being discussed that could involve a conflict of interest or where it is otherwise inappropriate. ICA Gruppen's Annual General Meeting is to vote on discharging the Board of Directors and CEO from liability for the accounting period to which the accounting documents submitted to the AGM pertain.

Independence of Board members

As the Company has been delisted since 14 January 2022, the Company is no longer subject to the Code's rules on independence of board members. The account of the independence of the board members therefore applies for the period up to and including 13 January 2022. Five individuals who were then board members – Cecilia Daun Wennborg, Andrea Gisle Joosen, Charlotte Svensson, Lennart Evrell and Fredrik Persson – are independent according to the Code in relation to ICA Gruppen, its management and its principal shareholders. While serving as a member of the board, Fredrik Häggglund was independent in relation to ICA Gruppen and its management but not in relation to its principal shareholders since he at the same time was CEO of ICA-handlarnas Förbund, at that time a direct principal shareholder in ICA Gruppen. Bo Sandström is independent in relation to ICA Gruppen and its management, but not in relation to its principal shareholders since he is employed by ICA-handlarnas Förbund, which is now indirectly a principal shareholder in ICA Gruppen AB. Magnus Moberg and Anette Wiotti are ICA retailers and members of the board of ICA-handlarnas Förbund, and are considered to be independent in relation to ICA Gruppen and its management, but not in relation to ICA-handlarnas Förbund. Claes-Göran Sylvén is an ICA retailer and member of ICA-handlarnas Förbund. He is considered to be independent in relation to ICA Gruppen and its management, but not in relation to ICA-handlarnas Förbund.

Administration of the Offer

In accordance with Nasdaq Stockholm's takeover rules, none of the board members who are not independent in relation

to the indirect principal shareholder ICA-handlarnas Förbund (Claes-Göran Sylvén, Bo Sandström, Magnus Moberg and Anette Wiotti) participated in ICA Gruppen's administration of matters related to, or evaluation of, the Offer.

The work of the Board

The main mission of the Board of Directors is to establish the Company's overall goals and strategy, and the Chairman oversees its work. The key issues for the Board to address are strategy work, monitoring and control of the Company's operations and risks, value creation and monitoring the Company's compliance with external and internal rules and regulations. The processes for monitoring and control of the Company's risk are described in more detail in the section "Risks and risk management" on pages 59–65 of the Annual Report. One of the ways that the Board monitors the Company's compliance with internal and external rules and regulations is through the risk-based audits performed by the Internal Audit department; see the section "Third line of defence" on page 74.

The Board's work is regulated in the rules of procedure established by the Board each year, and by applicable laws and regulations. Every year the Board decides on instructions for the CEO and for the working committees, as well as other policy documents that provide guidance for ICA Gruppen's employees. The rules of procedure and instructions now in place were addressed and formally adopted at the Board meeting on 26 May 2021. The Board of Directors met 19 times in 2021.

ICA Gruppen's Board now has three regular committees: the Audit Committee, Reward Committee and the Invest-

ment Committee. The Board's Sustainability Committee was dissolved at the board meeting held in connection with the extraordinary general meeting on 3 February 2022. The committees report to the Board on an ongoing basis on their work. The committees are to be regarded as the Board's working committees and do not assume the responsibility that is incumbent upon the Board as a whole.

Ahead of each Board meeting documents are distributed to the Board members via a virtual data room (VDR). The auditor in charge also has access to the VDR. The VDR offers email management, a chat function and voting procedures as needed, and also enables users to see when documents are retrieved on an individual basis. The minutes from committee meetings are distributed to all Board members, the CEO, the person in charge of internal audits and to the auditor.

The following items are regularly on the Board meeting agenda:

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

Conflicts of interest

ICA Gruppen's Board of Directors has decided that Board members and the CEO must not deal with matters relating to agreements between themselves and the Company,

nor matters between the Company and third parties if the person in question has a significant interest that could conflict with the Company's interests.

Remuneration to the Board of Directors

Remuneration to the Board of Directors is decided at the Annual General Meeting. The 2021 Annual General Meeting approved the fees proposed in the notice of the meeting.

6 Audit Committee

The Audit Committee, through its work and in dialogue with the auditor, the head of the Internal Audit department and the Management Team, is to provide the Board with a good supply of information on the Group's operations. The purpose is to identify any shortcomings in routines and organisational structures based on governance, risk management and control. The purpose of the Audit Committee's work is to ensure that the Company's executive management establishes and maintains efficient procedures for internal governance, risk management and control. These are to be designed to provide reasonable assurance in reporting (financial reporting and operational risk) and compliance (laws, instructions and internal rules) and to ensure that the administrative processes are appropriate and efficient. The Audit Committee also examines whether the internal and external auditors' work is carried out efficiently, independently and in a satisfactory manner, and follows up on the Internal Audit department's annual plan and strategic priorities. The Committee proposes measures that are adopted by the Board if so required. The majority of the members of the Committee are to be independent in relation to the Company and the IMT. At least one of the members who is independent in relation to the Company and the Management Team must also be independent in relation to the Company's principal shareholders. In 2021 the Audit Committee consisted of Cecilia Daun Wennborg (chairman), Lennart Evrell, Bo Sandström and Anette Wiotti. The Company's CFO is responsible for presenting information and the head of Internal Audit serves as secretary.

7 Reward Committee

The Reward Committee is responsible for the preparation and evaluation of issues regarding remuneration and other terms of employment for the ICA Management Team, including pay structures, pension plans, incentive programmes and other terms of employment. Reward Committee also monitors and evaluates remuneration programmes for senior executives, both those that are ongoing and those that were concluded during the year, and monitors and assesses the implementation of guidelines for remuneration to senior executives as well as remuneration structures and levels within the Company. In 2021 the Reward Committee consisted of Claes-Göran Sylvén (chairman), Andrea Gisle Joosen and Magnus Moberg.

8 Investment Committee

The Investment Committee is responsible for the review and quality assurance of the documentary basis for decisions on acquisitions and divestments, including necessary risk analysis. In addition, the Investment Committee has an investment and divestment mandate as set out in the Company's Bill of Authority. In 2021 the Investment Committee consisted of Claes-Göran Sylvén (chairman), Charlotte Svensson, Fredrik Persson and Bo Sandström.

9 Sustainability Committee

The Sustainability Committee's mandate was based on the Code's rules on the responsibility of the Board of Directors to establish guidelines for how the Company should behave in society. The Committee's duties included preparing policies on business ethics and sustainability, as well as sustainability reporting. The Committee also monitored business ethics and sustainability. In 2021 the Sustainability Committee consisted of Cecilia Daun Wennborg (chair), Andrea Gisle Joosen and Fredrik Hägglund (until 10 September 2021). Following the dissolution of the Committee on 3 February 2022, these duties will be assumed by the Management Team and reported on to the entire Board.

Annually recurring agenda items:

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

Board of Directors



Claes-Göran Sylvén



Jan Amethier



Göran Blomberg



Bengt Kjell



Magnus Moberg



Fredrik Persson



Katarina Romberg

	Claes-Göran Sylvén	Jan Amethier	Göran Blomberg	Bengt Kjell	Magnus Moberg	Fredrik Persson	Katarina Romberg
Born	1959	1961	1962	1954	1966	1968	1979
Education	Various courses of study (finance, business management, leadership development etc.).	Graduate in Business Administration and Economics.	Master of Science in Business and Economics.	Master of Science in Business and Economics.	Various courses of study (finance, business management, leadership development etc.).	Master of Science in Business and Economics.	Master of Science in Business and Economics.
Elected	2013	2022	2022	2022	2008	2018	2022
Other significant assignments	Chairman of the Board MQ MarQet AB. Board member Centrum Fastigheter i Norrtälje AB etc. ICA retailer, ICA Kvantum Flygfyren in Norrtälje.	CEO Cinder Invest AB, Board member Hermes Medical.	CEO ICA-handlarnas Förbund.	Vice Chair Pandox, Indutrade and Logistea. Board member Industrivärden and Dunker Foundations.	Chairman of the Board Nya Ulfmag AB, Storbutiken i Falköping AB and ICA-handlarnas Förbund. Board member Jomag AB etc. CEO Storbutiken i Falköping AB. ICA retailer, Maxi ICA Storköping.	Chairman of the Board Confederation of Swedish Enterprise, JM AB and Ellevio AB. Board member AB Electrolux, AB Hufvudstaden, Ahlström Capital OY, Interogo Holding AG and Nalka Invest AB.	Head of Alternative Investments and Property AMF. Chair of the Board AMF Fastigheter. Board member Bergvik Skog Öst, SR Energy and Rikshem intressenter.
Previous significant positions	Chairman of the Board ICA AB. Board member Svensk Handel (Swedish Trade Federation). CEO Hakon Invest AB and ICA-handlarnas Förbund.	Various management positions at JP Morgan, Svenska Handelsbanken and SEB.	Board member, ICA AB, CFO Hakon Invest AB, RNB Retail and Brands AB.	Chair of the Board Hemfosa, Nyfosa, Amasten, Kungsleden and SSAB. CEO Handel och Industri and acting CEO, Industrivärden.	Chairman of the Board Köpet i Sandared AB. Board member Moberg & Svensson i Sandared AB and Ulfmag AB.	CEO Axel Johnson, Chief Analyst Aros Securities, various positions within ABB Financial Services.	Transaction Manager Structured Finance SEB.
Total remuneration 2021/2022, SEK	1,350,000	0	0	0	630,000	630,000	0
Independence	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders. ²	–	–	–	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders. ²	Independent in relation to the Company, its management and the Company's principal shareholders. ²	–
Committees	Member of the Reward Committee (chairman) and the Investment Committee (chairman).	Reward Committee (from 3 February 2022).	Investment Committee (from 3 February 2022).	Audit Committee (from 3 February 2022).	Member of the Reward Committee.	Member of the Investment Committee.	Audit Committee (from 3 February 2022).
Attendance at meetings							
Board meetings ¹	13/19				13/19	19/19	
Audit Committee	–				–	–	
Reward Committee	6/6				6/6	–	
Investment Committee	13/14				–	12/14	
Sustainability Committee	–				–	–	

¹ Claes-Göran Sylvén, Magnus Moberg, Bo Sandström and Anette Wiotti did not participate in the Board meetings dealing with the Offer.

² Criteria for independence describes the situation up until 3 February 2022.

Board of Directors, cont.



Bo Sandström



Charlotte Svensson



Anette Wiotti



Jonathon Clarke



Magnus Rehn

Born	1975	1967	1966	1968	1966
Education	Master of Science in Business and Economics and Master of Science in Engineering Physics.	Systems science and strategy at Stanford.	Various courses of study (finance, business management, leadership development etc.).	Trained welder, studies in labour law.	Upper secondary education.
Elected	2019	2021	2017	2013	2013
Other significant assignments	CFO ICA-handlarnas Förbund.	Executive Vice President and CIO at SAS AB and board member at Combient Mix AB.	Vice Chairman ICA-handlarnas Förbund. Elected representative on boards and committees within ICA-handlarnas Förbund. ICA retailer, ICA Kvantum Arvika.	–	–
Previous significant positions	CFO Telia Sverige, SATS Group and SAS Scandinavian Airlines Sverige.	Board member at Boozt AB and Head of BA Communication Services at Postnord AB, CTO Bonnier AB and various managerial positions at Bonnier News AB.	Various roles as elected representative within ICA-handlarnas Förbund and ICA Sverige AB.	Employee representative, Handelsanställdas Förbund.	Employee representative, Unionen.
Total remuneration 2021/2022, SEK	730,000	630,000	680,000	–	–
Independence	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders. ²	Independent in relation to the Company, its management and the Company's principal shareholders. ²	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders. ²	–	–
Committees	Member of the Audit Committee and Investment Committee.	Member of the Investment Committee.	Member of the Audit Committee.		
Attendance at meetings	Board meetings ¹	13/19	13/19	19/19	19/19
	Audit Committee	4/4	–	4/4	–
	Reward Committee	–	–	–	–
	Investment Committee	14/14	11/14 ³	–	–
	Sustainability Committee	–	–	–	–

1 Claes-Göran Sylvén, Magnus Moberg, Bo Sandström and Anette Wiotti did not participate in the Board meetings dealing with the Offer.

2 Criteria for independence describes the situation up until 3 February 2022.

3 Board member since 15 April 2021.

Marcus Strandberg

Deputy member
Employee representative
Handelsanställdas Förbund

Born: 1966
Education: Upper secondary education
Appointed: 2013
Previous significant positions:
Employee representative, ICA AB.
Total remuneration 2021/2022, SEK: –
Independence: –
Attendance at meetings:
Board meetings 17/19
Audit Committee meetings –
Investment Committee meetings –
Sustainability Committee meetings –

Daniela Fagernäs

Deputy member
Employee representative
Unionen

Born: 1975
Independence: –
Education: Post-secondary education
Appointed: 2020
Previous significant positions:
Board member, ICA Sverige AB
(employee representative)
Total remuneration 2021/2022, SEK: –
Independence: –
Attendance at meetings:
Board meetings 17/19
Audit Committee meetings –
Investment Committee meetings –
Sustainability Committee meetings –

Rules and regulations

In addition to the external laws and regulations applicable to ICA Gruppen's operations, ICA Gruppen has a number of internal rules that – along with the external rules – provide a framework for the business. The main internal rules are the Articles of Association, the rules of procedure for the Board of Directors, the instructions for the Board committees, the instructions for the CEO including instructions on financial reporting, and policies. The Company's internal rules are based on governing documents at four levels:

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

The Company has the following policies:

• Data Protection Policy

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

• Financial Policy

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

• HR Policy

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

• Sustainability Policy

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

• Insider Policy

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

• Communication Policy

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

• Business Ethics Policy

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

• Risk Management Policy

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

• Tax Policy

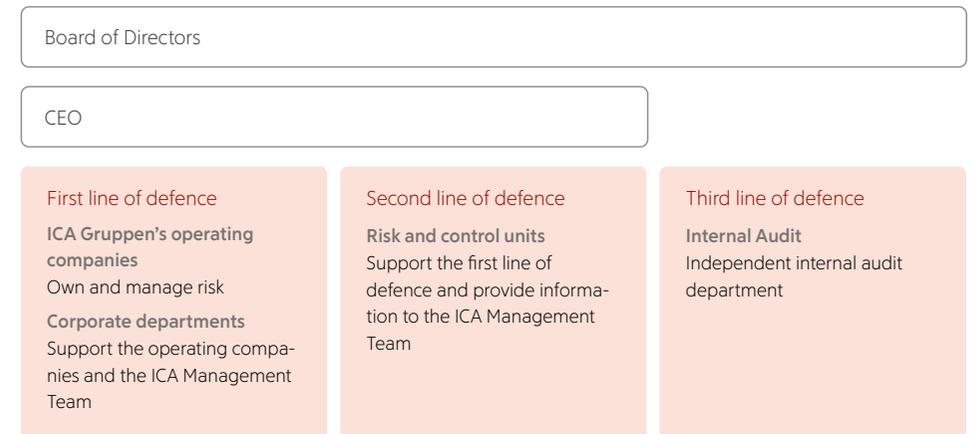
The Tax Policy establishes the Company's risk exposure relating to tax taking into account the applicable tax rules.

ICA Gruppen's model for internal control

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

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

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



10 First line of defence

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

Corporate departments

Corporate Responsibility

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

Group Accounting, Business Planning & Controlling (GAC)

GAC is responsible for managing and controlling all processes relating to accounting, business planning and control within ICA Gruppen. As part of this, GAC must ensure that monthly and quarterly reports as well as the Company's annual report are produced in a manner that provides an accurate depiction of the Company's financial situation and business activities, and that reporting processes are in compliance with laws and regulations.

Group HR

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

Group IT

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

Group Treasury & Tax

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

Legal

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

Corporate Communications

This department is responsible for the Group's corporate communications. At the Group level the department is responsible for providing strategic advice and managing the Company's communication planning and activities. The department handles all types of communication – from

contacts with the media and community contacts to internal communication. It is not, however, involved in customer communication activities and advertising.

Privacy Office

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

Group Strategy and Business Development

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

11 Second line of defence

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

Internal Control

Within ICA Gruppen the Internal Control department is tasked with coordinating and supervising internal governance and control over financial reporting within the Group. Internal control over financial reporting is aimed at managing the risk of material errors in financial reporting with a reasonable degree of certainty and ensuring compliance with laws and regulations that are of significance for finan-

cial reporting. The department identifies business-critical processes and key controls within the Group that are to be evaluated regularly. The evaluation is based on periodic self-evaluation and selective quality review processes. The results are compiled in reports and submitted by Internal Control to the operating companies, the ICA Management Team and the Audit Committee.

Group Risk Management (GRM)

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

12 Third line of defence

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

Internal Audit has been tasked by the Board with evaluating corporate governance, risk management and the governance and control of ICA Gruppen's business processes. Its mandate covers all operations within ICA Gruppen in Sweden and the Baltic countries. Each year the Audit Committee draws up a risk-based plan for Internal Audit's work to ensure that it focuses on the areas where the most value can be added to ICA Gruppen. In 2021 Internal Audit's reviews covered programmes for change that are in progress as well as core processes within ICA Gruppen. In addition, it examined areas such as information security and data protection, e-commerce, sustainability and compliance with external regulations. Store audits constitute a special area within the review of business processes.

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

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

Internal Audit conducts separate quarterly meetings with the ICA Management Team (IMT Audit Update) which include a review of the results of audits completed during the quarter, follow-up of action plans relating to audits completed previously and discussion regarding future audits. Internal Audit also reports quarterly to ICA Gruppen's Audit Committee, which in turn reports to the Board. This reporting covers the audit work carried out over the past quarter and the status of the action plans. Internal Audit also prepares a report annually which is presented to the Board.

13 Corporate culture

ICA Gruppen's corporate culture is based on the vision of making every day a little easier and on the Group's values of simplicity, commitment and entrepreneurship. These values are the foundation for ensuring the Company has committed and talented employees who in turn ensure that ICA Gruppen has efficient corporate governance and risk management procedures. Simplicity means an approach in which the employees are transparent and honest in their interactions and trust each other. Commitment means taking responsibility for what we do, for the Company's community and for the shareholders, which promotes good governance within the Company. Entrepreneurship enables us to create opportunities and take action. It also means that we are driven by a constant desire to improve and take responsibility for ensuring good corporate governance, while paying attention to the risks associated with the business. All employees have a responsibility to ensure that the Company complies with external and internal rules, and to take action if the Company in any way non-compliant. To do this employees can contact their immediate superior, safety officer or the HR department. It is also possible to anonymously report issues through the Company's online whistleblower service, or to the head of the Company's Internal Audit department. ICA retailers, i.e. business owners operating

ICA stores (not employees of ICA Gruppen), are responsible for ensuring that their business is in compliance with external and internal rules. The Company and the ICA retailers' membership organisation, ICA-handlarnas Förbund, have together created an accountability board tasked with addressing matters relating to the commitments of the ICA retailers and their responsibilities pursuant to the statutes of ICA-handlarnas Förbund. The accountability board can issue reminders or warnings and can expel members from ICA-handlarnas Förbund.

ICA Gruppen's work on business ethics

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

Anti-corruption work

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

Internal and external framework for business ethics

Efforts to prevent business ethics risks are based on both external frameworks and internal rules and guidelines. The external frameworks include the laws and regulations applicable to the business, industry practice and general good practice. ICA Gruppen's work on business ethics is also based on the Company's support of the UN Global Compact, the UN Sustainable Development Goals and the Swedish Anti-Corruption Institute's Code of Business Conduct.

The internal rules include ICA Gruppen's Business Ethics Policy and its associated guidelines. The Business Ethics Policy describes ICA Gruppen's anti-corruption stance and

guidelines, including how to approach gifts and benefits, conflicts of interest and fair competition. In addition to the Business Ethics Policy and associated guidelines, there are also internal guidelines regarding corporate hospitality, meetings and travel.

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

Responsibility and governance

ICA Gruppen's Board of Directors sets the Business Ethics Policy and makes revisions to it. Matters of an ethical nature has during 2021 been addressed by the Company's Sustainability Work Group and referred to the Sustainability Committee within ICA Gruppen's Board. From 2022, such reporting will be made to the Board in its entirety. Monitoring of the performance of operating companies is carried out according to ICA Gruppen's established process for monitoring compliance with policies and guidelines. Business ethics aspects are included in the annual risk analysis that is carried out for each company within the Group.

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

Training and follow-up

ICA Gruppen provides internal online training to ensure that all employees are familiar with the Business Ethics Policy and act accordingly. The training is mandatory for all white-collar employees within the Group and is also avail-

able to other employees. The number of employees who have completed the online training is monitored and reported internally. To complement the online training, classroom-based courses are provided to the groups of employees who are the most exposed to business ethics dilemmas. To make it more accessible, this training can also be completed digitally. Employees also have access to local information, such as a digital platform for information and training in the area of business ethics. Additional information is also provided on an ongoing basis to spread awareness about business ethics within the Group.

Whistleblower service

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

14 CEO

CEO Per Strömberg is responsible for the day-to-day administration of the Company in accordance with the guidelines and instructions issued by the Board. In dialogue with the Chairman of the Board, the CEO also compiles an agenda for Board meetings and is responsible for providing the meetings with information documents and material as a basis for decisions. In addition, the CEO must ensure that the members of the Board receive information on ICA Gruppen's performance in order to make well-founded decisions. The Board has approved Per Strömberg's significant assignments and financial commitments outside the Company, such as his positions as a member of the Steering Group for Generation Pep and as a board member of The Consumer Goods Forum, EuroCommerce and ICC Sweden. The CEO has no significant shareholdings or proprietary involvement in companies with which the Company has significant business ties. An evaluation of the CEO was carried out by the Board in 2021 without the CEO and other members of management being present.

15 ICA Management Team

Alongside CEO Per Strömberg, the members of the ICA Management Team are the CFO, Chief HR Officer, Chief Strategy and Business Development Officer, Chief Information Officer, Chief Corporate Communication Officer, Chief Corporate Responsibility Officer and the CEOs of ICA Sweden (also Deputy CEO of ICA Gruppen), Apotek Hjärtat, Rimi Baltic, ICA Real Estate and ICA Bank. The ICA Management Team meets regularly to discuss matters relating to, for example, corporate governance, reporting and strategy. In addition, the ICA Management Team prepares information on matters where the rules of procedure state that a decision by the Board is required, and assists the CEO in executing decisions made by the Board. In addition to their collective responsibility for the management of the Company, each member of the ICA Management Team bears individual responsibility for his or her respective area of the Company. At the beginning of each financial year the ICA Management Team assesses its work, focusing on the quality of decisions, agendas, the meeting structure, effectiveness and the ICA Management Team's overall performance.

Committees supporting the ICA Management Team

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

16 Sustainability Work Group

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

17 Group Risk Management Committee

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

18 Reward Group

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

19 Retail Investment Committee

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

ICA Management Team



Per Strömberg

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



Petra Albuschus

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



Anna Nyberg

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



Anders Bärlund

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



Marie Halling

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



Sven Lindskog

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

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

ICA Management Team, cont.



Kerstin Lindvall

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



Eric Lundberg

CEO Apotek Hjärtat. Employed at ICA since 2021 and member of ICA Management Team since 2021. CEO of Apotek Hjärtat since 2021.



Benny Svensson¹

Chief Information Officer (CIO) ICA Gruppen. Takes up his position not later than 1 August.



