

*This document is an unofficial translation of a Swedish language base prospectus. In case of differences between this English translation and the base prospectus in Swedish, the base prospectus in Swedish shall prevail.*

**This document is a translation of the base prospectus that was approved by the Swedish Financial Supervisory Authority (Finansinspektionen) on June 13, 2017 and is valid for 12 months from this date.**



The logo for ICA GRUPPEN features the letters 'ICA' in a large, bold, red sans-serif font. Below 'ICA' is a horizontal red line. Underneath the line, the word 'GRUPPEN' is written in a smaller, red, spaced-out sans-serif font. Below the logo, the words 'MTN PROGRAM' are centered in a bold, black, sans-serif font.

**ICA**

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**GRUPPEN**

**MTN PROGRAM**

**Lead Bank:**

Svenska Handelsbanken AB (publ)

**Issuing Agents:**

Svenska Handelsbanken AB (publ)

DNB Bank ASA, filial Sverige

Nordea Bank AB (publ)

Skandinaviska Enskilda Banken AB (publ)

AB Svensk Exportkredit (publ)

Swedbank AB (publ)

Danske Bank A/S, Danmark, Sverige Filial

This document is an unofficial translation of a Swedish language base prospectus (the "Base Prospectus") and relates to the MTN Program of ICA Gruppen AB (publ) ("ICA Gruppen" or the "Company" and jointly with the Company's subsidiaries the "Group"). The Base Prospectus was drawn up in accordance with Council Directive 2003/71/EC (the "Prospectus Directive") and Commission Regulation (EC) No 809/2004 on prospectuses, and has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the provisions of Chapter 2, sections 25 and 26 of the Swedish Financial Instruments Trading Act (*lagen (1991:980) om handel med finansiella instrument*) ("LHF"). The aforesaid does not, however, entail any warranty from the Swedish Financial Supervisory Authority that the facts provided in the Base Prospectus are correct or complete. In case of differences between this English translation and the Base Prospectus (in Swedish), the Base Prospectus (in Swedish) shall prevail.

The Base Prospectus and the offerings described in the Base Prospectus are governed by Swedish law. Disputes arising from the Base Prospectus, the offerings and related legal proceedings shall be settled in Swedish courts, with Stockholm District Court as the court of first instance.

Except where expressly stated otherwise, no information in the Base Prospectus or this translation thereof has been reviewed or audited by the Company's auditor. The Base Prospectus shall be read together with all documents incorporated by reference, relevant Final Terms for each Loan issued and any supplements to the Base Prospectus.

Unless the context indicates otherwise, the definitions given in the sections *Definitions* and *General Terms* ("General Terms") below shall apply to this translation of the Base Prospectus.

Under the MTN Program, MTN with a capital amount of up to one hundred thousand (100,000) euros or the equivalent in Swedish kronor may be issued.

Investing in MTNs is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in MTNs in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) MTNs, (ii) the merits and risks of investing in MTNs, and (iii) the information contained or incorporated by reference in the Base Prospectus or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in MTNs and the impact that such an investment will have on the investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in MTNs, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the terms of the MTN and be familiar with the behaviour of any indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial advisor) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

No action has been taken, nor will any action be taken, by the Company to permit a public offering in any jurisdiction other than Sweden. The MTNs referred to in the Base Prospectus may not be offered, subscribed for, sold or transferred, either directly or indirectly, in or to the US other than as exempted from registration requirements in the US Securities Act 1933 ("Securities Act"). The offering is not made to individuals domiciled in the US, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa or New Zealand or in any other jurisdiction where participation would require additional prospectuses, registration or other measures than those required under Swedish law. Consequently, the Base Prospectus or this translation thereof shall not be distributed in or to any country or any jurisdiction where distribution or the offerings described in this Base Prospectus requires such measures or does not comply with the rules in such country or such jurisdiction. Subscription for and acquisition of MTNs in contravention of the above restrictions may be invalid. Any person who receives the Base Prospectus or this translation thereof is required to become acquainted with and comply with the said restrictions. Acting in contravention of the restrictions may be an offence under applicable securities legislation.

Within the European Economic Area ("EEA") no public offering of MTNs is made in countries other than Sweden. In other EEA member states that have implemented the Prospectus Directive MTNs may only be offered in accordance with exemptions in the Prospectus Directive and each relevant implementing measure in the member state. Consequently, the offering of MTNs is not made to persons whose participation would require additional prospectuses, registration or other measures than those taken by the Company under Swedish law. The Base Prospectus, the translation thereof and the Final Terms may not be distributed in any country where such distribution or the offering would require any of the above mentioned measures or would not be in compliance with the rules in such countries. The acquisition of MTNs in contravention of the above may be deemed invalid.

Restrictions on sale may be added or modified as approved by the Company.

Certain figures in the Base Prospectus have been rounded off, with the result that certain tables may appear not to add up correctly. This is the case when amounts are given in thousands, millions or billions and in particular in the section *Selected historical financial information* below and in the sections from the annual reports and the interim report that are included by reference.

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## SUMMARY

This summary is based on disclosure requirements as listed in the elements below. The elements are numbered in sections A–E (A.1–E.7). This summary contains all of the elements required in a summary for this type of security and issuer. Since certain elements do not apply to the relevant type of security and issuer, there are gaps in the numbering of the elements. Even if it is required for an element to be included in the summary for this type of security and issuer, it is possible that no relevant information can be provided regarding the element. The information has, in such case, been replaced by a short explanation of the element preceded by the words “Not applicable”.

<b>SECTION A – INTRODUCTION AND WARNINGS</b>		
<b>A.1</b>	<b>Warning:</b>	<p>The summary should be read as an introduction to the Base Prospectus and applicable Final Terms. Any investment decision concerning MTNs should be based on an assessment of the Base Prospectus as a whole, including any supplements to this Base Prospectus and applicable Final Terms.</p> <p>Any investor bringing an action before the courts on the basis of the information in the Base Prospectus may be forced to bear the costs of translation of the Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability for information included in or omitted from the summary or a translation thereof attaches only to those who have tabled the summary or the translation if it is misleading, inaccurate or inconsistent with other parts of the Base Prospectus or if, when read together with other parts of the Base Prospectus, it does not provide key information in order to aid investors when considering whether to invest in MTNs.</p>
<b>A.2</b>	<b>Consent to use of the Base Prospectus:</b>	<p>The Company consents to the use of the Base Prospectus in connection with an offering relating to Loans under the MTN Program on the following basis:</p> <p>(i) the consent is only valid during the validity period of this Base Prospectus and financial intermediaries are only permitted to resell or finally place MTNs during this period</p> <p>(ii) the Issuing Agents are the only financial intermediaries that are permitted to use Base Prospectus for offerings;</p> <p>(iii) the consent only relates to use of this Base Prospectus for offerings in Sweden</p> <p>(iv) the consent may, for each issuance, be limited by further qualifications, which in such case are set forth in the Final Terms of the relevant Loan.</p> <p><b>An Issuing Agent that submits a tender offer shall in connection therewith provide information about the terms of the tender offer.</b></p>
<b>SECTION B – ISSUER</b>		
<b>B.1</b>	<b>Legal and commercial name:</b>	The Company's registered company name and commercial name is ICA Gruppen AB (publ), corporate reg. no. 556048-2837

<b>B.2</b>	<b>Domicile, legal form and legislation:</b>	ICA Gruppen is a Swedish public limited liability company. The Company's country of incorporation is Sweden. The board of directors' domicile is in Stockholm municipality. The Company's legal form is a limited liability company. The Company's operations are regulated by the Swedish Companies Act (2005:551).																																																																																										
<b>B.4b</b>	<b>Known trends:</b>	The food retail market today faces a number of general trends applicable in the entire Western world and which also affect ICA Gruppen. Six evident trends can be identified: <i>urbanisation</i> with new consumption patterns; <i>digitalisation</i> which creates completely new business models and ways to meet customers; <i>health and balance</i> in life with increased demand for new products and higher demands on product quality; <i>price worthiness</i> ; <i>simplicity</i> ; to make it less time consuming to shop and last but not least a significantly increased focus on <i>sustainability</i> .																																																																																										
<b>B.5</b>	<b>Description of the Group:</b>	ICA Gruppen is the parent company for the Group, which consists of around 300 companies. The majority of the companies in the Group are directly or indirectly wholly-owned subsidiaries of ICA Gruppen.																																																																																										
<b>B.9</b>	<b>Profit forecast:</b>	Not applicable. The Company has not provided a profit forecast.																																																																																										
<b>B.10</b>	<b>Qualifications by the auditors:</b>	Not applicable. There are no qualifications in the audit reports.																																																																																										
<b>B.12</b>	<b>Selected historical financial information:</b>	<p><b><u>Income statement</u></b></p> <p><b>CONDENSED STATEMENT OF COMPREHENSIVE INCOME, GROUP</b></p> <table border="1"> <thead> <tr> <th></th> <th>Jan- Mar 2017</th> <th>Jan- Mar 2016</th> <th>Full year 2016</th> <th>Full year 2015</th> </tr> </thead> <tbody> <tr> <td><b>SEKm</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net sales</td> <td>24,984</td> <td>24,761</td> <td>103,655</td> <td>101,221</td> </tr> <tr> <td>Cost of goods sold</td> <td>-21,657</td> <td>-21,521</td> <td>-89,687</td> <td>-87,504</td> </tr> <tr> <td><b>Gross profit</b></td> <td><b>3,327</b></td> <td><b>3,240</b></td> <td><b>13,968</b></td> <td><b>13,717</b></td> </tr> <tr> <td>Other operating income</td> <td>487</td> <td>136</td> <td>462</td> <td>904</td> </tr> <tr> <td>Selling expenses</td> <td>-1,737</td> <td>-1,671</td> <td>-6,965</td> <td>-6,966</td> </tr> <tr> <td>Administrative expenses</td> <td>-678</td> <td>-709</td> <td>-2,763</td> <td>-2,809</td> </tr> <tr> <td>Other operating expenses</td> <td>-17</td> <td>-25</td> <td>-219</td> <td>-267</td> </tr> <tr> <td>Share profits of associates and joint venture</td> <td>13</td> <td>5</td> <td>35</td> <td>15</td> </tr> <tr> <td><b>Operating profit</b></td> <td><b>1,395</b></td> <td><b>976</b></td> <td><b>4,518</b></td> <td><b>4,594</b></td> </tr> <tr> <td>Financial income</td> <td>4</td> <td>11</td> <td>26</td> <td>42</td> </tr> <tr> <td>Financial expenses</td> <td>-86</td> <td>-100</td> <td>-390</td> <td>-411</td> </tr> <tr> <td><b>Profit before tax</b></td> <td><b>1,313</b></td> <td><b>887</b></td> <td><b>4,154</b></td> <td><b>4,225</b></td> </tr> <tr> <td>Tax</td> <td>-181</td> <td>-152</td> <td>-757</td> <td>-504</td> </tr> <tr> <td><b>Profit for the period from continuing operations</b></td> <td><b>1,132</b></td> <td><b>735</b></td> <td><b>3,397</b></td> <td><b>3,721</b></td> </tr> <tr> <td>Profit/loss from discontinued operations</td> <td>0</td> <td>0</td> <td>21</td> <td>1,192</td> </tr> <tr> <td><b>Profit for the period</b></td> <td><b>1,132</b></td> <td><b>735</b></td> <td><b>3,418</b></td> <td><b>4,913</b></td> </tr> </tbody> </table>		Jan- Mar 2017	Jan- Mar 2016	Full year 2016	Full year 2015	<b>SEKm</b>					Net sales	24,984	24,761	103,655	101,221	Cost of goods sold	-21,657	-21,521	-89,687	-87,504	<b>Gross profit</b>	<b>3,327</b>	<b>3,240</b>	<b>13,968</b>	<b>13,717</b>	Other operating income	487	136	462	904	Selling expenses	-1,737	-1,671	-6,965	-6,966	Administrative expenses	-678	-709	-2,763	-2,809	Other operating expenses	-17	-25	-219	-267	Share profits of associates and joint venture	13	5	35	15	<b>Operating profit</b>	<b>1,395</b>	<b>976</b>	<b>4,518</b>	<b>4,594</b>	Financial income	4	11	26	42	Financial expenses	-86	-100	-390	-411	<b>Profit before tax</b>	<b>1,313</b>	<b>887</b>	<b>4,154</b>	<b>4,225</b>	Tax	-181	-152	-757	-504	<b>Profit for the period from continuing operations</b>	<b>1,132</b>	<b>735</b>	<b>3,397</b>	<b>3,721</b>	Profit/loss from discontinued operations	0	0	21	1,192	<b>Profit for the period</b>	<b>1,132</b>	<b>735</b>	<b>3,418</b>	<b>4,913</b>
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		<b>Other comprehensive income, items that may not be reclassified to profit or loss</b>				
		Actuarial gain or losses defined benefit pension	0	0	-37	227
		<b>Other comprehensive income, items that may be reclassified to profit or loss, net after tax</b>				
		Change in translation reserve	105	37	173	-166
		Change in hedging reserve	-41	-24	77	-89
		Share of other comprehensive income of joint ventures	6	-9	6	12
		<b>Total items that may be reclassified to profit or loss</b>	<b>70</b>	<b>4</b>	<b>256</b>	<b>-243</b>
		<b>Comprehensive income for the period</b>	<b>1,202</b>	<b>739</b>	<b>3,637</b>	<b>4,897</b>
		<b>Profit for the period attributable to</b>				
		Owners of the parent	1,129	743	3,413	4,855
		Non-controlling interests	3	1	5	58
		<b>Comprehensive income for the period attributable to</b>				
		Owners of the parent	1,197	743	3,634	4,838
		Non-controlling interests	5	-4	3	59
		<b>Earnings per share before and after dilution</b>				
		Ordinary share	5.61	3.65	16.97	24.14
		Ordinary share, continuing operations	5.61	3.65	16.87	18.21
		Ordinary share, discontinued operations	0.00	0.00	0.10	5.93
		<b><u>Balance sheet</u></b>				
		<b>CONDENSED STATEMENT OF FINANCIAL POSITION, GROUP</b>				
		<b>SEKm</b>	<b>2017-03-31</b>	<b>2016-03-31</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
		<b>ASSETS</b>				
		<b>Non-current assets</b>				
		Goodwill	16,301	16,301	16,301	16,301
		Trademarks	13,351	13,325	13,353	13,630
		Other intangible assets	958	937	903	978
		Interest in joint ventures and associates	759	751	740	758
		Deferred tax assets	458	460	456	456
		Lending and investments in ICA Bank	9,419	8,011	8,880	6,962
		Land, buildings and investment properties	13,245	12,949	13,120	14,546
		Other non-current assets	2,154	2,117	2,188	2,200
		<b>Total non-current assets</b>	<b>56,645</b>	<b>54,851</b>	<b>55,941</b>	<b>55,831</b>
		<b>Current assets</b>				
		Inventories	4,532	4,462	4,455	4,452
		Lending and investments in ICA Bank	2,879	2,514	2,600	2,918
		Other current assets	6,483	6,249	6,834	6,766
		Cash and cash equivalents in ICA Bank	2,724	3,428	3,269	3,875

Cash and cash equivalents	455	366	705	736
<b>Total current assets</b>	<b>17,073</b>	<b>17,019</b>	<b>17,863</b>	<b>18,747</b>
Assets held for sale	684	2,075	2,319	338
<b>TOTAL ASSETS</b>	<b>74,402</b>	<b>73,945</b>	<b>76,123</b>	<b>74,916</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>31,169</b>	<b>28,806</b>	<b>29,688</b>	<b>28,075</b>
<b>Non-current liabilities</b>				
Provisions	2,343	2,190	2,320	2,159
Deferred tax liabilities	4,638	4,637	4,673	4,919
Non-current interest-bearing liabilities	7,404	7,700	7,407	7,721
Other non-current liabilities	122	173	138	146
<b>Total non-current liabilities</b>	<b>14,507</b>	<b>14,700</b>	<b>14,538</b>	<b>14,945</b>
<b>Current liabilities</b>				
Deposits ICA Bank	13,190	12,048	12,897	11,966
Current interest-bearing liabilities	736	3,653	3,057	4,712
Other current liabilities	14,800	14,420	15,703	15,199
<b>Total current liabilities</b>	<b>28,726</b>	<b>30,121</b>	<b>31,657</b>	<b>31,877</b>
Liabilities held for sale	0	318	240	19
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>74,402</b>	<b>73,945</b>	<b>76,123</b>	<b>74,916</b>

### **Statement of cash flow**

#### **STATEMENT OF CASH FLOW, GROUP**

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Cash flow from operating activities	-51	398	5,422	5,845
Cash flow from investing activities	1,323	-60	-1,694	-1,707
Cash flow from financing activities	-2,073	-1,104	-4,251	-5,867
Cash flow for the period	-801	-766	-523	2,282
Cash and cash equivalents at the beginning of the period	3,974	4,611	4,611	6,258
Exchange difference in cash and cash equivalents	6	-51	-114	82
Cash and cash equivalents at the end of the period	3,179	3,794	3,974	8,622

### **Key Figures not defined in IFRS (alternative performance measures)**

#### **KEY FIGURES, GROUP**

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Operating margin, %	5.6%	3.9%	4.4%	4.5%

		Net margin, %	4.5%	3.0%	3.3%	4.9%
		Return on equity, %	13.1%	17.3%	11.9%	16.6%
		Return on capital employed, %	11.5%	10.4%	10.5%	9.8%
		Equity/assets ratio, %	41.9%	39.0%	39.0%	37.5%
	<p>The key figures defined below are not defined pursuant to IFRS, and are presented to facilitate an investor's evaluation of the Company's financial performance and position. The key figures are audited only to the extent they refer to full year figures for 2015 and 2016. <i>I.e.</i>, the key figures that refer to the periods January – March 2016 and 2017 have not been reviewed by the Company's auditors.</p> <ul style="list-style-type: none"> <li>• <i>Equity/assets ratio</i> – Equity including non-controlling interests in relation to total assets. The key figure is presented to show the share of the total assets financed by the owners' equity.</li> <li>• <i>Net margin</i> – Profit for the period as a percentage of net sales. The key figure is presented to show the profit after all costs including tax in relation to net sales.</li> <li>• <i>Operating margin</i> – Operating profit as a percentage of net sales. The key figure is presented to show the Company's value creation and ability to pay interest and taxes as well as make dividends.</li> <li>• <i>Return on capital employed</i> – Profit after financial income, on a rolling 12 months basis,<sup>1</sup> in relation to average capital employed during the period.<sup>2</sup> ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed.<sup>3</sup> The key figure is presented to show the return generated on the capital employed and the key figure is used by the Company to monitor the business' profitability and capital efficiency.</li> <li>• <i>Return on equity</i> – Profit for the period, on a rolling 12 months basis,<sup>4</sup> in relation to average equity during the period.<sup>5</sup> ICA Bank's operations are excluded from the income statement when calculating return on equity.<sup>6</sup> The key figure is presented to give a view on the Company's return on equity.</li> </ul> <p>The financial information is derived from the Company's group accounts for 2015 and 2016 and has been audited by the Company's</p>					

<sup>1</sup> For the periods 1 January – 31 March 2017 and 2016 the operating profit plus financial income on a rolling 12 months basis is 4,954 SEKm and 4,838 SEKm respectively.

