



Ät frukt och grönt v

Vårt pris  
Rödbeta i ICA Hall  
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Vårt pris  
Sjögrenskål  
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# We make every day a little easier

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



## ICA Sweden

With 1,267 stores and a market share of around 35%<sup>1</sup>, ICA Sweden is the leading grocery retail actor in the country. The independent ICA retailers own and operate their own stores, but have agreements with ICA Sweden in areas such as coordinated sourcing, logistics, market communication and store development.

<sup>1</sup>) Share of total groceries consumption, 2021  
Source: Statistics Sweden, HUI, ICA's analysis

## Rimi Baltic

Rimi Baltic operates a grocery retail business and has 297 wholly owned stores in Estonia, Latvia and Lithuania. The properties owned by the Group in the Baltic region are also part of Rimi Baltic. At year-end Rimi Baltic had 81 stores in Estonia, 133 in Latvia and 83 in Lithuania. Rimi Baltic's combined market share in the region is 13%.

## Apotek Hjärtat

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

## ICA Real Estate

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

## ICA Bank

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



## Financial key ratios

See page 20 for information and definitions.

Group, SEK m	2022	2021	2020
Net sales	136,253	127,957	126,283
Operating profit before depreciation/amortisation (EBITDA)	12,504	11,408	11,141
Operating profit excluding items affecting comparability	5,883	5,826	5,831
Operating profit	6,453	5,876	5,774
Profit before tax	5,081	5,478	5,308
Profit for the year	4,500	4,554	4,173
Cash flow from operating activities	10,163	10,942	11,641
Operating margin excluding items affecting comparability, %	4.3	4.6	4.6
Operating margin, %	4.7	4.6	4.6
Return on capital employed, %	9.1	9.2	9.2
Return on equity, %	12.2	12.7	11.7
Net debt excl. ICA Bank and IFRS 16 Leases	-29,520	-4,680	-4,904
Net debt excl. ICA Bank	-47,084	-20,915	-19,901
Net debt excl. ICA Bank and IFRS 16 Leases/EBITDA excl. IFRS 16 Leases	3.3	0.6	0.6
Net debt excl. ICA Bank/EBITDA	3.8	1.8	1.8

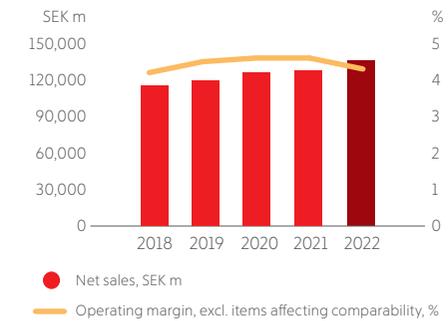
## Sustainability performance indicators

See page 94–96 for information and definitions.

Group	2022	2021	2020
Emissions (tonnes CO <sub>2</sub> e) from the Group's own operations	94,593	78,791	92,121
Emissions (tonnes CO <sub>2</sub> e) from the Group's own operations/ SEK m sales	0.69	0.62	0.73
Climate impact of customers' grocery purchases, kg CO <sub>2</sub> e/kg food sold	1.79	1.78	1.80
Food waste in warehouses and stores, % by weight	1.54	1.67	1.57
Change in % food waste relative to base year 2016	-14	-8	-14
Customers' consumption of fruit and vegetables, grams	n.d.	n.d.	n.d.

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, ICA Gruppen AB (publ) has chosen to prepare the statutory sustainability report as a separate document from the Annual Report. The Sustainability Report, the content of which is indicated in the table of contents, can be found on pages 63–97 of this document.

## Performance 2018–2022



ICA Gruppen's net sales increased by 6.5%, essentially driven by positive price effects. Operating profit at ICA Sweden and Rimi Baltic was weighed down by volume decreases and cost inflation had a negative effect across the Group. Profit improved at Apotek Hjärtat and ICA Bank.