Björn Olsson

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



Giedrius Bandzevičius

CEO Rimi Baltic. Employed at ICA since 2017 and member of ICA Management Team since 2022.²



Anders Svensson

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

Born	1971	1978	1971	1971	1974	1964
Education	Agronomist.	Master of Media, higher vocational education programme and Berghs School of Communications.	Master's degree in mechanical engineering.	Master's degree in Political Science, Economics and Commercial Law.	Executive MBA, Baltic Management Institute. MBA Business Management, Marketing, Vilnius Gediminas Technical University. BSc Transport Management, Vilnius Gediminas Technical University.	Master of Science in Business and Economics.
Other assignments	Chief Corporate Responsibility Officer ICA Sverige AB. Board member Beijer Ref AB, UN Global Compact Sweden and member of Monitoring Board of the Swedish Chemicals Agency.	Board member SA Service AB (Apoteksföreningen, the organisation for the Swedish pharmacy industry) and MD International AB (Min Doktor).	—	—	Chairman of the Council of the Lithuanian Retailers' Association. Board member Investor Forum Lithuania.	Chairman Svensk Handel AB (Swedish Trade Federation) and Stadium AB. Board member Skistar AB, Svensk Dagligvaruhandel Ekonomisk Förening (Swedish Food Retailers Federation) and Svenskt Näringsliv (Confederation of Swedish Enterprise).
Experience	ICA Sweden (1997–), including as Chief Corporate Responsibility Officer (2010), Head of Environment & Social Responsibility (2002–2009), Quality Specialist (1999–2001) and Head of Environment (1997–1999). Swedish Board of Agriculture, coordinator for EU funding (1996–1997).	President and CEO Kjell & Company 2018–2020, Marketing Director Apoteket AB 2015–2018, Nordic Marketing Director Plantasjen 2010–2013, Head of Marketing Bauhaus 2008–2010, Head of Marketing Lidl Sweden 2004–2007.	MD IKEA IT AB, CIO INGKA Group, CDO IKEA OF Sweden, Inter IKEA Group.	Head of Media Relations/Acting Head of Communications, Svensk Handel (Swedish Trade Federation) (2000–2003).	Senior Vice President, Circle K Poland (2015–2017). Vice President and Managing Director, UAB Statoil Fuel and Retail Lietuva (2012–2015).	Arla Foods (2002–2009), including as SVP Arla Foods Consumer Nordic, Managing Director Arla Foods Sweden. Procter & Gamble Nordic and Procter & Gamble UK (1993–2002) including as Director of Logistics, Nordic, and Sales Director, Sweden. Andersen Consulting (1988–1993), Consultant.

¹ Per Lengquist is acting CIO until Benny Svensson takes up this position.

² Giedrius Bandzevičius succeeded Edgar Sesemann as CEO of Rimi Baltic on 1 January 2022.

Data protection within ICA Gruppen

ICA Gruppen continues to drive its data protection work with the aim of creating trust by always putting individuals' privacy at the heart of these efforts. The work is structured and continuous, and is led by the Company's Privacy Office along with the Data Protection Officers in the Group. In 2021 it included efforts to improve the systematic approach taken by the companies to achieve sustainable compliance, action to mitigate risks identified and continued adaptation of systems, processes and structures to ensure compliance with the data protection legislation in force as well as new practice within the geographic and sectoral areas where the Company operates.

A key aspect of maintaining and developing the Group's data protection processes is the administrative structure that has been established. The structure is based on the fact that responsibility for data protection lies with the operations within each company, with a supporting organisation. The Privacy Office is a Group-wide unit consisting of data protection experts who advise the operations and also drive and coordinate the data protection work jointly with the Group's Data Protection Officers. The companies in the Group that process a not insignificant

amount of personal data have a Data Protection Officer (DPO), a data protection unit, a personal data controller for each particular business area and supporting Data Protection Guardian(s) (DPG). These are to ensure that the company in question handles personal data in compliance with the data protection legislation in force and the Group's internal governing documents.

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

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

The Head of Privacy Office reports on the data protection work on a regular basis to the ICA Management Team and the Board, while the Data Protection Officers report to their respective companies' management.

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

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

Corporate governance within ICA Bank

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

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

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

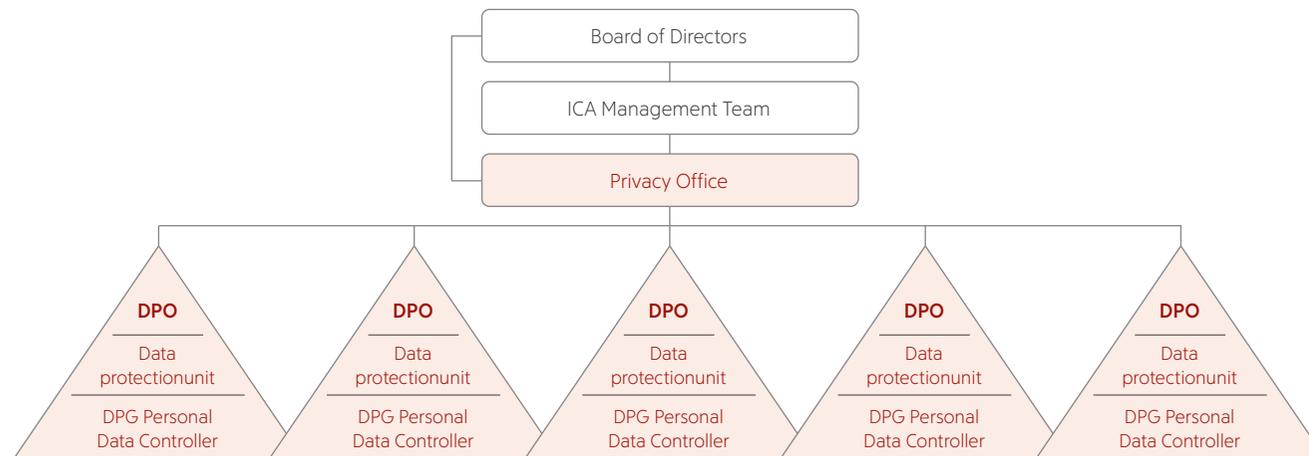
The first line of defence involves risk management and governance within the day-to-day business operations. It is the business operations that have the delegated responsibility for implementing ICA Bank's established risk strategy and for ensuring that the bank stays within the parameters set by the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

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

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

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

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



The Board's report on internal control over financial reporting

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

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

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

1. Control Environment

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

2. Risk Assessment

The Audit Committee is responsible for ensuring that significant risks of errors in financial reporting are identified and managed. Within ICA Gruppen there is continuous dialogue with each operating company to ensure good internal control and awareness of operational risks. For a description of the Group's risks and risk management, see the section "Risks and risk management" on pages 59–65 of the Annual Report.

3. Control Activities

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

1. Group-wide controls relating to adherence to the Group policies and guidelines.
2. Process controls for the Group's business-critical processes. Many different types of activities are included, such as approval, permits, reconciliation, scrutiny of business results, securing assets and division of responsibilities. These control activities are aimed at managing the risk of errors in each of the processes. The controls that manage the material risk of errors are classified as key controls and are included in the Group's regular monitoring of internal control.
3. IT controls relating to IT processes, the IT platform and IT applications that are critical from a financial or commercial perspective.

4. Information and Communication

Effective and correct communication of information, both internally and externally, is important for ensuring complete and accurate financial reporting at the right time. Policies, procedures, handbooks and other documents of significance for financial reporting are updated and communicated to the relevant employees on an ongoing basis.

The Group's Accounting department has direct operational responsibility for ongoing financial accounting and works to achieve consistent application of the Group's guidelines, principles and instructions for financial reporting. Subsidiaries and operating units provide regular financial reporting and report on operating activities to the ICA Management Team, which in turn reports to the Board of Directors. The Communication Policy and associated guidelines ensure that external communication is transparent, accurate, relevant and reliable, and otherwise meets the requirements for companies listed on Nasdaq Stockholm. Financial information is provided regularly through annual reports, interim reports, press releases and notices on the Company's website, icagruppen.se/en.

5. Monitoring and Improvement Activities

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

Last year of the share's stock exchange listing



On 10 November ICA-handlarnas Förbund and AMF Pensionsförsäkring provided a public takeover offer to the shareholders of ICA Gruppen. The bidders reached a holding of more than 90% as of 20 December 2021 and the Company's share was delisted on 13 January 2022. This ended the Company's history as a listed company which began on 8 December 2005 and which, since that date, has generated a total return (including dividends) of 1,215%.

Share price development and return

At the beginning of the year ICA Gruppen's share was listed at SEK 534.40, slightly above the bidding price of SEK 534. This represents growth in 2021 of +30.1%, equivalent to a market capitalisation of around SEK 107.5 billion. Up until 22 October, when rumours of the bid started to drive the share price up, price development was +0.8%. The highest price paid during the year was SEK 536 on 11 November and the lowest was SEK 383.10 on 4 May. The OMXSPI index increased in 2021 by +35%.

Since 8 December 2005, when the Company was first listed under the name Hakon Invest, and up to the delisting on 13 January 2022, the share has generated a total return of 1,215%. In the same period the OMXSGI index increased by 474%. The name was changed from Hakon Invest to ICA Gruppen in spring 2013 after the Netherlands-based grocery retail company Ahold Delhaize sold its share of ICA AB. Since the announcement of that transaction on 11 February 2013 the total return up to the delisting was +456% while the OMXSGI grew by +265%.

Shareholders

During the period the share was listed, the number of shareholders also increased significantly, from just over 13,000 shareholders in 2005 to around 14,200 in 2012 and almost 71,600 on 31 October 2021 (last measurement before the bid was published). As of the same date around 19% of the shares were owned by foreign institutions. Foreign ownership increased significantly after ICA Gruppen was formed in 2013, from just over 4% to the highest percentage of just over 21% at the end of 2019.

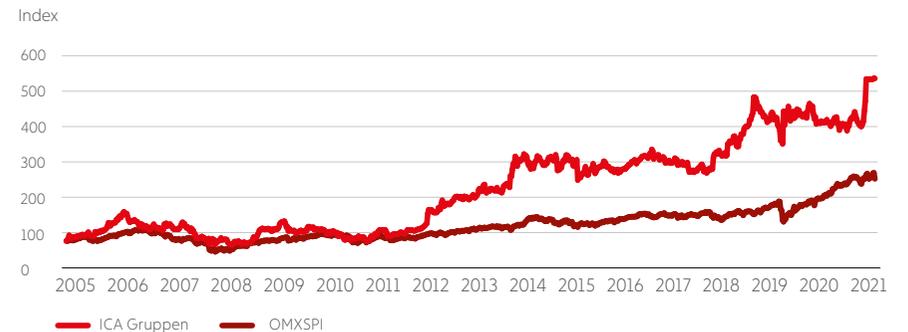
Information for the capital market

ICA Gruppen's objective is to provide debt investors, analysts, lenders and other stakeholders with fast, clear, consistent and real-time information about the Group's activities and financial position. ICA Gruppen's external reports are to reflect the Company's progress towards long-term goals and priorities, and give information about other important changes that affect the monitoring and assessment of ICA Gruppen's financial position. The financial information is to provide a good

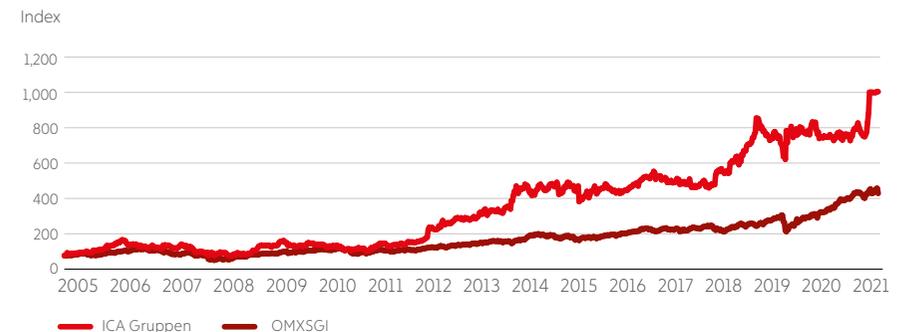
insight into the Company's financial performance and enable the reader to make an assessment of ICA Gruppen's long-term development.

Transparency creates an understanding of the financial performance, the decisions that are made, and of the business and the industry as a whole. All financial reports, presentations and press releases as well as other relevant information about ICA Gruppen are available on the Company's website, which is updated on an ongoing basis.

Share price development 2005–2021



Total return 2005–2021



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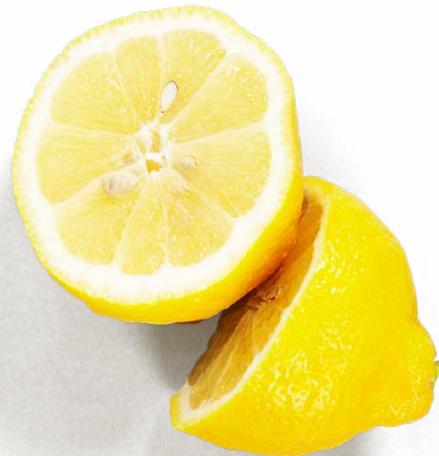
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Financial key ratios

ICA Gruppen uses a number of financial key ratios in its annual report, some of which are not defined in IFRS but are so-called alternative performance measures (APMs). The aim is to provide additional information that contributes to a more thorough comparison of year-on-year development and to give an indication of the Group's performance and financial position. The APMs used are considered to be ones that are generally accepted and applied in the industries in which ICA Gruppen operates. A description of and performance in relation to the financial targets set by the Board can be found on page 23. Measurement data and definitions are also available at icagruppen.se/en.

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

Definitions of key ratios

Business volume (ICA Bank)

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

Capital employed

Equity plus interest-bearing liabilities.

Cash flow from operating activities per share

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

C/I ratio (ICA Bank)

Total costs in relation to total income.

Common Equity Tier I ratio (ICA Bank)

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

Credit loss ratio (ICA Bank)

Credit losses in relation to average lending.

Divestments

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

Dividend yield (shares)

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

Earnings per share

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

EBITDA

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

Equity per share

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

Equity/assets ratio

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

Gross profit

Net sales minus cost of goods sold.

Investments

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

Items affecting comparability

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

Like-for-like store sales

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

Net debt

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

Net debt 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 income (ICA Bank)

The difference between interest paid and received by the bank.

Net margin

Profit for the period in relation to net sales.

Occupancy rate (ICA Real Estate)

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

Operating margin

Operating profit as a percentage of net sales.

Operating profit

Profit before net financial items and tax.

Property yield (ICA Real Estate)

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

Return on capital employed

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

Return on equity

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

Alternative performance measures

Reconciliation EBITDA

SEK m	2021	2020
Operating profit	5,876	5,774
Depreciation/amortisation	5,500	5,305
Impairment and impairment reversed	31	63
Operating profit before depreciation/amortisation (EBITDA)	11,408	11,141

Reconciliation Net debt, excluding ICA Bank

SEK m	2021	2020
Long-term bonds and non-current interest-bearing liabilities	-3,760	-4,173
Short-term bonds and current interest-bearing liabilities	-2,230	-2,044
Cash and cash equivalents	1,310	1,309
Net debt excl. IFRS 16	-4,680	-4,904
Non-current lease liabilities	-12,741	-11,902
Current lease liabilities	-3,493	-3,095
Net debt	-20,915	-19,901

Reconciliation Capital employed, excluding ICA Bank

SEK m	2021	2020
Equity	37,686	35,226
Provisions for pensions	4,139	4,256
Other provisions	23	7
Long-term bonds and non-current interest-bearing liabilities	3,760	4,173
Short-term bonds and current interest-bearing liabilities	2,230	2,044
Other non-current liabilities	61	183
Non-current lease liabilities	12,741	11,902
Current lease liabilities	3,493	3,095
Capital employed	64,133	60,887

For an explanation of why these key performance measures have been used, refer to page 23.

Five-year financial summary

SEK m	Actual 2021	Actual 2020	Actual 2019	Recalculated 2018 ¹	Actual 2018 ²	Actual 2017 ²
Income statement						
Net sales	127,957	126,283	119,295	115,354	115,354	109,408
Operating profit before depreciation/amortisation (EBITDA)	11,408	11,141	10,193	9,850	6,302	6,756
Operating profit excluding items affecting comparability	5,826	5,831	5,356	4,811	4,651	4,642
Operating profit	5,876	5,774	4,934	4,658	4,498	5,220
Profit before tax	5,478	5,308	4,402	4,057	4,227	4,853
Profit for the year	4,554	4,173	3,450	3,508	3,647	4,145
Balance sheet						
Non-current assets	91,298	83,744	79,789	77,802	61,640	58,711
Cash and cash equivalents and short-term investments	6,391	4,584	3,157	3,206	3,206	4,499
Other current assets	16,946	16,059	15,981	15,382	15,805	14,790
Total assets	114,635	104,388	98,927	96,391	80,651	78,000
Equity	37,686	35,226	33,844	33,110	33,249	32,017
Non-current liabilities	24,826	24,500	23,182	23,545	11,022	11,140
Current liabilities	52,123	44,661	41,901	39,736	36,380	34,843
Total equity and liabilities	114,635	104,388	98,927	96,391	80,651	78,000
Cash flow						
From operating activities	10,942	11,641	9,748	10,326	6,802	4,601
From investing activities	-2,563	-5,309	-2,900	-3,593	-3,593	632
From financing activities	-6,585	-4,911	-6,895	-8,036	-4,512	-4,693
Cash flow for the year	1,795	1,422	-48	-1,303	-1,303	540

SEK m	Actual 2021	Actual 2020	Actual 2019	Recalculated 2018 ¹	Actual 2018 ²	Actual 2017 ²
Key ratios						
Operating margin excluding items affecting comparability, %	4.6	4.6	4.5	4.2	4.0	4.2
Operating margin, %	4.6	4.6	4.1	4.0	3.9	4.8
Net margin, %	3.6	3.3	2.9	3.0	3.2	3.8
Return on capital employed, %	9.2	9.2	7.9	7.7	10.2	12.3
Return on equity, %	12.7	11.7	10.1	10.6	11.1	13.4
Equity/assets ratio, %	32.9	33.7	34.2	34.4	41.2	41.0
Capital employed excl. ICA Bank, average	61,735	61,355	59,278	58,251	42,648	41,938
Net debt	-20,915	-19,901	-20,117	-20,988	-5,079	-5,598
Net debt/EBITDA	1.8	1.8	2.0	2.1	0.8	0.8
Share data						
Earnings per share for the year, SEK	22.52	20.65	17.06	17.35	18.05	20.53
Equity per share, SEK	186.43	174.07	167.06	163.29	163.98	157.70
Cash flow per share from operating activities, SEK	54.40	57.88	48.46	51.34	33.82	22.87
Dividend per share, SEK	0.00	13.00	12.00	11.50	11.50	11.00
Dividend, SEK m	0	2,615	2,414	2,313	2,313	2,213
Dividend payout ratio, %	-	63	70	66	63	53
Share price at 31 December, SEK	534.40	410.90	437.20	316.80	316.80	297.90
Dividend yield, %	-	3.2	2.7	3.6	3.6	3.7
Number of outstanding shares						
Number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Total number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795
Total average number of shares	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795	201,146,795

1 In addition to the formal IFRS reports, amounts in the "Recalculated" column are presented as if IFRS 16 had been applied from 1 January 2018. See Note 1 in the 2019 Annual Report for more detailed information. The recalculated amounts for 2018 have not been reviewed by the auditors.

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

Definitions on page 82.

Consolidated statement of comprehensive income

SEK m	Note	2021	2020
Net sales	2	127,957	126,283
Cost of goods and services sold	3	-106,064	-104,739
Gross profit		21,894	21,544
Selling expenses	3	-12,967	-12,569
Administrative expenses	3, 5	-3,679	-3,635
Other operating income	6	579	441
Other operating expenses	3	-28	-
Share of profits of associates and joint ventures	13	28	50
Operating profit excl. items affecting comparability	2, 4, 5, 7	5,826	5,831
Capital gains/losses from sale of subsidiaries and non-current assets	2, 17	82	6
Impairment and impairment reversed	2, 3	-31	-63
Operating profit	2	5,876	5,774
Financial income		5	17
Financial expense		-404	-483
Net financial items	8	-399	-466
Profit before tax		5,478	5,308
Tax	9	-924	-1,135
PROFIT FOR THE YEAR		4,554	4,173
Other comprehensive income, items that will not be reclassified to profit or loss, net after tax			
Remeasurement defined benefit pensions	9, 19	256	-99
Other comprehensive income, items that may be reclassified to profit or loss, net after tax			
Change in translation reserve		44	-75
Change in hedging reserve		258	-157
Share of other comprehensive income of joint ventures		12	4
Total items that may be reclassified to profit or loss	9, 18	315	-228
COMPREHENSIVE INCOME FOR THE YEAR		5,125	3,846

SEK m	Note	2021	2020
Profit for the year attributable to:			
Owners of the parent		4,531	4,153
Non-controlling interests		23	20
Comprehensive income for the year attributable to:			
Owners of the parent		5,102	3,823
Non-controlling interests		23	23
Earnings per share, SEK			
Earnings per share	10	22.52	20.65

Consolidated statement of financial position

Assets	Note	31 Dec. 2021	31 Dec. 2020
SEK m			
Non-current assets			
<i>Intangible non-current assets</i>	11		
Goodwill		16,301	16,301
Trademarks		12,910	12,895
IT systems		2,056	1,948
Other		34	41
		31,301	31,185
<i>Property, plant and equipment</i>	12		
Buildings and land		15,598	14,807
Investment properties		1,386	1,401
Leasehold improvements		391	398
Equipment		2,872	2,581
Construction in progress		811	1,329
		21,058	20,516
<i>Leased right-of-use assets</i>	7		
		16,215	15,054
		37,273	35,570
<i>Financial non-current assets</i>			
Interests in joint ventures and associates	13	1,316	1,287
ICA Bank's investments	14	3,943	2,556
ICA Bank's lending	14	17,330	13,035
Receivables from related parties	16	-	-
Other financial non-current assets		78	48
		22,666	16,926
<i>Deferred tax assets</i>	9		
		58	62
Total non-current assets		91,298	83,744

Assets	Note	31 Dec. 2021	31 Dec. 2020
SEK m			
Current assets			
<i>Inventories</i>	15	4,757	4,731
<i>Current receivables</i>			
Trade receivables		5,222	5,005
Tax assets		4	1
ICA Bank's lending	14	3,771	3,063
Receivables from related parties	16	129	130
Other current assets		98	28
Prepaid expenses and accrued income		2,963	2,943
Assets held for sale	17	2	157
		12,189	11,329
<i>Cash and cash equivalents</i>	22	6,391	4,584
Total current assets		23,337	20,644
TOTAL ASSETS		114,635	104,388

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Cont. Consolidated statement of financial position

SEK m	Note	31 Dec. 2021	31 Dec. 2020
Equity and liabilities			
Equity	18		
Share capital		503	503
Other capital contributed		7,694	7,694
Reserves		687	372
Retained earnings		28,616	26,444
Equity attributable to owners of the parent		37,500	35,013
Non-controlling interests		186	213
Total equity		37,686	35,226
Non-current liabilities			
Provisions for pensions	19	4,144	4,262
Deferred tax liabilities	9	4,094	3,970
Bonds	20	3,750	3,250
Other interest-bearing liabilities	20	10	923
Non-current lease liabilities	7, 20	12,742	11,903
Other provisions		25	9
Other liabilities		61	183
Total non-current liabilities		24,826	24,500
Current liabilities			
Bonds	20	1,000	1,200
Other interest-bearing liabilities	20	1,230	840
Trade payables		15,269	15,751
Deposits ICA Bank	14	26,682	19,293
Current lease liabilities	7, 20	3,494	3,096
Liabilities to related parties	16	4	5
Tax liabilities		62	104
Other liabilities		1,093	1,151
Provisions		192	211
Accrued expenses and deferred income		3,097	3,010
Total current liabilities		52,123	44,661
TOTAL EQUITY AND LIABILITIES		114,635	104,388

Consolidated statement of changes in equity

SEK m	Equity attributable to owners of the parent						Total equity
	Share capital	Other capital contributed	Reserves	Retained earnings	Total	Non-controlling interests	
Opening equity, 1 January 2020	503	7,694	603	24,805	33,604	240	33,844
Profit for the year				4,153	4,153	20	4,173
Other comprehensive income			-230	-99	-330	3	-327
Comprehensive income for the year			-230	4,053	3,823	23	3,846
Dividend				-2,414	-2,414	-50	-2,464
Closing equity, 31 December 2020	503	7,694	372	26,444	35,013	213	35,226
Opening equity, 1 January 2021	503	7,694	372	26,444	35,013	213	35,226
Profit for the year				4,531	4,531	23	4,554
Other comprehensive income			315	256	571	0	571
Comprehensive income for the year			315	4,787	5,102	23	5,125
Dividend				-2,615	-2,615	-50	-2,665
Closing equity, 31 December 2021	503	7,694	687	28,616	37,500	186	37,686

Consolidated statement of cash flows

SEK m	Note 22	2021	2020
Operating activities			
Operating profit		5,876	5,774
Dividend from joint ventures	13	85	100
Adjustments for non-cash items		5,501	5,497
Income tax paid		-976	-1,078
Cash flow from operating activities before change in working capital		10,486	10,293
Change in working capital			
Inventories (increase - /decrease +)		-69	-199
Current receivables (increase -/decrease +)		-207	-544
Current liabilities (increase +/decrease -)		-272	1,143
ICA Bank's net of deposits, lending and investments		1,004	950
Cash flow from operating activities		10,942	11,641
Investing activities			
Purchase of property, plant and equipment and intangible assets		-2,872	-5,372
Sale of property, plant and equipment and intangible assets		307	81
Loans issued		-18	-31
Repayment of loans issued		93	116
Interest received		1	5
Investments in joint ventures and associates	13	-74	-108
Cash flow from investing activities		-2,563	-5,309
Financing activities			
Borrowings		1,504	3,164
Repayment of borrowings		-1,735	-1,926
Capital contributions, acquisitions and dividends relating to non-controlling interests		-50	-50
Amortisation lease liabilities		-3,313	-3,255
Interest paid lease liabilities		-304	-321
Interest paid		-71	-109
Dividend paid to shareholders of ICA Gruppen AB		-2,615	-2,414
Cash flow from financing activities		-6,585	-4,911

SEK m	Note 22	2021	2020
Cash flow for the year			
Cash and cash equivalents at beginning of year		4,584	3,157
Exchange differences in cash and cash equivalents		11	5
Cash and cash equivalents at end of year		6,391	4,584

Notes

Note 1 Accounting principles and general information

ICA Gruppen AB (publ) has corporate registration number 556048-2837 and its registered office is in Stockholm municipality, Sweden. The head office address is ICA Gruppen AB, SE-169 71 Solna, Sweden, the visiting address is Kolonnvägen 20, Solna, and the website is icagruppen.se. As of 16 December 2021, ICA Gruppen aktieföretag (AB) is a subsidiary of Murgröna Holding AB which is a subsidiary of ICA-handlarnas Förbund, corporate registration number 802001-5577. ICA Gruppen AB is listed on Nasdaq Stockholm in the Large Cap segment as per 31 December 2021.