<sup>2</sup> The average capital employed is calculated through the summation of the ending balances of the equity plus the current and non-current interest-bearing liabilities for the previous 13 months (*e.g.* December-December) divided by 13. The average capital employed for the respective period is:

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Average capital employed	55,576	55,029	55,438	55,064

<sup>3</sup> Excluded values for ICA Bank (SEKm):

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Operating profit plus financial income	35	375	43	377
Average capital employed	12,630	11,677	12,386	11,455

<sup>4</sup> For the periods 1 January – 31 March 2017 and 2016 respectively the profit for the period on a rolling 12 months basis is 3,816 SEKm and 5,108 SEKm respectively.

<sup>5</sup> The average equity is calculated through the summation of the ending balances of the equity for the previous 13 months (*e.g.* December-December) divided by 13. The average equity for the respective period is:

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Average equity	28,945	27,785	28,394	27,643

<sup>6</sup> Excluded values for ICA Bank (SEKm):

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Profit for the period	30	312	35	313

		<p>auditors. The Company's group accounts for 2015 and 2016 gives a complete picture over the Group's assets, liabilities and financial position. The financial information is, where applicable, derived from the Company's interim report for the period January 1 – March 31, 2017. The interim report has not been reviewed by the Company's auditors.</p> <p>The Company's group accounts for 2015 and 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.</p> <p>The Company's annual reports for 2015 and 2016 have been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for Legal Entities.</p> <p>The Company's interim report for the period January 1 – March 31, 2017 has been prepared in accordance with IAS 34 Interim Financial Reporting.</p> <p>No material adverse changes in the Company's prospects, financial position or position in the market have taken place since the last audited financial statement was published.</p>
<b>B.13</b>	<b>Events to a material extent relevant to solvency:</b>	<p>On February 1, 2017, ICA Fastigheter's sale of ICA Eiendom Norge AS to UNION Real Estate Fund II was completed.</p> <p>Other than the above, no significant events have taken place that have a material impact on the Company's solvency since the last audited financial statement was published.</p>
<b>B.14</b>	<b>Dependence upon other Group entities:</b>	<p>The Company conducts most of its business through wholly-owned and partly-owned Group companies and associated companies and owns no material assets other than the shares in such companies, with the exception of the assets acquired from ICA Finans on February 1, 2016. The Company is dependent on these companies' ability to provide loans and dividends to the Company.</p>
<b>B.15</b>	<b>Principal activities:</b>	<p>ICA Gruppen is a retail company with operations in the areas: food, banking, real estate, non-food and pharmacy. The main task of ICA Gruppen is to develop ICA and ICA-related operations further. The aim is to create a clear business orientation in the various operations and to safeguard in the best way possible the development opportunities that exist within these areas.</p> <p>ICA's core business is, and will remain, food retail. Other operations are to support the core business and may be developed to take advantage of new business opportunities as a whole, but also on their respective merits.</p>
<b>B.16</b>	<b>Direct or indirect ownership/control:</b>	<p>ICA-handlarnas Förbund is the principal shareholder in ICA Gruppen and holds 51.3 per cent of the shares. The statutes of ICA-handlarnas Förbund state that its shareholding in ICA Gruppen shall amount to at least 51 per cent of the capital and votes. AB Industrivärden holds 10.0 per cent of the capital and votes.</p>

B.17	<b>Credit ratings:</b>	Not applicable. As of the date of the Base Prospectus, the Company does not have an official credit rating.
<b>SECTION C – SECURITIES</b>		
C.1	<b>Type of securities:</b>	<p>MTNs will be registered to a securities account (VP-account) on behalf of Noteholders and consequently no physical securities will be issued. Each Loan will be given a loan number and will comprise one or more MTNs (unilateral debt instrument registered pursuant to the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479) and issued by the Company under this MTN Program) (“MTN”).</p> <p><i>The ISIN code for the Loan is [000•].</i></p>
C.2	<b>Currency:</b>	<p>Loans may be issued in Swedish kronor or in Euros.</p> <p><i>The currency of the Loan is [SE•].</i></p>
C.5	<b>Restrictions on the free transferability of MTNs:</b>	<p>Not applicable. The terms of the Loan contain no restrictions on the free transferability of MTNs. Distribution of the Base Prospectus, this translation thereof and sale of MTNs may be restricted by law in certain countries. Holders of the Base Prospectus, this translation and/or MTNs must therefore become acquainted with and observe any restrictions.</p>
C.8	<b>Rights attached to the MTNs in terms of ranking and limitations on those rights:</b>	<p>The MTNs are an unsecured debt instrument with the right to payment alongside (<i>pari passu</i>) the Company’s other existing or future un-prioritised unsubordinated and unsecured payment obligations for which no better preferential rights are provided under current law.</p>
C.9	<b>Rights attached to the MTNs in terms of nominal interest, start date for interest calculation, interest payment dates, any interest base, maturity date, yield and any representative of debt security holders:</b>	<p><b>Interest</b></p> <p>Loans may be interest bearing or non-interest bearing. Loans may be issued with fixed interest, floating interest (based on STIBOR or EURIBOR) or as zero coupon notes.</p> <p><i>[The Loan is non-interest bearing.]/[The Loan is interest bearing:]</i>  <i>[Interest rate: [•]]</i>  <i>[Interest base: [•]]</i>  <i>[Interest base margin: [•]]</i>  <i>[Interest determination date: [•]]</i>  <i>[Interest period: [•]]</i>  <i>[Interest payment dates: [•]]</i></p> <p><b>Repayment</b></p> <p>The Loan falls due for payment on [•] if it is not declared due for payment prior to such date.</p> <p><b>The right to represent Noteholders</b></p> <p>The Lead Bank is in accordance with the General Terms entitled to declare Loans due for payment if instructed to do so by the Noteholders. Issuing Agents are also under certain circumstances entitled to represent the Noteholders.</p>

C.10	<b>Information on derivative component in the interest payments:</b>	Not applicable. There is no derivative component in the Loans.
C.11	<b>Admission to trading:</b>	<p>Each Loan may be admitted to trading on the regulated market at Nasdaq Stockholm.</p> <p><i>[This Loan will be admitted to trading on the regulated market at Nasdaq Stockholm.]</i></p> <p><i>[Not applicable – This Loan will not be admitted to trading on the regulated market at Nasdaq Stockholm.]</i></p>

## SECTION D – RISKS

D.2	<b>Key risks associated with the Company:</b>	<p>Before an investor decides to invest in MTNs, it is important to carefully analyse the risks that are associated with the Company and the industries in which the Company operates. The main categories of risk factors that may affect the Company's operations, profits and/or financial position are described below. They are in no particular order and there is no claim as to the completeness of the information.</p> <ul style="list-style-type: none"> <li>• The Group is dependent on suppliers. If the suppliers do not follow the Group's code of conduct, there is a risk for negative exposure, loss of confidence and lower demand for the Group's products. There is also a risk that disturbances in the activities of the suppliers negatively affect the Group's sales and earnings.</li> <li>• The Group is dependent on its main warehouses, efficient logistics and Rimi Baltic is highly dependent on a transport company. If both main warehouses will be unusable or if a substantial party, such as a supplier or warehouse, involved in the supply chain stops meeting its obligations, ICA will for a certain period not be able to deliver certain goods or any goods at all. There is a risk that this negatively affects the Company's business, earnings and financial position.</li> <li>• The Group's various markets and products are highly competitive. The Group's possibility to maintain its low prices is dependent on a low cost situation in the product manufacturing countries. There is a risk that increased competition, increased online sales and an increased cost situation in the manufacturing countries lead to increased price pressure, falling market share and reduced margins and thus negatively affect the Company's business, earnings and financial position.</li> <li>• The Group companies' reputation is central to each company's operations and earnings. There is a risk that a product that an ICA retailer sells proves to be substandard or, for example, that ICA, an affiliate or an ICA retailer acts contrary to the values that represent the brands. This risks damaging the Company's reputation and affect the Group's operations, earnings and financial position negatively.</li> <li>• There is a risk that the demand for the Group's products is adversely affected by changes in consumption patterns and in the general economic climate. The consumption pattern of the</li> </ul>
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		<p>Group's customers may also be adversely affected by e.g. reduced access to credit, higher taxes, falling GDP and declining private consumption in the Group's markets. There is a risk that changes in consumption patterns and in the general economic climate will have a material adverse effect on the Company's business, earnings and financial position.</p> <ul style="list-style-type: none"> <li>• The grocery trade is subject to extensive and complex regulations in all jurisdictions in which the Group operates. There is a risk that the grocery products that a Group company sells prove to be contaminated or unsafe, resulting in that the Group company is imposed fines, fees, a prohibition to carry out any of its activities or a restriction on its activities. There is also a risk that new laws and regulations, e.g. EU's general data protection regulation, or changes in the application of existing rules, will result in the Group being forced to change certain of its business methods and in the Group being exposed to unexpected costs.</li> <li>• ICA's bank and insurance operations are exposed to various risks. ICA Bank and ICA Insurance are dependent on their licenses to conduct bank and insurance operations, and changes in the capital requirements may lead to an increased need for capital or reduce the current bank and insurance operations. There is also a risk that ICA Bank's customers do not fulfil their obligations, that the bank and insurance operations are disrupted by IT viruses or human error, or incorrect or misguided business decisions are made and that this negatively affect the Company's business, earnings and financial position.</li> <li>• The Group conducts pharmacy operations which are subject to extensive regulation. There is a risk that changed legislation or withdrawn licenses, e.g. due to handling errors by employees will limit the Group's ability to successfully conduct pharmacy operations and negatively affect the Company's business, earnings and financial position.</li> <li>• Relevant competition authorities have in recent years focused on the food and retail sectors. There is a risk that a Group company is deemed to infringe competition law and is imposed an administrative fine. There is also a risk that, in connection with contemplated acquisitions, necessary approvals are not given at all or are given only on certain conditions, which risks to inhibit the Group's expansion and development and have a negative impact on the Company's business, earnings and financial position.</li> <li>• ICA Sweden is dependent on revenues from individual ICA retailers. There is a risk that the proceeds from the ICA retailers will be lower than expected by ICA Sweden and that the Company's business, earnings and financial position is negatively affected, if ICA Sweden does not offer competitive terms and therefore loses ICA retailers, in their capacity as customers, to competitors, or if sales of individual ICA stores decrease.</li> <li>• ICA owns properties whose value is affected by both property-specific factors such as occupancy rates, rents and operating costs, and market-specific factors such as direct return requirements and interest rates. There is a risk that tenants do not fulfil their obligations or that ICA, as a property owner, is imposed liability for post-treatment of real estate that has been</li> </ul>
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		<p>environmentally impaired and that this will have a negative impact on the Company's business, earnings and financial position. As a property owner, ICA has an obligation to procure that the development and maintenance of the properties is carried out in accordance with applicable rules and regulations and standards. There is risk that deficiency in the property development or the maintenance work causes damages on persons and/or properties that result in increased costs and affect the value of the properties.</p> <ul style="list-style-type: none"> <li>• The Group is dependent on its IT platform. There is a risk that the development of the IT platform is inhibited, e.g. if certain employees quits. If the IT platform is not functioning properly, e.g. due to natural disasters, viruses or internal fraud, there is a risk that important information is lost, actions delayed or customer service deteriorated and that the Company's business, earnings and financial position is negatively affected.</li> <li>• There is a risk that the Company's development and operations, performance and financial position is negatively affected if the Group is unable to retain key personnel or lacks the ability to recruit new key personnel.</li> <li>• The Company's activities are partly financed by loans. There is a risk that the Company is unable to refinance external borrowings on favourable terms or at all, e.g. due to turbulence on the capital and credit markets and that this will have a material adverse effect on the Company's business, earnings and financial position.</li> <li>• A large amount of purchases and sales are made in foreign currency. On consolidation of foreign subsidiaries amounts are converted from the currency of the country concerned into Swedish kronor. There is a risk that future currency fluctuations entail negative impact on the Group's earnings and financial position.</li> <li>• ICA Gruppen acquires and divests operations on a regular basis. There is a risk that the conditions in the acquired operations diverge significantly from what was known before the acquisition or that the integration of the acquired operations fail, and that this limits ICA Gruppen's ability to realise expected synergies and affects its earnings and financial position negatively.</li> <li>• Two of the Company's shareholders can exercise significant influence over the Company. There is a risk that the Company's majority shareholders' interests differ from other shareholders' and/or investors' interests and that this affects the investors negatively.</li> </ul> <p>There may be risks relevant to the Company that are not known to the Company at this time.</p>
<p><b>D.3</b></p>	<p><b>Key risks associated with MTNs:</b></p>	<p>Risks related to specific types of MTNs are described below, in no particular order and with no claim as to the completeness of the information.</p> <ul style="list-style-type: none"> <li>• The Company is dependent on the ability of other Group Companies to provide the Company with loans and dividends, in order for the Company to make payments under MTNs, and</li> </ul>

		<p>Noteholders are not entitled to bring claims related to relevant Loan Terms against other Group Companies.</p> <ul style="list-style-type: none"> <li>• There is a risk that the Company ends up in a financial situation where it cannot fulfil its payment obligations under the MTNs to the investors.</li> <li>• [MTN with floating rate (FRN) – Investments in MTN with floating rate (FRN) can be exposed to significant and rapid interest changes. There is a risk that the Interest Base falls to a lower level during the term of the MTN whereby the floating rate to be paid on the Loan will be lower.]</li> <li>• [MTN with fixed interest rate – Investments in MTN with fixed interest rate involve a risk that the market price of the MTN may be negatively affected as a result of changes in the market interest rate. Generally, longer term of the securities means a higher risk.]</li> <li>• [MTN with no interest rate (so called zero coupon structures) – Investments in MTN with no interest involve a risk that the market value of the MTN may be negatively affected as a result of changes in the market interest rate. An increase in the market interest rate generally affects an MTN with no interest negatively.]</li> <li>• There is a risk that the value of MTNs issued at a substantial discount or premium fluctuates more than other interest bearing securities with comparable terms, relative to general changes in interest rates.</li> <li>• There is a risk that a lack of liquidity in trading in MTNs results in difficulties to sell an MTN quickly or to obtain a price comparable with similar investments having a developed secondary market and that a lack of liquidity in the market has a negative impact on the market value of an MTN.</li> <li>• Decisions made at Noteholders' meetings may have negative implications for certain Noteholders.</li> <li>• There is a risk that new laws or changes in the way existing laws are applied have a negative effect on MTNs and on the investors' prospects to receive payments under the MTNs.</li> <li>• MTNs may reduce in value if the Company has the right to redeem MTNs early.</li> </ul> <p>There may be risks relevant to MTNs that are not known to the Company at this time.</p> <p>Some risks are attributable to circumstances beyond the Company's control, such as the solidity of the system for clearing and settlement, as well as the economic situation and economic developments in Sweden and abroad.</p> <p>The responsibility for the assessment and the outcome of an investment in the MTNs rests upon the investor. Each investor must, with regard to his own financial situation, assess the suitability of an investment in the MTNs.</p>
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## SECTION E – OFFERING

<b>E.2b</b>	<b>Intended use of the expected proceeds if not related to profitability or hedging of certain risks:</b>	The MTN Program forms part of the Company's debt financing and provides a framework within which ICA Gruppen AB (publ) can take out Loans in Swedish kronor (SEK) or Euros (EUR) on the capital market on an ongoing basis.
<b>E.3</b>	<b>Terms and conditions of the offer:</b>	<p>MTNs may be offered to institutional professional investors and others through public offers or offers to a limited number of selected investors. The Loans may come to be offered by one or several of the Issuing Agents.</p> <p>The price of MTNs is variable and depends on, among other things, current interest rates for investments with the same term and accrued interest since the last interest payment date. Since notes under the MTN Program may be issued on an ongoing basis over a lengthy period, it is not possible to state a uniform selling price or any other fixed price for the notes. MTNs may be issued at par or below/above par. The price is set for each transaction.</p> <p><i>[The price per MTN is [*] of the lowest denomination.]</i></p>
<b>E.4</b>	<b>Interests and conflicts of interest:</b>	<p>The Issuing Agents have and may in the future have relations with the Group other than those arising from their roles in the MTN Program. An Issuing Agent may, for example, provide services related to financing other than through the MTN Program. It cannot therefore be guaranteed that conflicts of interest will not arise in the future.</p> <p><i>[Other than as stated above, as far as the Company is aware, no person involved in the issue of the Loan has any interest that is relevant to the Loan or that represents a conflict of interest of any kind]/[*].</i></p>
<b>E.7</b>	<b>Expenses charged to the investor:</b>	Not applicable. The issuer will not charge investors for any costs in connection with the issue of Loans.

## **RISK FACTORS**

*A number of factors affect, and may affect, ICA Gruppen as well as the MTNs issued under the MTN Program. There are risks associated both with circumstances relating to the Company and to the MTNs issued under the MTN Program, as well as risks that are not specifically linked to the Company and the MTNs. Certain risk factors are presented below which, in ICA Gruppen's assessment, are of significance for the Company's operations or MTNs. The risk factors below are not stated in any order or priority and do not claim to be complete. In addition to the risk factors below and other risks occurring, the reader should also carefully note the other information in this Base Prospectus. Further risks and uncertainties of which the Company is currently unaware or which the Company does not currently consider to be material could develop into factors which may materially affect the Company's operations, earnings and/or financial position.*

### **RISKS RELATED TO BUSINESS OPERATIONS AND SECTOR**

#### **Risks related to suppliers and operations in several countries**

The Group is dependent on suppliers for the provision of its goods. There is a risk that disruptions in the suppliers' operations will have a negative impact on the Group's sales and earnings.

Moreover, certain of the Group's products are produced in developing countries. The working environment and the prevailing conditions of production in developing countries often differ from the conditions that prevail in the countries in which the Group's products are sold. The Group's code of conduct, which makes clear the suppliers' responsibilities, regulates the relationship with each supplier and imposes social requirements and quality requirements as part of the supply contract, may prove to be insufficient or not be complied with. There is a risk that negative exposure in such matters, regardless of whether it is due to suppliers violating codes of conduct, regulations in force or the general terms and conditions of purchase laid down in supplier agreements and where the Group is not at fault, will result in loss of confidence in the Group and result in lower demand for the Group's products and thereby negatively impact the Company's operations, earnings and financial position.

The Group's international operations mean that the Group faces different regulations in different jurisdictions and is exposed to changes in these provisions. These provisions include such things as trade restrictions such as duties and tariffs, requirements of import and export licenses and other trade barriers, restrictions on the movement of capital, and the political and economic circumstances of a certain country or a certain region. Transactions between Group Companies in different jurisdictions are carried out in accordance with the Group's interpretation of applicable law, tax treaties, practice in relevant areas, OECD guidelines and agreements entered into with foreign tax authorities, and normally in accordance with the arm's length principle. There is however a risk that tax authorities in certain countries will question the Group's interpretation of such rules, practice and regulations and that this will have a material negative impact on the Company's operations, earnings and financial position.