# High pace of change in challenging times

The year we have left behind us has been turbulent and challenging in many ways. The hopes expressed at the beginning of 2022 that the two-year pandemic was coming to an end were soon replaced by war close to home, record-high energy prices, rising interest rates and inflation at a level not seen for decades. Combined, these developments brought significant challenges for both businesses and individuals. ICA Gruppen's response has been a sharper focus on value for money, loyalty and costs.



Higher cost pressure in general in combination with tangible changes in customer behaviour in turn put significant pressure on ICA Gruppen's grocery retail operations in 2022.

ICA Sweden increased its net sales during the year. This trend was, however, entirely price-driven. Underlying volume development was negative and this, combined with increased logistics and transport costs, contributed to slightly lower profits compared with the previous year. Rimi Baltic's situation was even more challenging with sharply rising energy prices, high inflation and tough price competition putting significant pressure on the business. However, in the fourth quarter Rimi Baltic saw strong growth as a result of the price increases and cost saving measures it implemented. Both Rimi Baltic and the independent ICA stores lost market share during the year.

Apotek Hjärtat also noted higher price pressure, but delivered strong profits despite this and continued to take market share overall, driven by strong development in physical pharmacies. ICA Real Estate is still generating stable cash flows while also implementing important investments in areas such as warehouses and logistics. The announcement at the end of the year of a new joint venture set up with AMF (Delcore Fastigheter), will also help to reduce ICA Gruppen's indebtedness.

ICA Bank is continuing its transformation and delivering a strong performance in both growth and profitability, albeit with slightly higher credit losses towards the end of the year. The drivers included increased interest net driven

by higher market rates as well as higher premium revenue. The new home mortgage company was launched during the year and is an important element of the forward-looking initiatives that are currently under way. ICA Insurance showed sustained positive development in terms of both growth and profitability.

Altogether ICA Gruppen's net sales increased during the year by 6.5% to SEK 136,253 million. Operating profit excluding items affecting comparability was slightly higher than in the previous year, totalling SEK 5,883 million, which is equivalent to an operating margin of 4.3%.

## Focus on three areas

To fend off negative developments in the economy and the market, reverse the negative market share trend and to ensure growth and good profitability for both ICA Gruppen and the independent ICA retailers, while also helping customers and suppliers out in a challenging time, numerous initiatives were launched during the year linked to three key areas: value for money, customer loyalty and costs. These will continue in 2023 along with additional planned initiatives to increase competitiveness.

## High value for money and attractive prices

Rising food and energy prices combined with higher interest rates were factors in households having less disposable income during the year. As a result, our grocery customers became significantly more price conscious and we saw

increased demand for low price and discounted products.

ICA Gruppen's ambition is not to be a price leader but rather to always be perceived as providing the best value for money based on our assortment, offering and other added value. During the year efforts were intensified within both ICA Sweden and Rimi Baltic to ensure high value for money and attractive prices for the customers. This included lowering prices on basic goods and more discounts offered both in store and online. There has been a particular emphasis on offering attractive prices on fruit and vegetables.

Private label products play an important role in efforts to offer an assortment with high value for money. They create a broad and unique assortment while also promoting good profitability. The offering within ICA Sweden, Rimi Baltic and Apotek Hjärtat has been expanded and supplemented to include even more options. There has been a strong focus on the low price segment.

## Stronger customer loyalty

Improving customer loyalty is a major priority as well. The overarching and shared goal is to make it more financially beneficial for customers to be loyal to ICA Gruppen's various businesses. The Stamma Group-wide loyalty programme plays a key role in this, as does the development and launch of new types of Group-wide offerings to strengthen the full customer offering. Good examples of this are the home

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mortgage offering and interest on the ICA Bank card, launched during the year and at the beginning of 2023.

#### Increased focus on cost and resource reprioritisation

In order to invest in areas that strengthen the offering, drive growth and improve efficiency, it is necessary to lower costs and free up resources in other areas. We have worked on this for a long time but have now further intensified our efforts.