On 10 November ICA-handlarnas Förbund and AMF Pensionsförsäkring AB (AMF) together made an offer for all of the shares in ICA Gruppen AB through Murgröna Holding AB (Murgröna). On 20 December sufficient shareholders had accepted the offer so that Murgröna's holding reached more than 90 percent. The bidders announced their intention to acquire the remaining shares through compulsory redemption in accordance with the Swedish Companies Act (2005:551). On 23 December the Board of Directors of ICA Gruppen applied for a delisting of ICA Gruppen's shares from Nasdaq Stockholm and the last trading day for the shares was 13 January 2022. Murgröna Holding AB is around 87% owned by ICA-handlarnas Förbund and around 13% owned by AMF. Murgröna's holding in ICA Gruppen as of 31 December 2021 was 91.4 percent.

See also Note 24 Events after the balance sheet date and the Board of Directors' Report.

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

The annual financial statements and consolidated financial statements were approved for publication by the Board of Directors on 23 February 2022..

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

New standards and interpretations applied from the beginning of 2021

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

IFRS 16 Leases was amended in 2020 with respect to rent concessions received in response to the Covid-19 pandemic. In 2021 the concessions were extended until

June 2022. ICA Gruppen has not applied the IFRS 16 amendment as the concessions received in response to Covid-19 have been minimal.

New standards from IASB applied from 2022 onwards that are relevant to ICA Gruppen

IFRS 17 Insurance Contracts was approved by the EU in November 2021 and will be applied from 2023. IFRS 17 sets principles for reporting, measurement and disclosures relating to issued insurance contracts. The subsidiary ICA Försäkring AB (ICA Insurance) runs insurance operations and the financial reports for ICA Gruppen will be impacted to a limited extent by the amended accounting within ICA Insurance.

Some amendments to standards have been endorsed for application from 2022, but no amendment is expected to materially impact ICA Gruppen's financial statements. The same applies for the interpretation statements issued by IFRS IC.

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

No such standards have been issued by IASB.

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

As previously, in 2021 no direct effects of the Covid-19 pandemic had any material impact on the carrying amounts of property, plant and equipment or of intangible or financial assets within ICA Gruppen.

For an assessment of the effects of the Covid-19 pandemic on earnings, see the information regarding the Group in the Board of Directors' Report.

Payout of funds from Fora

The payout via Fora of funding capital from Afa disability insurance, which Fora announced on its website in October, amounted to SEK 76 million and is reported in the ICA Sweden segment as a reduction in costs.

Accounting principles applied

Basis of accounting

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

Consolidated financial statements

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

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

Holdings in joint arrangements

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

Interests in associates

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

Foreign currency

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

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

Revenue

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

Cont. Note 1 Accounting principles and general information

In cases where a sale is made with a commitment that the customer will receive a future bonus, or where some other commitment remains for ICA Gruppen, the revenue for the bonus portion or other commitment is not recognised until the bonus or commitment is delivered to the customer.

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

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

Rental income is recognised as it is earned.

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

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

Gains or losses on real estate sales

Gains or losses on real estate sales are recognised when the buyer has taken control of the property, which is usually on the occupancy date. Where ICA Gruppen sells a property that is subsequently leased back, a determination is made as to whether the property has been sold according to IFRS 15. If the property is sold according to IFRS 15, which is the normal procedure, the gain or loss from the sale is recognised when the buyer has taken control of the property. The gain or loss from the sale consists of the relative share of the value of the property not subject to a leaseback transaction. The leaseback is recognised according to IFRS 16 Leases. These transactions sometimes involve variable rents, but in such a case this normally accounts for only a small portion of the total rent. Any variable rents that exist are not included in the lease liability. If real estate is sold to a company partly owned by ICA Gruppen, an internal gain equivalent to the portion of the company that ICA Gruppen owns is eliminated.

Government grants

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

and accruals are recognised when the costs for which the grants are intended to compensate arise.

Leases

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

ICA Gruppen as lessee

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

No cash flow arises when a lease goes into effect and, accordingly, no changes arise in the statement of cash flows, either under investing activities or under financing activities. The lease payments made are recognised in financing activities as a cash flow item in the form of interest received and amortisation of the lease liability.

ICA Gruppen as lessor

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

Income tax

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

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

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

Intangible assets and goodwill

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

Investments in IT systems are reported as an asset when ICA Gruppen has control over the asset. One of the ways in which control can be obtained is through an agreement. Depreciation is recognised over the asset's useful life, but no longer than for the duration of the agreement.

Property, plant and equipment

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

Investment properties

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

Assets and liabilities held for sale

This applies to assets and liabilities that are held for sale if they are available for immediate sale, a decision on their sale has been taken and it is extremely likely that they will be sold within 12 months. No depreciation is recognised from the date the asset is classified as held for sale.

Impairment

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

Inventories

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

Financial instruments

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

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

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*Cont. Note 1 Accounting principles and general information**Liabilities to credit institutions and other loan liabilities*

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

Derivatives

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

ICA Bank's financial assets and liabilities

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

Interest

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

Cash and cash equivalents

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

Bonus programmes

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

Pensions and other post-employment benefit obligations

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

Important assumptions and estimates

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

Leases

ICA Gruppen has a large number of leases amounting to significant sums. ICA Gruppen acts as both a lessee and lessor and a number of properties are leased and then sub-leased. In connection with the implementation of IFRS 16 an interpretation was made

of the rules for principle-based accounting and how these are applied in ICA Gruppen's financial statements. ICA Gruppen is of the opinion that recognition of items in the financial statements according to IFRS 16 provides a true and fair presentation of the substance of the leases. If standardisation in the future involves the addition of more detailed rules based, for example, on amendments to IFRS 16 or interpretations of IFRS 16 issued by IFRS IC, this could impact the financial statements.

Valuation of goodwill and trademarks

Assessments are made on an ongoing basis to ensure that the book value of goodwill and trademarks does not exceed their recoverable amount. A calculation is made of the recoverable amount to assess whether impairment of goodwill and trademarks is indicated. The recoverable amount is calculated using a present value calculation of cash flows based on the anticipated future outcomes of a number of factors. Since fair value is calculated based on assumptions about the future, a downgraded assessment of these assumptions could indicate impairment.

Note 2 Segment reporting

Segments are defined based on how ICA Gruppen's management monitors and oversees operations. ICA Gruppen conducts wholesale and retail operations in Sweden within the ICA Sweden segment. The wholesale operations consist of selling goods to non-consolidated ICA retailers, while the retail business is operated in the stores that are consolidated in the Group and also includes the sale of non-food items in ICA Maxi stores. Pharmacy operations are conducted in Sweden within the Apotek Hjärtat segment. In the Baltic countries retail operations take place within the Rimi Baltic Segment. The ICA Real Estate segment is a real estate business

involving properties located in Sweden. Properties located in the Baltic countries are accounted for together with the retail operations in these countries and are included in the Rimi Baltic segment. Banking operations, including insurance operations, are reported in the segment ICA Bank. Other consists of items that are not included in identified segments and mainly comprises group-wide functions.

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

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

SEK m	ICA Sweden		Rimi Baltic		Apotek Hjärtat		ICA Real Estate		ICA Bank		Total reported segments		Other		Eliminations		Total per segment		IFRS 16		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External net sales	91,983	91,412	16,991	16,373	15,529	15,177	1,510	1,620	1,895	1,660	127,909	126,242	49	41			127,957	126,283			127,957	126,283
Internal net sales	258	272	-	-	2	1	1,323	1,220	35	39	1,619	1,532	1,285	1,241	-2,904	-2,773						
Depreciation/amortisation	689	611	442	405	184	167	611	533	22	24	1,947	1,740	150	144			2,097	1,884	3,403	3,421	5,500	5,305
Profit from joint ventures and associates	-	-	-	-	-56	-44	97	93	-13	-	28	50	-	-			28	50			28	50
Operating profit excluding items affecting comparability	4,019	4,240	784	703	444	383	650	603	181	174	6,078	6,102	-446	-446			5,632	5,657	194	175	5,826	5,831
Items affecting comparability																	55	-57	-5	-	50	-57
Net financial items																	-94	-145	-304	-321	-399	-466
Profit after financial items																	5,593	5,454	-115	-147	5,478	5,308
Other segment information																						
Assets	42,428	43,124	6,685	6,479	9,352	10,155	16,687	16,570	31,108	22,725	106,260	99,052	78,649	79,408	-86,076	-88,753	98,833	89,707	15,802	14,680	114,635	104,388
Liabilities	21,907	23,210	4,256	4,313	4,361	7,212	12,435	12,443	28,083	20,372	71,042	67,550	26,656	28,648	-36,907	-41,977	60,792	54,221	16,157	14,940	76,949	69,161
Investments in property, plant and equipment and intangible non-current assets	1,000	825	507	1,068	208	212	889	3,005	106	88	2,709	5,198	162	174			2,872	5,372			2,872	5,372
Investments in associates and joint ventures	-	-	-	-	-	-88	0	0	-74	-20	-74	-108	-	-			-74	-108			-74	-108
Other non-cash flow items	0	0	-12	9	56	44	-140	-89	13	8	-82	-29	-1	36			-83	7	5	0	-78	7

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Cont. Note 2 Segment reporting

Items affecting comparability

SEK m	2021	2020
Capital gains/losses from sale of subsidiaries and non-current assets		
ICA Real Estate	48	2
Rimi Baltic	38	3
Other	-4	1
Total	82	6
Impairment and impairment reversed		
ICA Real Estate	-6	-7
ICA Bank	-	-8
Rimi Baltic	-26	-12
Other	-	-37
Total	-31	-63
Total items affecting comparability	50	-57

External net sales by revenue source

SEK m	2021	2020
Wholesale sales	75,009	73,328
Retail sales ¹	42,168	42,816
Rental income and lease-related services	3,300	3,152
Net interest income, commissions and insurance premiums, ICA Bank	1,895	1,660
Other services for ICA retailers	5,585	5,327
Net sales	127,957	126,283
1 Of which online sales	2,299	1,725

Geographical information

SEK m	Net sales		Property, plant and equipment and intangible non-current assets including right-of-use assets	
	2021	2020	2021	2020
Country				
Sweden	110,932	109,877	60,945	59,289
Baltic countries	16,991	16,373	7,633	7,465
Other countries	34	33	1	1
Total	127,957	126,283	68,578	66,755

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

Note 3 Expenses by type of expense

SEK m	2021	2020
Cost of materials	96,968	96,113
Personnel expenses	11,655	11,371
Administrative expenses	2,012	2,065
Cost of premises	1,974	1,764
Depreciation, amortisation and impairment	5,532	5,368
Other expenses	4,629	4,325
Total expenses	122,769	121,005

Other operating costs consist of costs in connection with the offer made by Murgröna Holding AB for ICA Gruppen AB and ICA Gruppen therefore being delisted from Nasdaq Stockholm.

Note 4 Average number of employees, salaries and other remuneration

Average number of employees

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

	2021			2020		
	Women	Men	Total	Women	Men	Total
Sweden	6,567	6,162	12,729	6,607	5,839	12,446
Baltic countries	9,258	1,916	11,175	8,887	1,761	10,647
Asia	42	48	90	46	56	102
Total	15,868	8,126	23,994	15,540	7,656	23,196

Salaries, other remuneration and social security contributions

SEK m	2021	2020
Group		
Salaries and other remuneration	7,488	7,312
Social security contributions	2,351	2,371
Pension costs	627	575
Total	10,466	10,259

Board of Directors and CEO

- Salaries and other remuneration	127	141
- of which variable component	17	17
- Pension costs	17	19
Other employees	7,971	7,728
Total	8,115	7,888

Of the Board members and CEOs within the Group, 336 are men (377) and 316 are women (344). The data refers to all board assignments within ICA Gruppen and an individual may sit on more than one board. The amounts exclude social security contributions.

Remuneration to the Board of Directors

The Chairman of the Board and board members receive fees based on decisions made at the Annual General Meeting held in April 2021. The amounts stated refer to remuneration approved for the 12-month period for which the board member in question was elected. Remuneration to board members is reported in thousands of kronor (SEK 000s). See also the Corporate Governance Report.

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

Fees to members of the Board of ICA Gruppen AB:	2021			2020		
	Board fees	Commit-tee work	Total fees	Board fees	Commit-tee work	Total fees
Claes Göran Sylvén	1,200	150	1,350	1,150	150	1,300
Fredrik Hägglund ¹	580	50	630	550	50	600
Anette Wiotti	580	100	680	550	100	650
Magnus Moberg	580	50	630	550	50	600
Cecilia Daun Wennborg	580	275	855	550	275	825
Andrea Gisle Joosen	580	100	680	550	100	650
Jeanette Jäger	–	–	–	550	50	600
Fredrik Persson	580	50	630	550	50	600
Lennart Evrell	580	100	680	550	100	650
Bo Sandström	580	150	730	550	150	700
Charlotte Svensson	580	50	630	–	–	–
Total	6,420	1,075	7,495	6,100	1,075	7,175

¹ Fredrik Hägglund has left the Board as announced in a press release on 10 September 2021. He has therefore received half the fees decided upon, i.e. SEK 290,000 in board fees and SEK 25,000 in compensation for committee work.

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

Remuneration to senior executives consists of basic pay, pension benefits, variable remuneration in the form of a cash bonus, and other remuneration and benefits. Other senior executives are individuals who, together with the CEO of ICA Gruppen AB, make up the ICA Gruppen Management Team (IMT). The number of senior executives in 2021, excluding the CEO of ICA Gruppen AB, was 11 (11), of which 5 (5) are women.

ICA Management Team

2021, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO ICA Gruppen AB	9,921	9,743	237	3,489	23,390
Other senior executives	41,097	12,760	2,036	10,051	65,944
Total	51,018	22,503	2,273	13,540	89,334

2020, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO ICA Gruppen AB	9,559	10,294	253	3,427	23,533
Other senior executives	42,200	14,193	1,885	10,797	69,074
Total	51,759	24,487	2,138	14,223	92,607

Comments on the table

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

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

Variable remuneration systems for the CEO and other senior executives

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

Annual bonus programme

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

Long-term bonus programme

A cash-based, three-year bonus programme maximised at 25% (25) of annual salary and 50% (50) for the CEO of ICA Gruppen AB. The targets in the bonus programme, which must be predetermined and measurable, are to be determined by the Board and must be linked to both absolute and relative performance criteria. In the long-term bonus programme, fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and relates to (i) EBIT margin excluding items affecting comparability, (ii) return on capital employed (ROCE) for the Group excluding ICA Bank, (iii) net sales increase and (iv) decrease in greenhouse gases excluding

carbon offset. The relative performance criteria account for the remaining 40% of the maximum outcome and relate to the Company's position in a comparison group consisting of 10 other companies running similar operations. The outcome depends on where the Company ranks within this comparison group in terms of (i) net sales increase and (ii) EBIT margin. Payment of bonus is to be contingent upon the participants' employment not ending during the term of the programme. If the executive retires during the vesting period, the bonus is paid out pro rata and on condition that at least 2/3 of the programme has been earned. The Board of Directors has the right to adjust the bonus system in the case of, for example, extraordinary increases or decreases in the Group's earnings.

Notice periods and severance pay for other senior executives

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

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

Pension benefits for other senior executives

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

Employment terms for the CEO of ICA Gruppen AB

The CEO of ICA Gruppen AB had an agreed annual basic salary of SEK 9.7 million in 2021. The mutual notice period agreed upon is six months. If notice of termination is given by the Company, severance pay of one year's salary is payable. The retirement age is 65. The Company covers its pension obligations through annual payments of pension premiums to insurance companies corresponding to 35% of basic salary.

Note 5 Audit expenses

SEK m	2021	2020
KPMG:		
Audit assignments	18	18
Other auditing activities	0	0
Total	18	18

Note 6 Other operating income

Other operating income refers entirely to the share of profits and share dividends from ICA retailers.

Note 7 Leases

ICA Gruppen leases a large number of properties and premises for its own stores and to sublease to independent ICA retailers. In addition to properties and premises, ICA Gruppen's other main leased items are lorries, forklifts and cars.

The lengths of leases for properties vary depending on the country and the country's lease legislation. The average remaining lease terms are just over three years. The leases originally have an agreed term which is normally 5–10 years. Thereafter the leases often continue for a term of between 12 and 36 months if neither the lessor nor ICA Gruppen terminates the lease. Otherwise there is a contractual extension option that is normally three to five years. It is not unusual at the end of a lease term for the lease to be renegotiated by ICA Gruppen, the property owner or both parties. Due to renegotiation the rent for the next period is unknown until the negotiation is concluded if the lease is extended as a result of the negotiation. It is therefore most common for the lease term to correspond to the contractual lease term without extension. Rents are often variable but have a minimum level, which in practice means a fixed rent with a smaller variable component if sales exceed certain levels.

For a specification of the right-of-use assets, see Note 12 Property, plant and equipment. For interest expense, see Note 8 Net financial items.

Lease liability maturity structure	31 Dec. 2021
2022	3,586
2023	3,195
2024	2,671
2025	1,897
2026	1,686
After 2026 and no later than 2031	4,275
After 2031	248
Total payments	17,558
Discounting effect	-1,322
Total liability according to the balance sheet	16,236
of which current liability	3,494
of which non-current liability	12,742

Lease payments	2021	2020
Payments of leases entered as liabilities	3,617	3,577
Variable lease payments not included in lease liability	123	115
Short-term leases and leases of low value that are not included in lease liability	131	87
Total lease payments	3,872	3,779

Leases of SEK 1,125 million (2,617) have been entered into of which possession has not yet been taken.

Maturity structure of payments to receive as lessor	31 Dec. 2021
2022	2,357
2023	2,160
2024	1,808
2025	1,400
2026	1,092
After 2026 and no later than 2031	3,587
After 2031	944
Total payments	13,348

Lease revenue	2021	2020
Total rental income amounts to:	3,057	2,914
of which variable rental income	755	631
Income from subleasing of properties amounts to:	1,708	1,672

Note 8 Net financial items

SEK m	2021	2020
Financial income		
Interest income	1	5
Change in fair value of financial instruments	1	0
Other financial income	0	1
Exchange differences	3	11
Financial income	5	17
Financial expense		
Interest expense	-100	-162
Lease interest expense	-304	-321
Financial expense	-404	-483

ICA Bank's interest income and interest expense are recognised in consolidated net sales.

Note 9 Taxes

Current tax	2021	2020
Current tax on profit for the year	-931	-971
Deferred tax on temporary differences	7	-163
Reported tax expense	-924	-1,135
Reconciliation of effective tax expense		
Profit before tax	5,478	5,308
Tax as per the current tax rate in Sweden, 20.6% (21.4%)	-1,128	-1,136
Capital gains/losses	14	11
Share of profit and share dividends	119	94
Non-deductible expenses/non-taxable income	-42	-48
Profit share according to the equity method	8	11
Effect of other tax rates for foreign subsidiaries	46	36
Effect of amended application of IAS 12 ¹	-	-97
Tax reduction for investments in Sweden 2021	34	-
Other	25	-6
Reported tax expense	-924	-1,135
Effective tax rate, Group	16.9%	21.4%

¹ As a consequence of a change in the way IAS 12 Income Taxes is applied with respect to dividends from Estonia and Latvia, a deferred tax expense in the amount of SEK 97 million arose for 2020 for tax on estimated future dividends from these countries.

In 2018 a decision was taken to lower the tax rate in Sweden from the beginning of 2019. The tax rate in 2019-2020 was 21.4% and from 2021 the rate has been lowered further to 20.6%.

Taxes by country 2021	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	20.6%	4,810	-832	3,978	-876
Estonia	0%	135	-7	128	-15
Latvia	0%	559	-95	464	-80
Lithuania	15%	77	-9	68	-5
Other countries		11	0	11	0
IFRS 16 Leases		-114	19	-95	0
Total		5,478	-924	4,554	-976

Taxes by country 2020	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	21.4%	5,262	-945	4,317	-968
Estonia	0%	-28	-35	-63	-16
Latvia	0%	120	-171	-51	-90
Lithuania	15%	119	-11	108	-4
Other countries		-18	0	-18	0
IFRS 16 Leases		-147	27	-120	
Total		5,308	-1,135	4,173	-1,078

In Estonia and Latvia the corporate income tax rate is 0%, while companies are taxed on any dividends distributed.

ICA Gruppen's tax policy, which is established annually by the Board, provides guidelines for how tax issues are handled within the Group. ICA Gruppen complies with current tax legislation in each country where it operates. All decisions concerning operations are taken on a commercial basis and tax effects are a consequence of these decisions.

SEK m	31 Dec. 2021	31 Dec. 2020
Reported deferred tax assets and tax liabilities		
Non-current assets	-2,875	-2,954
Inventories	10	9
Provisions	491	536
Tax loss carryforwards	31	38
Untaxed reserves	-1,679	-1,595
Financial derivatives	-14	58
Total deferred tax assets (+) / deferred tax liabilities (-), net	-4,036	-3,908

As reported in balance sheet:

Deferred tax assets	58	62
Deferred tax liabilities	-4,094	-3,970

The Group has no unrecognised deferred tax assets relating to tax loss carryforwards. The possibility of utilising the tax loss carryforwards to offset taxable surpluses is evaluated continuously. Tax loss carryforwards do not have a maturity date.

Cont. Note 9 Taxes

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance as of 1 Jan. 2021	Recognised			Balance as of 31 Dec. 2021
		Recognised in income statement	in other comprehensive income	Divestment of assets	
Non-current assets	-2,954	79			-2,875
Inventories	9	0			10
Provisions	536	22	-67		491
Tax loss carryforwards	38	-7			31
Untaxed reserves	-1,595	-84			-1,679
Financial derivatives	58	-5	-67		-14
Total	-3,908	6	-134	0	-4,036

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

SEK m	Balance as of 1 Jan. 2020	Recognised			Balance as of 31 Dec. 2020
		Recognised in income statement	in other comprehensive income	Divestment of assets	
Non-current assets	-3,015	62		-1	-2,954
Inventories	11	-1			9
Provisions	592	-82	26		536
Tax loss carryforwards	52	-14			38
Untaxed reserves	-1,468	-127			-1,595
Financial derivatives	18	-1	41		58
Total	-3,811	-163	67	-1	-3,908

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

Tax in other comprehensive income

SEK m	2021		
	Before tax	Tax	After tax
Remeasurement of defined benefit pensions	323	-67	256
Translation differences in foreign operations	44		44
Cash flow hedges:			
– change in value for the year	369	-76	293
Items reclassified to profit or loss	-44	9	-35
Share of other comprehensive income of joint ventures	12		12
Other comprehensive income	704	-134	571

SEK m	2020		
	Before tax	Tax	After tax
Remeasurement of defined benefit pensions	-125	26	-99
Translation differences in foreign operations	-75		-75
Cash flow hedges:			
– change in value for the year	-208	43	-165
Items reclassified to profit or loss	10	-2	8
Share of other comprehensive income of joint ventures	4		4
Other comprehensive income	-393	67	-327

Note 10 Earnings per share

Earnings per share is calculated by dividing the earnings for the year attributable to owners of the parent by the weighted average number of outstanding shares during the year. There are no instruments that could result in dilution.