#### **Logistics risks**

Efficient logistics play an essential part in the Group's success, particularly as regards ICA. The logistics are dependent on numerous systems, suppliers and other internal and external parties. ICA Sweden has centralized its distribution system at two central warehouses, in Västerås and Helsingborg. ICA's own consumer-packaged meat is distributed via Hilton Food Group, based in Västerås. In the event that a significant supplier, transport company, warehouse or other party involved in the supply chain should strike, go bankrupt, or otherwise cease to meet its commitments, there is a risk that ICA will be unable to supply certain goods during the period until this party is replaced and that this will negatively impact the Company's operations, earnings and financial position. There is also a risk that limited strikes have a major negative impact on the Group. In case one or both main warehouses would be destroyed or be unusable for any reason e.g. fire, natural disaster or any other sudden and unpredictable event there is a risk that ICA will not be able to deliver grocery products until replacement warehouses to the main warehouses have been put into operation, and that this will negatively impact the Company's operations, earnings and financial position.

As regards the operations in Estonia, Latvia and Lithuania, Rimi Baltic is heavily dependent on an external third party logistics company for warehousing (including IT solutions for the warehousing) and transport to stores. There is a risk that the external transport company terminates its agreement with Rimi Baltic, strikes, goes bankrupt, or otherwise ceases to meet its commitments under the contract with Rimi Baltic and that, this will negatively impact the Company's operations, earnings and financial position.

## **Competition related risks**

The Group's various markets and products are highly competitive. The position of the Group companies in the market depends on both the Group's own resources and its competitors' resources for marketing, investments and product development. The position of the Group companies in the market also depends on the Group's ability to adapt to consumers' changing preferences. To an increasingly great extent, the competition comes from sales via the internet. The online presence of the Group and the Group companies is in certain cases limited and not centrally coordinated. There is a risk that increased competition and increased online sales lead to increased pressure on prices and reduced market shares and have a negative impact on the Company's operations, earnings and financial position.

Certain of the products that the Group sells are produced in countries with lower cost and wage levels than in Sweden. This means that the Group can sell certain of its products at a lower price than would be possible if production took place in Sweden. However, in many cases the countries where production is located are developing rapidly, and there is a risk that the relatively low cost situation will not remain in the countries concerned. The Group also incurs costs for the distribution of the products from the production countries to Sweden. These costs may also increase in the future in line with general price increases in the countries concerned. Among other things, the purchasing prices depend on the world market prices for commodities and energy. There is thus a risk that the Group's costs for purchased products increase to such extent that the cost increase cannot be passed on to the Group's customers, resulting in lower margins. Increased costs for purchased products risks to negatively impact the Company's operations, earnings and financial position. There are also other risks inherent in production in low wage countries; refer to, for example, the section *Risks related to suppliers and operations in several countries* above.

## **Reputational damage**

The reputation of the Group companies is central to each company's business and earnings capacity. The Company's long-term profitability is based on consumers associating each company's brands with positive values. If, for example, ICA, one of the Group's suppliers, distributors or other cooperation partners or one or more ICA retailers were to take some action that conflicts with the values represented by the brands, there is a risk of damage to the Company's reputation.

The individual ICA retailers buy in products from suppliers other than ICA to varying degrees. Should a product that an ICA retailer sells prove to be harmful to health or otherwise substandard, there is a risk that this will damage ICA's reputation, and this risk is largely dependent upon circumstances beyond the Group's control (also refer to the section *Risks related to suppliers and operations in several countries* above).

There is a risk that damage to reputation has a material negative impact on the Group's operations, earnings and financial position.

## **Risks related to consumption patterns**

There is a risk that the demand for the Group's products is negatively affected by changed consumption patterns and by changes in the general state of the economy, which includes economic conditions in Europe, the US and other parts of the world, and also on the global capital market. Further, consumption patterns are affected by several factors outside the Group's control, including general business conditions, interest rates, exchange rates, value-added taxes and other taxes, access to credit, the trend in the stock market, the level of unemployment, changes in GDP and real pay, and also other local economic factors and uncertainty concerning the economic outlook. Global financial instability and a negative economic climate, falling GDP and falling private consumption in the Group's markets risk to negatively affect the consumption patterns and to have a material negative impact on the Company's operations, earnings and financial position.

## **Regulatory risks**

### ***General on regulatory risks***

The retail trade in general, and the food retail trade in particular, is subject to increasingly extensive and complex regulations and directives from authorities in all the jurisdictions in which the Group operates. Supervisory authorities could intervene in all jurisdictions where the Group has operations. This risk arises primarily in the event of sales of food and other grocery products that are contaminated or unsafe. Among other things, there is a risk that fines and charges will be imposed on the Group company concerned, or that it will be prohibited from conducting one or more of its business

operations or that it will be subject to limitations or other restrictions on its activities. New laws or regulations, e.g. EU's data protection regulation (EU 2016/679) coming into force on 25 May 2018, or changes in the application or interpretation of existing laws and regulations that are applicable to the Group's operations risks to, among other things, result in the Group being forced to change certain of its business methods and to expose the Group to unforeseen costs. The situation is further complicated by the fact that certain regulations are contradictory, which entails a risk that the Group interprets and applies the rules incorrectly.

If a local supervisory authority concludes that the Group has acted in contravention of applicable local laws in a particular market, or if the Group fails to establish functioning links with local supervisory authorities, this could negatively impact not just the Group's operations in that market, but also its reputation and brand in general.

There is a risk that interventions by supervisory authorities negatively impact the Company's operations, earnings and financial position.

### ***Risks related to ICA Bank and ICA Insurance***

ICA's bank and insurance operations are dependent on licences that are issued by the Swedish Financial Supervisory Authority (Finansinspektionen). The authority is also responsible for supervision of the bank and insurance operations. Should ICA infringe the terms of the respective licence, this could in the worst case result in ICA Bank and ICA Insurance respectively losing their respective license to conduct bank or insurance operations.

The bank and insurance operations are also dependent on requirements concerning capital coverage and other similar rules. There is a risk that changes in these rules may result in increased capital requirements or restrict the current operations.

ICA's bank and insurance operations are exposed to a number of risks. The main risks are assessed to be operational risk and business risk/strategic risk.

ICA Bank's and ICA Insurance's operational risks comprise the risk of direct or indirect loss as a result of inadequate or failed internal processes, human error and system faults, or external events. ICA Bank's and Insurance's operational risks also include IT risks, legal risks and compliance risks (failure to comply with regulations) and security risks (physical safety, data security, business continuity planning and money laundering). There is a risk that the operations are disrupted due to, for example, IT viruses, human error, or inadequacy or failure in the internal control.

Business risk/strategic risk refers to current and future risks of losses due to changes in market conditions (change in volumes, interest margins, other price changes for deposits and lending, insurance and re-insurance premiums) and to incorrect or misjudged business decisions. There is a risk that ICA Bank and Insurance fail to adapt to changing market conditions or make business decisions that turn out to be inaccurate or misdirected.

Besides the risks above ICA Bank is exposed to credit risk. Credit risk refers to the risk that ICA Bank does not receive payment as agreed and/or make a loss due to a counterparty's inability to meet its commitments. There is a risk that ICA Bank's current and future customers or other counterparties will end up in financial difficulty or of other reasons refrain from fulfilling their obligations to ICA Bank.

There is a risk that disruptions or restrictions in ICA's bank and insurance operations or the realisation of other risks related to such operations will negatively impact the Group's operations, earnings and financial position.

### ***Risks related to the pharmacy operations***

The pharmacy operations run by the Group are subject to extensive regulation. There is a risk that changes in drugs legislation, for example (or changes in interpretations of such legislation), or amended or withdrawn licenses, will restrict the Group's ability to conduct pharmacy operations profitably and negatively impact the Group's operations, earnings and financial position.

Moreover, pharmacy operations are associated with risks related to handling errors by employees, such as the unauthorized dispensing of prescription drugs or the wrong drugs being dispensed. There is a risk that handling errors result in actions by authorities, such as amended or withdrawn licenses and negatively impact the Group's operations, earnings and financial position.

### **Risks related to competition law**

In recent years, competition authorities in the countries where the Group operates have generally made the food and retail sectors a focus of their activities.

The Swedish Competition Authority (Konkurrensverket) has on its own initiative previously investigated ICA Sweden's business relations with ICA retailers. There is a risk that new investigations will be conducted in the future and that the Swedish Competition Authority takes action against ICA, which will have a negative impact on the Company's business, earnings and financial position.

The competition authorities in the Baltic States pay close attention to the retail sector and on a number of occasions have initiated actions against operators in the market, including Rimi Baltic's national company, often based on market dominance of the operator in question. As elsewhere in Europe, the competition rules also allow the authority to impose antitrust penalties on companies that are deemed to have infringed the regulations laid down in competition law. There is a risk that ICA is imposed administrative fines, and that the Group's operations, earnings and financial position is negatively affected thereby.

From time to time the Group considers various other acquisitions, mergers and partnerships that require approvals from competition authorities in the jurisdictions concerned. In the event that such approvals are not given, or are given only on condition that the Group makes changes that the Group is not willing to implement, the Group's expansion and other development may be restricted and the Company's operations, earnings and financial position negatively affected.

### **Risks related to agreements with ICA retailers**

The agreements between ICA Sweden and the individual ICA retailers are structured according to various generations of agreements with varying revenues for ICA Sweden. There is a risk that older agreements will not be replaced at the rate expected by ICA Sweden, that this results in lower revenues than were assumed by ICA, and that this in turn negatively impact the Company's earnings and financial position.

ICA retailers in Sweden are free to choose which supplier they wish to use for purchases of their products. Should ICA Sweden not offer competitive terms, there is a risk that the Company loses certain ICA retailers – in their capacity as customers – to competitors, and that this have a material negative impact on the Company's results and financial position.

According to the agreements entered into by ICA with individual ICA retailers, ICA retailers are to pay royalties and profit shares to ICA. The size of these varies depending on the type of store and contract, but is usually determined primarily by the net sales and store area of the individual ICA store. There is a risk that lower earnings from the individual ICA retailers than expected by ICA, will have a negative impact on the Company's results and financial position.

### **Real estate related risks**

ICA owns properties through ICA Real Estate, Ancore, Secore, Långeberga Logistik and Rimi Baltic. The value of the real estate is affected by a number of factors, some of which are property-specific (such as the occupancy rate, level of rent, operating costs and repair and maintenance costs) and some of which are market-specific (such as direct return requirements and interest rates assumed for costing purposes, which are derived from comparable transactions in the real estate market). There is a risk that both property-specific and market-specific factors result in that the value of the Group's properties are written down and that the Group's earnings and financial position is negatively impacted.

As a property owner, ICA has an obligation to procure that the development and maintenance of the properties is carried out in accordance with applicable rules and regulations and standards. There is risk that deficiency in the property development or the maintenance work causes damages on persons and/or properties that result in increased costs and affect the value of the properties.

The management and development of real estate involves environmental risks, mainly in that in certain cases owners of real estate may be held liable under the Swedish Environmental Code for post-treatment of real estate that has been environmentally impaired. This means that claims could be brought against ICA Real Estate, Ancore, Secore and Långeberga Logistik for environmental remediation or post-treatment where contamination exists or is suspected in soil, bodies of water or groundwater. There is a risk that significant such claims negatively impact the Group's reputation, operations, earnings and financial position.

Furthermore, there is a risk that, should a lessee suspend its payments, or if a lessee otherwise fails to meet its commitments, the Group's earnings and financial position would be negatively impacted.

### **IT-related risks**

The Group is highly dependent on its IT platform for stock management, transport, purchasing and selling goods, conducting banking operations and also for collecting and compiling operational information and statistics. This IT platform needs to be continually developed in order to be adapted to increasingly automated operations and other new requirements of the business operations. Since the IT platform for ICA in Sweden is currently complex, the development of new functionality within the IT platform is very time consuming and costly. Replacing/renewing the IT platform for ICA Sweden in the years ahead risks to give rise to business and financial risks and to negatively impact the Company's operations, earnings and financial position. There is also a risk that the development of the IT platform will be impeded or restricted in any respect – for example, because employees who are key to the development of the IT platform cease working for the Group, or for other reasons – and that this will negatively impact the Company's operations, earnings and financial position.

Communications breakdowns and other system errors, viruses, manipulation, natural disasters, internal fraud, hacking and other unforeseen events risks to cause significant problems for the Group and any lengthy interruption of service or lack of functionality in the IT platform could mean important information being lost, certain actions being delayed or that the Group is less able to offer its customers the right level of service. Moreover, there is a risk that strikes, bankruptcies or other problems at the Company's suppliers of IT solutions (including solutions in respect of data storage capacity, transaction processing and other data communication), and terminations of agreements with such suppliers, will have a material negative impact on the Company's operations, earnings and financial position.

### **Dependency on Group management, ICA retailers and other key individuals**

The Group's future performance depends, among other things, on the efforts of Group management, the individual ICA retailers and other key individuals. There is a risk that the Group will be unable to retain these key individuals or to recruit new key individuals and that this will negatively impact the Company's ability to develop the business and the Company's operations, earnings and financial position.

### **Risks related to refinancing**

The Company's operations are partly financed by loans from external lenders (see for example the section *Other information – Revolving credit facilities* below). If the capital and credit markets are turbulent when the Company wishes to refinance external borrowing, there is a risk that this makes such refinancing more difficult or impossible. There is a risk that the Company's operations, earnings and financial position is substantially negatively impacted, should the Company be unable to refinance external borrowing or should the Company only be able to refinance external borrowing on unfavourable terms.

### **Exchange rate risks**

Exchange rate risk means the risk that changes in exchange rates will impact the Company's earnings, balance sheet and cash flow, and arises in conjunction with transactions in foreign currency, taking place when subsidiaries make purchases or have sales in foreign currency and when assets and liabilities are in foreign currency. On consolidation of foreign subsidiaries these amounts are converted from the currency of the country concerned into Swedish kronor, which risks to negatively impact the Group's financial position. A great many purchases are made from suppliers in countries with a different currency, while at the same time many sales are made to customers in another currency. There is a risk that future exchange rate fluctuations will therefore have a negative impact the Group's earnings and financial position.

### **Risks related to acquisitions and divestments of companies and operations**

ICA Gruppen acquires and divests operations on a regular basis. There is a risk that the conditions in the acquired operations diverge significantly from what was known before the acquisition or that the integration of the acquired operations fail, and that this limits ICA Gruppen's ability to realise expected synergies and affects its earnings and financial position negatively. There is a risk that companies and operations are divested below their real value which will imply that ICA Gruppen's earnings and financial position are less positively affected than would otherwise have been the case.

### **Shareholders with significant influence**

As of the date of the Base Prospectus, ICA-handlarnas Förbund holds 51.3 per cent and AB Industrivärden ("Industrivärden") 10.0 per cent of the shares in the Company; ICA-handlarnas Förbund and Industrivärden thus have a significant influence over the Company. There is a risk that the interests of ICA-handlarnas Förbund or Industrivärden may depart from the interests of other shareholders and/or of the investors and that this affects the investors negatively.

## **SECURITIES RISKS**

### **Structural subordination**

The Company is the parent company in the Group and owns no material assets other than the shares in other Group companies and associated companies, with the exception of the assets acquired from ICA Finans on February 1, 2016. In order to make payments under MTNs, the Company is therefore dependent on the ability of other Group companies to provide the Company with loans and dividends. Among other things, the ability of other Group companies to provide loans and dividends depends on funds available for distribution, rules on value transfers, the terms of Group companies' financing agreements and local legislation.

The other Group companies are independent legal entities and have not provided any guarantees, security or similar for the Company's liability to pay amounts due and meet other commitments under relevant Loan Terms. Noteholders are therefore not entitled to bring claims related to relevant Loan Terms against other Group companies.

The Company has and may in the future have loans. The Company may in the future also have loans for which the Company provides security. Other Group companies have and will in the future have loans. Since loans are taken out by other Group companies than the Company or are secured, such loans will typically give its creditors an advantageous position in the event of future bankruptcy, distraint, restructuring or other insolvency proceedings in the Company. The Company and other Group companies may also from time to time have other secured or unsecured commitments. If a Group company other than the Company is the object of bankruptcy, distraint, restructuring or other insolvency proceedings, Noteholders will have no direct right to the assets of this Group company.

There is a risk that the Company's operations, performance and financial position and the Company's ability to make payments to the investors under the MTNs will be negatively impacted should the Company's or the other Group companies' ability to pay develop negatively.

### **Market Loans**

The General Terms do not prevent the Company or ICA Bank from issuing Market Loans. No Market Loans in ICA Bank will be issued under the MTN Program, and there is a risk that the issue of such Market Loans will have a material adverse effect on the market value of MTNs issued under the MTN Program.

### **Credit risk**

Investors in MTNs issued by the Company are exposed to a credit risk on the Company. The investor's ability to receive payment under MTNs is dependent on the Company's ability to meet its payment commitments, which in turn is to a large extent dependent on developments in the Company's business and financial position. There is a risk that deteriorations in these respects also mean that the market value of MTNs falls.

### **Market risk and maturity risk**

The market risks vary depending on the loan structure and term. There is a risk that changes in interest rates adversely affect the value of an MTN. The risks inherent in investing in an MTN increase the longer the term of the MTN. The reason for this is that it is more difficult to get an overview of the credit risk in an MTN with a longer term than in the case of an MTN with a shorter term. Moreover, the market risk also increases with the term of the MTN, since fluctuation in the price of an MTN is greater for an MTN with a longer term than for an MTN with a short term.

### **Foreign currency risk**

The Company can issue MTNs denominated in SEK or EUR. The issue of MTNs in a certain currency involves risks associated with currency conversion if the currency is not the currency in which the investor conducts most of its financial activities. This includes both the risk of substantial changes in

exchange rates (such as devaluation and revaluation) as well as the introduction of or changes in currency regulations. A strengthening of the currency in which business is conducted compared with the currency in which an MTN is issued will reduce the value of the investment for such investors.

#### **MTN with floating rate (FRN)**

Investments in MTN with floating rate (FRN) can be exposed to significant and rapid interest changes. There is a risk that the Interest Base falls to a lower level during the term of the MTN whereby the floating rate to be paid on the Loan will be lower.

#### **MTN with fixed interest rate**

Investments in MTN with fixed interest rate involve a risk that the market price of the MTN may be negatively affected as a result of changes in the market interest rate. Generally, longer term of the securities means a higher risk.

#### **MTN with no interest (so called zero coupon structures)**

Investments in MTN with no interest involve a risk that the market price of the MTN may be negatively affected as a result of changes in the market interest rate. An increase in the market interest rate generally affect the market price negatively for an MTN with no interest.

#### **Secondary market and liquidity**

Even if Loans are admitted to trading on a Regulated Market, no significant trading in MTNs normally occurs. This may apply for the entire term of the MTN in question. The transaction costs for trading in MTNs may also prove to be high. If no market develops there will be a deterioration in liquidity. It may therefore be difficult to sell an MTN quickly or obtaining a price comparable with similar investments having a developed secondary market. This applies in particular to MTNs with a specially adapted structure. There is a risk that lack of liquidity in the market has a negative impact on the market value of an MTN. If selling an MTN before its maturity, therefore, the investor takes a liquidity risk, since the price is set by the market. This means that if sold before the Redemption Date there is a risk that the market value of the investment is lower than the nominal amount.