A decision was taken within ICA Sweden during the year to implement an efficiency improvement programme aimed at freeing up funds for joint investment by ICA Sweden and the ICA retailers in a more competitive customer offering. Altogether the programme is expected to reduce costs by up to SEK 1 billion on an annual basis. The investments that the programme is making possible are in areas such as offering lower prices to consumers, continued investment in ICA's private label products and intensified development of Stammais – all for the purpose of making ICA more competitive and increasing customer loyalty.

Rimi Baltic also decided on a cost savings programme during the year which will involve, among other things, efficiency improvements in stores, logistics and administration.

Although reprioritising was most needed in the grocery segment, extensive work is being carried out throughout ICA Gruppen to identify possible areas for efficiency improvement. For Apotek Hjärtat the focus is on improving efficiency in areas such as logistics, warehouse management and staffing. ICA Real Estate launched a project during the year aimed at optimising ways of working and requirement specifications for new builds and renovations. The goal is to achieve greater cost efficiency and thereby be better equipped to handle higher cost levels. Multiple initiatives are taking place in all areas of the organisation aimed at reducing energy consumption by 20% by 2030.

#### Double social responsibility

Inflation and the high energy prices impact not only consumers and customers but farmers and food producers as well. Extensive initiatives have been under way for a long

time within both ICA Sweden and Rimi Baltic aimed at supporting local food production and assisting local suppliers in various ways. This work was further intensified in 2022, including through continued investments in cooperation with the Federation of Swedish Farmers (LRF). This essentially involves standing up for and safeguarding a strong agricultural sector and stable domestic food production. ICA and Rimi Baltic, as major actors, have vital roles to play and an important responsibility in this regard.

#### 10 years of constant development

It is now 10 years since ICA Gruppen was formed. It has been a decade characterised by rapid changes – both in the world around us and within ICA Gruppen. Fast digitalisation, new patterns of consumption, increased focus on sustainability and extensive blurring of industry lines have changed the markets fundamentally, and are continuing to do so. Although the trends have been the same for several years, they have gradually intensified – first as a result of the pandemic and now also due to the situation in the world around us.

For ICA Gruppen, this has been a decade of constant development based on our vision of making every day a little easier for our customers. Our starting point has been a strategy that has been continually developed and adapted, but which at the core has been relatively constant. The mainstays include cooperation within the Group, digitalisation, value for money, sustainability, health and ways of working.

The fact that this continuity, our long-term approach and our push for constant improvement have brought success is highly evident in ICA Gruppen's financial development. Sales have increased by an average of 3 % per year. Average earnings growth during the same period is approximately 6%.

#### The strategy remains firmly in place

None of the things we are now putting extra efforts into are counter to our long-term goals and strategies, but in a changing world it is important to be agile and adapt. That is what we are doing now.

The long-term strategy remains firm and is more relevant than ever before. We intend to continue to grow within our core business of grocery retail, but also within our complementary operations of non-food, pharmacy, banking and insurance. We will do this through continued improvement in each of our business areas, but also through increased collaboration and stronger links between our physical and digital channels.

We will continue to invest in our online offering and in achieving our ambitions in health and sustainability as well. There is no doubt that the world is facing major climate, environmental and resource-related challenges. We have been a signatory to the UN Global Compact since 2004 and in the years ahead we will continue to work towards our 2030 targets of net zero emissions in our own operations and halving the climate impact of our customers' food purchases.

We will also continue to develop our organisation and our ways of working to become more agile in both decision-making and implementation. Our new ownership structure will contribute to these efforts by facilitating increased internal transparency, and a higher level of involvement and retailer dialogue.