The table below shows the number of shares used in calculating earnings per share:

SEK m	2021	2020
Profit for the year attributable to owners of the parent	4,531	4,153
Weighted average number of shares, thousands	201,147	201,147

See also Note 18.

Note 11 Intangible non-current assets

SEK m	Goodwill		Trademarks		IT systems		Other		Total intangible non-current assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accumulated cost	16,301	16,301	12,911	12,895	4,727	4,264	140	138	34,079	33,597
Accumulated amortisation			-1	-	-2,671	-2,279	-105	-96	-2,776	-2,375
Accumulated impairment	-	-	-	-	0	-37	-1	0	-1	-37
Book value	16,301	16,301	12,910	12,895	2,056	1,948	34	41	31,301	31,185
Opening balance	16,301	16,301	12,895	12,926	1,948	1,776	41	48	31,185	31,052
Investments	-	-	-	2	676	709	13	12	688	723
Divestments and disposals	-	-	-	-	-	0	-	0	-	0
Amortisation for the year	-	-	-	-	-570	-489	-21	-19	-592	-508
Impairment for the year	-	-	-	-	0	-44	-	-	0	-44
Translation differences for the year	-	-	16	-33	3	-4	1	0	20	-38
Book value	16,301	16,301	12,910	12,895	2,056	1,948	34	41	31,301	31,185

Amortisation of intangible non-current assets is included in the following income statement items:

SEK m	2021	2020
Selling expenses	-21	-19
Administrative expenses	-570	-489
Total	-592	-508

SEK m	31 Dec. 2021	31 Dec. 2020
Goodwill		
ICA Sweden	11,545	11,545
Apotek Hjärtat	4,756	4,756
Total goodwill	16,301	16,301

ICA's operations in relation to the Swedish ICA retailers are regulated through various agreements; partly through a negotiated business model which addresses supply chains, customer relationships and ICA's central costs, and partly through agreements which regulate royalties and profit sharing as well as leases. The business model that regulates the relationship between the individual ICA retailer and ICA Gruppen is based on the experience, skills and relationships that have been developed over 100 years. All of the agreements and relationships in the business model are interdependent, which makes it impossible to separate one or more agreements

or parts from the whole. This whole – in the form of ICA's business model – is recognised as goodwill. Goodwill is attributable to the lowest level that generates largely independent cash inflows, which means the ICA Sweden segment. Goodwill relating to Apotek Hjärtat is attributable to non-identifiable intangible assets and to synergy effects. Goodwill is attributable to the lowest level that generates largely independent cash inflows, which means the Apotek Hjärtat segment. No part of recognised goodwill is income tax deductible.

Trademarks in the segment ICA Sweden are assignable to ICA, the Swedish store operations and the ICA stores. Trademarks in the segment Rimi Baltic relate to Rimi and are assignable to the store operations in the Baltic countries. Trademarks in the segment Apotek Hjärtat are assignable to Apotek Hjärtat and its pharmacies. The trademarks are assignable to the following segments:

SEK m	31 Dec. 2021	31 Dec. 2020
ICA Sweden	11,502	11,502
Apotek Hjärtat	550	550
Rimi Baltic	858	843
Total trademarks	12,910	12,895

All trademarks have an indefinite useful life as it is not possible to establish how long they can be expected to generate income.

IT systems refers to capitalised development expenditures for IT systems. The useful life is determined for each system and ranges from three to five years. Amortisation is recognised on a straight-line basis over the useful life of the assets. The remaining amortisation schedule for IT systems is around three years.

Other intangible assets consist of intangible surplus values in connection with the acquisition of store operations and assets under construction. Amortisation is recognised over the estimated useful life of the assets.

Impairment testing of goodwill and trademarks

Trademark and goodwill impairment tests are conducted annually or more often when there is an indication of impairment. The recoverable amount is established based on calculations of the asset's value in use unless it is classified as held for sale, in which case the recoverable amount is fair value less selling expenses. For all cash-generating units the calculations are based on the Management Team's business plans and forecasts for the next five years. Cash flows beyond this period are extrapolated.

ICA Sweden's trademarks and goodwill are tested by estimating the value in use for the cash-generating unit ICA Sweden segment. Apotek Hjärtat's trademarks and goodwill are tested by estimating the value in use for the cash-generating unit Apotek Hjärtat segment. Rimi Baltic's trademarks are tested by estimating the value in use for the cash-generating unit Rimi Baltic segment.

When calculating value in use, lease payments are treated as cash flow from operations. Consequently lease liabilities have not affected the discount rate, as in previous years. The lease liability is deducted from an entity's carrying amount because the value in use is reduced by future lease payments, in which the right-of-use assets are included in impairment testing.

Impairment testing of other intangible assets

For intangible assets other than goodwill and trademarks a recoverable amount is determined when there is an indication of impairment of the asset. During the year no incidents occurred that indicate impairment.

Impairment testing in connection with the Covid-19 pandemic

Estimated effects of the Covid-19 pandemic have been taken into consideration in impairment testing. The estimated direct effects of the pandemic on the value of intangible assets are minor.

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Cont. Note 11 Intangible non-current assets

Key variables	Method of estimating value
EBITDA	Earnings before net financial items, tax and depreciation/amortisation are estimated based on business plans and forecasts for a period of five years. The EBITDA margin in business plans and forecasts is based on previous experience and external estimates. After the end of the forecast period the long-term EBITDA margin is estimated at 5.4% (5.1) for ICA Sweden, 4.3% (5.1) for Apotek Hjärtat and 6.4% (6.2) for Rimi Baltic. In no case does this indicate an increased EBITDA margin compared with the five-year forecast period.
Sales growth	Sales growth is assessed based on business plans and forecasts over a period of five years. Growth in business plans and forecasts is based on previous experience and external estimates. After the end of the forecast period the long-term annual sales growth is estimated at 1.5% (1.5) for ICA Sweden, 1.5% (1.5) for Apotek Hjärtat and 1.5% (1.5) for Rimi Baltic. In no case does this indicate an increasing growth rate compared with the five-year forecast period.
Investments	An assessment is made of the level of maintenance investments needed to keep the assets in their present condition.
Working capital	It has been determined that the need for working capital is at the same level as at the end of the forecast period.
Discount rate	The discount rate is set taking into account current interest rate levels and specific risk factors for each unit. The discount rate corresponds to the unit's average cost of capital and is stated before tax. ICA Sweden 6.1% (6.0) Apotek Hjärtat 6.2% (6.1) Rimi Baltic 7.5% (7.2)

Sensitivity analysis

For ICA Sweden a 1 percentage point increase in the discount rate, a decrease in the EBITDA margin of 1 percentage point or a reduction in sales growth by 1 percentage point does not indicate impairment (no impairment).

For Apotek Hjärtat a 1 percentage point increase in the discount rate, a decrease in the EBITDA margin of 1 percentage point or a reduction in sales growth by 1 percentage point does not indicate impairment (no impairment).

For Rimi Baltic a 1 percentage point increase in the discount rate, a decrease in the EBITDA margin of 1 percentage point or a reduction in sales growth by 1 percentage point does not indicate an impairment (no impairment).

Note 12 Property, plant and equipment

SEK m	Buildings and land		Investment properties		Leasehold improvements		Equipment		Construction in progress		Total before right-of-use assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Accumulated cost	20,082	18,924	1,561	1,581	1,173	1,077	7,455	6,855	802	1,330	31,074	29,767
Accumulated amortisation	-4,411	-4,056	-129	-139	-773	-674	-4,479	-4,182	-	-	-9,792	-9,051
Accumulated impairment	-74	-60	-46	-42	-9	-5	-104	-93	9	-1	-224	-202
Book value	15,598	14,808	1,386	1,401	391	398	2,872	2,581	811	1,328	21,058	20,516
Opening balance	14,808	12,146	1,401	1,295	398	448	2,581	2,437	1,328	1,389	20,516	17,715
Investments	894	3,054	68	206	146	165	993	956	88	88	2,189	4,469
Divestments, transferred to assets held for sale and disposals	-48	-32	-18	-3	0	0	-118	-84	-1	-5	-185	-123
Reclassifications	503	247	-46	-66	2	-68	145	-1	-604	-113	0	0
Depreciation for the year	-604	-527	-16	-23	-153	-139	-732	-688	-	-	-1,505	-1,376
Impairment for the year	-3	-	-4	-8	-4	-3	-14	-10	-5	-1	-30	-22
Impairment reversed during the year	-	-	-	-	-	-	-	4	-	-	-	4
Translation differences for the year	48	-80	1	-2	3	-5	17	-34	4	-31	72	-151
Book value	15,598	14,808	1,386	1,401	391	398	2,872	2,581	811	1,328	21,058	20,516

	Leased right-of-use assets						Total property, plant and equipment	
	Buildings and land		Other		Total right-of-use assets		2021	2020
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	14,709	15,750	345	392	15,054	16,142	35,570	33,857
Amended and new leases/investments	3,075	2,302	1,440	135	4,515	2,438	6,705	6,907
Divested leases	-	-	-	-	-	-	-185	-123
Depreciation for the year	-3,231	-3,241	-172	-180	-3,403	-3,421	-4,908	-4,797
Impairment for the year	-	-	-	-	-	-	-30	-22
Impairment reversed during the year	-	-	-	-	-	-	-	4
Translation differences for the year	49	-103	1	-2	50	-105	122	-256
Book value	14,601	14,709	1,614	345	16,215	15,054	37,273	35,570

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Cont. Note 12 Property, plant and equipment

Depreciation periods (years):

Buildings	20–50
Investment properties	20–40
Leasehold improvements	6–20
Store equipment and vehicles	7–10
Other equipment	3–10

Investment properties

A valuation has been carried out of the fair value of all investment properties. Many properties have been valued by an external party and in other cases an internal valuation has been made. The valuation is based on the existing rents and market conditions and the real yield requirements in the various markets. It shows that the fair value exceeds the carrying amount by SEK 659 million (450). According to IFRS 13 these properties are measured at level 3.

The following amounts have been recognised in income from investment properties:

SEK m	2021	2020
Rental income	54	36
Direct costs	33	29

Construction in progress

Construction in progress amounts to SEK 811 million (1,328). Expenses paid during the year include capitalised interest expense of SEK 0 million (6) calculated based on an interest rate of 1.45% (1.45).

Note 13 Interests in joint ventures and associates

ICA Gruppen has essentially two joint ventures: Ancore Fastigheter AB and Secore Fastigheter AB, and one associate company, MD International AB (Min Doktor). IISÅ Holdco AB/Borgo is an associate company that launched operations in December 2021. See also below.

Joint ventures

Ancore Fastigheter AB is a joint arrangement between pension company Alecta and ICA Gruppen. The parties each own 50% of the company. All significant decisions concerning Ancore's operations must be made by agreement between the two owners. Ancore Fastigheter AB owns and manages properties at 33 marketplaces in Sweden. These contain ICA stores in which the operations are run by non-consolidated ICA retailers. Based on all relevant facts relating to the joint arrangement, Ancore Fastigheter AB is a joint venture. It is consolidated according to the equity method.

Secore Fastigheter AB is a joint arrangement between Första AP-fonden (First Swedish National Pension Fund) and ICA Gruppen. The parties each own 50% of the company. All significant decisions 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. These contain ICA stores in which the operations are run by non-consolidated ICA retailers. Based on all relevant facts relating to the joint arrangement, Secore Fastigheter AB is classified as a joint venture. It is consolidated according to the equity method.

As announced in a press release on 30 September 2021, ICA Real Estate has entered into an agreement to acquire Första AP-fonden's 50% share of the joint venture Secore Fastigheter AB. The acquisition will be concluded on 1 April 2022. See also Note 23 Acquisitions.

Associates

MD International AB (Min Doktor) is a joint arrangement between ICA Gruppen and a number of other parties, including EQT Ventures Fund. Through Apotek Hjärtat, ICA Gruppen owns 46.51% of the company. All significant decisions concerning Min Doktor's operations must be made by agreement between the owners. Min Doktor is one of Sweden's largest providers of digital primary care services and runs a number of drop-in clinics, primarily adjacent to large ICA stores. Based on all relevant facts relating to the joint arrangement, Min Doktor is classified as an associate. It is consolidated according to the equity method.

In partnership with Ålandsbanken, Ikano Bank, Söderberg & Partners and Borgo, ICA Bank has continued working in 2021 to establish a joint mortgage company in the Swedish market. The company launched its operations in December 2021. The jointly owned company is an associate within ICA Gruppen and is reported according to the equity method.

Joint ventures and associates

SEK m	2021	2020
Carrying amount, joint ventures and associates		
Carrying amount, opening balance	1,287	1,224
New investments	74	108
Dividends	-85	-100
Share of profits	28	50
Items in other comprehensive income	12	4
Carrying amount, closing balance	1,316	1,287

Secore Fastigheter AB paid dividends totalling SEK 20 million, of which SEK 10 million was paid to ICA Gruppen (in 2020 dividends were paid in the amount of SEK 50 million, of which SEK 25 million was paid to ICA Gruppen). Ancore Fastigheter AB paid dividends totalling SEK 150 million, of which SEK 75 million was paid to ICA Gruppen (in 2020 dividends were paid in the amount of SEK 150 million, of which SEK 75 million was paid to ICA Gruppen). (The new share issue in October 2020 by MD International AB involved investment of SEK 35 million by ICA Gruppen. Its shareholding was also increased by the conversion of loans, making a total investment of SEK 88 million.) In 2021 SEK 74 million was invested in IISÅ Holdco AB/Borgo (SEK 20 million). Fastighetsaktiebolaget Postgården AB received no capital contribution in 2021. (In 2020 no capital contribution was received.)

Table summarising the most significant holdings of interests in joint ventures and associates

SEK m	Share, % ¹		Carrying amount		Share of profits	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Ancore Fastigheter AB, 556817-8858, Stockholm	50	50	728	725	67	64
Secore Fastigheter AB, 559018-9451, Stockholm	50	50	158	138	30	30
Fastighetsaktiebolaget Postgården AB, 559016-8885, Stockholm	50	50	7	7	0	0
MD International AB (Min Doktor), 556934-0580, Malmö	46.51	46.83	334	391	-56	-43
IISÅ Holdco AB (Borgo), 559217-9203, Stockholm	25	25	87	26	-13	0
Total			1,316	1,287	28	50

¹ Ownership percentages are consistent with share of capital.

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Cont. Note 13 Interests in joint ventures and associates

Summary of joint ventures and associates

SEK m	Joint ventures				Associates	
	Ancore Fastigheter AB		Secore Fastigheter AB		MD International AB (Min Doktor)	
	2021	2020	2021	2020	2021	2020
Reconciliation of reported share of profits						
Profit for the year	137	129	41	41	-126	-108
Share of profits	68	65	21	20	-59	-42
Elimination of intra-Group profits and depreciation of surplus value	-1	-1	10	10	3	-1
Reported share of profits	67	64	30	30	-56	-43

SEK m	Ancore Fastigheter AB		Secore Fastigheter AB		MD International AB (Min Doktor)	
	2021	2020	2021	2020	2021	2020
	Reconciliation of carrying amount					
Share of equity	700	695	404	394	155	208
Surplus values	85	88	-	-	180	183
Intra-Group profit	-56	-59	-246	-256	-	-
Carrying amount	728	725	158	138	334	391

Condensed income statement and balance sheet

SEK m	Ancore Fastigheter AB		Secore Fastigheter AB	
	2021	2020	2021	2020
	Rental income	486	492	184
Depreciation/amortisation	-124	-121	-50	-48
Expenses	-106	-91	-54	-52
Operating profit	256	281	80	84
Financial income	0	0	0	0
Financial expense	-76	-107	-25	-28
Profit before tax	180	174	55	55
Tax	-44	-44	-14	-15
Profit for the year	137	129	41	41
Other comprehensive income	23	9	-	-
Comprehensive income for the year	160	138	41	41
Non-current assets	5,442	5,475	2,354	2,365
Current assets	27	26	20	17
Cash and cash equivalents	185	163	57	32
Total assets	5,655	5,663	2,432	2,414
Equity	1,400	1,390	809	788
Deferred tax liabilities	184	178	135	141
Non-current liabilities to credit institutions	3,912	3,942	1,424	1,424
Current liabilities	159	153	63	61
Total equity and liabilities	5,655	5,663	2,432	2,414

Fastighetsaktiebolaget Postgården AB is a joint arrangement with Nordr for the construction of residential units above the commercial development that ICA Real Estate is going to build in Årsta. The preliminary construction start date is in 2025. The company did not conduct any significant operations in 2021. It is consolidated according to the equity method.

Note 14 ICA Bank

ICA Bank offers a wide range of financial services to private individuals in the areas of payments, borrowing, saving and insurance. ICA Bank also offers services in the corporate segment, including banking services for ICA retailers.

Variable interest rates apply to both deposits and lending, with the exception of a small share of lending to businesses where the interest rate is fixed for three months. The liquidity arising in ICA Bank if deposits plus equity exceed lending plus assets in e.g. shares in subsidiaries and associates, is invested in low-risk instruments. This involves investing in Swedish municipal bonds and corporate bonds with a minimum rating of "A" (according to S&P or Moody's). The combination of deposits, lending and investments keeps the total interest rate risk low. The bank has very small amounts in foreign currencies and therefore currency risk is low. The majority of loans are unsecured.

The mortgage company owned jointly with Ålandsbanken, Ikano Bank, Söderberg & Partners and Borgo Holding launched operations during the year. See also Note 13 Interests in joint ventures and associates.

ICA Bank's acquisition of Forex's customer portfolio was concluded on 17 May 2021. The transaction added just over 200,000 new customers for the bank and increased the business volume by just over SEK 12 billion.

ICA Bank's lending to the public has the following remaining maturities:

SEK m	31 Dec. 2021	31 Dec. 2020
No longer than 3 months	1,617	1,435
Longer than 3 months but not more than 1 year	2,154	1,628
Longer than 1 year but not more than 5 years	9,557	7,336
Longer than 5 years	7,771	5,698
Total lending	21,100	16,098
Of which lending to companies	2,067	1,900

Impairments

Impairment testing according to IFRS 9 is based on expected credit losses. In addition, all relevant macroeconomic factors must be taken into account. For all loan receivables an initial loss allowance is applied that corresponds to expected credit losses within a period of 12 months (stage 1). If the credit risk has increased significantly since initial recognition but the asset is not yet considered credit-impaired, the asset is moved to stage 2. In stage 2 credit losses are recognised based on losses expected to occur over the full anticipated lifetime of the asset. Stage 3 is default, where the receivable is considered to be a bad debt. Bad debts within personal banking are sold to an external party once the receivable has remained unsettled.

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Cont. Note 14 ICA Bank

for around 120 days. Reserves are also made for loans approved but not yet paid out, unutilised card credit and overdrafts, and guarantees given. ICA Bank's loan portfolios for personal and business customers consist of secured and unsecured loans as well as card credit and overdrafts. These are allocated to stages according to set criteria which differ between ICA Bank's business areas.

Breakdown of loans by stage and allowances, according to IFRS 9**Lending to the public**

SEK m	31 Dec. 2021	31 Dec. 2020
Carrying amount gross, stage 1	20,053	15,131
Carrying amount gross, stage 2	1,218	1,096
Carrying amount gross, stage 3	146	87
Total carrying amount gross	21,417	16,314
Allowances, stage 1	-104	-70
Allowances, stage 2	-140	-107
Allowances, stage 3	-73	-39
Total allowances	-317	-216
Total carrying amount	21,100	16,098

Note 15 Inventories

SEK m	31 Dec. 2021	31 Dec. 2020
Inventories of goods for resale	4,880	4,838
Deduction for obsolescence in inventories	-123	-107
Total inventories	4,757	4,731

Note 16 Related party transactions

Other than the transactions in the consolidated financial statements, ICA Gruppen's transactions with related parties mainly consist of rental transactions relating to the properties owned by Ancore Fastigheter AB, the joint venture with Alecta, and Secore Fastigheter AB, the joint venture with Första AP-fonden.

2021, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures	32	638	126	3

2020, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures	30	635	126	4

ICA Gruppen has had daily transactions with the board members who are ICA retailers. The transactions are a natural part of their role as ICA retailers and take place on the same terms as for other ICA retailers.

For remuneration to senior executives, see Note 4.

Note 17 Assets and liabilities held for sale

Assets held for sale consist of properties in Sweden and the Baltic countries.

Impairment of SEK 1 million (0) was recognised in connection with classification as assets held for sale.

Note 18 Equity

Share data (number)	31 Dec. 2021	31 Dec. 2020
Total outstanding shares	201,146,795	201,146,795
Number of registered shares	201,146,795	201,146,795

The quota value is SEK 2.50 per share.

Specification of the equity item reserves

SEK m	31 Dec. 2021	31 Dec. 2020
Translation reserve:		
Translation reserve, opening balance	542	617
Reclassified to profit or loss	-	-
Translation differences for the year	44	-75
Translation reserve, closing balance	586	542

Hedging reserve:

Hedging reserve, opening balance	-169	-16
Reclassified to profit or loss	-44	10
Change in value during the year	314	-163
Hedging reserve, closing balance	101	-169

Total reserves:

Reserves, opening balance	371	599
Change in reserves during the year:		
Translation reserve	44	-75
Hedging reserve	270	-153
Reserves, closing balance	686	371
Non-controlling interests in hedging reserve	1	1
Reserves attributable to the parent, closing balance	687	372

Translation reserve

The translation reserve includes all exchange differences that arise in translating financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports.

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Cont. Note 18 Equity

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Other capital contributed

Other capital contributed essentially consists of the contributions, over and above share capital, that are provided by the owners.

Non-controlling interests

Refers to Långeberga Logistik AB and store subsidiaries within the ICA Sweden segment.

Dividends totalling SEK 100 million (100) were received during the year from Långeberga Logistik AB, half of which was paid to Alecta, thereby reducing non-controlling interests.

Asset management

ICA Gruppen's managed assets consist of the Group's recognised equity. The Group's asset management goal is to ensure long-term value creation for the shareholders and to reflect the Group's focus on stable grocery retail sales. The Board of Directors has adopted the following long-term financial targets for ICA Gruppen:

- Grow faster than the market (Grow faster than the market)
- Operating margin excluding items affecting comparability of 4.5% (4.5%)
- Return on capital employed of 7.5% (7.5%)
- Net debt/EBITDA <3.0 (<3.0)
- Dividend of at least 50% of net profit for the year (at least 50% of net profit for the year)

For information on performance in relation to these targets, refer to the Board of Directors' Report.

Paid and proposed dividends	SEK m
Dividends paid during the year	
Dividend for 2020: SEK 13.00/share	2,615

Dividend proposal for the 2022 Annual General Meeting

Dividend for 2021: SEK -/share	-
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The Board of Directors of ICA Gruppen AB has decided to not propose a dividend to the Annual General Meeting. (The Annual General Meeting held on 15 April 2021 resolved to pay a dividend of SEK 13 per share, making a total dividend of SEK 2,614,908,335.)

ICA Bank has capital adequacy requirements under the rules that apply to banks and insurance companies. The capital adequacy requirements guarantee that ICA Bank is able to meet its obligations to its customers. The requirements stipulate that ICA Bank must maintain a specific amount of equity in relation to its lending and revenues. Compliance with capital adequacy requirements is monitored by FI. These requirements were fully met during the year. Under the legal requirements for banks, ICA Bank's cash and cash equivalents are not available to the Group.