#### **Noteholders' Meeting**

Section 12 of the General Terms provides that the Company, Agents and Noteholders may under certain conditions convene a Noteholders' Meeting. The Noteholders' Meeting may make decisions that affect the Noteholders' rights under a Loan and that are binding on all Noteholders. The Noteholders' Meeting may, for example, appoint and issue instructions to a representative of the Noteholders to act on their behalf before a court of law or executive authority or in other contexts.

Decisions made at a duly convened and conducted Noteholders' Meeting are binding on all Noteholders irrespective of whether they were present or represented at the Noteholders' Meeting and irrespective of whether, and the manner in which, they voted at the meeting. Consequently, there is risk that a decision made by the majority affects the Noteholders' rights in a way undesirable for certain Noteholders.

#### **Clearing and settlement in the VPC system**

The Company's MTNs are linked to Euroclear Sweden's account-based system (the "VPC system") and, consequently, no physical securities will be issued. Clearing and settlement in connection with trading take place in the VPC system; likewise, payment of interest and repayment of principal. There is a risk that the VPC system cease to function properly and that the investors therefore will not obtain payments under the MTNs as they fall due.

#### **Legislative amendments**

The Base Prospectus and the General Terms of the MTN Program are based on Swedish law in force as of the date of this Base Prospectus. There is a risk that new laws, amendments to the current legislation or changes in the application of the law after this date will lead to risks that are difficult to foresee and will thereby adversely impact the Company and the investors' prospects to receive payments under the MTNs.

#### **Credit rating may not reflect all risks**

One or more credit rating agencies may rate MTNs issued under the MTN Program. There is a risk that this rating will not have taken into account all the risks associated with investing in an MTN. A

credit rating thus does not constitute a recommendation to buy, sell or hold a security and may be changed or withdrawn by the credit rating agency at any time.

**MTNs subject to optional redemption by the Company**

If the Final Terms give the Company the right to effect early redemption of MTNs it is likely that the market value of these MTNs will be lower. As long as the Company can choose to redeem MTNs early, the market value of these MTNs will not generally increase substantially above the rate at which they can be redeemed. This may also apply ahead of a redemption period.

The Company can be expected to redeem MTNs when its borrowing costs are lower than the interest on MTNs. At such times there is a risk that an investor will not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest on the MTNs redeemed. Prospective investors should consider the reinvestment risk against the background of other investments that can be made at the same time.

**MTNs issued at a substantial discount or premium**

The market values of securities issued at a substantial discount or premium on their principal amount tend to fluctuate more in relation to general changes in interest rates. Generally, the longer the remaining term of the securities, the greater the price volatility compared with other interest-bearing securities with comparable terms.

# DESCRIPTION OF ICA GRUPPEN'S MTN PROGRAM

## GENERAL

This MTN Program forms part of the Company's debt financing and provides a framework within which ICA Gruppen AB (publ) can take out Loans in Swedish kronor (SEK) or Euros (EUR) with a minimum term of one year on the capital market on an ongoing basis. The total outstanding Nominal Amount of MTNs may not exceed SEK 15,000,000,000 or the equivalent in EUR ("the Program Amount") as of the date of agreement between the Company and the Issuing Agent concerning placement of MTNs.

Loans are taken out through the simultaneous issue of multiple account-based unilateral debt instruments with identical wording, known as Medium Term Notes ("MTNs"). MTNs may be issued at a Nominal Amount lower than EUR 100,000 (or the equivalent amount in SEK). The MTN Program is aimed at capital market investors. Decisions to take out Loans are made by the Company's board of directors.

Loans under the MTN Program may be issued with fixed interest, floating interest or no interest (known as a zero coupon structure).

The General Terms appended hereto shall apply to all MTNs issued under this MTN Program. In addition, supplementary Final Terms shall apply to each MTN; together with the General Terms, these constitute the full Loan Terms for the Loan in question. Each Loan issued under the MTN Program is given a loan number.

The Company has appointed Svenska Handelsbanken AB (publ) ("Lead Bank"), Nordea Bank AB (publ), DNB Bank ASA, filial Sverige, Skandinaviska Enskilda Banken AB (publ), AB Svensk Exportkredit (publ), Swedbank AB (publ) and Danske Bank A/S, Danmark, Sverige Filial as Issuing Agents under the MTN Program.

The Issuing Agents have and may in the future have relations with the Group other than those arising from their roles in the MTN Program. An Issuing Agent may, for example, provide services related to financing other than through the MTN program. It cannot therefore be guaranteed that conflicts of interest will not arise in the future.

## STATUS

An MTN is an account-based unilateral debt instrument with no security. It carries entitlement to payment alongside (*pari passu*) the Company's other existing or future unsecured and unsubordinated payment obligations, except where such obligations have more preferential rights under current law.

## FORM OF SECURITY AND IDENTIFICATION

MTNs are issued in dematerialized account-held form under the MTN Program and will be linked to Euroclear Sweden's account-based system on behalf of Noteholders. Accordingly, no physical securities will be issued.

The MTN Program is linked to Euroclear Sweden. The Final Terms for each MTN contain the International Securities Identification Number (ISIN) allocated by Euroclear Sweden. The creditor of an MTN (Noteholder) is the party recorded in a VP Account as the holder registered by name or the registered nominee for an MTN. Clearing and settlement of trades take place in Euroclear Sweden's system.

## TAX

Euroclear Sweden or a nominee (in the case of nominee-registered securities) will deduct preliminary tax, currently at 30 per cent on interest paid, for physical persons domiciled in Sweden and for deceased persons' estates in Sweden.

The above description does not constitute tax advice. The description is not exhaustive, but rather is intended as general information on certain applicable rules. Noteholders must judge for themselves the tax consequences that may arise, consulting a tax adviser in the process.

## SALES

Sales will take place through the Issuing Agents receiving issue and sale instructions. When the instructions are given, a price per MTN will be determined, which may correspond to the Nominal Amount (par) or which may be more than or less than the Nominal Amount. In this case the subscription and subscription period procedure is not used. Payment for and the corresponding

delivery of MTNs takes place via the Issuing Houses in the VPC system. Any trading in MTNs is commenced only after the MTNs have been delivered.

The market price of MTNs is variable and depends on, among other things, current interest rates for investments with the same term and accrued coupon interest since the last interest payment date.

The Company consents to the use of the Base Prospectus in connection with an offering relating to Loans under the MTN Program on the following basis:

- (i) the consent is only valid during the validity period of this Base Prospectus and financial intermediaries are only permitted to resell or finally place MTNs during this period
- (ii) the Issuing Agents are the only financial intermediaries that are permitted to use Base Prospectus for offerings;
- (iii) the consent only relates to use of this Base Prospectus for offerings in Sweden
- (iv) the consent may, for each issuance, be limited by further qualifications, which in such case are set forth in the Final Terms of the relevant Loan.

The Company and its board of directors, as applicable, assumes the responsibility for the content of the Base Prospectus, in accordance with section *Other information – Assurance regarding the Base Prospectus* below, also when financial intermediaries resell or finally place securities and have received the Company's consent to use the Base Prospectus.

**An Issuing Agent that submits a tender offer shall in connection therewith provide information about the terms of the tender offer.**

New information regarding financial intermediaries that were not contemplated at the time of the approval of this Base Prospectus or the delivery of the final terms shall be made public on the Company's website.

Distribution of the Base Prospectus, this translation thereof and sale of MTNs may be restricted by law in certain countries. Holders of the Base Prospectus, this translation thereof and/or MTNs must therefore become acquainted with and observe any restrictions. The terms of the Loan contain no restrictions on the free transferability of MTNs.

For further information on the MTN Program and to receive the Base Prospectus, either in hard copy or electronically, please contact the Company or the Issuing Agents. The Base Prospectus is also available on the Swedish Financial Supervisory Authority's website. Final Terms will be published on the Company's website and will be submitted to the Swedish Financial Supervisory Authority.

**ADMISSION TO TRADING ON A REGULATED MARKET**

If it is intended that a Loan will be admitted to trading this will be stated in the applicable Final Terms. The Company will then apply to Nasdaq Stockholm for registration. The marketplace to which the application is made will carry out its own assessment of the application and will approve or reject the registration.

The Company is responsible for all costs associated with admission to trading of Loans under this MTN Program such as the costs of producing a prospectus, admission to trading, documentation and fees to Euroclear Sweden.

**LIMITATION**

Claims for the payment of principal lapse ten years after the Redemption Date. Claims for the payment of interest lapse three years after the relevant Interest Payment Date. Upon limitation the Company shall be entitled to keep any funds that may have been reserved for such payments. If the period of limitation is interrupted a new period of limitation of ten years will commence for claims in respect of principal and three years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Act on Limitation (1981:130) concerning the effect of an interruption in the period of limitation.

**APPLICABLE LAW**

The Loan terms shall be governed by Swedish law. Disputes shall be settled by Swedish courts. Stockholm District Court shall be the court of first instance.

## **PRODUCT DESCRIPTION**

*A description is given below of the usual structures and terms that occur in the issue of MTNs under this MTN Program. The structure of each Loan is given in the Final Terms. These apply together with the General Terms applicable to the MTN Program.*

### **INTEREST STRUCTURES**

Loans under the MTN Program may have fixed interest, floating interest or no interest (known as a zero coupon structure).

The Interest Structure applicable to the specific Loan is specified in the applicable Final Terms. Under § 6 of the General Terms the MTN Program allows MTNs to be issued with a variety of interest structures, these being specified in the Final Terms belonging to the loan in question. However, MTNs are normally issued with one of the interest structures described below.

#### **FIXED INTEREST MTN**

If a Loan is specified as a Fixed Interest Loan, the Loan shall bear interest at the Interest Rate from (but excluding) the Loan Date up to (and including) the Redemption Date.

Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention 30/360 for Loans in Swedish kronor and Euros.

If an Interest Payment Date for a Fixed Interest Loan falls on a day that is not a Business Day, interest is not paid out until the following Business Day. However, interest is calculated and payable only up to and including the Interest Payment Date.

#### **FLOATING RATE MTNS (FRN)**

If a Loan is specified as a Floating Rate Note, the Loan shall bear interest from (but excluding) the Loan Date up to (and including) the Redemption Date. The Rate of Interest applicable to each respective Interest Period is determined by the Administrator on the respective Interest Determination Date as the Interest Base plus the Interest Base Margin for the same period.

If the Interest Rate is not determined on the Interest Determination Date because of an obstacle such as is described in section 16.1 of the General Terms, the Loan shall continue to bear interest at the rate that applied to the immediately preceding Interest Period. As soon as the obstacle has been removed the Administrator shall calculate a new Interest Rate to apply from the second Business Day after the date of calculation until the end of the current Interest Period.

Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention Actual/360 for Loans in Swedish kronor and Euros.

If an Interest Payment Date for a Floating Rate Note falls on a day that is not a Business Day, the immediately following Business Day shall instead be deemed the Interest Payment Date provided that such Business Day does not fall in a new calendar month, in which case the Interest Payment Date shall be deemed to be the preceding Business Day.

#### **INTEREST BASE FOR FLOATING INTEREST**

Refers to the reference interest rate specified in the Final Terms. Usually, this rate is STIBOR for Loans in SEK and EURIBOR for Loans in EUR.

STIBOR refers to (a) the annual rate of interest that is quoted at or about 11.00am on the relevant day on the Nasdaq website for STIBOR fixing (or on such other website as replaces this) for deposits in Swedish kronor for a period comparable with the relevant Interest Period; or (b) in the absence of such a quoted interest rate for the relevant Interest Period, the quotient (rounded up to four decimal places) of the interest rate quoted by Danske Bank A/S, Denmark, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) (or such substitute banks as are appointed by the Administrator) to the Administrator at its request for deposits of SEK 100,000,000 for the relevant Interest Period; or (c) in the absence of a quoted interest rate as mentioned in (b), the interest rate that, in the reasonable assessment of the Administrator, best corresponds to the rate of interest for deposits in Swedish kronor on the Stockholm interbank market for the relevant Interest Period.

EURIBOR refers to (a) the annual rate of interest that is quoted at or about 11.00 am on the relevant day on Reuters page EURIBOR01 (or on such other system or page as replaces the aforementioned system or page) for loans or deposits in euros for a period comparable with the relevant Interest Period;

or (b) in the absence of such a quoted interest rate for the relevant Interest Period, the quotient (rounded up to four decimal places) of the interest rate quoted for EURIBOR by four major commercial banks (which are appointed by the Administrator) at the time in question to the Administrator at its request for deposits of EUR 10,000,000 for the relevant Interest Period; or (c) in the absence of a quoted interest rate as mentioned in (b), the interest rate that, in the reasonable assessment of the Administrator, best corresponds to the rate of interest for deposits in euros for the relevant Interest Period.

#### **MTNS WITH NO INTEREST (KNOWN AS ZERO COUPON STRUCTURES)**

If the Loan is specified as a Zero Coupon Note, the Loan shall bear no interest. Zero Coupon Notes may be issued at a discount and redeemed at an amount per MTN corresponding to their Nominal Amount or a proportion thereof.

#### **DAY COUNT OF INTEREST PERIOD**

If the Day Count Convention "30/360" is stated as being applicable, the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a part-month using the actual number of days of the month that have passed.

If the Day Count Convention "Actual/360" is stated as being applicable, the amount shall be calculated using the actual number of days in the relevant period divided by 360.

#### **REPAYMENT OF PRINCIPLE AND INTEREST**

Loans mature on the Redemption Date at the amount per MTN specified in the Final Terms, together with accrued interest (if any). If the Redemption Date falls on a day that is not a Business Day, however, the Loan shall not be repaid until the first following Business Day.

The Final Terms may contain a provision stating that the Company is entitled or obliged to repay Loans in full or in part along with accrued interest (if any) before the Redemption Date.

# GENERAL TERMS

## for loans taken out under ICA Gruppen AB's (publ) Swedish MTN Program

The following general terms ("**General Terms**") shall apply to loans that ICA Gruppen AB (publ) (corporate reg. no. 556048-2837) (the "**Company**") issues on the capital market under this program ("**MTN Program**") by issuing bonds with a minimum term of one year, known as Medium Term Notes.

### 1. DEFINITIONS

1.1 In addition to definitions set out above, the following definitions shall apply.

"**Administrator**" means (i) if a Loan is issued through two or more Issuing Houses, the Issuing House appointed by the Company to be responsible for certain administrative tasks in respect of the Loan according to the Final Terms; and (ii) if a Loan is issued through only one Issuing House, the Issuing House.

"**Record Day**" means the fifth Business Day before (i) the payment date for interest or principal according to the Loan Terms, (ii) another date when payment is to be made to Noteholders, (iii) the date of a Noteholders' Meeting, (iv) dispatch of message or (v) another relevant date, or a Business Day before the relevant date that may generally apply on the Swedish bond market.

"**Business Day**" means a day that is not a Sunday or other public holiday in Sweden and is not equivalent to a public holiday in Sweden for the purposes of the redemption of bonds. In this definition Midsummer's Eve, Christmas Eve and New Year's Eve shall be deemed equivalent to public holidays.

"**Day Count Convention**" means, when determining an amount for a certain determination period, the counting basis stated in the General Terms.

- (a) If the counting basis "**30/360**" is stated as being applicable, the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a part-month using the actual number of days of the month that have passed.
- (b) If the counting basis "Actual/360" is stated as being applicable, the amount shall be calculated using the actual number of days in the relevant period divided by 360.

"**Issuing Agents**" means Danske Bank A/S, Danmark, Sverige Filial, DNB Bank ASA, filial Sverige, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ), Swedbank AB (publ), AB Svensk Exportkredit (publ) and also any other issuing agent that joins this MTN Program in accordance with section 13.4, but only for so long as such agent has not stood down as an issuing agent.

"**EURIBOR**" means:

- (a) the annual rate of interest that is quoted at or around 11:00 am on the relevant day on Reuters page EURIBOR01 (or through such other system or on such other page as replaces the aforementioned system or page) for loans or deposits in Euros for a period comparable with the relevant Interest Period; or
- (b) in the absence of such a quoted interest rate for the relevant Interest Period, the quotient (rounded up to four decimal places) of the rate of interest quoted for EURIBOR by four major commercial banks (which are appointed by the Administrator) to the Administrator at its request for deposits of EUR 10,000,000 for the relevant Interest Period; or
- (c) in the absence of a quoted interest rate as described in (b), the Administrator's reasonable assessment of the rate of interest that best corresponds to the interest rate for deposits in euros for the relevant Interest Period.

“**Euro**” and “**EUR**” means the currency used by the participating member states in accordance with the European Union’s rules for the Economic and Monetary Union (EMU).

“**Euroclear Sweden**” means Euroclear Sweden AB (corporate reg. no. 556112-8074).

“**Noteholder**” means the party recorded in a VP Account as the holder registered by name or the nominee holder of an MTN.

“**Noteholders’ Meeting**” means a meeting of the Noteholders as described in section 12 (*Noteholders’ Meeting*).

“**Adjusted Loan Amount**” means the total outstanding Nominal Amount of MTNs relating to a particular Loan less MTNs owned by a Group Company, irrespective of whether such Group Company is registered by name as the holder of such MTNs.

“**Group**” means the group in which the Company is the parent company (the term group is defined as in the Swedish Companies Act (2005:551)).

“**Group Company**” means any company that is part of the Group.

“**Account Operator**” means a bank or other party authorized to act as an account operator pursuant to the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479) and with which a Noteholder has opened a VP Account with respect to MTNs.

“**Lead Bank**” means Svenska Handelsbanken AB (publ) or another Issuing Agent that may take over this role in the future by agreement with the Company.

“**Loan**” means each loan comprising one or more MTNs, which the Company raises under this MTN Program.

“**Loan Date**” means, in accordance with the Final Terms, the day from which interest (where applicable) begins to accrue.

“**Loan Terms**” for a particular Loan means these General Terms and also the Final Terms for such Loan.

“**Market Loans**” means loans against the issue of certificates, bonds or other securities (including loans under MTN or other market loan programs) that are sold, arranged or placed in an organized form and that are or are intended to become the subject of trading on a Regulated Market.

“**MTN**” means a unilateral debt instrument for a Nominal Amount registered pursuant to the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479) and forming part of Loans issued by the Company under this MTN Program.

“**Nominal Amount**” means the amount for each MTN that is stated in the Final Terms (less any amount repaid).

“**Program Amount**” means SEK 15,000,000,000 or an amount agreed between the Company and all the Issuing Agents in accordance with section 13.3.

“**Regulated Market**” means a regulated market as defined in Directive 2004/39/EC on markets in financial instruments.

“**Final Terms**” means the final terms drawn up for a particular Loan under this MTN Program in accordance with the section *Template for Final Terms* below.

**“STIBOR”** means:

- (a) the annual rate of interest that is quoted at or about 11.00 am on the relevant day on the Nasdaq website for STIBOR fixing (or on such other website as replaces this) for deposits in Swedish kronor for a period comparable with the relevant Interest Period; or
- (b) in the absence of such quoted interest rate for the relevant period, the quotient (rounded up to four decimal places) of the interest rate quoted by Danske Bank A/S, Denmark, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) (or such substitute banks as are appointed by the Administrator) to the Administrator at its request for deposits of SEK 100,000,000 for the relevant Interest Period; or
- (c) in the absence of such quoted interest rate as described in (b), the Administrator’s reasonable assessment of the rate of interest that best corresponds to the interest rate for deposits in Swedish kronor on the Stockholm interbank market for the relevant Interest Period.

**“Swedish kronor”** and **“SEK”** mean the legal currency in Sweden.

**“Issuing House”** as described in the Final Terms means the Issuing Agent(s) under this MTN Program through which a particular Loan was issued.

**“VP Account”** means a securities account with Euroclear Sweden in accordance with the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act (1998:1479) in which (i) a holder of a security is registered by name as the holder of a security, or (ii) a holder’s holdings of securities are nominee-registered in the name of a nominee.

**“Significant Group Company”** means (a) the Company and (b) any Group Company with:

- (i) total consolidated assets amounting to at least ten per cent of the Group’s total consolidated assets, according to the most recently published annual report; or
- (ii) consolidated earnings before interest and taxes amounting to at least ten per cent of the Group’s consolidated earnings before interest and taxes, according to the most recently published annual report.

**“Redemption Date”** as described in the Final Terms means the date on which an MTN is to be repaid.

**“Repurchase Date”** means the date specified as described in section 9.2.

- 1.2 When calculating whether a limit described in Swedish kronor has been reached or exceeded, an amount in another currency shall be calculated based on the exchange rate that was effective on the Business Day immediately preceding the relevant date as published on Reuters page “SEKFIX=” (or through such other system or on such other page as replaces the aforementioned system or page), or in the absence of such published rate, at the rate for Swedish kronor against the currency in question on the said date as published by the Riksbank on its website ([www.riksbank.se](http://www.riksbank.se)).
- 1.3 Further definitions such as Interest Structure, Interest Rate, Interest Base, Interest Base Margin, Interest Determination Date, Interest Payment Date(s), Interest Period and Currency are contained (where relevant) in the Final Terms.
- 1.4 The definitions contained in these General Terms shall also apply to the Final Terms.

## **2. RAISING OF LOANS**

- 2.1 Under this MTN Program the Company may issue MTNs in Swedish kronor or euros with a minimum term of one year. Under a Loan, MTNs may be issued in more than one tranche.
- 2.2 In subscribing for MTNs each initial Noteholder accepts that its MTNs shall have the rights and be subject to the conditions stated in the Loan Terms. In acquiring MTNs each new Noteholder confirms such acceptance.
- 2.3 The Company undertakes to make payments in respect of MTNs issued and otherwise to observe the Loan Terms for the Loans raised under this MTN Program.
- 2.4 If the Company wishes to issue MTNs under this MTN Program, the Company shall enter into a separate agreement for this purpose with one or more Issuing Agents, which shall be the Issuing House(s) for such Loan. Final Terms shall be drawn up for each Loan which, together with these General Terms, constitute the full Loan Terms for the Loan.

## **3. REGISTRATION OF MTNS**

- 3.1 MTNs shall be registered to VP Accounts on behalf of Noteholders and, accordingly, no physical securities will be issued. Requests for a specific registration measure with respect to MTNs shall be addressed to the Account Operator.
- 3.2 A party which, based on any appointment, pledge, provisions in the Swedish Parental Code, testamentary disposition or deed of gift or otherwise has acquired a right to receive payment under an MTN shall have its right registered in order to receive payment.
- 3.3 The Administrator has the right to obtain information from Euroclear Sweden regarding the contents of the CSD register (avstämningsregister) kept for MTNs for the purpose of fulfilling its obligations in accordance with sections 11 (*Termination of Loans*) and 12 (*Noteholders' Meeting*). The Administrator shall not be liable for the contents of such register except or in any other way be responsible for the determination of who is a Noteholder.

## **4. RIGHT TO ACT ON BEHALF OF NOTEHOLDERS**

- 4.1 If a party other than a Noteholder wishes to exercise a Noteholder's rights under the Loan Terms or to vote at a Noteholders' Meeting, such person shall be able to produce a proxy form or other authorization document issued by the Noteholder or a chain of such proxy forms and/or authorization documents from the Noteholder.
- 4.2 A Noteholder may authorize one or more parties to represent the Noteholder in respect of certain or all MTNs held by the Noteholder. Such authorized party may act independently and is entitled to delegate its right to represent the Noteholder.

## **5. PAYMENTS**

- 5.1 Payment in respect of MTNs issued in Swedish kronor shall be made in Swedish kronor and payments in respect of MTNs issued in Euros shall be made in Euros.
- 5.2 Payments in respect of a Loan shall be made to the party registered as the Noteholder on the Record Day before the respective payment date or to such other party as is registered with Euroclear Sweden as being entitled to receive such payment.
- 5.3 If the Noteholder has registered through the Account Operator its desire for principal or interest to be deposited in a particular bank account, the deposit shall be made via Euroclear Sweden on the respective payment date. Otherwise Euroclear Sweden will forward the amount on the respective payment date to the Noteholder's address as registered with Euroclear Sweden on the Record Day. Should Euroclear Sweden be unable to pay out amounts as stated above because of delays on the part of the Company or because of some other obstacle, the Company shall ensure that the amount is paid out to

the party that was the Noteholder on the Record Day as soon as the obstacle has been removed.

5.4 If the Company is unable to meet its payment commitment through Euroclear Sweden because of an obstacle affecting Euroclear Sweden, the Company shall be entitled to defer its payment commitment until the obstacle has been removed. In such event interest shall be payable as described in section 7.1.

5.5 Should it emerge that a party that received an amount in accordance with this section 5 was not entitled to receive it, the Company and Euroclear Sweden shall nonetheless be deemed to have discharged their relevant duties.

## **6. INTEREST**

6.1 Interest on a particular Loan is calculated and payable (where applicable) in accordance with the Final Terms.

6.2 The Final Terms shall state the relevant Interest Structure using one of the following alternatives:

(a) Fixed Interest

If a Loan is specified as a Fixed Interest Loan, the Loan shall bear interest at the Interest Rate from (but excluding) the Loan Date up to (and including) the Redemption Date.

Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention 30/360 for Loans in Swedish kronor and Euros.

(b) Floating Rate Notes (FRN)

If a Loan is specified as a Floating Rate Note, the Loan shall bear interest from (but excluding) the Loan Date up to (and including) the Redemption Date. The Rate of Interest applicable to each respective Interest Period is determined by the Administrator on the respective Interest Determination Date as the Interest Base plus the Interest Base Margin for the same period.

If the Interest Rate is not determined on the Interest Determination Date because of an obstacle such as is described in section 16.1, the Loan shall continue to bear interest at the rate that applied to the immediately preceding Interest Period. As soon as the obstacle has been removed the Administrator shall calculate a new Interest Rate to apply from the second Business Day after the date of calculation until the end of the current Interest Period.

Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention Actual/360 for Loans in Swedish kronor and Euros.

(c) Zero Coupon Notes

If the Loan is specified as a Zero Coupon Note, the Loan shall bear no interest. Zero Coupon Notes may be issued at a discount and redeemed at an amount per MTN corresponding to their Nominal Amount or a proportion thereof.

6.3 If an Interest Payment Date for a Fixed Interest Note falls on a day that is not a Business Day, interest is not paid out until the following Business Day. However, interest is calculated and payable only up to and including the Interest Payment Date.

6.4 If an Interest Payment Date for a Floating Rate Note falls on a day that is not a Business Day, the immediately following Business Day shall instead be deemed the Interest Payment Date provided that such Business Day does not fall in a new calendar month, in which case the Interest Payment Date shall be deemed to be the preceding Business Day.

## **7. PENALTY INTEREST**

- 7.1 In the event of any delay in payment, default interest is payable on the due and unpaid amount from the due date up to and including the day on which payment is made at a rate of interest equal to the average of one week STIBOR for MTNs issued in Swedish kronor and EURIBOR for MTNs issued in Euros for the duration of the default, in each case plus two percentage points, with STIBOR and EURIBOR respectively being established on the first Business Day of each calendar week during the period of default. The default interest rate on interest bearing Loans as set out in this section 7.1 shall not be lower than the rate which applied to the relevant Loan on the relevant due date plus two percentage points. Default interest is not capitalized.
- 7.2 If the delay is due to any obstacle affecting the Issuing Agents or Euroclear Sweden, the penalty interest rate shall (i) with respect to an interest bearing Loan, correspond to the rate of interest which applied to the relevant Loan on the relevant due date or (ii) with respect to a non-interest bearing Loan, the average of one week STIBOR or EURIBOR respectively for the duration of the default (STIBOR or EURIBOR respectively being established on the first Business Day of each calendar week during the period of default).

## **8. REDEMPTION AND REPURCHASE**

- 8.1 Loans mature on the Redemption Date at the amount per MTN specified in the Final Terms, together with accrued interest (if any). If the Redemption Date falls on a day that is not a Business Day, however, the Loan shall not be repaid until the following Business Day.
- 8.2 The Final Terms may contain a provision stating that the Company is entitled or obliged to repay Loans in full or in part along with accrued interest (if any) before the Redemption Date.
- 8.3 The Company may repurchase MTNs at any time and at any price whatsoever provided that this is compatible with current law. MTNs owned by the Company may be held, transferred or redeemed at the Company's discretion.

## **9. REPURCHASE ON CHANGE OF OWNERSHIP**

- 9.1 Each Noteholder shall be entitled to demand the repurchase of all or certain MTNs that it holds if:
- (a) the shares (or where relevant, the ordinary shares) in the Company cease to be listed for trading on the Regulated Market at Nasdaq Stockholm; or
  - (b) an event or a series of events occurs, as a result of which a physical person or legal entity, either itself or together with a related party as described in the Swedish Act on Public Takeover Offers on the Stock Market (2006:451) and which is not and does not include ICA-handlarnas Förbund, a non-profit company registered under corporate reg. no 802001-5577, either directly or indirectly, at any point in time:
    - (i) acquires more than 50 per cent of the shares or votes in the Company;
    - (ii) through agreement or otherwise is itself (or together with an aforementioned related party) able to appoint a majority of the Company's board members; or
    - (iii) through agreement, voting rights or otherwise is able alone (or together with an aforementioned related party) to determine the content of material commercial decisions in the Company.
- 9.2 As soon as the Company has become aware of a change of ownership as described in section 9.1 the Company is obliged to inform the Noteholders of this via a press release, on the Company's website and in accordance with section 15 (*Notices*). The notice shall

include instructions for how a Noteholder should proceed if it wishes to have MTNs repurchased and shall specify the Repurchase Date.

9.3 The Repurchase Date shall be between one and two months after the notice of the change of ownership was given to Noteholders in accordance with section 9.2, but if the Repurchase Date is not a Business Day then the immediately following Business Day shall be regarded as the Repurchase Date.

9.4 If there is a right of repurchase, the Company shall, upon request by a Noteholder, repurchase relevant MTNs on the Repurchase Date at the price per MTN that would have been repaid on the final Redemption Date, along with accrued interest (if any). In the case of MTNs that are Zero Coupon Notes an amount per MTN calculated in accordance with section 11.5 shall be paid instead.

9.5 Noteholders shall give the Company notice that they wish to assert their right to demand repurchase of MTNs at least 20 Business Days prior to the Repurchase Date.

## **10. SPECIAL COMMITMENTS**

For so long as any MTNs are outstanding, the Company makes the following commitments.

### **10.1 Status**

The Company shall ensure that, in terms of the law on preferential rights, its payment obligations under Loans are equated with the Company's other unsecured and unsubordinated payment obligations, except where such obligations have more preferential rights under current law.

### **10.2 The company's operations and non-current assets**

The Company (i) shall not materially change the nature of the Group's operations, and (ii) shall not sell or otherwise dispose of non-current assets if such disposal has an adverse material effect on the Company's ability to meet its payment obligations to the Noteholders.

### **10.3 Program Amount**

The Company shall not issue further MTNs under this MTN Program if it means that the total Nominal Amount of the MTNs outstanding under this MTN Program, including the MTNs that it intends to place, exceed the Program Amount on the date when agreement on placement of MTNs is made between the Company and the Issuing House.

### **10.4 Securing of other Market Loans**

The Company:

- (a) shall not itself provide security or allow others to provide security, whether in the form of contingent liabilities or otherwise, for another Market Loan that has been taken out or may be taken out by the Company;
- (b) shall not itself provide security in a form other than as a contingent liability, which in turn may not be secured, for another Market Loan that has been taken out or may be taken out by the Company; and
- (c) shall ensure that no other Group Company itself takes out Market Loans or provides a contingent liability or provides security for Market Loans that have been taken out or may be taken out by a party other than the Group Company; however, this section 10.4(c) shall not apply to ICA Banken AB, which has the corporate registration number 516401-0190.

### **10.5 Admission to trading on a Regulated Market**

In the case of Loans which the Final Terms state are to be admitted to trading on a Regulated Market, the Company undertakes to apply to NASDAQ OMX Stockholm AB for this to take place and to take the actions required to maintain admission to trading so long as the relevant Loan is outstanding, but at longest for so long as this is possible under

applicable rules.

## **10.6 Provision of Loan Terms**

The current version of these General Terms and of the Final Terms for all outstanding Loans shall be kept available on the Company's website.

## **11. TERMINATION OF LOANS**

11.1 The Administrator shall (i) if so requested in writing by Noteholders that at the time of the request represent at least one tenth of the Adjusted Loan Amount under the relevant Loan (such a request can only be made by Noteholders entered in the CSD register kept by Euroclear Sweden on the Business Day occurring immediately after the date that the request was received by the Administrator and must, if made by a number of Noteholders, be made jointly) or (ii) if the Noteholders under a Loan so decide at a Noteholders' Meeting, declare in writing that the relevant Loan together with interest (if any) is due for payment immediately or on the date decided by the Administrator or Noteholders' Meeting (if applicable), if:

- (a) the Company fails to pay on time principal or interest amounts due in respect of any Loan under this MTN Program, unless the delay:
  - (i) is a result of a technical or administrative error; and
  - (ii) lasts no longer than three Business Days;
- (b) the Company in any respect other than as stated in (a) above fails to meet its commitments under the Loan Terms in respect of any Loan under this MTN Program, provided that:
  - (i) it is possible to remedy this; and
  - (ii) the Company has been requested in writing to remedy the situation and has not done so within 20 Business Days;
- (c) (i) a Significant Group Company fails to make payment on time or within an applicable grace period in respect of another loan and the loan in question is terminated early or could have been terminated early as a result, or, if there is no termination clause or the omitted payment would have been the final payment – if the delay in payment continues for 10 Business Days, all provided that the total outstanding debt under the loans affected amounts to at least SEK 100,000,000, or (ii) another loan to a Significant Group Company is terminated early as a result of grounds for termination (of any kind whatsoever), provided that the total debts due for payment under such terminated loans amount to at least SEK 200,000,000;
- (d) a Significant Group Company does not, within 15 Business Days of the date when the Significant Group Company received a legitimate demand to do so, honour security or guarantees that the Significant Group Company provided for commitments by others, provided that the legitimate demands that have not been satisfied within such period amounts in total to at least SEK 100,000,000;
- (e) a non-current asset that is owned by a Significant Group Company and has a value in excess of SEK 100,000,000 is seized and such seizure is not lifted within 30 Business Days of the date of the seizure decision;
- (f) a Significant Group Company suspends its payments;
- (g) a Significant Group Company petitions for or accepts a petition for corporate restructuring or similar proceedings;
- (h) a Significant Group Company is declared bankrupt;

- (i) it is decided that the Company is to go into liquidation or that a Significant Group Company is to be placed in compulsory liquidation; or
- (j) the board of directors of the Company draws up a merger plan under which the Company will become part of a new or existing company.

The term “**loan**” in section (c) above shall also include account credit and amounts that were not received as a loan but that are to be paid on the basis of debt instruments clearly intended for public trading.

- 11.2 The Administrator may not declare a relevant Loan and its interest (if any) due for payment in accordance with section 11.1 by reference to one of the grounds for termination if it has been decided at a Noteholders’ Meeting that such grounds for termination shall not bring about termination as described in section 11.1 (either temporarily or permanently).
- 11.3 The Company is obliged to inform the Issuing Agents and the Noteholders immediately via a press release, on the Company’s website and in accordance with section 15 (*Notices*) in the event of the occurrence of one of the grounds for termination as stated in section 11.1. In the absence of such notification or notification in accordance with section 11.4 the Administrator or Issuing Agent shall not be deemed to be aware of a reason for termination, irrespective of its actual knowledge. Neither the Administrator nor the Issuing Agents are themselves responsible for monitoring whether conditions for termination as described in section 11.1 exist.
- 11.4 Whenever the Issuing Agents consider it reasonably necessary the Company shall provide the Issuing Agents with confirmation concerning circumstances as discussed in section 11.1. The Company shall further provide the Issuing Agents with more detailed information such as the Issuing Agents may reasonably request concerning circumstances as are discussed in section 11.1 and at the request of the Issuing Agents shall provide all the documents that may be of significance in this respect.
- 11.5 On repayment of Loans following termination in accordance with section 11.1:
  - (a) interest-bearing Loans shall be repaid at an amount per MTN that would have been repaid on the final Redemption Date; and
  - (b) non-interest-bearing Loans shall be repaid at an amount per MTN that is determined according to the following formula as of the date of termination of the Loan:

$$\frac{\text{Nominal Amount}}{(1 + r)^t}$$

r = the ask rate quoted by the Administrator for Swedish Government bonds with an outstanding term to maturity corresponding to the remaining term of the Loan in question. In the absence of such ask rate, the bid rate shall instead be used, which shall be reduced by a market bid/ask spread, expressed in percentage points. The calculation shall be based on the closing quotation.

t = the remaining term of the Loan in question, expressed using the Day Count Convention Actual/360 for MTNs issued in Swedish kronor or euros.

## 12. NOTEHOLDERS’ MEETING

- 12.1 The Administrator may and shall at the request of another Issuing House, the Company or Noteholders that at the time of such request represent at least one tenth of the Adjusted Loan Amount under a particular Loan (such a request can only be made by Noteholders entered in the CSD register kept by Euroclear Sweden on the Business Day occurring immediately after the date that the request was received by the Administrator and must, if made by a number of Noteholders, be made jointly) convene a Noteholders’ Meeting for the Noteholders under the relevant Loan.