Note 19 Pensions

Employees in Sweden receive pension benefits in accordance with collective agreements. Salaried employees therefore receive either defined contribution (ITP1) or defined benefit (ITP2) pensions according to the ITP plan. Employees with a defined benefit pension plan receive pension based on their final salary. The defined benefit pensions are reported as a provision in the balance sheet. The defined contribution pension premiums are paid to Alecta/Collectum on an ongoing basis. A small portion of the defined benefit pension is paid to Alecta in the form of risk insurance. To guarantee the provision in the balance sheet, a credit insurance policy has been taken out with PRI Pensionsgaranti. PRI Pensionsgaranti performs continuous credit checks on ICA Gruppen to ensure the Group's ability to meet its pension promises. If PRI Pensionsgaranti should deem ICA Gruppen's credit rating to be too low, PRI has the authority to require either additional guarantees for the Group's undertakings, or that all or parts of the pension undertaking are redeemed with Alecta through the purchase of credit insurance. A cost may then arise for ICA Gruppen, depending on Alecta's assumptions and requirements with respect to redemption at that point. Unionised employees receive defined contribution pension plans according to the SAF/LO Collective Pension Insurance.

In the Baltic countries collective pension insurance exists only in exceptional cases and in these cases they are defined contribution plans.

There are no significant healthcare benefits in the Group's plans.

For Swedish companies, if a difference arises between the pension debt established according to Swedish rules and the pension debt established according to IFRS, a provision or receivable is recognised for the special employer's contribution based on this difference. The amount is included in pension provisions.

Cost of defined benefit pension plans

SEK m	2021	2020
Cost of vested benefits during the period	220	194
Interest expense	39	59
Pension cost for defined benefit pension plans in profit for the year	259	253
Pension cost for defined contribution pension plans	437	404
Pension cost in profit for the year	696	657
Remeasurements recognised in other comprehensive income, gains (-) / losses (+)	-323	125
Pension cost in comprehensive income for the year	373	782

The following disclosures relate only to the defined benefit plans.

Cont. Note 19 Pensions

Change in obligations

SEK m	2021	2020
Opening balance	4,262	3,939
Cost of vested benefits during the period	220	194
Interest expense	39	59
Remeasurements, gains (-) / losses (+)	-323	125
Pension disbursements	-54	-55
Closing balance	4,144	4,262

Important actuarial assumptions	31 Dec. 2021	31 Dec. 2020
Discount rate	1.75%	1.25%
Inflation	1.75%	1.50%
Rate of salary increase	2.75%	2.75%
Mortality rate	DUS 14	DUS 14

ICA Gruppen reviews the assumptions on a regular basis and compares them with actual outcomes. This process is an important aspect of assessing which assumptions to apply going forward. The ITP2 plan has been closed for many years and this affects the assessment of, for example, the rate of salary increase, since experience shows that older employers have a lower rate of salary increase than their younger counterparts. New employees born in 1979 or later receive a defined contribution pension under the ITP agreement.

Remeasurements relate only to financial assumptions. There is no remeasurement based on demographic assumptions. Remeasurement due to a higher discount rate compared with the previous year amounted to SEK -514 million, which means there was a debt reduction. The increase in the inflation assumption implies an increase in debt of SEK 212 million. In addition, there was a debt reduction amounting to SEK -21 million due to differences in outcomes compared with the assumptions.

The duration of the pension liability is 23 years (23 years).

Sensitivity analysis

An increase in the discount rate of one half of a percentage point would reduce the obligation by SEK 474 million (501). A decrease in the discount rate of one half of a percentage point would increase the obligation by SEK 548 million (583).

Expected disbursements

Over the next five years the expected disbursements from the defined benefit plans amount to a total of SEK 306 million, broken down as SEK 59 million in 2022 and SEK 61-62 million for each of the next four years. The disbursements over the subsequent five years will amount to a total of SEK 401 million, which means the average payment per year is SEK 80 million.

Note 20 Financial risks, financial risk management and financial instruments

ICA Gruppen has a central function for financial management whose primary task is to ensure that the Group has secured financing through loans and lines of credit, to handle cash management and to actively manage and control financial exposure in line with the Group's Financial Policy.

As the last day of trading in ICA Gruppen's shares on Nasdaq Stockholm was 13 January 2022, please also refer to Note 24 Events after the balance sheet date, for information primarily about the section Refinancing and liquidity risk.

Financial Policy and financial targets

The Financial Policy applies to all companies in the Group. The Financial Policy of ICA Gruppen determines which financial risks the Group is prepared to take and defines risk management targets and guidelines. It describes the division of responsibilities as well as reporting and internal control procedures for financial risk management.

The policy is revised annually, or more often if needed, by ICA Gruppen's Audit Committee and is approved by ICA Gruppen's Board of Directors.

According to the long-term financial targets for the business, ICA Gruppen is to provide a dividend of at least 50% of net profit for the year and net debt/EBITDA is to be less than 3x.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect ICA Gruppen's earnings and cash flow or the fair value of financial assets and liabilities.

The Financial Policy states that interest rate risk is to be limited by having an average fixed interest rate period for all interest-bearing debt (including derivatives) of between 12 and 36 months. At year-end the fixed interest rate period was 15 (16) months. In addition to the fixed interest rate periods for the actual loans, interest rate swaps are used to adjust interest rate exposure.

A one percentage point increase in the interest rate as of 31 December 2021 would increase the annual interest expense for the entire debt by SEK 0 million (18).

Interest rate derivatives match existing loans and cash flow hedging is used for these in accordance with IFRS 9. As of the balance sheet date, 31 December 2021, a positive market value of SEK 8 million (-19) had been hedged.

Refinancing and liquidity risk

Refinancing risk is the risk of ICA Gruppen being unable to finance or refinance its capital requirement on reasonable terms. The Group aims to diversify financing to various sources and to have a balanced maturity profile for loans and credit facilities.

ICA Gruppen issued two bonds in February totalling SEK 1.5 billion. In September a bilateral loan of SEK 0.5 billion was repaid. ICA Gruppen has no financial covenants in its loan agreements. The impact of the ongoing pandemic has been very small since the refinancing was completed before the outbreak of the pandemic and the Group's generally conservative approach to financial risk meant that its exposure to any impact was very low.

Liquidity risk is the risk that ICA Gruppen will not meet its short-term payment obligations. ICA Gruppen's Financial Policy states that the liquidity reserve is to be sufficient to handle the fluctuations that may be expected over a 12-month period, including maturing loans. In addition to a reserve for expected negative fluctuations in cash flow, there must always be a liquidity reserve equal to 3-5% of the Group's net sales. Positive expected cash flows are not included in the liquidity reserve. To ensure this, the Group has bank overdraft facilities and confirmed credit facilities. ICA Bank's surplus liquidity is not available to the Group because of banking laws.

ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities Specification	Carrying amount 31 Dec. 2021	Carrying amount 31 Dec. 2020	Interest rate on 31 December 2021 incl. derivatives	Type of interest excl. derivatives
Non-current liabilities				
<i>Bonds¹</i>				
Bond MTN Sweden 2019-2022	-	700	0.84%	floating
Bond MTN Sweden 2019-2022	-	300	0.84%	fixed
Bond MTN Sweden 2020-2023	1,750	1,750	0.59%	floating
Bond MTN Sweden 2021-2024	1,000	-	0.47%	floating
Bond MTN Sweden 2021-2024	500	-	0.46%	fixed
Bond MTN Sweden 2021-2025	500	500	0.91%	floating
Total bonds as per the balance sheet	3,750	3,250		

¹ Refers to ICA Gruppen AB.

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Cont. Note 20 Financial risks, financial risk management and financial instruments

ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities Specification	Carrying amount 31 Dec. 2021	Carrying amount 31 Dec. 2020	Interest rate on 31 December 2021 incl. derivatives	Type of interest excl. derivatives
<i>Other interest-bearing liabilities</i>				
Property financing Långeberga 2020–2022	–	913		
Other loans in subsidiaries	10	10		
Total other interest-bearing liabilities as per balance sheet	10	923		
Total long-term bonds and non-current interest-bearing liabilities	3,760	4,173		
Current liabilities				
<i>Bonds¹</i>				
Bond MTN Sweden 2018–2021	–	600	0.47%	fixed
Bond MTN Sweden 2018–2021	–	600	0.47%	floating
Bond MTN Sweden 2019–2022	700	–	0.84%	floating
Bond MTN Sweden 2019–2022	300	–	0.84%	fixed
Total bonds as per the balance sheet	1,000	1,200		
<i>Other interest-bearing liabilities</i>				
Bilateral loan Svensk Exportkredit 2014–2021 ¹	–	500	2.62%	floating
Property financing Långeberga 2020–2022	913	–		
Store deposits ¹	318	340		
Total other interest-bearing liabilities as per balance sheet	1,231	840		
Total short-term bonds and current interest-bearing liabilities	2,231	2,040		
Total bonds and interest-bearing liabilities	5,991	6,213		
Cash excluding ICA Bank	–1,310	–1,309		
Total net debt excluding IFRS 16	4,680	4,904		
Non-current lease liabilities	12,741	11,902		
Current lease liabilities	3,493	3,095		
Total lease liabilities excl. ICA Bank	16,234	14,997		
Total net debt	20,915	19,901		

¹ Refers to ICA Gruppen AB.

Unutilised confirmed facilities ¹	31 Dec. 2021	31 Dec. 2020
Bilateral bank facilities	1,000	1,000
Syndicated bank loan	5,000	5,000
Total unutilised facilities	6,000	6,000

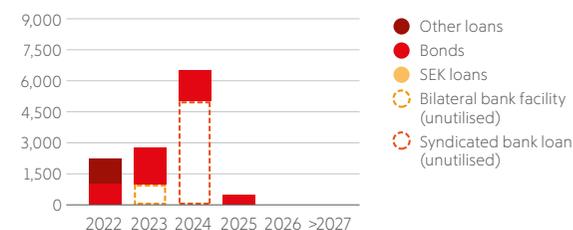
¹ Refers to ICA Gruppen AB.

Maturity structure of long-term bonds and non-current interest-bearing liabilities SEK m

2023	1,760
2024	1,500
2025	500
Total	3,760

Current liabilities are mainly trade payables of SEK 15,269 million (15,751) and deposits with ICA Bank of SEK 26,682 million (19,293), as well as short-term bank loans and deposits from ICA stores totalling SEK 318 million (340) which mature in January 2022. Property financing for Långeberga matures in May 2022 and bonds totalling SEK 1,000 million mature in March 2022. The current portion of lease liabilities amounts to SEK 3,494 million (3,096). ICA Bank deposits are payable upon demand and trade payables generally have a maturity of no more than three months. Interest is generally paid quarterly. With the current financing costs and debt portfolio, annual interest expense amounts to around SEK 79 million for ICA Gruppen excluding ICA Bank and excluding lease liabilities. For the lease liabilities maturity profile, see Note 7.

Maturity profile for interest-bearing liabilities (excluding lease liabilities) and long-term confirmed credit facilities (excluding interest payments)



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Cont. Note 20 Financial risks, financial risk management and financial instruments

Credit risk

Credit risk is the risk that a counterparty in a transaction will not fulfil its contractual obligations and that any security provided will not cover the Company's claim. The banks and financial institutions the Group works with must have a high credit rating. For commercial counterparties with which the Group has a high exposure, individual credit assessments are made. The credit risk arising from ICA Bank's lending to the public is managed by performing credit checks for all loan applications before they are granted.

ICA Gruppen has netting agreements – so-called ISDA master agreements – with counterparties for derivatives. This means that receivables from and liabilities to an individual counterparty can be offset in the event, for example, of insolvency.

Flows between ICA Gruppen and individual ICA retailers are offset on a daily basis through the Group's own netting system, ICA Konto.

Other than those within ICA Bank, the receivables mainly consist of account credit granted to non-consolidated ICA retailers. The receivables are continually assessed for expected losses. The provision for expected losses is based on an assessment over the entire lifetime of the receivable and is based on both macroeconomic and individual factors. The reserve for bad debts does not amount to a material sum. Collateral for the credit is mainly provided through floating charges. See also Note 14 ICA Bank.

Foreign currency risk

Transaction exposure is the risk that changes in exchange rates will affect the income statement and cash flow. For ICA Gruppen this foreign currency exposure is mainly related to the importing of goods paid for in foreign currencies (commercial currency risk). It also includes lending and deposits within the Group to subsidiaries in the Baltic countries (financial currency risk). A very significant proportion of the Group's purchasing takes place in Swedish kronor. According to the Financial Policy, the effect on earnings of a 5% change in exchange rates must not exceed SEK 10 million. At year-end the amount was SEK 5 million (6).

Translation exposure is the risk that changes in exchange rates will affect the translation to Swedish kronor of the Group's income statements and balance sheets for the operations that report in a currency other than Swedish kronor. There is no currency hedging for this translation risk.

Hedging policy

ICA Gruppen's commercial currency exposure varies between the different units, in so far as the units may change the prices customers pay with different periodicity based on the exchange rate. According to the Financial Policy, 80–100% of the forecast cash flows are hedged during the period the customer price is fixed, and 80–100% of the actual cash flows are hedged.

ICA Gruppen's financial currency exposure in the form of lending and deposits within the Group to subsidiaries in the Baltic countries is hedged by obtaining a corresponding liability or asset in euros, mainly through currency swaps.

Commercial currency derivatives (SEK m)

Currency ¹	1–3 months	3–6 months	6–12 months	12–24 months	>24 months	31 Dec.	31 Dec.
						Nominal amount	Fair value
DKK/SEK	-6	-3	-14			-23	0
EUR/SEK	-1,979	-459	-140	-34	-11	-2,623	11
EUR/USD	3					3	0
CNY/SEK	-23	-10	-33			-66	3
CNY/HKD	-11	-9	-15			-35	0
HKD/SEK	-11	-6	-11			-28	0
GBP/SEK	-165	-52	-67	-135	-1,065	-1,484	-6
NOK/SEK	-113					-113	2
USD/SEK	-297	-104	-309	-11	-6	-727	24
As of 31 Dec. 2021	-2,603	-643	-590	-179	-1,082	-5,097	34
As of 31 Dec. 2020	-2,221	-285	-505	-173	-1,108	-4,292	-260

Financial currency derivatives (SEK m)

Currency ¹	1–3 months	3–6 months	Nominal amount	Fair value
As of 31 Dec. 2021	-1,644	0	-1,644	-3
As of 31 Dec. 2020	-1,860	0	-1,860	26

¹ Example: EUR/SEK means purchase in EUR hedged against SEK.

Financial currency derivatives are all entered into by ICA Gruppen AB.

Hedge accounting

ICA Gruppen uses cash flow hedges according to IFRS 9 for the portion of the currency exposure that is based on forecasts, except in the case of the Baltic states and some purchasing of fruit and vegetables. Of the total fair value amounting to SEK 34 million (-260), earnings of SEK 24 million (-199) were hedged as of the balance sheet date.

Sensitivity analysis

If ICA Gruppen did not hedge the commercial transaction exposure during the period when no price adjustment can be made for customers, the total effect on earnings in the case of an unfavourable 5% exchange rate change for ICA Gruppen in the respective currency pair would be SEK -65 million (-81). Under the Financial Policy the effect on earnings may not exceed SEK -10 million in total. As of the end of the year the amount was SEK -5 million. At the same time equity would be negatively affected in the amount of SEK -190 million (-134).

Commodity price risk

Of the commodity price risks identified by ICA Gruppen, energy price risk relating to fuel (diesel and HVO/biofuel) is risk that is considered material and is therefore hedged. Electricity price risk can also have a relatively large impact on ICA Gruppen's earnings and, to the extent possible, the Group uses fixed price energy contracts.

Hedging policy

ICA Gruppen hedges energy price risk relating to fuel. In accordance with ICA Gruppen's Financial Policy, this price risk is hedged for a period of up to 36 months. This is done using financial future contracts.

During the year ICA Gruppen purchased 17,400 (15,300) tonnes of diesel, which also covers the HVO (biofuel) price risk.

Fuel hedging

	Maturity analysis			Nominal amount, SEK m 31 Dec. 2021	Fair value, SEK m 31 Dec. 2021
	2022	2023	2024		
Total metric tonnes	18,000	11,100	0		
Total litres (000s)	22,522	13,915	0		
Forecast litres (000s)	22,389	18,996	16,730		
Hedge ratio as of 31 Dec. 2021	100.59%	73.25%	0.00%	139	173
As of 31 Dec. 2020	93.48%	51.18%	22.71%	163	126

Hedge accounting

ICA Gruppen uses hedges according to IFRS 9 for forecast fuel consumption (HVO or diesel) and the associated currency flows (USD). Of the total fair value amounting to SEK 34 million (-36), earnings of SEK 34 million (-36) were hedged as of the balance sheet date.

FINANCIAL INFORMATION | GROUP

Cont. Note 20 Financial risks, financial risk management and financial instruments

Sensitivity analysis

If ICA Gruppen did not hedge against fuel price exposure, the total effect on annual earnings, based on the 2022 forecast, in the case of a 20% negative price change would amount to around SEK –21 million (–19). Taking into account the existing hedging shown in the table, the effect would instead be SEK 0 million in 2022.

Financial assets and liabilities

SEK m	31 Dec. 2021	31 Dec. 2020
Financial assets		
<i>Financial assets measured at fair value through profit or loss</i>		
Investments	3,943	2,556
Other financial assets	115	35
Total	4,057	2,591
<i>Financial assets measured at amortised cost</i>		
ICA Bank's lending	21,100	16,098
Receivables	8,376	8,120
Cash and cash equivalents	6,391	4,584
Total	35,867	28,802
Total financial assets	39,924	31,393
Financial liabilities		
<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	34	304
Total	34	304
<i>Financial liabilities measured at amortised cost</i>		
Bonds	4,750	4,450
Other interest-bearing liabilities	1,242	1,763
Deposits ICA Bank	26,682	19,293
Lease liability	16,236	14,999
Other financial liabilities	19,488	19,796
Total	68,397	60,300
Total financial liabilities	68,431	60,604

The carrying amount is a reasonable approximation of the fair value for all financial assets and liabilities except bonds, where the fair value exceeds the carrying amount by SEK 3 million (10).

Fair value measurement of financial instruments is based on the most reliable data available. Depending on the input data used for measurement, fair value is classified at three levels: level 1 refers to the most objective prices for input data, while level 3 is based on the Company's own data and assessments.

Investments and other financial assets measured at fair value amount to SEK 4,057 million (2,591). In the fair value hierarchy the full amount is classified at level 1. Financial liabilities measured at fair value are all classified at level 2. Instruments for which a fair value is provided for information are classified at level 2. Level 2 assets and liabilities have been calculated according to generally accepted price models, which are based on discounted cash flows. The input data used consists of the most reliable market prices available.

Net profit attributable to financial instruments

The table below indicates how the net profit and interest income/interest expense pertaining to financial instruments have affected ICA Gruppen's earnings for the different categories of financial instruments.

SEK m	2021	2020
Financial assets and liabilities measured at fair value through profit or loss	1	0
Financial assets and liabilities measured at amortised cost	–309	–204
Interest from financial liabilities and assets measured at amortised cost:		
Interest income from financial assets	901	745
Interest expense from financial liabilities	–164	–202
Profit	429	340

ICA Bank's interest income and interest expense are included in consolidated operating profit. In interest income and interest expense in the table above they are included as disclosures concerning profit from financial items.

Note 21 Pledged assets and contingent liabilities

SEK m	31 Dec. 2021	31 Dec. 2020
Pledged assets		
Property mortgages	1,085	1,085
Registered assets of ICA Försäkring AB	424	330
Total	1,509	1,415
Contingent liabilities		
Loan commitments for unsecured loans, ICA Bank	719	712
Guarantees and contingent liabilities ¹	365	675
Total	1,084	1,388

¹ Guarantee for MasterCard amounting to SEK 271 million (246). The rest of this item is divided between numerous counterparties.

Note 22 Statement of cash flows and cash and cash equivalents

SEK m	2021	2020
Adjustments for non-cash items		
Depreciation/amortisation	5,500	5,305
Impairment and impairment reversed	31	63
Share of profits from joint ventures and associates	–28	–50
Capital gains/losses	–82	–6
Provisions	79	185
Total non-cash items	5,501	5,497
SEK m		
ICA Bank: cash flow net deposits, lending and investments		
Deposits with ICA Bank (increase +/ decrease –)	7,389	2,595
Short-term lending (increase –/ decrease +)	–705	457
Long-term lending (increase –/ decrease +)	–4,294	–1,701
Investments (increase –/ decrease +)	–1,386	–401
Total	1,004	950

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Cont. Note 22 Statement of cash flows and cash and cash equivalents

SEK m	31 Dec. 2021	31 Dec. 2020
Composition of cash and cash equivalents		
Cash and bank balances ¹	6,391	4,584
Short-term investments ¹	0	0
Total cash and cash equivalents	6,391	4,584
¹ Of which ICA Bank		
Cash and bank balances	5,081	3,276
Short-term investments	-	-
Total cash and cash equivalents ICA Bank	5,081	3,276
Total cash and cash equivalents excluding ICA Bank	1,310	1,309

According to banking laws, ICA Bank's cash and cash equivalents are not available to the Group.

There are no other significant changes in financial liabilities recognised under financing activities in the Statement of cash flows other than items relating to payments for taking out and repaying loans within financing activities.

SEK m	Group 2021	ICA Bank 2021	Group excl. ICA Bank 2021
Cash flow from operating activities before change in working capital	10,486	185	10,301
Change in working capital			
Inventories	-69	-	-69
Current receivables	-207	-19	-187
Current liabilities	-272	119	-391
ICA Bank's net of deposits, lending and investments	1,004	1,004	-
Cash flow from operating activities	10,942	1,288	9,654
Cash flow from investing activities	-2,563	-181	-2,382
Cash flow from financing activities	-6,585	698	-7,282
Cash flow for the period	1,795	1,805	-10
Cash and cash equivalents at beginning of period	4,584	3,275	1,309
Exchange differences in cash and cash equivalents	11	-	11
Cash and cash equivalents at end of period	6,391	5,081	1,310

SEK m	Group 2020	ICA Bank 2020	Group excl. ICA Bank 2020
Cash flow from operating activities before change in working capital	10,293	159	10,133
Change in working capital			
Inventories	-199	-	-199
Current receivables	-544	-131	-413
Current liabilities	1,143	220	922
ICA Bank's net of deposits, lending and investments	950	950	-
Cash flow from operating activities	11,641	1,198	10,444
Cash flow from investing activities	-5,309	-125	-5,184
Cash flow from financing activities	-4,911	-108	-4,802
Cash flow for the period	1,422	965	457
Cash and cash equivalents at beginning of period	3,157	2,311	846
Exchange differences in cash and cash equivalents	5	-	5
Cash and cash equivalents at end of period	4,584	3,275	1,309

Note 23 Acquisitions

As announced in a press release on 30 September 2021, ICA Real Estate has entered into an agreement to acquire Första AP-fonden's 50% share of the joint venture Secore Fastigheter AB. The purchase consideration for the shares will be SEK 738 million. All else being equal, the acquisition – to be concluded on 1 April 2022 – will increase ICA Gruppen's net debt by SEK 0.9 billion and the net debt/EBITDA ratio by 0.1 until a new long-term partner is brought in.

Note 24 Events after the balance sheet date

On 10 November ICA-handlarnas Förbund announced that it and AMF Pensionsförsäkring AB (AMF) had together made an offer for all of the shares in ICA Gruppen AB through Murgröna Holding AB (Murgröna). On 20 December shareholders representing more than 90% of the shares accepted the offer and the bidders announced their intention to acquire the shares remaining after the extended acceptance deadline has passed through compulsory redemption in accordance with the Swedish Companies Act (2005:551). In light of this, the Board of Directors of ICA Gruppen applied for a delisting of ICA Gruppen's shares from Nasdaq Stockholm and the last trading day for the shares was 13 January 2022.

According to Note 20 ICA Gruppen has four long-term bonds totalling SEK 3,750 million. On 13 January ICA Gruppen announced a voluntary buyback offer for these bonds according to clause 9 in the bond terms and conditions. Under this clause, every bond holder is entitled to a buyback of their bonds in connection with delisting of ICA Gruppen's share from Nasdaq Stockholm. Since the last day of trading was 13 January 2022, the issuer was obliged to issue a notice to the bond holders with an offer to buy back the bonds in a so-called mandatory buyback offer, whereby the issuer is obliged to offer to buy back all bonds at a price of 100.00% of the nominal amount combined with any accrued but unpaid interest. The bond holders are entitled, but are not obliged, to participate in this buyback. The buyback offer expired at 5 p.m. on 14 February 2022. The short-term bonds described in Note 20 of SEK 1,000 million are not covered by the buyback offer as these bonds mature on 4 March 2022, i.e. before the settlement date.