- 12.2 The Administrator shall convene a Noteholders' Meeting by sending notice of this to each Noteholder within five (5) Business Days of having received a request from another Issuing House, the Company or Noteholders as described in section 12.1 (or a later date if this is required for technical or administrative reasons).
- 12.3 The Administrator may refrain from convening a Noteholders' Meeting if (i) the proposed decision has to be approved by any party in addition to the Noteholders and this party has notified the Administrator that such approval will not be given, or (ii) the proposed decision is not compatible with current law.
- 12.4 The notice of the meeting described in section 12.2 shall include (i) the time and date of the meeting, (ii) the venue of the meeting, (iii) the agenda of the meeting (including each request for a decision by the Noteholders), and (iv) a proxy form. Only matters included in the notice of the meeting may be decided on at the Noteholders' Meeting. If Noteholders are required to notify their intention to attend the Noteholders' Meeting, this requirement shall be stated in the notice convening the meeting.
- 12.5 The Noteholders' Meeting shall be held on a date that is between fifteen (15) and thirty (30) Business Days after the date of the notice of the meeting. Noteholders' Meetings for several loans under the MTN Program may be held on the same occasion.
- 12.6 Without deviating from the provisions of these General Terms the Administrator may prescribe such further provisions relating to the convention of and holding of the Noteholders' Meeting as it considers appropriate. Such provisions may include, among other things, the possibility of Noteholders voting without attending the meeting in person.
- 12.7 Only persons who are Noteholders, or who have been authorized in accordance with section 4 (*Right to act on behalf of Noteholders*) by a party who is a Noteholder, on the Record Date for the Noteholders' Meeting may exercise voting rights at such a Noteholders' Meeting, assuming that the relevant MTNs are included in the Adjusted Loan Amount.
- 12.8 Decisions on the following matters require the approval of Noteholders representing at least 80 per cent of that part of the Adjusted Loan Amount for which Noteholders are voting under the relevant Loan at the Noteholders' Meeting:
- (a) change of Redemption Date, reduction of Nominal Amount, changes in terms relating to interest or amount to be repaid (other than in accordance with what is stated in the Loan Terms) and change in the specified Currency of the Loan;
  - (b) changes to the terms concerning Noteholders' Meetings as per this section 12; and
  - (c) mandatory exchange of MTNs for other securities.
- 12.9 Matters that are not covered by section 12.8 require the approval of Noteholders representing more than 50 per cent of that part of the Adjusted Loan Amount for which Noteholders are voting under the relevant Loan at the Noteholders' Meeting. This includes, but is not limited to, changes to and waivers of rights related to the Loan Terms that do not require a greater majority (other than changes as described in section 13 (*Changes to terms, Program Amount, etc.*)) and early termination of Loans.
- 12.10 A Noteholders' Meeting is quorate if Noteholders representing at least 50 per cent of the Adjusted Loan Amount under the relevant Loan in respect of a matter in section 12.1 and otherwise 20 per cent of the Adjusted Loan Amount under the relevant Loan are present at the meeting either in person or by telephone (or are present via an authorized representative).

- 12.11 If a Noteholders' Meeting is not quorate the Administrator shall convene a new Noteholders' Meeting (in accordance with section 12.2) unless the relevant proposal has been withdrawn by the party or parties that initiated the Noteholders' Meeting. The requirement of a quorum in section 12.10 shall not apply at such new Noteholders' Meeting.
- 12.12 A decision at a Noteholders' Meeting that extends obligations or limits rights of the Company or an Issuing House under the Loan Terms shall also require the approval of the party concerned.
- 12.13 A Noteholder that holds more than one MTN is not required to vote for all the MTNs it holds and is not required to vote in the same way for all the MTNs it holds.
- 12.14 The Company may not, directly or indirectly, pay or contribute to payment being made to any Noteholder in order that this Noteholder will give its approval under the Loan Terms unless such payment is offered to all Noteholders that give their approval at a relevant Noteholders' Meeting.
- 12.15 A decision made at a Noteholders' Meeting is binding on all Noteholders under the relevant Loan irrespective of whether they were present at the Noteholders' Meeting. Noteholders that did not vote for a decision shall not be liable for losses that the decision causes to other Noteholders.
- 12.16 The Administrator's reasonable costs and expenses occasioned by a Noteholders' Meeting, including reasonable payment to the Administrator, shall be paid by the Company.
- 12.17 At the Administrator's request, the Company shall without delay provide the Administrator with a certificate stating the Nominal Amount for MTNs held by Group Companies on the relevant Record Date prior to a Noteholders' Meeting, irrespective of whether such Group Companies are registered by name as holders of MTNs. The Administrator shall not be responsible for the content of such a certificate or otherwise be responsible for establishing whether an MTN is held by a Group Company.
- 12.18 Information on decisions taken at a Noteholders' Meeting shall be notified without delay to the Noteholders under the relevant Loan by means of a press release, on the Company's website and in accordance with section 15 (*Notices*). At the request of a Noteholder the Administrator shall provide the Noteholder with minutes of the relevant Noteholders' Meeting. However, failure to notify the Noteholders as described above shall not affect the validity of the decision.
- 13. CHANGES TO TERMS, PROGRAM AMOUNT, ETC.**
- 13.1 The Company and the Lead Bank may agree on adjustments to correct any clear and manifest error in these General Terms.
- 13.2 The Company and the Administrator may agree on adjustments to correct any clear and manifest error in the Final Terms of a particular Loan. The Company and Issuing Houses may agree to amend the Loan Terms provided that such amendment is not detrimental to the Noteholders.
- 13.3 The Company and all Issuing Agents may agree to increase or decrease the Program Amount.
- 13.4 An Issuing Agent may be engaged by agreement between the Company and the agent in question and the Issuing Agents. An Issuing Agent may step down as an Issuing Agent, but an Administrator in respect of a particular Loan may not step down unless a new Administrator is appointed in its place.

- 13.5 Amendments to or concession of Loan Terms in cases other than as set out in sections 13.1 to 13.4 shall take place through a decision at a Noteholders' Meeting as described in section 12 (*Noteholders' Meeting*).
- 13.6 Approval at a Noteholders' Meeting of an amendment to the terms may include the objective content of the amendment and need not contain the specific wording of the amendment.
- 13.7 A decision on an amendment to the terms shall also include a decision on when the amendment is to take effect. However, an amendment shall not take effect until it has been registered with Euroclear Sweden (where relevant) and published in accordance with section 10.6.
- 13.8 The amendment or concession of terms as described in this section 13 shall be promptly notified by the Company to the Noteholders in accordance with section 15 (*Notices*) and published in accordance with section 10.6.

#### **14. LIMITATION**

- 14.1 Claims for the payment of principal lapse ten years after the Redemption Date. Claims for the payment of interest lapse three years after the relevant Interest Payment Date. Upon limitation the Company shall be entitled to keep any funds that may have been reserved for such payments.
- 14.2 If the limitation period is interrupted a new limitation period of ten years will commence for claims in respect of principal and three years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Act on Limitation (1981:130) concerning the effect of an interruption in the limitation period).

#### **15. NOTICES**

- 15.1 Notices shall be provided to Noteholders for the relevant Loan at the address registered with Euroclear Sweden on the Record Day before dispatch. A notice to the Noteholders shall also be published by means of a press release and published on the Company's website.
- 15.2 Notices shall be provided to the Company and Issuing Agents at the address registered with the Swedish Companies Registration Office (Bolagsverket) on the Record Day before dispatch.
- 15.3 A notice to the Company or Noteholders in accordance with the Loan Terms that is sent by standard post shall be deemed to have been received by the recipient on the third Business Day after dispatch and notices sent by courier shall be deemed to have been received by the recipient when delivered to the specified address.
- 15.4 In the event that a notice is not sent correctly to a certain Noteholder the effectiveness of notices to other Noteholders shall be unaffected.

#### **16. LIMITATION OF LIABILITY ETC.**

- 16.1 In connection with the measures falling to the Issuing Agents, the Issuing Agents shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the Issuing Agent concerned itself takes such measures or is subject to such measures.
- 16.2 Losses arising in other cases shall not be compensated by an Issuing Agent if the Issuing Agent concerned has exercised due care. In no case shall compensation be paid for indirect losses.

16.3 Should there be an obstacle for the Issuing Agent to take any action due to any circumstance set out in section 16.1, such action may be postponed until the obstacle has been removed.

16.4 The aforesaid shall apply unless otherwise provided in the Swedish Central Securities Depositories and Financial Instruments (Accounts) Act.

**17. APPLICABLE LAW AND JURISDICTION**

17.1 The Loan Terms shall be governed by Swedish law.

17.2 Disputes shall be settled by Swedish courts. Stockholm District Court shall be the court of first instance.

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We hereby confirm that the above General Terms are binding upon us

Stockholm, May 31, 2017

ICA GRUPPEN AB (publ)

## TEMPLATE FOR FINAL TERMS

The template below shall be used as a basis for the preparation of Final Terms for each loan issued under the MTN Program.

Under this MTN Program, MTNs with a principal of up to one hundred thousand (100,000) euros or the equivalent in Swedish kronor may be issued.

### ICA Gruppen AB (publ)

#### Final Terms of Loan [•]

#### under ICA Gruppen AB's (publ) ("the Company") Swedish MTN Program

The Loan shall be governed by the General Terms dated on May 31, 2017 of the abovementioned MTN Program, and the Final Terms set out below. The General Terms of the Company's MTN Program are set out in the Company's base prospectus published on June 13, 2017 and any supplements published from time to time that were prepared for the MTN Program in accordance with Article 5.4 of Directive 2003/71/EC (along with relevant implementing measures under this directive in the member state concerned and in the current version, including amendments through Directive 2010/73/EU to the extent implemented in the relevant member state, known as the "Prospectus Directive") (the "Base Prospectus") for the MTN Program. Definitions used below are explained either in the General Terms or elsewhere in the Base Prospectus.

Complete information on ICA Gruppen and the offering is provided only by the combination of the Base Prospectus, its supplements and these Final Terms, for which reason investors considering an investment in MTNs should read these Final Terms together with the Base Prospectus and its supplements. The Base Prospectus is available at [www.icagruppen.se/en/](http://www.icagruppen.se/en/). A summary of the individual issue of MTNs through which loans are raised is appended to these Final Terms.

#### GENERAL

1. **Loan number:** [•]
  - (i) **Tranche** [•]
2. **Total Nominal Amount:**
  - (i) **of the Loan:** [•]
  - (ii) **of this tranche:** [•]
3. **Price per MTN:** [•] % of Nominal Amount
4. **Currency:** [SEK/EUR]
5. **Nominal Amount per MTN:** [SEK/EUR] [•]
6. **Loan Date:** [•]
7. **Start date for interest determination (if different to Loan Date):** [•]
8. **Settlement Date:** [•]
9. **Redemption Date:** [•]
10. **Interest Structure:** [Fixed Interest]  
[Floating Rate Note (FRN)]  
[Zero Coupon Note]
11. **Amount on which interest is to be calculated:** [Nominal Amount/[•]]
12. **Purpose of the offering and intended use of the expected proceeds from the offering:** [In accordance with the Base Prospectus/Specify]

## DETERMINATION OF YIELD

13. **Fixed Interest:** [Applicable/Not applicable]  
*(If not applicable, delete remaining subheadings in this section)*
- (i) Interest Rate: [•]% annual interest calculated on [Nominal Amount/[•]]
  - (ii) Interest Period: Period from [•] up to and including [•] (the first Interest Period) and thereafter each period of [•] months ending on an Interest Payment Date
  - (iii) Interest Payment Date(s): [Annually/6-monthly/Quarterly] on [•], for the first time on [•] and for the last time on [•]; if this day is not a Business Day then interest will be paid on the next subsequent Business Day, but only interest up to and including the Interest Payment Date will be paid  
*(Amend the above in the event of a shorter or longer Interest Period)*
  - (iv) Risk factors: In accordance with the risk factor “MTN with fixed interest rate” in the Base Prospectus
14. **Floating Rate Note (FRN):** [Applicable/Not applicable]  
*(If not applicable, delete remaining subheadings in this section)*
- (i) Interest Base [STIBOR/EURIBOR]  
[The Interest Base for the [first/last] coupon is to be interpolated linearly between [•] month [STIBOR]/[EURIBOR] and [•] month [STIBOR]/[EURIBOR].]
  - (ii) Interest Base Margin [+/-][•]% annual interest calculated on [Nominal Amount/[•]]
  - (iii) Interest Determination Date: [Two] Business Days before each Interest Period, for the first time on [•]
  - (iv) Interest Period: Period from [•] up to and including [•] (the first Interest Period) and thereafter each period of approximately [•] months ending on an Interest Payment Date
  - (v) Interest Payment Dates: On [•], [•], [•] and [•] each year, for the first time on [•] and for the last time on [the Redemption Date/[•]]; however, if this day is not a Business Day then the Interest Payment Date shall be deemed to be the next Banking Day, unless this falls in a new calendar month, in which case the Interest Payment Date shall be deemed to be the preceding Banking Day
  - (vi) Risk factors: In accordance with the risk factor “MTN with floating rate (FRN)” in the Base Prospectus
15. **Zero coupon:** [Applicable/Not applicable]  
*(If not applicable, delete remaining subheadings in this section)*
- (i) Terms of Loans without interest: [Specify]
  - (ii) Risk factors: In accordance with the risk factor “MTN with no interest (so called zero coupon structure)” in the Base Prospectus

## REDEMPTION

16. **Amount at which MTNs are to be redeemed on the final Redemption Date:** [•]% of [Nominal Amount/[•]]
17. **MTNs for which the Company has the option of early redemption before the Redemption Date:** [Applicable/Not applicable]  
*((If not applicable, delete remaining subheadings in this section))*
- (i) Redemption dates: [•]
- (ii) Price per MTN on redemption: [•]% of [Nominal Amount/[•]]
- (iii) Minimum Nominal Amount that may be redeemed per MTN: [•]
- (iv) Maximum Nominal Amount that may be redeemed per MTN: [•]

## MISCELLANEOUS

18. **Admission to trading on a Regulated Market:** [Applicable/Not applicable]
- (i) Regulated Market: [Nasdaq Stockholm/Not applicable]
- (ii) Estimate of total costs associated with admission to trading: [•]
- (iii) Total amount of securities which are listed for trading: [•]
- (iv) Earliest day for listing for trading: [Specify/Not applicable]
- (v) Regulated Markets or equivalent markets on which the issuer is aware that securities of the same class as the securities which are offered or which are to be listed are already listed for trading: [Specify/Not applicable]
- (vi) A company which has a firm undertaking to act as an intermediary for secondary trading: [Specify/Not applicable]
19. **Interests:** [Specify/Not applicable]  
*(Persons who are involved in the issue and who may be of significance for an individual Loan shall be described)*
20. **Credit rating of Loans:** [Specify/Not applicable]
21. **Statement of the resolution, by virtue of which the securities have been created and/or issued:** [Specify/Not applicable]
22. **Information from third parties:** [Information in these Final Terms obtained from third parties has been correctly reproduced and, as far as the Company is aware and can ensure by comparison with other information published by the third parties]

from which the information has been obtained, no information has been omitted in such a way as to render the information reproduced incorrect or misleading./Not applicable]

23. **Issuing Houses:** [Specify the Issuing Agents]  
24. **Administrator:** [Specify the Issuing Agents]  
25. **Other restriction of consent to use the Base Prospectus:** [Specify/Not applicable]  
26. **ISIN:** SE[•]

The Company confirms that the above supplementary terms are applicable to the Loan along with the General Terms and undertakes to pay principal and (where applicable) interest in accordance with these. The Company further confirms that all significant events after the date of the Base Prospectus relating to this MTN Program that could affect the market's view of the Company have been made public.

Stockholm, [•]

**ICA GRUPPEN AB (publ)**

# INFORMATION ABOUT ICA GRUPPEN

## OVERVIEW

ICA Gruppen AB (publ) is a public limited liability company domiciled in Stockholm that was formed on September 1, 1946 and was registered with the Swedish Patent and Registration Office on September 23, 1946 under the name Aktiebolaget Hakonett. The Company's country of incorporation is Sweden. The present company name was registered on May 21, 2013 following a resolution at the general meeting held on May 20, 2013. The Company's registered company name and commercial name is ICA Gruppen AB (publ). The Company's corporate registration number is 556048-2837 and its legal form is regulated by the Swedish Companies Act.

## HISTORY

The Company's former name Hakon Invest, which was adopted at the Company's 2005 general meeting, comes from Hakon Swenson, who in 1917 started the wholesale firm AB Hakon Swenson (Hakonbolaget) which is the origin of today's ICA AB. Hakon Swenson's idea was to get individual retailers with their own stores to join forces and form purchasing centers, allowing them to achieve economies of scale through joint sourcing, setting up stores and sharing their marketing costs. By becoming partners in Hakonbolaget the individual retailers would show financial solidarity with each other at the same time as each retailer was independent when operating their own store. Hakon Swenson's aim was for cooperating purchasing centers with retailer influences to cover the whole of Sweden. Inköpscentralernas AB ICA was formed in 1938 and changed its name to ICA AB in 1972.

ICA-handlarnas Förbund, the non-profit membership association for Sweden's ICA retailers, was formed in 1940. As a result of an organizational change in 1972 the association became the principal owner of ICA AB in 1972 with approximately 60 per cent of the capital and around 70 per cent of the votes.

The key task for ICA-handlarnas Förbund was, and still is, to exercise owner influence in ICA AB and thereby secure the company's long-term growth by further development of the ICA concept. The ICA concept is defined as "individual retailers' voluntary cooperation between their part (the store) and the whole (the ICA group)". This means that it is the local business person who operates his or her own store, but at the same time realizes that cooperation improves the opportunities to achieve short- and long-term profitability for both the stores and ICA AB. In this way diversity and local adjustment are combined with large-scale operations and efficiency. With ICA-handlarnas Förbund as principal owner, ICA AB has developed into one of northern Europe's leading food retailers.

In 1992 ICA AB acquired a minority holding in the Norwegian company Hagen Gruppen, which at the time owned and operated Rimi stores in Norway. At year-end 1998, ICA AB acquired the remaining shares in the company from Stein Erik Hagen's family company Canica AS. Payment took the form of newly issued shares in ICA AB, making Canica a part owner of ICA AB.

In 1999 ICA-handlarnas Förbund and the Dutch food retail group Ahold started discussions on ownership of ICA AB. Prior to the major change of ownership in ICA AB, ICA-handlarnas Förbund formed an investment company named ICA Förbundet Invest AB. The company was assigned to exercise an active ownership role in ICA AB as well as strengthening and developing the ICA concept.

The discussions between ICA-handlarnas Förbund and Ahold resulted in Ahold coming in as an owner of ICA AB in 2000. After this transaction, ICA AB became a joint venture jointly controlled by Ahold, ICA Förbundet Invest AB and Canica AS.

In 2004 Canica AS sold its 20 per cent stake in ICA AB to Ahold. Half of these shares were then acquired by ICA Förbundet Invest AB. Following the transaction Ahold owned 60 per cent and ICA Förbundet Invest AB 40 per cent of the shares in ICA AB.

In spring 2005 a decision was made on an IPO for ICA Förbundet Invest AB, which then changed its name to Hakon Invest AB. At the same time, it was decided that Hakon Invest AB's operations should be broadened and given a partly new focus. In December 2005, Hakon Invest AB was listed on the Stockholm Stock Exchange.

In March 2013 Hakon Invest AB acquired Ahold's 60 per cent shareholding in ICA, with Hakon Invest AB subsequently holding 100 per cent of the shares in ICA.

On May 20, 2013 the annual general meeting of the Company resolved that the Company would change its name from Hakon Invest AB (publ) to ICA Gruppen AB (publ).