Holders of the bonds have, in connection with the repurchase Offer, accepted repurchases of bonds in an aggregate amount of SEK 560 million. The settlement date will occur on 14 March 2022.

As of the balance sheet date, according to Note 20, there were unutilised confirmed credit facilities totalling SEK 6 billion, of which SEK 5 billion consists of a syndicated bank loan that was settled as of 26 January 2022.

New financing will be in the form of a bridge loan from Murgröna Holding AB. See also Note 1 and the Board of Directors' Report.

Income statement, Parent Company

SEK m	Note	2021	2020
Net sales	2	1,249	1,192
Cost of services sold		-1,190	-1,137
Gross profit		59	55
Administrative expenses	2, 3, 4, 5	-474	-460
Operating profit		-415	-405
Profit/loss from financial items	6		
Profit from interests in Group companies		1,850	3,500
Interest income and similar items		205	299
Interest expense and similar items		-39	-112
Total profit from financial items		2,016	3,687
Profit after financial items		1,601	3,283
Appropriations			
Group contribution received		233	211
Total appropriations		233	211
Profit before tax		1,834	3,494
Tax on profit for the year	7	7	0
PROFIT FOR THE YEAR		1,841	3,494

Other comprehensive income, Parent Company

SEK m	Note	2021	2020
Profit for the year		1,841	3,494
Other comprehensive income		6	-6
COMPREHENSIVE INCOME FOR THE YEAR		1,846	3,487

Balance sheet, Parent Company

Assets				
SEK m	Note	31 Dec. 2021	31 Dec. 2020	
Non-current assets				
<i>Intangible non-current assets</i>				
IT systems	8	161	143	
<i>Property, plant and equipment</i>				
Equipment	9	195	210	
<i>Financial non-current assets</i>				
Interests in Group companies	10	30,402	29,702	15
Deferred tax assets	7	33	28	
Non-current receivables from Group companies		1,321	1,357	
Non-current receivables		42	12	
Total non-current assets		32,154	31,452	
Current assets				
<i>Current receivables</i>				
Trade receivables	15	1	1	
Receivables from Group companies		17,142	20,079	
Other receivables		143	320	
Prepaid expenses and accrued income	11	203	184	
		17,490	20,584	
<i>Cash and bank balances</i>				
		908	877	
Total current assets		18,398	21,461	
TOTAL ASSETS		50,552	52,912	

Equity and liabilities				
SEK m	Note	31 Dec. 2021	31 Dec. 2020	
Equity				
<i>Restricted equity</i>				
Share capital		503	503	12
Statutory reserve		2,773	2,773	
Reserve for development expenses		78	56	
<i>Non-restricted equity</i>				
Share premium reserve		4,916	4,916	
Retained earnings		25,808	24,957	
Profit for the year		1,846	3,487	
Total equity		35,924	36,692	
Provisions				
Provisions for pensions	13	474	452	
Other provisions		1	4	
Total provisions		475	456	
Non-current liabilities				
Bonds		3,750	3,250	14, 15
Other non-current liabilities		19	136	
Total non-current liabilities		3,769	3,386	
Current liabilities				
Bonds		1,000	1,200	15
Liabilities to credit institutions		318	840	
Trade payables		173	141	
Liabilities to Group companies		8,572	9,824	
Other liabilities		130	180	
Accrued expenses and deferred income	11	191	193	
Total current liabilities		10,384	12,379	
TOTAL EQUITY, PROVISIONS AND LIABILITIES		50,552	52,912	

Changes in equity, Parent Company

SEK m	Restricted equity			Non-restricted equity			Total equity
	Share capital (Note 12)	Statutory reserve	Reserve for development expenses	Share premium reserve	Retained earnings	Profit for the year	
Opening equity, 1 January 2020	503	2,773	31	4,916	18,353	9,043	35,619
Profit for previous year					9,043	-9,043	0
Dividend					-2,414		-2,414
Development expenses			25		-25		0
Comprehensive income for the year						3,487	3,487
Closing equity, 31 December 2020	503	2,773	56	4,916	24,957	3,487	36,692
Opening equity, 1 January 2021	503	2,773	56	4,916	24,957	3,487	36,692
Profit for previous year					3,487	-3,487	0
Dividend					-2,615		-2,615
Development expenses			22		-21		1
Comprehensive income for the year						1,846	1,846
Closing equity, 31 December 2021	503	2,773	78	4,916	25,808	1,846	35,924

Statement of cash flows, Parent Company

SEK m	Note	2021	2020
Operating activities			
Operating profit		-415	-405
Dividend received		1,850	3,500
Adjustments for non-cash items	16	132	139
Income tax paid		0	0
Cash flow from operating activities before change in working capital		1,567	3,234
Change in working capital			
Current receivables (increase -/decrease +)		-38	4
Current liabilities (increase +/decrease -)		51	15
Cash flow from operating activities		1,580	3,253
Investing activities			
Purchase of property, plant and equipment and intangible assets		-157	-165
Investments in subsidiaries		-700	2
Short-term investments		-2	-
Loans provided/repaid, Group companies		60	-285
Interest received		1	1
Interest received Group companies		202	287
Cash flow from investing activities		-596	-160
Financing activities			
Borrowings		1,164	2,361
Repayment of borrowings		-1,700	-1,000
Change in intra-Group loans		2,256	-1,406
Dividend paid		-2,615	-2,414
Interest paid		-58	-84
Cash flow from financing activities		-952	-2,543
Cash flow for the year		32	551
Cash and cash equivalents at beginning of year		877	326
Cash and cash equivalents at end of year		908	877

Notes

Note 1 Accounting principles and supplementary disclosures

ACCOUNTING PRINCIPLES

Accounting principles applied

The Parent Company has prepared its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, in preparing the annual accounts for the legal entity, parent companies are to apply all EU-adopted IFRS/IAS – including interpretations – as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. RFR 2 specifies the exemptions from and supplements to the standards that are to be made according to IFRS. Altogether this results in differences between the Group's and the Parent Company's accounting principles in the areas detailed below.

See also Note 18 Events after the balance sheet date.

Covid-19 effects and government grants

The Covid-19 pandemic has not had any direct effects on carrying amounts of property, plant and equipment, intangible assets or financial assets. The amounts of government grants received are small.

Subsidiaries

Interests in subsidiaries are recognised according to the cost method.

Classification and measurement of financial instruments

The Parent Company applies IFRS 9 except in the case of financial guarantees, where the exception according to RFR 2 applies.

Taxes

Untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, on the other hand, untaxed reserves are divided between deferred tax liabilities and equity.

Leases

The IFRS 16 Leases standard is not applied by ICA Gruppen AB according to the exception permitted under RFR 2. Leases in which the Parent Company is the lessee are recognised as a cost over the life of the lease on a straight-line basis. No right-of-use assets or lease liabilities have been recognised.

Defined benefit pension plans

The Parent Company uses a different basis to calculate defined benefit pension plans than in IAS 19 and that apply to the calculations for the ICA Gruppen group. The calculations by the Parent Company comply with the Act on Safeguarding Pension Benefits and the regulations issued by Finansinspektionen (FI – Sweden's financial supervisory authority), as this is required for tax deductibility. The main differences compared with IAS 19 are the way in which the discount rate is determined and that the calculation is based on current salary levels rather than on expected future salary.

In October 2021 PRI Pensionsgaranti decided to change the basis for calculating discount rates, life expectancy and funding reserves for defined benefit pensions under the ITP 2 plan. The changes apply from 1 January 2022. The main effect on the pension provision is that the discount rate is lowered from 4% to 3%. The overall result of the change in the actuarial assumptions is that the pension liability reported by ICA Gruppen AB will increase in 2022 by an expense recognised in the income statement. The increased liability as of 1 January 2022 is around SEK 100 million, not including the effect of the employer's contribution. The calculation according to IAS 19 is not affected by this change.

Group contributions

Group contributions (received and provided) are recognised as appropriations.

Capitalised development expenditures

Development expenditures capitalised in 2021 for development within ICA Gruppen of intangible assets are transferred from non-restricted equity to a reserve for development expenditures pertaining to restricted equity.

Note 2 Intra-Group purchases and sales

The Parent Company's net sales amounted to SEK 1,249 million (1,192), of which 99% (99) consisted of sales to Group companies. Purchases from Group companies amounted to SEK 66 million (76).

Note 3 Average number of employees, salaries and other remuneration

Average number of employees

The average number of employees has been calculated as hours worked as a percentage of normal annual working hours.

	2021	2020
Women	209	190
Men	238	222
Total	447	412

Salaries, other remuneration and social security contributions

SEK m	2021	2020
Salaries and remuneration		
<i>Board of Directors and CEO</i>		
Salaries and other remuneration	27	27
– of which variable component	10	10
Other senior executives	22	24
Other employees	309	288
Total	357	340
Social security contributions		
Social security contributions	133	125
Pension costs	56	60
– of which pension costs for the Board of Directors and CEO	3	3
Total	189	185
Total salaries, other remuneration, social security contributions and pension costs	546	525

FINANCIAL INFORMATION | PARENT COMPANY

Cont. Note 3 Average number of employees, salaries and other remuneration

Gender distribution on the Board and among senior executives

	31 Dec. 2021	31 Dec. 2020
<i>Board of Directors</i>		
Men	5	6
Women	4	4
Total	9	10
<i>CEO and other senior executives</i>		
Men	4	4
Women	2	2
Total	6	6

Gender distribution on the Board refers to the AGM-elected members and not the employee representatives.

ICA Management Team

2021, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO	9,921	9,743	237	3,489	23,390
Other senior executives	14,723	6,161	634	4,513	26,031
Total	24,644	15,904	871	8,002	49,421

2020, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO	9,559	10,294	253	3,427	23,533
Other senior executives	15,716	7,741	526	4,608	28,591
Total	25,275	18,035	779	8,035	52,124

Comments on the table

The amounts given are the amounts expensed during the respective year and exclude social security contributions.

Remuneration to the Board of Directors and CEO of ICA Gruppen AB

Remuneration to ICA Gruppen AB's board members at the individual level and remuneration and terms for the CEO of ICA Gruppen AB are described in Group notes, Note 4.

Remuneration to other senior executives

Remuneration to other senior executives consists of basic pay, pension benefits, variable remuneration in the form of a cash bonus, other remuneration and benefits. Other senior executives refers to the individuals who, together with the CEO, make up ICA Management Team (IMT) and are employed by ICA Gruppen AB.

Variable remuneration system

See Group notes, Note 4.

Notice periods and severance pay for other senior executives

A mutual notice period of six months applies for senior executives. If termination of employment is initiated by the Company, the senior executives are entitled to severance pay of up to 12 months' basic pay. Severance pay is deductible.

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

Pension benefits for other senior executives

Other senior executives, with two exceptions, have a combined defined contribution and defined benefit pension plan. As a result, pension premiums – which are payable as long as the individual is employed – amount to up to 30% of pensionable salary. One senior executive is instead covered by traditional IPT2 arrangements, while one is covered by ITP1.

Note 4 Audit expenses

SEK m	2021	2020
KPMG:		
Audit assignments	3	3
Total	3	3

Note 5 Leases – lessee

SEK m	2021	2020
Lease expense for the year	35	39
Future contractual lease fees:		
Maturity date within 1 year	3	1
Maturity date between 1–5 years	1	5
Maturity date later than 5 years	20	14
Total	24	20

FINANCIAL INFORMATION | PARENT COMPANY

Note 6 Profit from financial items

SEK m	2021	2020
Profit from interests in Group companies		
Dividends:		
ICA AB	1,850	3,500
Total	1,850	3,500
Other interest income and similar items		
Interest income, Group companies	199	284
Exchange differences	3	10
Other interest income and similar items	4	5
Total	205	299
Other interest expense and similar items		
Interest expense, Group companies	0	0
Change in fair value of financial instruments	26	-10
Other interest expense and similar items	-65	-102
Total	-39	-112
Total profit from financial items	2,016	3,687

Note 7 Taxes

SEK m	2021	2020
Current tax		
Current tax on profit for the year	0	0
Deferred tax on temporary differences	7	0
Reported tax	7	0
Reconciliation of effective tax expense		
Profit before tax	1,834	3,494
Tax as per the current tax rate in Sweden, 20.6% (21.4%)	-378	-748
Dividend	381	749
Non-deductible expenses/non-taxable income	0	-1
Tax reduction for investments	4	-
Reported tax	7	0
Effective tax rate	-0.4%	0.0%
As reported in balance sheet:		
Deferred tax assets	33	28

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance as of 1 Jan. 2021	Recognised in other comprehensive income	Balance as of 31 Dec. 2021
Other	28	5	33
Total	28	5	33

SEK m	Balance as of 1 Jan. 2020	Recognised in other comprehensive income	Balance as of 31 Dec. 2020
Other	26	2	28
Total	26	2	28

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

FINANCIAL INFORMATION | PARENT COMPANY

Note 8 Intangible non-current assets

SEK m	2021	2020
IT systems		
Accumulated cost	364	310
Accumulated amortisation	-203	-168
Carrying amount	161	143
<hr/>		
Opening balance	143	136
Investments	54	43
Depreciation for the year	-36	-36
Carrying amount	161	143

Amortisation of intangible non-current assets is included in the line "Administrative expenses" in the income statement.

Note 9 Property, plant and equipment

SEK m	2021	2020
Equipment		
Accumulated cost	552	510
Accumulated amortisation	-358	-300
Carrying amount	195	210
<hr/>		
Opening balance	210	182
Investments	92	123
Depreciation for the year	-108	-96
Carrying amount	195	210

Depreciation of property, plant and equipment is included in the line "Administrative expenses" in the income statement.

Note 10 Interests in Group companies

SEK m	2021	2020
Interests in subsidiaries		
Cost, opening balance	30,079	30,685
Divested ¹	-	-606
Shareholder contributions ²	700	-
Accumulated cost, closing balance	30,779	30,079
<hr/>		
Impairment, opening balance	-376	-981
Divested ¹	-	605
Accumulated impairment, closing balance	-376	-376
<hr/>		
Residual value according to plan, closing balance	30,402	29,702

1 In 2020 Expediera Intressenter AB, Forma Holding AB and Höga Blåica AB were divested to ICA AB.

2 Shareholder contributions were provided to ICA Banken AB in the amount of SEK 700 million. In 2020 no shareholder contributions were provided.

Interests in subsidiaries

Specification of ICA Gruppen AB's direct holdings of shares in subsidiaries

	Corporate reg. no.	Registered office	No. of shares	Capital and votes, %	Quota value	Book value 31 Dec. 2021, SEK m	Book value 31 Dec. 2020, SEK m
ICA AB	556582-1559	Stockholm	5,000,000	100	SEK 100	23,035	23,035
ICA Banken AB	516401-0190	Stockholm	1,000,000	100	SEK 100	2,554	1,854
ICA Fastigheter Holding AB	556604-5471	Stockholm	1,000	100	SEK 100	4,812	4,812
ICA Spara AB	559086-0531	Solna	2,000	100	SEK 100	0	0
BläckClub Intressenter AB	556720-3467	Solna	1,000	100	SEK 100	0	0
Total						30,402	29,702

FINANCIAL INFORMATION | PARENT COMPANY

Cont. Note 10 Interests in Group companies

Specification of significant indirect holdings as of 31 December 2021

	Corporate reg. no.	Registered office	Capital and votes, %
Subsidiaries of ICA AB			
Rimi Baltic AB	556042-7410	Stockholm	100
Hakonlita UAB	125,018,861	Lithuania	100
Kinnisaravalduse AS	10,434,202	Estonia	100
Plesko Real Estate SIA	40 003 516 351	Latvia	100
Rimi Eesti Food AS	10 263 574	Estonia	100
Rimi Latvia SIA	40 003 053 029	Latvia	100
Rimi Lietuva UAB	123 715 317	Lithuania	100
Apotek Hjärtat AB	556791-1010	Stockholm	100
ICA Global Sourcing Ltd	1 155 948	Hong Kong	100
ICA Sverige AB	556021-0261	Stockholm	100
Subsidiaries of ICA Banken AB			
ICA Försäkring AB	556966-2975	Stockholm	100
Subsidiaries of ICA Fastigheter Holding AB			
ICA Fastigheter AB	556033-8518	Västerås	100
Långeberga Logistik AB ¹	556928-2840	Stockholm	50

¹ Långeberga Logistik AB is a company owned 50% by Alecta and 50% by ICA Gruppen. Långeberga Logistik AB owns ICA Gruppen's warehouse property in Helsingborg. Based on the fact that ICA Gruppen uses the property for its own operations and that through the rent payments for the property, ICA Gruppen is responsible for the cash flows that Långeberga Logistik AB needs in order to meet its commitments, ICA Gruppen has control over the company. Långeberga Logistik AB is thus a subsidiary within ICA Gruppen.

Note 11 Accruals

SEK m	31 Dec. 2021	31 Dec. 2020
Prepaid expenses and accrued income		
Other prepaid expenses	203	184
Total	203	184

SEK m	31 Dec. 2021	31 Dec. 2020
Accrued expenses and deferred income		
Accrued salaries, holiday pay and social security expenses	116	109
Accrued interest expense	6	9
Other accrued expenses	70	76
Total	191	193

Note 12 Equity and appropriation of earnings

As of 31 December 2021 the share capital consists of 201,146,795 shares (201,146,795), each with a quota value of SEK 2.50 per share. There are no holdings of treasury shares.

Proposed appropriation of earnings

The Board of Directors proposes that the earnings be distributed as follows:

SEK	
To the shareholders, a dividend of	0
To the share premium reserve	4 915 938 770
Carried forward	27 653 699 191
Total	32 569 637 961

Note 13 Provisions for pensions

All employees receive pension benefits according to collective agreements. Salaried employees therefore receive either defined contribution (ITP1) or defined benefit (ITP2) pensions according to the ITP plan. Employees with a defined benefit pension plan receive pension based on their final salary. The defined benefit pensions are reported as a provision in the balance sheet. The defined contribution pension premiums are paid to Alecta/Collectum on an ongoing basis. To guarantee the provision in the balance sheet, a credit insurance policy has been taken out with PRI Pensionsgaranti. The full amount is covered by the Pension Obligations Vesting Act.

See also Note 1 on changes in the basis for calculation from 1 January 2022 for defined benefit pensions under the ITP 2 plan.

SEK m	31 Dec. 2021	31 Dec. 2020
Reconciliation of carrying amount for self-managed pensions		
Opening balance, capital value of pension obligations	452	427
Costs charged against profit	14	16
Interest expense	18	18
Pension disbursements	-10	-9
Closing balance, capital value of pension obligations	474	452

Note 14 Non-current liabilities

SEK m	31 Dec. 2021	31 Dec. 2020
Bonds	3,750	3,250
Liabilities to credit institutions	-	-
Total	3,750	3,250

No liabilities have a maturity date later than five years after the balance sheet date.

For more information see Group notes, Note 20. See also Group notes, Note 24 Events after the balance sheet date

Note 15 Financial risk management and financial instruments

ICA Gruppen's financial risks are handled at the Group level. For more information see Group notes, Note 20 Financial risk, financial risk management and financial instruments, and Note 24 Events after the balance sheet date. The Parent Company ICA Gruppen AB has no significant net positions in commercial currency or fuel derivatives. For information on the Parent Company's financial currency derivatives see Group notes, Note 20. Receivables from Group companies are monitored individually to identify expected credit losses. Expected credit losses are insignificant.

Financial assets and liabilities by category

SEK m	31 Dec. 2021	31 Dec. 2020
Financial assets		
<i>Financial assets measured at fair value through profit or loss</i>		
Other financial assets	147	315
<i>Financial assets measured at amortised cost</i>		
Trade receivables	1	1
Current receivables from Group companies	18,464	21,436
Cash and cash equivalents and other receivables	1,147	1,077
Total financial assets	19,759	22,830

Financial liabilities

<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	144	315
<i>Financial liabilities measured at amortised cost</i>		
Bonds	4,750	4,450
Liabilities to credit institutions	318	840
Trade payables	173	141
Current liabilities to Group companies	8,572	9,824
Other current liabilities	196	193
Total financial liabilities	14,153	15,764

The carrying amount is equivalent to the fair value for all financial assets and liabilities except for bonds, where the fair value exceeds the carrying amount by SEK 3 million (10).

Note 16 Statement of cash flows

Adjustments for non-cash items

SEK m	2021	2020
Depreciation/amortisation	144	132
Capital gains/losses	-5	-
Provisions for pensions	3	7
Other provisions	-10	0
Total	132	139

There are no other significant changes in financial liabilities recognised under financing activities in the Statement of cash flows other than items relating to payments for taking out and repaying loans within the Company's financing activities.

Note 17 Pledged assets and contingent liabilities

SEK m	31 Dec. 2021	31 Dec. 2020
<i>Guarantees and contingent liabilities</i>		
Guarantees for subsidiaries	281	255
Total	281	255

This item is mainly for a guarantee pledge to Mastercard for the subsidiary ICA Banken AB.

Note 18 Events after the balance sheet date

See also Group notes, Note 24 Events after the balance sheet date and the Board of Directors' Report.

Statement by the Board of Directors concerning the dividend

The Board of Directors proposes that no dividend be paid out in 2022. In light of this, the Board has not issued a statement pursuant to chapter 18, Section 4 of the Swedish Companies Act (2005:551).

Proposed appropriation of earnings

The following funds are at the disposal of the general meeting (SEK):

Share premium reserve	4,915,938,770
Retained earnings	25,807,329,405
Profit/loss for the year	1,846,369,786
Total	32,569,637,961

The Board of Directors proposes that the earnings be distributed as follows:

To the shareholders, a dividend of	0
To the share premium reserve	4,915,938,770
Carried forward	27,653,699,191
Total	32,569,637,961

The undersigned hereby provide an assurance that the annual accounts and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and according to sound accounting practices, and provide a true and fair presentation of the Group's and the Parent Company's financial position and results, and that the Board of Directors'

Report provides a true and fair overview of the development of the Group's and the Parent Company's operations, financial position and results, and describes material risks and uncertainties faced by the companies in the Group. The statutory Sustainability Report, constituting the parts of the ICA Gruppen AB (publ) Annual Report stated as such on page 4, has been approved for publication by the Board of Directors.

Stockholm, 23 February 2022

Claes-Göran Sylvén
Chairman

Jan Amethier

Göran Blomberg

Bengt Kjell

Magnus Moberg

Fredrik Persson

Katarina Romberg

Bo Sandström

Charlotte Svensson

Anette Wiotti

Jonathon Clarke

Magnus Rehn

Per Strömberg
Chief Executive Officer

Our audit report was submitted on 23 February 2022
KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of ICA Gruppen AB (publ), corp. id 556048-2837

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of ICA Gruppen AB (publ) for the year 2021, except for the corporate governance statement on pages 66–80. The annual accounts and consolidated accounts of the company are included on pages 3–4, 25–42, 59–64, 66–120 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 66–80. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

IT systems and related IT controls

Description of key audit matter	Response in the audit
The company is relying on well-functioning IT-systems and IT-controls in order to run its operations. If these are not operating effectively, there is a risk that errors may occur which could impact the financial reporting. Critical IT-systems and related controls are therefore considered a key audit matter for the purposes of our audit.	We have, with support of our IT-audit specialists, evaluated and tested the operating effectiveness of the IT-systems and the IT-controls that are considered relevant for the financial reporting. Our audit has included evaluation of processes and testing of controls related to program changes, access management and IT-operations. We have also reviewed the organisational structure, segregation of duties and governance of the IT-organisation, and assessed the company's incident management and monitoring processes as well as testing any compensating controls where applicable.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–2, 5–24, 43–58, 65 and 121–139. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions. We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director

of ICA Gruppen AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 66–80 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of ICA Gruppen AB (publ) by the general meeting of the shareholders on the 15 April 2021. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2017.

Stockholm 23 February 2022

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Management and monitoring

 [Read more on pages 124-137](#)



Sustainability management

The strategic focus of ICA Gruppen's sustainability work is set by the Board of Directors through the Sustainability Committee and is managed through strategic planning and business planning processes.

In 2021 the Board set the course for ICA Gruppen's sustainability work through the Sustainability Committee which was tasked with establishing guidelines, based on the Code's rules on the responsibility of the Board of Directors, for how the Group is to behave in society. The Committee's tasks have included preparing policies on business ethics and sustainability, preparing sustainability reports (annually and quarterly) and monitoring business ethics and sustainability. The Board of Directors also reviews the Group's sustainability work on an annual basis. This review covers risk analysis, ethical dilemmas and in-depth training in specifically identified areas.

From the beginning of 2022 the strategic focus of sustainability work will be determined by the Board as a whole.

Responsibility

Although the CEO has ultimate responsibility for sustainability issues within the Group, management of day-to-day sustainability work has been delegated to the Chief Corporate Responsibility Officer, who is part of the ICA Management Team. The ICA Management Team, under the leadership of the Chief Corporate Responsibility Officer, is tasked with developing and, if need be, monitoring the Group's application of the Sustainability Policy. To support the Management Team and the Chief Corporate Responsibility Officer, ICA Gruppen has established the Sustainability Work Group which is cross-functional and addresses matters relating to sustainability and business ethics.

The ICA Management Team suggests sustainability priorities to the Board and monitors ethical dilemmas, risks and public opinion. The Management Team is also tasked with proposing policies to the Board and revising existing policies.

For many years the operating companies in ICA Gruppen have been using selected key performance indicators in the areas of the environment, health, diversity, corporate social responsibility and quality. ICA Gruppen's interim reports include quarterly reports on its sustainability work showing ongoing progress during the year. ICA Gruppen's Annual Report contains a

sustainability report to provide an overall picture of its sustainability work. This reporting covers all operating companies within the Group. The sustainability report also serves as the Communication on Progress report which ICA Gruppen submits annually to the UN Global Compact.

Stakeholder dialogue

Obtaining both internal and external actors' views on ICA Gruppen's operations is an important aspect of ongoing efforts to develop ICA Gruppen. The goal is to balance and optimise various interests, expectations and wishes through a constant dialogue. The most important stakeholder groups are customers, employees, owners, independent ICA retailers in Sweden, suppliers, authorities and a number of non-profit organisations. Each of these main stakeholders has different expectations and requirements with respect to ICA Gruppen's sustainability work.

Framework for sustainability work

To supplement the legislation in force, ICA Gruppen's Board of Directors and Management Team have together formulated and adopted a framework which provides guidelines for how ICA Gruppen is to act as a responsible company and employer.

ICA Gruppen's sustainability work is based on policies describing how the Group is to act in society – primarily the Group's Sustainability Policy and Business Ethics Policy. These are established by the Board of Directors and form the basis of the Group's sustainability work. Governing bodies and employees are trained in ICA Gruppen's policies through both online courses and special initiatives. Guidelines are linked to each policy, explaining how each is to be put into practice.

Examples of external regulations and frameworks that ICA Gruppen has undertaken to follow:

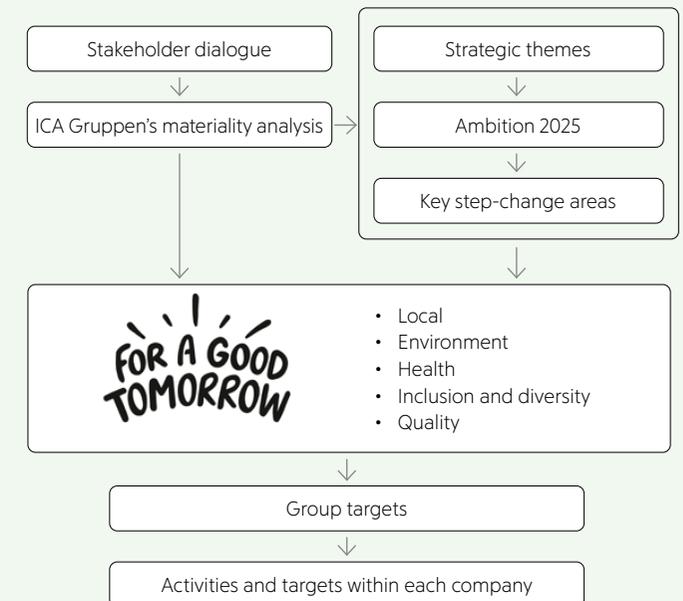
- The UN Global Compact
- The sustainability programme of the Consumer Goods Forum
- The OECD Guidelines for Multinational Enterprises
- The Business Charter for Sustainable Development from the International Chamber of Commerce (ICC) and the ICC's anti-corruption and anti-bribery principles
- Science Based Targets (2015)
- TCFD - Task Force on Climate-related Financial Disclosures (2021)



How ICA Gruppen sets its sustainability objectives

Sustainability is integrated into ICA's strategy for the Group and into Ambition 2025. ICA Gruppen also focuses on a number of prioritised sustainability-related issues based on a materiality analysis that is reviewed every year. For structured strategy development and communication in sustainability work, the Group uses the concept For a Good Tomorrow. This is broken down into five focus areas: local, environment, health, inclusion and diversity, and quality.

FRAMEWORK: UN SUSTAINABLE DEVELOPMENT GOALS, UN GLOBAL COMPACT, ICA GRUPPEN'S POLICIES



Environment

Distribution of carbon emissions according to the GHG Protocol

Carbon emissions, tonnes	2021	2020	2019
Direct greenhouse gas (GHG) emissions according to Scope 1	14,428	17,649	26,724
of which			
Refrigerants in warehouses and stores owned by ICA Gruppen	13,273	15,576	24,042
Business travel using leased company cars and cars provided as a fringe benefit	1,155	2,073	2,682
Indirect greenhouse gas (GHG) emissions according to Scope 2	2,919	2,907	27,341
of which			
Energy in warehouses	985	960	2,214
Energy in stores, pharmacies and offices owned by ICA Gruppen	1,934	1,947	25,127
Indirect emissions of greenhouse gases (GHG) according to Scope 3	61,444	71,565	74,447
of which			
Business travel	605	796	2,022
Goods transport between warehouses and stores/pharmacies as well as central e-commerce	41,640	45,627	42,537
Swedish ICA stores not owned by ICA Gruppen (energy and refrigerants)	19,199	25,143	29,888
TOTAL	78,791	92,121	128,512

Change in carbon emissions/m² compared with 2006

	2021	2020	2019
Total reduction in CO ₂ e emissions per m ² , %	-81	-77	-67

Distribution of carbon dioxide emissions according to the GHG Protocol, 2021, %



Comment: Greenhouse gas emissions from ICA Gruppen's own operations amounted to 78,791 tonnes in 2021, a decrease by 14 percent compared to 2020. The largest reductions have taken place in the areas of refrigerants, where conversion to refrigerants with a lower climate impact have been implemented in stores both in Sweden and the Baltics and in goods

Distribution of carbon dioxide emissions, 2021, %



transport, where the transition to renewable fuels and reduced emission factors have affected the outcome in a positive direction. Emissions from business travel decreased during the year, primarily the result of travel restrictions during the pandemic. All emissions from ICA Gruppen's own operations in 2021 are offset through the purchase of carbon credits.

Goods transport between warehouses and stores/pharmacies as well as central e-commerce

	2021	2020	2019
Carbon emissions, tonnes	41,640	45,627	42,537
of which			
Sweden	27,887	32,365	31,331
Baltics	13,753	13,261	11,206
Fuel consumption, thousand litres	35,640	35,318	34,326
of which			
Sweden	30,408	30,340	30,079
Baltics	5,232	4,978	4,247

Percentage of fossil-free road transport

	2021	2020	2019
Percentage of fossil-free road transport within ICA Gruppen's Swedish operations	71	65	67

Comment: GHG emissions from goods transport have decreased by 9% since 2020, amounting to 41,640 tonnes in 2021. Apotek Hjärtat and Rimi Baltic only use leased transport solutions. The majority of ICA Sweden's lorries are leased, other than for ICA Sweden's e-commerce transport and a small number of lorries owned by the Company. In 2021, however, leased lorries were also used for ICA Sweden's e-commerce transport needs. In Sweden both renewable fuels and diesel are used. Diesel is the main fuel used in the Baltic countries although a small amount of renewable fuels is also used. GHG emissions within ICA Sweden have decreased by 14%. This is mainly due to a higher percentage of renewable fuels, primarily biogas. It is also due to the fact that some of the fuels used have had lower emissions factors than previously. New vehicles that run on renewable fuels have been purchased within the e-commerce segment. A lower percentage of external haulage firms have

also been used in e-commerce operations, although most of these have diesel-fuelled vehicles. Rimi Baltic's emissions increased slightly during the year due to a rapid rate of expansion which increased the number of kilometres driven. This affects both fuel consumption and GHG emissions.

Refrigerants

	2021	2020	2019
Carbon emissions, tonnes	25,056	32,895	45,926
of which			
Sweden	12,459	18,383	23,707
Baltics	12,597	14,512	22,219

Comment: Greenhouse gas emissions from refrigerants are constantly decreasing as the Swedish and Baltic stores switch to refrigerants with a lower climate impact. Often older units that use synthetic HFC refrigerants (primarily R-404) with a

high climate impact are replaced by natural refrigerants (including carbon dioxide R-744), which contributes to the continuous decrease in emissions.

Energy use in stores and pharmacies

	2021	2020	2019
Carbon emissions, tonnes	9,271	9,708	33,049
of which			
Sweden	8,364	8,812	9,125
Baltics	907	896	23,924

	2021	2020	2019
Energy use in stores and pharmacies, MWh	1,020,017	1,023,117	1,053,549
of which			
Sweden	838,588	843,971	870,476
Baltics	181,429	179,146	183,073

Average energy use in stores and pharmacies, kWh/m²

Sweden	343	348	359
Baltics	303	317	338

Distribution of energy sources, 2021, %
(electricity consumption in warehouses,
offices, stores and pharmacies)



- Renewable energy, 98%
- Fossil fuels, 1%
- Nuclear power, 1%

Comment: The total GHG emissions from energy use are constantly decreasing. Rimi Baltic has used only renewable energy in its warehouses and stores since the fourth quarter 2019. In Sweden both renewable and non-renewable energy is used. The average energy use is in general decreasing in stores, pharmacies, warehouses and offices, which in part is the result of improved operational efficiency.

Energy use in warehouses and offices

	2021	2020	2019
Carbon emissions, tonnes	1,063	1,023	2,298
of which			
Sweden	985	952	1,133
Baltics	78	71	1,165

	2021	2020	2019
Energy use in warehouses and offices, MWh	100,812	94,642	95,191
of which			
Sweden	85,261	80,420	81,443
Baltics	15,552	14,221	13,748

Average energy use in warehouses and offices, kWh/m²

Sweden	154	184	192
Baltics	117	96	148

Business travel by air, rail and road

	2021	2020	2019
Carbon emissions, tonnes	1,760	2,869	4,703
of which			
Sweden	999	1,544	3,326
Baltics	760	1,325	1,377
Business travel by air, thousand km	1,123	3,281	12,501
of which			
Sweden	1,080	3,165	12,501
Baltics	43	116	n.d.
Business travel by car, thousand km	12,563	11,908	16,099
of which			
Sweden	6,237	4,880	8,727
Baltics	6,327	7,028	7,372
Business travel by rail, thousand km	935	1,124	3,398
of which			
Sweden	935	1,124	3,398
Baltics	n.d.	n.d.	n.d.

Comment: Emissions from business travel are constantly decreasing. There are many reasons for this, including the effect that Covid-19 restrictions have had on business travel among ICA Gruppen's employees. Updated guidelines for company cars and cars provided as a fringe benefit, and a shift in other business travel towards climate-smart travel options, have also had a positive effect. The increased use of new tools for digital meetings has also decreased the need for business travel.

Food waste

	2021	2020	2019
Total food waste, weightshare, %	1.67	1.57	1.70
of which			
Sweden	1.58	1.43	1.57
Baltics	2.20	2.37	2.37
Total food waste, weightshare, warehouses, %			
Sweden	0.36	0.34	0.34
Baltics	0.17	0.12	0.09
Total food waste, weightshare, stores, %			
Sweden	1.22	1.09	1.23
Baltics	2.03	2.25	2.38

Comment: The total food waste from stores (ICA Gruppen-owned and retailer-owned) and warehouses (including customer fulfilment centres) in Sweden and the Baltics has decreased since the base year by 8% (14). The full-year 2021 outcome for the percentage of food waste within ICA Sweden is 1.58% (tonnes of food waste/tonnes of food sold). Food waste has increased by 11% compared with 2020 and decreased by 9% since the base year 2016. Covid-19 had a significant impact on 2020, which in turn had a positive effect on food waste as large amounts of food were sold from stores and small volumes became food waste. The increase in 2021 compared with 2020 is also due to factors such as development of the food waste data collection method during the year. The new method enables better and more accurate data to be obtained, making it easier to analyse and

work with measures to reduce food waste over time. Also, a new customer fulfilment centre was opened during the year, which may result in higher food waste as it is difficult to predict sales initially. Another explanation for the higher food waste during the year is the change in the weather at the end of the summer which resulted in incorrect sales forecasts, leading to increased food waste, mainly in the fruit category. Food waste as decreased in the Baltic countries, mainly due to an increase in the amount of food donated that may otherwise have gone to waste. ICA Gruppen's top priority is food waste prevention. To address the waste that still arises, ICA Sweden has partnered with actors such as the Salvation Army and Stadsmissionen, and Rimi Baltic with Food Bank, to donate food that is still edible to those in need.

Waste¹, tonnes

	2021	2020	2019
Recycling/recycled	43,130	34,145	29,151
of which			
Sweden	4,465	4,709	4,917
Baltics	38,665	29,436	24,234
Incinerated	10,722	5,350	4,948
of which			
Sweden	3,119	2,751	2,405
Baltics	7,603	2,600	2,543
Composted	9,194	9,222	7,434
of which			
Sweden	5,371	5,797	5,369
Baltics	3,823	3,425	2,065
To landfill	14,132	20,499	19,358
of which			
Sweden	105	630	213
Baltics	14,027	19,869	19,145
TOTAL	77,178	69,216	60,890
of which			
Sweden	13,059	13,886	12,904
Baltics	64,119	55,330	47,986

1) Data for Sweden comprises waste from logistics ICA Sweden. Data for the Baltics comprises waste from logistics and stores.

	2021	2020	2019
Recycling rate¹, %			
Sweden	99	95	98
Baltics	78	64	60

1) Includes recycling/recycled, composted and incinerated.

Distribution of fractions Sweden, 2021, %



Distribution of fractions Baltics, 2021, %



Distribution of fractions ICA Gruppen total, 2021, %



Comment: ICA Gruppen is working to minimise waste and maintain high recycling rates in its warehouses and stores. As part of this effort, ICA Gruppen partners with several charitable organisations, including the Salvation Army in Sweden and Food Bank in the Baltic countries. Waste management systems in the various markets are making it possible to increase the recycling rate. Rimi Baltic has continued to increase its recycling rate, reaching 78% (64) in 2021. The recycling rate in Sweden is 99% (95). Waste data from the Swedish ICA stores and Apotek Hjärtat is not included.

Environmental work in stores, ICA Sweden

	2021	2020	2019
Swan ecolabelled ICA stores, number	119	122	119
ICA stores approved according to Miljösmart butik, number	111	126	155

Comment: In Sweden 119 ICA stores had the Swan ecolabel at the end of 2021, which is 9 % of all stores. The Swan ecolabel applies tough criteria in areas such as waste management and energy efficiency. The internal eco-tool called Miljösmart Butik is helping stores to improve their environmental

programmes and further reduce their environmental impact. By the end of 2021, 111 ICA stores had implemented the tool. The decrease in the number of stores approved according to Miljösmart Butik is due to visiting restrictions during Covid-19, which in turn reduced the possibility of in-store audits.

THE EU TAXONOMY

	Proportion of Taxonomy eligible activities, %	Proportion of Taxonomy non- eligible activities, %
Sales	2	98
CapEx	35	65
OpEx	53	47

Comment: ICA Gruppen's core business is retail and wholesale, which is not an economic activity within the EU taxonomy for sustainable activities. Of the 90 or so economic activities included in the Taxonomy, ICA Gruppen has identified road transport, non-life insurance, construction of buildings and acquisition and ownership of buildings as economic activities that ICA Gruppen is engaged in and that may fall within the Taxonomy. After closer analysis of how these activities are defined, ICA Gruppen has determined that ICA Real Estate's operations involving active management of a portfolio of assets in the form of stores in Sweden is the only economic activity that ICA Gruppen is engaged in that falls within the Taxonomy. Road transport is part of the retail and wholesale economic activity because transport is included in the price of the goods ICA Gruppen sells to stores and customers. Non-life insurance is a very small part of the Group's activities and has therefore been determined as not material in this context. The key ratios show what proportion of ICA Gruppen's economic

activities fall within the Taxonomy. Given the above, for ICA Gruppen it is real estate activities relating to stores in Sweden that constitute the numerator in the key ratios.

Sales:

Shows what proportion of ICA Gruppen's sales constitute sales from real estate activities relating to stores in Sweden.

CapEx:

Shows what proportion of ICA Gruppen's investments in the balance sheet that occur within real estate activities relating to stores in Sweden.

OpEx:

Costs to keep an asset in a usable condition, and then only costs that arise if the asset is not used. This key ratio shows what proportion of such costs within ICA Gruppen occurs within real estate activities relating to stores in Sweden.

Environmental tools and standards

The environmental standard ISO 14001 is used to certify operations, and in the stores the Swan ecolabel is used along with the Group's own environmental support tool Miljösmart Butik. ICA Real Estate certifies newly built store properties that it owns according to "Miljöbyggnad" and "NollCO₂" certification and existing ones to "Miljöbyggnad iDrift", and newly built logistics facilities to Breeam and existing ones to Breeam In-Use. Suppliers to ICA Gruppen must be active in their own internal environmental work, including establishing an environmental policy, environmental targets and plans to reduce environmental impact from production and other activities.

Suppliers must regularly monitor the environmental impact of their business. ICA Gruppen ensures its requirements are met through agreements, follow-up and by recommending established systems of environmental certification. In 2016 the ICA Social Audit, ICA Gruppen's own tool for social auditing of suppliers, was supplemented with additional sections relating to the suppliers' environmental work. The aim was to be able to monitor the suppliers' environmental performance even more effectively. The new parts focus on waste disposal, chemicals and water treatment, among other things.

	ISO 14001
ICA Sweden, logistics operations ¹	1998
ICA Real Estate ¹	1999
ICA Sweden, sourcing operations ¹	2012
ICA Special, sourcing operations ¹	2012
Rimi Baltic, sourcing operations ¹	2015

¹ Year first certified.

Employees

Average number of employees (FTE)

	2021	2020	2019
Sweden	12,729	12,446	12,454
Finland	-	-	40
Baltic countries	11,175	10,647	10,513
Asia	90	102	118
ICA Gruppen total	23,994	23,196	23,125

Employee turnover¹, %

	2021	2020	2019
ICA Gruppen AB	8	7	14
ICA Sweden	14	13	19
Rimi Baltic	42	43	44
Apotek Hjärtat	10	11	16
ICA Real Estate	8	12	10
ICA Bank (incl. ICA Insurance)	9	8	13
ICA Global Sourcing	53	31	26
ICA Gruppen total	26	25	30

¹ Total employee turnover includes all those leaving their employment regardless of the reason.

Comment: In 2021 ICA Gruppen had around 28,000 employees, mainly in Sweden and the Baltic countries. Converted to full-time staff on an annual basis, this corresponds to 23,994 (23,196) full-time equivalents (FTEs). Of the Group's employees, 56% (62) worked in stores and pharmacies, 20% (16) in warehouses and 24% (22) in other operations. The change compared to the previous year is mainly due to increased e-commerce volumes. Compared with other operations, stores and pharmacies had a higher share of part-time employees and also a higher share of women employed. Store employees in the retailer-owned ICA stores in Sweden are not included because they are employed by the com-

pany that owns the store in question. The pandemic impacted sickness-related absence within operations where it has not been possible to work from home. Employee turnover has gone down in general since 2019, which may be a consequence of people being less willing to change employer. In 2021 diversity reporting in Sweden was supplemented with data on the percentage of employees with a Swedish background and the percentage with a foreign background. The share of employees at ICA with a foreign and Swedish background respectively, reflects the population in Sweden. The goal is for this to be the case at the management level as well.

Sickness-related absence, %

	2021	2020	2019
ICA Gruppen AB	3.4	3.3	3.2
ICA Sweden	6.3	5.6	5.7
Rimi Baltic	8.0	5.8	6.0
Apotek Hjärtat	6.4	6.7	5.1
ICA Real Estate	1.4	2.1	1.9
ICA Bank (incl. ICA Insurance)	3.7	3.8	3.5
ICA Global Sourcing	1.6	1.7	1.7
ICA Gruppen total	6.9	5.7	5.7

Gender distribution, 2021, %

	Women	Men
Total¹	66	34
All management levels	72	28
Business-critical positions	51	49
Board of Directors and ICA Management Team	43	57

¹ Outcome based on full-time equivalents (FTEs)

Swedish and foreign background¹, 2021, %

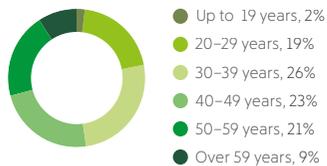
	Foreign background	Swedish background
Total	30	70
All management levels	21	79

¹ Outcome obtained with the help of Statistics Sweden and based on employees who worked in Sweden during the year.

Employment by type, region and gender, number

	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Sweden									
Permanent	6,499	7,201	13,700	6,197	7,239	13,436	5,946	7,228	13,174
Temporary	568	1,424	1,992	689	1,438	2,127	594	1,478	2,072
Baltic countries									
Permanent	1,909	9,755	11,664	2,046	10,410	12,456	1,779	9,982	11,761
Temporary	170	429	599	137	411	548	69	243	312
Asia									
Permanent	47	39	86	53	45	98	64	53	117
Temporary	0	0	0	0	0	0	0	0	0
ICA Gruppen total									
Permanent	8,455	16,995	25,450	8,296	17,694	25,990	7,789	17,263	25,052
Temporary	738	1,853	2,591	826	1,849	2,675	663	1,721	2,384

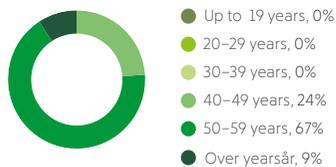
Age distribution all employees, 2021, %



Type of employment, 2021, %



Age distribution, Board and ICA Management Team, 2021, %



Health

	2021	2020	2019
Customers' consumption of fruit and vegetables per day, grams	n.d.	n.d.	n.d.

Comment: To estimate how much fruit and vegetables ICA's customers in Sweden consume, a calculation is made based on sales data for the customers who are assumed to purchase most of their food at ICA. Due to the need to update the calculation model, reporting of this indicator has been paused for now and will resume once a new model is in place.

Quality

Quality-certified suppliers

	2021	2020	2019
Quality certified suppliers of ICA Gruppen's corporate brand products, %	93	91	87

Socially audited suppliers

	2021	2020	2019
Socially audited suppliers of ICA Gruppen's corporate brand products in high-risk countries, %	94	92	95
Suppliers of ICA Gruppen's corporate brand products in high-risk countries with a valid follow-up social audit, %	89	86	87

Comment: The Covid-19 pandemic made it more difficult to carry out social audits of suppliers, but we are now seeing a gradual return to a more normal situation. At the end of 2021 a total of 94% (92) of suppliers of ICA Gruppen's corporate

brand products in high-risk countries had undergone a social audit and 89% (86) had an approved social re-audit. 93% (91) of ICA Gruppen's corporate brand suppliers were quality-certified.

Product recalls, number

	2021	2020	2019
Total	91	55	92
Corporate brands	25	21	51

Comment: ICA Gruppen's product safety work is based on ensuring that all suppliers have sound and safe production processes. This is done through the Group's sourcing agreements, which have a sustainability annex. Suppliers of the Group's private label products must be certified to a standard accepted by the Group. All corporate brand products are examined and approved to ensure that they comply with ICA Gruppen's internal guidelines. If it is suspected that a product

ICA Gruppen has sold may pose a health risk, the Group contacts the relevant supervisory authority, takes the product off the shelves and distributes a press release announcing a recall. A recall means that the product is immediately stopped at checkout and is no longer available to buy. A recall is always followed up with the supplier through a visit and/or documented feedback on the measures the supplier has taken to prevent any reoccurrence.