## **OBJECT AND PURPOSE OF THE COMPANY**

The object of the Company is to purchase, manage and sell fixed property and chattels and to engage in other associated activities. Within the framework of the fundamental objective of generating profits for the shareholders, the Company shall also, either directly or through shareholdings in ICA AB or interests in other companies, maintain, develop and strengthen the ICA concept, which entails that retailers own and operate grocery stores that have access to economies of scale and intellectual property through the ICA AB Group or through other companies. The object of the Company is set out in § 2 of the Company's articles of association.

## **RECENT EVENTS AFFECTING THE SOLVENCY OF THE ISSUER**

On February 1, 2017, ICA Fastigheter's sale of ICA Eiendom Norge AS to UNION Real Estate Fund II was completed.

Other than the above, no significant events have taken place that have a material impact on the Company's solvency since the last audited financial statement was published.

## **INVESTMENTS**

No major investments have been made since the annual report for the 2016 fiscal year was published.

The Group's planned gross investments for 2017 amount to SEK 3.5 billion. To this amount the acquisition price for IKI of EUR 213 million, or approximately SEK 2 billion, shall be added, which means total investments of SEK 5.5 billion. Final outcome will be dependent on access to financial means, access to resources to practically execute the different investment projects and receipt of relevant approvals. Of the investments, excluding the acquisition of IKI, SEK 2 billion are intended to be made in the Group's retail operations and SEK 1.5 billion in ICA Fastigheter.

During 2017 the Group intends to divest real estate of just over SEK 3 billion and the cash flow from these divestments is estimated at SEK 2.7 billion.

The planned investments mainly relate to store openings in Sweden and the Baltic States and related real estate investments, a new warehouse in Riga, investments in properties intended for future exploitation in Sweden as well as IT-related investments throughout the Group.

The Group intends to finance their current and planned investments through, at the time, existing credit facilities and the cash flow generated by operations.

## **BRIEF DESCRIPTION OF OPERATIONS**

ICA Gruppen is a retail company with operations in areas: food, banking, insurance, real estate, non-food and pharmacy. The main task of ICA Gruppen is to develop ICA and ICA-related operations further. The aim is to create a clear business orientation in the various operations and to safeguard in the best way possible the development opportunities that exist within these areas.

ICA Gruppen's core business is, and will remain, food retail. Other operations are to support the core business and may be developed to take advantage of new business opportunities as a whole, but also on their respective merits, in line with the ICA concept.

## **ORGANISATION**

ICA Gruppen's 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. The CEO also compiles the agenda for the board meetings in dialog with the chairman of the board, and is responsible for the preparation of information and decision documents for these meetings. In addition, the CEO shall ensure that the members of the board receive information on ICA Gruppen's performance in order that they may make well-founded decisions. The board's rules of procedure and work instructions for the CEO have a separate section governing the handling of and decisions on matters related to agreements and other dealings between ICA Gruppen and ICA-handlarnas Förbund.

Alongside Per Strömberg, the group's executive management comprises Tony Holmberg (CEO of ICA Non Food), Lena Boberg (CEO of ICA Real Estate), Liv Forhaug (SVP Strategy & Business Development), Petra Albuschus (SVP HR), Björn Olsson (SVP Corporate Communications), Sven Lindskog (CFO), Edgar Sesemann (CEO of Rimi Baltic), Marie Halling (CEO of ICA Bank), Anders Svensson (Deputy CEO of ICA Gruppen and CEO of ICA Sweden), Anders Nyberg (CEO of Apotek Hjärtat) and Kerstin Lindvall (SVP Corporate Responsibility). Executive management meets regularly

to discuss the development of the Company and make decisions about matters of importance to the day-to-day management of the business.

## **SHAREHOLDER AGREEMENTS AND SHAREHOLDER ASSOCIATIONS**

As far as the board of ICA Gruppen is aware, there are no shareholder agreements or associations of shareholders in ICA Gruppen.

## **GROUP**

The Company is the parent company of the Group, which comprises around 300 active and dormant companies. The following table shows the main direct and indirect subsidiaries of the Company.

<b>Name</b>	<b>Shareholding in percent</b>
Apotek Hjärtat	100
Hemtex AB	100
ICA AB	100
ICA Banken AB	100
ICA Fastigheter Holding AB	100
ICA Fastigheter AB	100
ICA Global Sourcing Ltd	100
ICA Sverige AB	100
Rimi Baltic AB	100

Since the Company conducts most of its business through wholly-owned and partly-owned Group Companies and associated companies and owns no material assets other than the shares in such companies – with the exception of the assets acquired from ICA Finans on February 1, 2016 – the Company is dependent on these companies' ability to provide loans and dividends to the Company.

## **INDEPENDENCE**

Four of the members of the board – Cecilia Daun Wennborg, Jan Olofsson, Andrea Gisle Joosen and Jeanette Jäger – are independent in relation to both ICA Gruppen and its management and to the major shareholders in the company. Combined, they have many years of experience of management and board positions in various organisations and listed companies. Bengt Kjell is independent in relation to ICA Gruppen and the Company's management but not in relation to the major shareholders since he is a member of the board of AB Industrivärlden. Magnus Moberg, Claes-Göran Sylvén and Anette Wiotti are ICA retailers, Göran Blomberg is CFO of ICA-handlarnas Förbund and Fredrik Hägglund is CEO of ICA-handlarnas Förbund. Magnus Moberg is also chairman of ICA-handlarnas Förbund. ICA-handlarnas Förbund is a non-profit association for Sweden's ICA retailers. Claes-Göran Sylvén was up to and including May 20, 2013, CEO of the Company. According to Nasdaq Stockholm's Rule Book for Issuers and the Code's (as defined below) rules on independence criteria for board members, Göran Blomberg, Fredrik Hägglund, Magnus Moberg and Anette Wiotti are independent in relation to ICA Gruppen and the Company's management, but not independent in relation to its principal owner ICA-handlarnas Förbund, and Claes-Göran Sylvén is not independent in relation to ICA Gruppen, the Company's management or its principal owner ICA-handlarnas Förbund.

## **INFORMATION ON TENDENCIES**

There has been no adverse material change in the issuer's future prospects since the last audited financial report was published.

## **ADMINISTRATIVE AND MANAGEMENT BODIES**

Under the Company's articles of association the board of directors is to comprise between five (5) and ten (10) members elected by the general meeting. As of the date of the Base Prospectus, the board of directors has ten (10) members elected by the general meeting. The board of directors and the management can be reached at the Company's address Svetsarvägen 16, SE-171 93 Solna, Sweden, and via telephone number +46 8 56 15 00 00

## **Board of directors**

### **Claes-Göran Sylvén (born 1959) – chairman of the board**

Chairman of the board since 2013.

**Other assignments:** Chairman of the board of MQ Holding AB (publ). Member of the board of Centrum Fastigheter i Norrtälje AB, HUI Research AB and others. ICA retailer, ICA Kvantum Flygfyrén in Norrtälje.

### **Göran Blomberg (born 1962) – board member**

Board member since 2013.

**Other assignments:** Chairman of the board of Retail Finance Europe AB, Urbano AB and Expandia Modular AB. Member of the board of Hakon Media AB and others. CFO of ICA-handlarnas Förbund.

### **Cecilia Daun Wennborg (born 1963) – board member**

Board member since 2005.

**Other assignments:** Member of the board of Getinge AB (publ), Loomis AB (publ), HOIST Kredit Aktiebolag (publ), Sophiahemmet Aktiebolag and others.

### **Andrea Gisle Joosen (born 1964) – board member**

Board member since 2010.

**Other assignments:** Chairman of the board of Teknikmagasinet AB and others. Member of the board of Dixons Carphone plc, BillerudKorsnäs AB (publ), Mr Green & Co AB (publ), James Hardie Industries plc and others.

### **Fredrik Hägglund (born 1967) – board member**

Board member since 2013.

**Other assignments:** Member of the board of Svensk Handel AB, Independent Retail Europe and others. CEO of ICA-handlarnas Förbund.

### **Jeanette Jäger (born 1969) – board member**

Board member since 2015.

**Other assignments:** Acting CEO at Bankgirot (Bankgirocentralen BGC AB).

### **Bengt Kjell (born 1954) – board member**

Board member since 2013.

**Other assignments:** Chairman of the board of Hemfosa Fastigheter AB (publ), SSAB AB (publ) and others. Member of the board of AB Industrivärden (publ), Indutrade AB (publ), Padox AB (publ) and others.

### **Magnus Moberg (born 1966) – board member**

Board member since 2008.

**Other assignments:** Chairman of the board of Nya Ulfmag AB and ICA-handlarnas Förbund. Member of the board of Jomag AB and others. Member of the board and CEO of Storbutiken i Falköping AB. ICA retailer, ICA Maxi in Falköping.

### **Jan Olofsson (born 1948) – board member**

Board member since 2005.

**Other assignments:** Chairman of the board of Init AB and Korshags Food AB. Member of the board and CEO of Kabinettet AB.

### **Anette Wiotti (born 1966) – board member**

Board member since 2017.

**Other assignments:** Member of the board of ICA-handlarnas Förbund.

**Magnus Rehn (born 1966) – employee representative**

Employee representative since 2013.

**Other assignments:** –

**Jonathon Clarke (born 1968) – employee representative**

Employee representative since 2013.

**Other assignments:** –

**Ann Lindh (born 1964) – deputy employee representative**

Deputy employee representative since 2013.

**Other assignments:** –

**Marcus Strandberg (born 1966) – deputy employee representative**

Deputy employee representative since 2013.

**Other assignments:** –

**Management**

**Petra Albuschus (born 1968) – SVP HR**

**Other assignments:** Member of the board of Electra Gruppen AB (publ).

**Lena Boberg (born 1970) – CEO of ICA Real Estate**

**Other assignments:** Member of the board of Rikshem AB (publ).

**Liv Forhaug (born 1970) – SVP Strategy & Business Development**

**Other assignments:** Member of the board of Hufvudstaden AB (publ), Thule Group AB (publ) and others.

**Marie Halling (born 1963) – CEO of ICA Bank**

**Other assignments:** –

**Tony Holmberg (born 1971) – CEO of ICA Non Food**

**Other assignments:** –

**Sven Lindskog (born 1963) – CFO**

**Other assignments:** –

**Kerstin Lindvall (born 1971) – SVP Corporate Responsibility**

**Other assignments:** Member of the board of KRAV and member of the monitoring board of the Swedish Chemicals Agency.

**Anders Nyberg (born 1956) – CEO of Apotek Hjärtat**

**Other assignments:** Chairman of the board of Sveriges Apoteksförening.

**Björn Olsson (born 1971) – SVP Corporate Communication**

**Other assignments:** –

**Edgar Sesemann (born 1961) – CEO of Rimi Baltic**

**Other assignments:** –

**Per Strömberg (born 1963) – CEO of ICA Gruppen**

**Other assignments:** Industrial advisor to Segulah Advisor AB. Member of the board of Childhood Foundation and The Consumer Goods Forum. Member of the Steering Group GEN-PEP.

**Anders Svensson** (born 1964) – **Deputy CEO of ICA Gruppen and CEO of ICA Sverige AB**

**Other assignments:** Vice chairman of the board of Svensk Dagligvaruhandel Ekonomisk Förening (Grocery Retailers' Association) and Svensk Handel AB. Member of the board of Svenskt Näringsliv (Confederation of Swedish Enterprise) and others.

**Conflicts of interest within administrative, management and control bodies**

None of the board members or senior executives is related in any way to any other board member or senior executive. There are no conflicts of interest between the duties of the board members or senior executives in respect of ICA Gruppen and their private interests or other commitments.

**Work of the board of directors**

The board of directors is responsible for the Company's organization and the administration of the Company's affairs. In addition, the board of directors shall assess ICA Gruppen's financial position on an ongoing basis. The board shall also ensure that the Company's financial circumstances are securely controlled.

The work of the board of directors is led by the chairman, Claes-Göran Sylvén. The work is regulated by the rules of procedure established by the board each year, and by applicable laws and regulations. The board has also prepared instructions for the CEO and for its four committees (see below), as well as other policy documents as guidelines for ICA Gruppen's employees. Each year the Board reviews the rules of procedure and instructions. The Company's rules of procedure and instructions were examined and formally adopted at the board meeting on May 30, 2017.

In addition to a statutory board meeting in conjunction with the annual general meeting, under the articles of association the board shall hold at least five meetings a year that are announced in advance. In 2016, the board held a total of eleven meetings. As of the date of this Base Prospectus the board has held seven meetings in 2017.

ICA Gruppen's board has four working committees: the audit committee, the remuneration committee, the investment committee and the sustainability committee. The work of the committees is reported to the board on a regular basis. The committees are to be regarded as working committees to the board and do not assume the responsibility that rests with the board as a whole.

***Audit committee***

The audit committee's key task is to supervise the accounts and financial reporting and obtain information about the auditing of ICA Gruppen. The audit committee also monitors compliance with the Company's financial and investment policy and its sustainability policy. The audit committee also identifies and monitors risks in operations and follows up internal control. The audit committee shall hold at least four meetings per year. The audit committee held four meetings in 2016. Three of the meetings were held after the 2016 annual general meeting. The Company's external auditor was represented at all the meetings. As of the date of this Base Prospectus the audit committee has held two meetings in 2017. The audit committee's members constitute of Cecilia Daun Wennborg (Chairman), Bengt Kjell, Göran Blomberg and Anette Wiotti. Matters in the audit committee are presented by the Company's CFO (Sven Lindskog).

***Remuneration committee***

The remuneration committee is responsible for the preparation of issues regarding remuneration and other terms of employment for ICA Gruppen's executive management. The remuneration committee must hold at least two meetings per year, one of which must be held in December. The remuneration committee held seven meetings in 2016. As of the date of this Base Prospectus the remuneration committee has held two meetings in 2017. The remuneration committee's members constitute of Claes-Göran Sylvén (Chairman), Andrea Gisle Joosen and Fredrik Hägglund.

***Investment committee***

The investment committee's main tasks are to examine the decision-making basis with regard to investment matters, make decisions within the scope of its own authority and recommend decisions to the board, and to ensure compliance with ICA Gruppen's investment policy. At least four meetings shall be held each year, in order to evaluate the investment policy among other things. Additional meetings are called by the committee chairman when required. The investment committee held eleven meetings in 2016. As of the date of this Base Prospectus the investment committee has held two meetings in

2017. The investment committee's members constitute of Claes-Göran Sylvén (Chairman), Jan Olofsson, Jeanette Jäger and Magnus Moberg.

### **Sustainability committee**

The sustainability committee's mandate is based on the Code's rules on the responsibility of a board of directors to set the guidelines for how a company should behave in society. The committee's duties include preparing policies on business ethics and sustainability as well as sustainability reports (annually and quarterly), and following up on business ethics and sustainability issues. The sustainability committee must hold at least four meetings per year. The sustainability committee held two meetings in 2016. As of the date of this Base Prospectus the sustainability committee has held two meetings in 2017. The Sustainability Committee consists of Cecilia Daun Wennborg (chairman), Andrea Gisle Joosen and Fredrik Hägglund.

### **CORPORATE GOVERNANCE**

The governance of ICA Gruppen is characterized by openness, reliability and ethical values. The Company believes that good corporate governance contributes to the positive development of ICA Gruppen as well as long-term confidence in the market. The Company adheres to the rules on corporate governance in Sweden through close compliance with the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Code of Corporate Governance. In addition, ICA Gruppen applies a number of internal rules and control instruments.

### **INFORMATION ABOUT THE SHARES**

Under the articles of association the Company's share capital shall be a minimum of SEK 400,000,000 and a maximum of SEK 1,600,000,000 which shall be divided between a minimum of 160,000,000 shares and a maximum of 640,000,000 shares. The share capital in the Company amounts to SEK 502,866,987.50 spread across 201,146,795 Ordinary Shares. Each share has a quota value of SEK 2.50.

Under the Company's articles of association the Company can issue two classes of shares: Ordinary Shares and C Shares. Ordinary Shares can be issued in numbers amounting to a maximum of 100 per cent of all shares in the Company and C Shares in numbers up to a maximum of 51 per cent of all shares in the Company. Both Ordinary Shares and C Shares carry one vote per share.

C Shares do not carry any entitlement to cash dividends. However, C Shares carry the same rights as Ordinary Shares to profit distribution that takes the form of a distribution in kind of shares or other participations in ICA or in current or future subsidiaries or associated companies of the ICA group or in companies that may take over operations conducted or that may be conducted in the future by the ICA group.

In the event of the Company's liquidation, C Shares carry the same rights as Ordinary Shares to participation in the Company's assets and to any surplus. If the Company's restricted equity is reduced through payment to the Company's shareholders or by means of the repurchase of shares, C Shares only carry entitlement to payment or compensation in accordance with the regulations for profit distribution described in the preceding paragraph.

The Company's articles of association contain provisions concerning the conversion of C Shares into Ordinary Shares and vice versa.

The Company's Ordinary Shares are listed on Nasdaq Stockholm (Large Cap segment).

### **OWNERSHIP STRUCTURE**

ICA-handlarnas Förbund is the principal shareholder in ICA Gruppen and holds 51.3 per cent of the shares. The statutes of ICA-handlarnas Förbund state that its shareholding in ICA Gruppen shall amount to at least 51 per cent of the capital and votes. AB Industrivärden holds 10.0 per cent of the capital and votes. The listing of the Company's Ordinary Shares on the regulated market at Nasdaq Stockholm means that the Company has to follow the requirements regarding, *inter alia*, independent members in the board's composition, the Swedish Code of Corporate Governance and disclosure of information, which make it more difficult to abuse the control over the Company.

## SELECTED HISTORICAL FINANCIAL INFORMATION

### HISTORICAL FINANCIAL INFORMATION

The Company's annual reports and group accounts for 2015 and 2016 and also the Company's interim report for the period January 1 – March 31, 2017, but only with respect to the sections listed in the subsection *Place for certain sections incorporated by reference* below, are incorporated into the Base Prospectus by reference. The sections incorporated are to be read as part of the Base Prospectus. All the reports are available on the Company's website [www.icagruppen.se/en/](http://www.icagruppen.se/en/) and can also be obtained from the Company in hard copy. Other information, if not available in electronic format at [www.icagruppen.se/en/](http://www.icagruppen.se/en/), can be obtained from the Company as a hard copy.

The Company's group accounts for 2015 and 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

The Company's annual reports for 2015 and 2016 have been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for Legal Entities.

The Company's interim report for the period January 1 – March 31, 2017 has been prepared in accordance with IAS 34 Interim Financial Reporting.

### AUDITING OF THE ANNUAL HISTORICAL FINANCIAL INFORMATION

The financial information in the Company's group accounts and annual reports for 2015 and 2016 was reviewed by authorized public accountant Erik Åström. The auditing of the annual reports was conducted in accordance with generally accepted auditing practices in Sweden and the audit reports were submitted without comment. The Company's interim report for the period January 1 – March 31, 2017 has not been reviewed by the Company's auditors.

Other than the auditing of the Company's group accounts and annual reports, the Company's auditors have not audited or reviewed any part of the Base Prospectus or this translation thereof.

KPMG AB was elected as the Company's auditor at the annual general meeting held on April 7, 2017 and authorized public accountant Thomas Forslund (born 1965) was appointed auditor-in-charge. Thomas Forslund is a member of FAR, the professional institute for the accountancy sector in Sweden. The office address of KPMG AB and Thomas Forslund is: KPMG AB, Evenemangsgatan 17, P.O. Box 3018, SE-169 03 Solna, Sweden. Up and until the annual general meeting held on April 7, 2017, Ernst & Young AB was the Company's auditor and authorized public accountant Erik Åström (born 1957) was auditor-in-charge. Erik Åström is a member of FAR. The office address of Ernst & Young AB and Erik Åström is: Ernst & Young AB, Jakobsbergsgatan 24, P.O. Box 7850, SE-103 99 Stockholm, Sweden.

### AGE OF THE MOST RECENT FINANCIAL INFORMATION

The most recent financial information has been taken from the annual report for 2016, which was published on March 8, 2017, and from the interim report for the period January 1 – March 31, 2017, which was published on May 9, 2017.

### DOCUMENTS INCORPORATED BY REFERENCE

The following documents have, but only with respect to the sections listed in the subsection *Place for certain sections incorporated by reference* below, been incorporated into the Base Prospectus by reference.

- The Company's audited annual reports and group accounts and auditors' reports for fiscal years 2015 and 2016; and
- The Company's interim report for the period January 1 – March 31, 2017;
- The Company's base prospectus dated June 3, 2013;
- The Company's base prospectus dated May 26, 2014.

The abovementioned annual reports and interim report are available in electronic form on the Company's website [www.icagruppen.se/en/](http://www.icagruppen.se/en/) ([www.icagruppen.se/en/investors/#!/reports-and-presentations](http://www.icagruppen.se/en/investors/#!/reports-and-presentations)), and can also be obtained from the Company in paper format in accordance with

section *Documents available for inspection* below.

The Company's previous base prospectuses are available in electronic form on the Company's website [www.icagruppen.se/en/](http://www.icagruppen.se/en/) ([www.icagruppen.se/en/investors/#!/credit-market](http://www.icagruppen.se/en/investors/#!/credit-market)), and can also be obtained from the Company in paper format in accordance with section *Documents available for inspection* below.

The information that is not included in the sections of the abovementioned annual reports, interim report and base prospectuses that are incorporated by reference in accordance with subsection *Place for certain sections incorporated by reference* below is either not relevant for investors or can be found elsewhere in this Base Prospectus.

#### **Location of certain sections incorporated by reference**

##### ***Annual report 2015***

	<b><i>Page</i></b>
Statement of income for the Group	77
Statement of financial position for the Group	78-79
Statement of cash flows for the Group	81
Description of accounting principles and other explanatory notes	82–106, 112–118
Auditor's report	120–121
Board of Directors' report	2, 6, 8–30, 54–72

##### ***Annual report 2016***

	<b><i>Page</i></b>
Statement of income for the Group	77
Statement of financial position for the Group	78-79
Statement of cash flows for the Group	81
Description of accounting principles and other explanatory notes	82–104, 110–115
Auditor's report	117-119
Board of Directors' report	2-3, 8–23, 42–73

##### ***Interim report for the period January 31 – March 31, 2017***

	<b><i>Page</i></b>
Statement of income for the Group	14
Statement of financial position for the Group	15
Statement of cash flows for the Group	16
Description of accounting principles and other explanatory notes	18-21

##### ***Base prospectus dated June 3, 2013***

	<b><i>Page</i></b>
General terms	25-36
Template for final terms	37-41

Solely with the purpose to issue additional tranches under the loans stated below issued under the Company's general terms dated June 3, 2013, the general terms dated June 3, 2013, and published in the Company's base prospectus dated June 3, 2013, as well as the final terms for such loans, are incorporated by reference:

Loan	Redemption date	ISIN
102	June 25, 2018	SE0005280492
103	June 25, 2018	SE0005280500

##### ***Base prospectus dated May 26, 2014***

	<b><i>Page</i></b>
General terms	23-34
Template for final terms	35-38

Solely with the purpose to issue additional tranches under the loans stated below issued under the

Company's general terms dated April 24, 2014, the general terms dated April 24, 2014, and published in the Company's base prospectus dated May 26, 2014, as well as the final terms for such loans, are incorporated by reference:

Loan	Redemption date	ISIN
105	June 17, 2019	SE0006028106
106	June 17, 2019	SE0006028114

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEKm	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
<b>Net sales</b>	24,984	24,761	103,655	101,221
Cost of goods sold	-21,657	-21,521	-89,687	-87,504
<b>Gross profit</b>	<b>3,327</b>	<b>3,240</b>	<b>13,968</b>	<b>13,717</b>
Other operating income	487	136	462	904
Selling expenses	-1,737	-1,671	-6,965	-6,966
Administrative expenses	-678	-709	-2,763	-2,809
Other operating expenses	-17	-25	-219	-267
Share profits of associates and joint venture	13	5	35	15
<b>Operating profit</b>	<b>1,395</b>	<b>976</b>	<b>4,518</b>	<b>4,594</b>
Financial income	4	11	26	42
Financial expenses	-86	-100	-390	-411
<b>Profit before tax</b>	<b>1,313</b>	<b>887</b>	<b>4,154</b>	<b>4,225</b>
Tax	-181	-152	-757	-504
<b>Profit for the period from continuing operations</b>	<b>1,132</b>	<b>735</b>	<b>3,397</b>	<b>3,721</b>
Profit/loss from discontinued operations	0	0	21	1,192
<b>Profit for the period</b>	<b>1,132</b>	<b>735</b>	<b>3,418</b>	<b>4,913</b>
<b>Other comprehensive income, items that may not be reclassified to profit or loss</b>				
Actuarial gain or losses defined benefit pension	0	0	-37	227
<b>Other comprehensive income, items that may be reclassified to profit or loss, net after tax</b>				
Change in translation reserve	105	37	173	-166
Change in hedging reserve	-41	-24	77	-89
Share of other comprehensive income of joint ventures	6	-9	6	12
<b>Total items that may be reclassified to profit or loss</b>	<b>70</b>	<b>4</b>	<b>256</b>	<b>-243</b>
<b>Comprehensive income for the period</b>	<b>1,202</b>	<b>739</b>	<b>3,637</b>	<b>4,897</b>
<b>Profit for the period attributable to</b>				
Owners of the parent	1,129	734	3,413	4,855
Non-controlling interests	3	1	5	58
<b>Comprehensive income for the period attributable to</b>				
Owners of the parent	1,197	743	3,634	4,838
Non-controlling interests	5	-4	3	59
<b>Earnings per share before and after dilution</b>				
Ordinary share	5.61	3.65	16.97	24.14
Ordinary share, continuing operations	5.61	3.65	16.87	18.21
Ordinary share, discontinued operations	0.00	0.00	0.10	5.93

## CONDENSED STATEMENT OF FINANCIAL POSITION, GROUP

SEKm	2017-03-31	2016-03-31	2016-12-31	2015-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	16,301	16,301	16,301	16,301
Trademarks	13,351	13,325	13,353	13,630
Other intangible assets	958	937	903	978
Interest in joint ventures and associates	759	751	740	758
Deferred tax assets	458	460	456	456
Lending and investments in ICA Bank	9,419	8,011	8,880	6,962
Land, buildings and investment properties	13,245	12,949	13,120	14,546
Other non-current assets	2,154	2,117	2,188	2,200
<b>Total non-current assets</b>	<b>56,645</b>	<b>54,851</b>	<b>55,941</b>	<b>55,831</b>
<b>Current assets</b>				
Inventories	4,532	4,462	4,455	4,452
Lending and investments in ICA Bank	2,879	2,514	2,600	2,918
Other current assets	6,483	6,249	6,834	6,766
Cash and cash equivalents in ICA Bank	2,724	3,428	3,269	3,875
Cash and cash equivalents	455	366	705	736
<b>Total current assets</b>	<b>17,073</b>	<b>17,019</b>	<b>17,863</b>	<b>18,747</b>
Assets held for sale	684	2,075	2,319	338
<b>TOTAL ASSETS</b>	<b>74,402</b>	<b>73,945</b>	<b>76,123</b>	<b>74,916</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>31,169</b>	<b>28,806</b>	<b>29,688</b>	<b>28,075</b>
<b>Non-current liabilities</b>				
Provisions	2,343	2,190	2,320	2,159
Deferred tax liabilities	4,638	4,637	4,673	4,919
Non-current interest-bearing liabilities	7,404	7,700	7,407	7,721
Other non-current liabilities	122	173	138	146
<b>Total non-current liabilities</b>	<b>14,507</b>	<b>14,700</b>	<b>14,538</b>	<b>14,945</b>
<b>Current liabilities</b>				
Deposits ICA Bank	13,190	12,048	12,897	11,966
Current interest-bearing liabilities	736	3,653	3,057	4,712
Other current liabilities	14,800	14,420	15,703	15,199
<b>Total current liabilities</b>	<b>28,726</b>	<b>30,121</b>	<b>31,657</b>	<b>31,877</b>
Liabilities held for sale	0	318	240	19
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>74,402</b>	<b>73,945</b>	<b>76,123</b>	<b>74,916</b>

**STATEMENT OF CASH FLOW, GROUP**

	<b>Jan-Mar 2017</b>	<b>Jan-Mar 2016</b>	<b>Full year 2016</b>	<b>Full year 2015</b>
Cash flow from operating activities	-51	398	5,422	5,845
Cash flow from investing activities	1,323	-60	-1,694	-1,707
Cash flow from financing activities	-2,073	-1,104	-4,251	-5,867
Cash flow for the period	-801	-766	-523	2,282
Cash and cash equivalents at the beginning of the period	3,974	4,611	4,611	6,258
Exchange difference in cash and cash equivalents	6	-51	-114	82
Cash and cash equivalents at the end of the period	3,179	3,794	3,974	8,622

**KEY FIGURES, GROUP**

	<b>Jan-Mar 2017</b>	<b>Jan-Mar 2016</b>	<b>Full year 2016</b>	<b>Full year 2015</b>
Operating margin, %	5.6%	3.9%	4.4%	4.5%
Net margin, %	4.5%	3.0%	3.3%	4.9%
Return on equity, %	13.1%	17.3%	11.9%	16.6%
Return on capital employed, %	11.5%	10.4%	10.5%	9.8%
Equity/assets ratio, %	41.9%	39.0%	39.0%	37.5%

The key figures defined below are not defined pursuant to IFRS, and are presented to facilitate an investor's evaluation of the Company's financial performance and position. The key figures are audited only to the extent they refer to full year figures for 2015 and 2016. *I.e.*, the key figures that refer to the periods January – March 2016 and 2017 have not been reviewed by the Company's auditors.

- *Equity/assets ratio* – Equity including non-controlling interests in relation to total assets. The key figure is presented to show the share of the total assets financed by the owners' equity.
- *Net margin* – Profit for the period as a percentage of net sales. The key figure is presented to show the profit after all costs including tax in relation to net sales.
- *Operating margin* – Operating profit as a percentage of net sales. The key figure is presented to show the Company's value creation and ability to pay interest and taxes as well as make dividends.
- *Return on capital employed* – Profit after financial income, on a rolling 12 months basis,<sup>7</sup> in relation to average capital employed during the period.<sup>8</sup> ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed.<sup>9</sup> The key figure is presented to show the return generated on the capital employed and the key figure is used by the Company to monitor the business' profitability and capital efficiency.
- *Return on equity* – Profit for the period, on a rolling 12 months basis,<sup>10</sup> in relation to average equity during the period.<sup>11</sup> ICA Bank's operations are excluded from the income statement when calculating return on equity.<sup>12</sup> The key figure is presented to give a view on the Company's return on equity.

<sup>7</sup> For the periods 1 January – 31 March 2017 and 2016 the operating profit plus financial income on a rolling 12 months basis is 4,954 SEKm and 4,838 SEKm respectively.

<sup>8</sup> The average capital employed is calculated through the summation of the ending balances of the equity plus the current and non-current interest-bearing liabilities for the previous 13 months (*e.g.* December-December) divided by 13. The average capital employed for the respective period is:

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Average capital employed	55,576	55,029	55,438	55,064

<sup>9</sup> Excluded values for ICA Bank (SEKm):

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Operating profit plus financial income	35	375	43	377
Average capital employed	12,630	11,677	12,386	11,455

<sup>10</sup> For the periods 1 January – 31 March 2017 and 2016 respectively the profit for the period on a rolling 12 months basis is 3,816 SEKm and 5,108 SEKm respectively.

<sup>11</sup> The average equity is calculated through the summation of the ending balances of the equity for the previous 13 months (*e.g.* December-December) divided by 13. The average equity for the respective period is:

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Average equity	28,945	27,785	28,394	27,643

<sup>12</sup> Excluded values for ICA Bank (SEKm):

	Jan-Mar 2017	Jan-Mar 2016	Full year 2016	Full year 2015
Profit for the period	30	312	35	313

## **OTHER INFORMATION**

### **ASSURANCE REGARDING THE BASE PROSPECTUS**

ICA Gruppen AB (publ) (corporate registration no. 556048-2837), domiciled in Stockholm, Sweden, is responsible for the content of the Base Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in the Base Prospectus accords with the facts and contains no omission likely to affect its import. Information in the Base Prospectus which is deemed to source from a third party has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of the Base Prospectus. The board of directors has taken all reasonable care to ensure that the information in the Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuing Agents have not verified the content of the Base Prospectus.

### **PRINCIPAL MARKETS**

The Group is primarily active in the retail and food retail markets in Sweden and the Baltic States. The Group is also active in the bank market in Sweden through ICA Bank and in the real estate market in Sweden through ICA Real Estate and in the Baltic countries through Rimi Baltic. Furthermore, ICA Gruppen conducts pharmacy operations through the Swedish pharmacy chain Apotek Hjärtat. Through Hemtex AB the Group is active in the retail area for home textiles.

### **LEGAL PROCEEDINGS AND ARBITRATION PROCEEDINGS**

The Company is not, nor has it been, a party in any legal proceedings or arbitration proceedings over the past twelve months that have had or could be deemed to have a material effect on the Company's financial position or profitability. Nor has the Company been informed of any claims that could lead to the Company being a party in such proceedings.

### **MATERIAL CHANGES IN THE ISSUER'S FINANCIAL POSITION**

There has been no adverse material change in the Group's financial position or position in the market that could affect the market's view of the Company since the publication of the interim report for the period January 1 – March 31, 2017.

### **MATERIAL AGREEMENTS**

#### **Revolving credit facilities**

The Company has borrowings under a syndicated bank credit facility for SEK 5,000 million. The bank facility expires in April 2022. The loan agreement contains customary terms, guarantees and commitments, including restrictions on further borrowing, guarantee commitments, pledges and significant changes in the business as well as provisions concerning the banks' right to terminate the agreement in the event of breach of contract by the Company. The loan agreement does not contain any financial key ratio undertakings or other financial covenants. However, the loan agreement does contain a provision entitling the banks to terminate the bank facility should the Company be delisted or should ICA-handlarnas Förbund cease to own and control more than 50 per cent of the shares and votes in the Company, should events occur that have a material negative impact on the ability to meet payment commitments under the credit facility agreements or on the group's financial position as a whole, or if a group company is not able to meet its commitments to other creditors, known as "cross default".

## **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available in paper format upon request at the Company's head office at Svetsarvägen 16, SE-171 93 Solna, Sweden, on weekdays during the Company's regular office hours and in electronic format on the Company's website [www.icagruppen.se/en/](http://www.icagruppen.se/en/) throughout the period of validity of the Base Prospectus.

- The Company's articles of association;
- The Company's audited group accounts, annual reports and audit reports for the fiscal years 2015 and 2016;
- The Company's interim report for the period January 1 – March 31, 2017;
- The Company's subsidiaries audited annual reports and audit reports for the fiscal years 2015 and 2016 (where applicable);
- The Company's base prospectus dated June 3, 2013;
- The Company's base prospectus dated May 26, 2014;
- The Company's general terms dated June 3, 2013;
- The Company's general terms dated April 24, 2014;
- The Company's general terms dated May 31, 2017;
- The Company's final terms for loan 102 dated June 18, 2013;
- The Company's final terms for loan 103 dated June 18, 2013;
- The Company's final terms for loan 105 dated June 11, 2014;
- The Company's final terms for loan 106 dated June 11, 2014; and
- This Base Prospectus, including any supplements to the Base Prospectus.

## DEFINITIONS

In addition to the definitions used in the General Terms, the following definitions apply in the Base Prospectus.

<b>Ahold</b>	Depending on the context, Ahold JV B.V. or Koninklijke Ahold N.V.
<b>General Terms</b>	The section “General Terms” in the Base Prospectus
<b>Ancore</b>	Ancore Fastigheter AB
<b>Apotek Hjotek</b>	The pharmacy chain of which Apotek Hjärtat AB is the parent company
<b>C Shares</b>	Class C shares in ICA Gruppen
<b>FRN</b>	Floating Rate Notes
<b>Base Prospectus</b>	This base prospectus which has been prepared for ICA Gruppen's MTN Program and, depending on the context, this translation thereof.
<b>Hakon Invest AB</b>	Refers to the former name of ICA Gruppen AB (publ), changed by a resolution at the annual general meeting on May 20, 2013
<b>ICA</b>	Depending on the context, ICA AB or ICA AB with subsidiaries
<b>ICA Bank</b>	ICA Banken AB
<b>ICA Finans</b>	ICA Finans AB
<b>ICA Gruppen, the Company or the Group</b>	Depending on the context, ICA Gruppen AB (publ) or the group for which ICA Gruppen AB (publ) is the parent company
<b>ICA Sweden</b>	ICA Sverige AB
<b>ISIN</b>	International Securities Identification Number
<b>MTN Program</b>	Program under which MTNs are issued in accordance with the Base Prospectus
<b>Portfolio Companies</b>	Hemtex
<b>Prospectus Directive</b>	Directive 2003/71/EC (together with relevant implementing measures in accordance with this directive in the member state concerned and in the current version, including amendments resulting from directive 2010/73/EU to the extent implemented in the relevant member state)
<b>Interest Base</b>	“Interest Base” refers to what is stated in sections 13(i) and 14(i) of the Final Terms
<b>Interest Base Margin</b>	“Interest Base Margin” refers to what is stated in section 14(ii) of the Final Terms
<b>Interest Determination Date</b>	“Interest Determination Date” refers to what is stated in section 14(iii) of the Final Terms
<b>Interest Payment Date</b>	“Interest Payment Date” refers to what is stated in sections 13(iii) and 14(v) of the Final Terms
<b>Interest Structure</b>	“Interest Structure” refers to what is stated in section 10 of the Final Terms
<b>Interest Period</b>	“Interest Period” refers to what is stated in sections 13(ii) and 14(iv) of the Final Terms
<b>Ordinary Shares</b>	Ordinary shares in ICA Gruppen
<b>VPC System</b>	Euroclear Sweden AB's account-based system

## CONTACT DETAILS

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#### Handelsbanken Money Market Sales Desk

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