Quality-certified stores and stores that have implemented the Swedish standard for food handling in stores, ICA Sweden, number

	2021	2020	2019
Accepted by inspection body	616	634	640
Adopted the standard	1,105	1,112	1,121

Comment: The number of stores that is either accepted by inspection bodies or have adopted the Swedish standard for food handling in stores has decreased during the year. The decrease is mainly due to the impact of the pandemic, where both visiting restrictions and reprioritisations in store operations have made the review procedure more difficult for ICAs sustainability coaches and external auditing companies.

Quality tools and standards

Quality certification and standards

The quality standards ISO 9001, ISO 22000 and BRC S&D are used to certify operations, while stores use the Swedish standard for food handling in stores.

ICA Gruppen's product safety work is based on ensuring that all suppliers have sound and safe production processes. This is achieved by ICA Gruppen's suppliers being required to sign the Group's sourcing agreement, which has a sustainability annex to ensure compliance with the Sustainability Policy and its guidelines.

ICA Gruppen requires its corporate brand food suppliers to be third-party certified to a product safety standard approved by the Global Food Safety Initiative (GFSI). These standards cover food safety management systems, Hazard Analysis and Critical Control Points (HACCP), as well as good manufacturing practices. Local suppliers of ICA Gruppen's corporate brands can also be certified to local standards (in addition to GFSI-approved standards), allowing small suppliers to safely supply products. This

system promotes local production and facilitates ICA Gruppen's local adaptation.

Suppliers of corporate brand cosmetics and hygiene products are required to be certified to BRC Global Standard Consumer Products (BRC CP) or an equivalent standard. For other suppliers of corporate brand non-food products to ICA Gruppen, the goal is to be certified to BRC CP, ISO 9001 or an equivalent standard.

Quality assurance of products

Quality tests and follow-up inspections are carried out regularly by ICA Gruppen's suppliers as part of their quality programmes. In addition, ICA Gruppen takes random samples based on a risk assessment that is updated annually by product category. All corporate brand products are also examined and approved to ensure that they comply with ICA Gruppen's internal guidelines for nutritional value, ingredients and ingredient origin etc. All of ICA Gruppen's corporate brand products undergo sensory and/or quality

tests on their way to becoming finished products. The sensory tests evaluate appearance, aroma, taste and consistency. Ingredients, nutritional information and other properties are detailed in internal product specifications. For certain groups of products ICA Gruppen also tests the products' functionality. Packaging information is also verified and approved. After a product is launched, follow-up inspections are carried out at the supplier's premises and of the product to ensure that it continues to meet ICA Gruppen's expectations of a good quality, safe product.

Quality work in stores

The Swedish ICA stores apply the Swedish standard for food handling in stores. ICA Sweden's sustainability coaches conduct an annual internal audit of all ICA stores, involving an extensive review the entire food handling process in the stores. The goal is for 100% of ICA stores to be internally audited each year. In 2021, ICA Sweden achieved 90%. Rimi Baltic uses its own standards for food handling

based on Swedish standards and covering all of the store formats in Estonia, Latvia and Lithuania.

Quality work in pharmacies

The quality system at the individual pharmacies, the so-called self-monitoring programme, is regulated by legislation from the Swedish Medical Products Agency (MPA). All pharmacies have a pharmacist who is responsible for ensuring compliance with the requirements and who also reports to the MPA if there are serious operational deficiencies. In addition, this pharmacist carries out an inspection of the pharmacy every year. Apotek Hjärtat has quality assurance specialists who conduct regular internal inspections to ensure that its pharmacies maintain a high level of quality and follow the self-monitoring programme. Suppliers of medicines are approved by the MPA, and all pharmacies have an obligation to provide approved prescription drugs.

	ISO 9001	ISO 22000	BRC S&D
ICA Sweden, logistics operations ^{1,2}	–	2017	2012
ICA Real Estate ¹	–	–	–
ICA Sweden, sourcing operations ¹	2012	–	–
ICA Special, sourcing operations ¹	2012	–	–
Rimi Baltic, sourcing operations ¹	2015	–	–
Rimi Baltic, Rimi-owned warehouses ¹	–	–	2014

¹ Year first certified.

² ICA Sweden's logistics operations were certified to BRC S&D in the years 2012–2016.

About the Sustainability Report

The Sustainability Report follows ICA Gruppen's financial year, and as such covers the period 1 January 2021 to 31 December 2021. The report covers all companies within ICA Gruppen. The report mainly covers operations that have a significant, direct impact from a sustainability perspective, i.e. ICA Gruppen's own operations.

Information relating to operation of the 1,200 or so retailer-owned ICA stores in Sweden is presented when this is considered significant to gain an overall picture of ICA Gruppen's sustainability work. The relevant areas include data on emissions, electricity consumption, refrigerants, food waste, waste collected in connection with delivery of goods to stores and sales data. The number of stores that are certified to the Swedish standard for food handling in stores, the Swan ecolabel or ICA's own programme for environmentally smart stores ("Miljösmart Butik") is also reported.

The report does not cover activities over which ICA Gruppen has no direct control, such as those of

suppliers and customers. Information on suppliers of ICA Gruppen's corporate brand products is included in the report where appropriate.

An annual environmental and sustainability report has been published since 1995. The last report was published in February 2020. Between 2004 and 2017 the report was prepared in accordance with the GRI reporting standard. Since 2018 ICA Gruppen has been using the Group's own accounting principles for sustainability reporting. Since 2008 the Sustainability Report has been reviewed by a third party.

The report also serves as ICA Gruppen's Communication on Progress in accordance with the UN Global Compact guidelines.

For further information, please contact:
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Bild från Månaden Skörd
konsumenttidning
på Kvantum



Accounting principles



ICA Gruppen has drawn up its own accounting principles, which are detailed below. The accounting principles are partly based on the GRI framework but have been adapted for the Group's operations based on the materiality analysis.

The Sustainability Report mainly covers operations that have a significant, direct impact from a sustainability perspective, i.e. ICA Gruppen's own operations. The Report covers all companies within ICA Gruppen. There are certain exceptions, however, which are detailed below. A Group-wide IT system is used to collect sustainability data. The system supports continuous reporting with the aim of ensuring the long-term quality of the indicators included in ICA Gruppen's continuous monitoring and reporting of sustainability work. Each company reports data according to the Group's definitions and routines for sustainability reporting. The accounting principles are explained in detail below.

Climate impact of ICA Gruppen's own operations

ICA Gruppen's own operations have been climate-neutral since 2020 and are to achieve net zero emissions by 2030. Climate neutrality for ICA Gruppen means that all emissions are carbon-offset by purchasing emission reduction units for the corresponding amount of carbon dioxide equivalents (CO₂e). The target of net zero emissions means that ICA Gruppen's climate impact is to be reduced as far as possible, and that the emissions that cannot be eliminated by 2030 will be subject to balancing measures that bring the net effect on the atmosphere to zero. ICA Gruppen intends to follow the Science Based Targets standard for net zero, which is under development, and to have the target officially approved by the organisation.

ICA Gruppen's climate target for its own operations covers emissions of GHG emissions from refrigerants and energy use in stores, pharmacies, warehouses and offices, and from goods transport between warehouses and stores/pharmacies and deliveries from central customer fulfilment centres, as well as from business travel (Scope 1, Scope 2 and parts of Scope 3). Both the Swedish and the Baltic operations are included.

Outcomes relative to the target of net zero emissions are reported in tonnes of carbon dioxide equivalents. See the respective area for more detailed information on emissions factors.

Emissions according to the GHG Protocol include the following in each scope:

- **Scope 1:** Emissions from refrigerants in warehouses and in stores owned by ICA Gruppen itself, emissions from business travel using leased company cars and cars provided as a fringe benefit.
- **Scope 2:** Emissions from energy in warehouses and in ICA Gruppen-owned stores, pharmacies and offices.
- **Scope 3:** Emissions from business travel, emissions from Swedish ICA stores not owned by ICA Gruppen, and emissions from transport between warehouses and stores/pharmacies and deliveries from central customer fulfilment centres.

Energy

Comprises stores, pharmacies, warehouses and offices. To calculate electricity consumption (kWh) in Swedish stores a sampling of stores from each format is used. The same calculation principle is used for the pharmacies. The actual consumption is then extrapolated by the total number of stores and pharmacies in order to report the total electricity consumption at the end of the reporting period.

To calculate energy consumption per square metre in stores, pharmacies, warehouses and offices, the area (in square metres) of the stores, pharmacies, warehouses and offices in operation at the end of the measurement period is used.

Renewable energy is energy from renewable sources such as wind, solar and hydro power, while non-renewable energy refers to energy from fossil sources such as coal and oil. Energy consumption has been calculated on the following basis:

- **ICA Sweden's stores:** The calculation is based on actual use of electricity in stores covered by the central electricity agreement. Total consumption is extrapolated by the number of stores at the end of the reporting period using a standard formula. The standard formula is based on the following: Maxi ICA Stormarknad hypermarkets: 97% renewable and 3% non-renewable energy, ICA Kvantum: 88% renewable and 12% non-renewable energy, ICA Supermarket: 82% renewable and 18% non-renewable energy, and ICA Nära: 77% renewable and 23% non-renewable energy. This breakdown was established by a review in January 2018.
- **Rimi Baltic stores:** The actual consumption for all Rimi Baltic stores is used.
- **Apotek Hjärtat pharmacies:** The calculation is based on actual electricity used by pharmacies covered by a central electricity agreement. Total consumption is extrapolated using the number of pharmacies at the end of the reporting period. The standard formula is based on 40% renewable and 60% non-renewable energy.

Emissions of CO₂ from energy have been calculated on the following basis:

- The Nordic electricity mix emissions factor 2006 is used to calculate carbon emissions from the use of non-renewable energy in Sweden: 0,000 092 900 tonnes CO₂/kWh (source: Swedenergy, published 2007).
- When calculating carbon emissions for renewable energy in Sweden the emissions factor 0,000 001 250 tonnes CO₂/kWh is used (source: Bixia/Östkraft 2007)
- When calculating carbon emissions for renewable energy in the Baltic countries an average emissions factor for renewable electricity: 0,000 005 00 tonnes CO₂/kWh is used (source: IEA 2009).

- When calculating carbon emissions from district heating an average emissions factor from the Swedish Energy Agency: 0,000 100 tonnes CO₂/kWh is used, as recommended by the GHG Protocol (source: Carbon dioxide evaluation of energy use, supporting reports, the Swedish Energy Agency 2008).

Goods transport

This is the transportation of goods between ICA Gruppen's warehouses and stores/pharmacies, and goods delivered from central customer fulfilment centres. The transportation of goods to warehouses is not included. Apotek Hjärtat only uses leased transport solutions, while ICA Sweden uses leased transport solutions for the majority its goods transport but owns a number of transport solutions, and also owns most of its e-commerce transport solutions. Since the first quarter of 2021 Rimi Baltic has been using leased transport solutions to transport goods between warehouse and store, but owns all e-commerce transport solutions.

ICA Sweden reports fuel consumption per fuel type as well as emissions factors for each type of fuel for all distances driven by a haulage supplier.

The haulage companies working with Apotek Hjärtat report a mix of actual consumption and standard amounts based on distances driven and emissions factors for each fuel.

Fuel consumption for transport vehicles leased by Rimi Baltic is calculated based on distances driven and average fuel consumption. Fuel consumption for Rimi Baltic's own transportation of goods is obtained directly from the fuel supplier.

Emissions of CO₂ from goods transport within ICA Sweden and Apotek Hjärtat have been calculated on the following basis:

- Haulage companies report emissions factors for each type of fuel based on invoices from each respective fuel supplier. ICA Sweden and Apotek Hjärtat check emissions factors against reference emissions factors from NTM (Network for Transport Measures), which were produced in 2020 for all types of fuel. The emissions factors are based on WTW (Well to Wheel).

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Emissions of CO₂ from goods transport within Rimi Baltic have been calculated on the following basis:

- Emissions factor for diesel from NTM (Network for Transport Measures) (2006).
- Renewable fuels from the Swedish Transport Administration (2016).
- Fossil fuels are calculated according to Scope 1 and renewable fuels according to Scope 1 and 3.

Refrigerants

Comprises refrigerant refills in all warehouses and stores. Data for ICA Sweden's warehouses is based on official refrigerant reports and is reported for the current year. Data on refrigerants in ICA Sweden's stores refers to the previous year's consumption. Data on Rimi Baltic's consumption of refrigerants in warehouses and stores refers to the current year's consumption. For ICA Gruppen's interim reports standard quarterly data is used for refrigerants based on annual data. At the end of the year data is reported for ICA Sweden's warehouses and for Rimi Baltic's stores and warehouses and this annual data for the year in question is used as a basis to establish standard data for the next year's interim reporting. For the Swedish ICA stores full-year data from the previous year is updated in the second quarter and this data is then used as a basis for standard data for future interim reports.

Emissions of CO₂ from refrigerants have been calculated on the following basis:

- Global Warming Potential (GWP) for each type of refrigerant according to the Montreal Protocol and IPCC (2006–).

Business travel

Comprises business travel by air booked through the central travel agency for ICA Gruppen in Sweden and Rimi Baltic's central travel agency.

Comprises business travel by rail for ICA Gruppen in Sweden booked through the central travel agency or directly through travel providers using the ICA customer number.

Comprises business travel by road for Rimi Baltic and ICA Gruppen in Sweden.

Emissions of CO₂ from business travel have been calculated on the following basis:

- Carbon dioxide emissions from air and rail travel are provided by the travel provider.
- Emissions factor for business travel by road from NTM (Network for Transport Measures) (2020).

Climate ambition for ICA Gruppen's suppliers

ICA Gruppen's suppliers of consumer goods sold, representing 70% of the estimated upstream climate impact, are to have adopted science-based climate targets by 2025 at the latest. The outcome is calculated as follows:

The climate impact from suppliers has been calculated based on ICA Gruppen's store sales in 2018 and emissions factors from the GHG Protocol tool Scope 3 Evaluator (kg CO₂e/USD, source: World Input Output Database). The exchange rate is the Riksbank (Sweden's central bank) average for 2018 (USD 1 = SEK 8.6921). Value, currency, emissions factors and list of suppliers are updated every three years. In 2021 datavariablen from 2018 are used. The combined estimated climate footprint of the suppliers constitutes 100% of ICA Gruppen's upstream climate impact.

Suppliers with climate targets approved by the Science Based Targets initiative are updated on the Science Based Targets website. The estimated climate footprint of ICA Gruppen's suppliers that have approved climate targets is then established in relation to the total climate footprint of ICA Gruppen's suppliers to determine performance in relation to targets.

Waste

Comprises ICA Sweden's and Rimi Baltic's warehouses, as well as Rimi Baltic's stores. Apotek Hjärtat is not included in the reporting. National laws and regional waste management systems define the types of waste included. Information on waste management methods and amounts is obtained from waste contractors.

Rimi Baltic's waste from stores is based on actual volumes for all stores.

Composted waste consists of biodegradable organic waste, i.e. waste sorted as compostable and 90% of organic waste fractions including packaging.

Incinerated waste consists of waste fractions that can be incinerated and 10% of organic fractions including packaging.

Recycled/reused waste includes glass, metal, wood, plastics and other non-landfill waste.

For categories where ICA Gruppen has producer responsibility, such as pharmaceuticals, batteries, electronic products and packaging, disposal is in accordance with applicable legal requirements and any permits

required. The waste arising from ICA Gruppen's producer responsibility is not included in the reported waste volumes. ICA Gruppen seeks to reduce waste to landfill and improve the conditions for sorting and recycling of waste.

Food waste

ICA Gruppen intends to reduce its food waste by half by 2025, with 2016 as the base year. This is in line with targets set by the Consumer Goods Forum. Food waste is measured according to the Food Loss & Waste Protocol (FLW). The indicator being used – i.e. the measurement that is to be halved – is food waste, percent by weight. This is measured by dividing total food waste (tonnes) by total food sold (tonnes). Food waste is food that is prepared to be eaten by humans but which, for various reasons, is not eaten by humans. Food consists of the main food categories of Fresh Foods, Dry Groceries and Fruit & Vegetables. Both food and inedible parts (e.g. peel and bones) are included. The weight of packaging is not included. ICA Gruppen's food waste is waste that arises in ICA Gruppen's own food handling, which includes:

- 1 Food waste from stores
- 2 Food returned from stores
- 3 Food waste from warehouses
- 4 Food waste from customer fulfilment centres.

Food waste for which compensation is received from external actors (e.g. suppliers) is not included in ICA Gruppen's food waste. Reporting includes the warehouses and stores in ICA Sweden and Rimi Baltic. For the Swedish ICA stores the calculation is based on total food waste (tonnes) of the actual food waste from a selection of stores (around 75% are included in the selection). Total food waste (tonnes) is extrapolated by the number of stores at the end of the reporting period using a standard formula. For ICA Sweden's warehouses and customer fulfilment centres as well as Rimi Baltic's warehouses and stores, the actual data for total food waste is used. From the end of 2019, food that the Swedish ICA stores report as a charitable donation for human consumption is excluded from total food waste (tonnes). Food that the Swedish ICA stores report as clearance is excluded from total food waste (tonnes). As of 2021 food that goes for processing is also excluded. For Rimi Baltic food that is donated to charity has been excluded since the base year 2016.

Climate impact of customers' grocery purchases

ICA Gruppen intends to cut the climate impact of customers' grocery purchases in half by 2030, using 2020 as the base year. The target is in line with the Carbon Law and the Paris Agreement. The climate impact of customers' food purchases is measured in CO₂e per kg of food sold, and is calculated by dividing the total climate impact from store food sales measured in CO₂e divided by the total store food sales measured in kg. The calculations are based on the following:

- ICA Sweden: Total store food sales: sales in kg from the central assortment of food from the Swedish ICA stores. Climate impact of store food sales: The climate impact of food is calculated using the RISE climate database, which is based on life cycle assessment and is updated annually. Total sales are measured against the RISE climate database for the current year. A CO₂e carbon footprint is then assigned to the products at the product group level. For mixed product groups, a standard value has been assigned (based on the highest sales in the product group). The products with no carbon footprint in the climate database are assigned the carbon footprint of a similar product.
- Rimi Baltic: Current reporting does not include Rimi Baltic. The monitoring process is being developed and calculation principles will be updated when Rimi Baltic is included in the reporting.

Products with reduced sugar

The number of products with reduced sugar covers ICA Sweden's private label products based on the criteria described below. The following products are included in the target data assessment:

- Existing private label products where the sugar content has been reduced based on the criteria below. In the case of a gradual reduction, data for the product is assessed each time the sugar content is lowered.
- New private label products that are launched and that have sugar content that is lower than a comparable benchmark product. Only products in categories that normally contain sugar can be included.

Criteria for reduced sugar content: Products with reduced sugar are the products in which the sugar content has been lowered or sugar has been excluded entirely. The actual quantity of added sugar is to be lower. The aim is for there

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to be 30% less added sugar compared with existing private label products or benchmark products. In the first-mentioned case, the reduction may take place in stages. Sugar may be fully or partially replaced by another sweetening ingredient as long as the amount of added sugar is reduced as stated above, and the perceived level of sweetness is, if possible, lower than for the existing private label product/than the benchmark product.

Sugar substitutes: Which sweeteners may be used is regulated by law, the Swedish National Food Agency's guidelines and ICA's Brand Criteria. The choice of sweetener is based on what is approved and most appropriate in the respective food category. In addition to ICA's Brand Criteria, the following applies:

- "Natural" sweetener from fruit and berries, e.g. juice, may result in products with a lower sugar content even if the source is still sugar and may be used as an alternative to sugar.
- Oligosaccharides (types of sugar with between three and nine sugar units, such as oligofructose or inulin) can be used as prebiotic fibre in ICA's products. Oligosaccharides can be used to partly lower the amount of added sugar.
- Glucose syrup and fructose syrup are only used to a limited extent in ICA's reduced-sugar products.
- Sucralose is not approved as a sweetener in ICA's products.

Definitions: Added sugar: In addition to sugar (saccharose/sucrose), added sugar includes dextrose, fructose, honey, invert sugar, malt syrup, rice syrup, molasses, high-fructose corn syrup (HFS), glucose, lactose, maltose, malt extract, beet sugar, agave syrup etc. Naturally occurring sugars can be refined and are then counted as added sugar, e.g. if refined lactose is used for flavouring.

Naturally occurring sugars: Examples of naturally occurring sugars are lactose in milk and fructose in fruit and vegetables.

Supplier-related data

Quality-certified suppliers are all suppliers of ICA Gruppen's corporate brands who have undergone an assurance procedure and hold an associated valid certificate in accordance with one of the quality standards accepted by ICA Gruppen.

Information on socially audited suppliers refers to active corporate brand suppliers in high-risk countries whose production units have undergone an initial ICA Social Audit and/or an audit under any of the third party audit schemes accepted by ICA Gruppen. If zero tolerance deviations are detected the supplier will not be approved. If critical deviations are identified during an audit the supplier generally gets a chance to correct the problems within a set period of time stated in the audit protocol. If the supplier corrects the problems to the Group's satisfaction within the period set, the supplier is approved. The length of time the supplier is approved is determined by the principles for approval in the relevant standard and, if the standard does not stipulate a timeframe for approval, by ICA Gruppen's governing documents. In individual cases a personal assessment is made of the period of validity based on ICA Gruppen's governing documents. Production unit refers to a factory, farm or processing plant.

High-risk countries are identified according to the amfori BSCI (Business Social Compliance Initiative) definition for the current reporting period. BSCI factors in, for example, political stability and absence of violence, quality of regulatory systems, rule of law, control of corruption, government effectiveness and the ability of people to be heard.

Quality work and product safety

Public recalls are recalls where there is considered to be a risk to health or the environment, i.e. the public is informed via a press release or by other means.

Quality in stores

The number of certified ICA stores in Sweden refers to stores approved and certified by a third party in accordance with the Swedish standard for food handling in stores.

Stores that have adopted the Swedish standard for food handling in stores refers to Swedish ICA stores that apply the standard but have not been certified by a third party.

Environmental work in stores

Swan ecolabelled stores are ICA stores in Sweden approved and certified by a third party in accordance with the Swan criteria. Stores that have been approved according to Miljösmart Butik (ICA Sweden's environmental programme for stores) are Swedish ICA stores that have been approved in an internal audit performed by ICA Sweden's sustainability coaches.

Employees

Employees are personnel employed by ICA Gruppen, i.e. including employees in stores owned by a company within the Group. Data is based on the number of employees at year-end, with the exception of the categories Average number of employees (FTEs) and Gender distribution all employees, which are based on the average number of full-time employees. Average number of employees (FTEs) includes permanent, probationary and temporary employees. Another exception is the categories Percentage of employees with a Swedish/foreign background, which is

based on the number of employees that worked in Sweden during the year. Employees in stores owned by ICA Sweden are excluded. ICA has received help from Statistics Sweden to produce data on the employees' backgrounds. Based on the Statistics Sweden definition, an employee with a foreign background is one who was either born in another country or whose parents were both born in another country. Employee turnover is calculated as the number of permanent employees who leave during the year in relation to the average number of permanent employees. Sickness-related absence is calculated as the number of hours of sickness-related absence in relation to the number of scheduled working hours. Sickness-related absence is calculated on a rolling 12-month basis up to and including November of the current year. Gender distribution, all management levels refers to all managers with responsibility for staff within the Group. Type of employment relates to all employees, broken down into those that work full-time (100%) and those that work part-time, i.e. less than 100%.

Age distribution, all employees is a breakdown by age group of all individuals employed on a permanent basis.

Permanent employees means individuals employed for an indefinite period or on a probationary basis, regardless of their degree of employment, as of December. Temporary employees means individuals whose employment is for a limited term.

Assurance Report

Auditor's Limited Assurance Report on ICA Gruppen ABs Sustainability Report and statement regarding the Statutory Sustainability Report

To ICA Gruppen AB (publ), Corp. Id. 556048-2837

Introduction

We have been engaged by the Board of Directors of ICA Gruppen AB to undertake a limited assurance engagement of ICA Gruppen ABs Sustainability Report for the year 2021. ICA Gruppen AB has defined the scope of the Sustainability Report in the table of contents in this document, the Statutory Sustainability Report is defined on page 4.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 134 in the

Sustainability Report and consists of the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information (revised). A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination

regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of ICA Gruppen AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all sig-

nificant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

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

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 23 February 2022

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant

Torbjörn Westman
Expert Member of FAR



Solberg

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