There are many challenges but there are even more opportunities. As a consequence of the operational improvements and structural changes we have made in recent years we have a stable structure to continue to build on. One of our biggest strengths is our strong culture, in which the retailer perspective, entrepreneurship and willingness to develop are all vital components. The ICA Idea – to combine individual drive with joint strength – has been the foundation of ICA's business model and value creation right from the start in 1917. In close cooperation with the independent ICA retailers and with the whole ICA system to support us, we will now use the model to become even stronger – in both the short and the long term.

Stockholm, February 2023

Per Strömberg  
CEO until 31 December 2022

Nina Jönsson  
CEO as of 1 January 2023



# Board of Directors' report

After two years characterised by a global pandemic and all that it entailed, developments in 2022 were even more dramatic with the devastating war that has been going on in Ukraine since February. Rocketing inflation created stresses throughout the value chain. ICA Gruppen was able in this situation to deliver stable earnings and strong cash flow.

Overall, ICA Gruppen's development was stable during a year in which the business was heavily impacted by the rising inflation. In Sweden the year began with food price inflation in January of 1.9%, which by December had risen to 18.2%. In the Baltics inflation rose from a level of 10% to around 30%. Cost increases affected all of the Group's operations.

## Net sales and earnings

The Group's net sales in 2022 increased by 6.5% to SEK 136,253 million (127,957). In local currencies the increase was 5.8%. The sales increase was due to positive price effects in all of the operations, which at ICA Sweden and Rimi Baltic were offset by strongly negative volume effects. At the same time, for Apotek Hjärtat and ICA Bank the volume effects were positive. After two years of pandemic-driven growth in e-commerce, there was a change in the trend in 2022 as online sales decreased for food while continuing to increase in the pharmacy market.

Operating profit excluding items affecting comparability was SEK 5,883 million (5,826). The price effects were positive in all parts of the Group. Positive volume effects accounted for a significant part of the improvement in earnings at Apotek Hjärtat in particular, but also for ICA Insurance. In contrast, the volume effects were strongly negative at ICA Sweden and Rimi Baltic. ICA Bank and Apotek Hjärtat saw significant improvements in profits, while profit for ICA Sweden and Rimi Baltic fell as the price-

driven sales increase could not fully compensate for increased costs. ICA Sweden has also been affected by the start-up and fine-tuning of the new automated customer fulfilment centre in Stockholm that took place in 2022. This was to a certain extent mitigated by a higher profit share from ICA stores associated with a higher pandemic-driven profitability level in 2021. Towards the end of the year, however, the profit share was lower. Last year's results for ICA Bank included a one-off item for accounting purposes of SEK -60 million that was associated with the acquisition of Forex's customer portfolios, while this year's profit includes around SEK +30 million from the release of claims provisions at ICA Insurance. ICA Real Estate's profit includes an effect of SEK +26 million from halted depreciation on properties that will be divested in 2023. The underlying earnings trend was positive. The impact of IFRS 16 on profits was greater than in the previous year, mainly due to the formation of the new joint venture Trecore in April and other significant lease arrangements.

The operating margin excluding items affecting comparability amounted to 4.3% (4.6).

Profit for the year amounted to SEK 4,500 million (4,554). It includes items affecting comparability from gains from divestments as well as impairment losses in the amount of SEK +570 million (+50), which include capital gain from divestment of properties of SEK +799 million as well as a SEK -199 million impairment loss on the value of Min Doktor.

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### Net financial items and tax

The Group's net financial items amounted to SEK -1,372 million (-399), the difference year on year being mainly attributable to the merger with Murgröna.

Tax expense for the year was SEK -581 million (-924), representing an effective tax rate of 11.4% (16.9). The difference year on year is mainly due to positive tax effects on the formation of Trecore, the new property joint venture, in the second quarter of 2022. There were also positive effects of around SEK 51 million associated with the Murgröna merger. Tax paid amounted to SEK -822 million (-976), the difference being mainly due to differences in the amount of preliminary tax paid.

### Financial position

The Group's net debt (excluding ICA Bank and pension liabilities) at the end of the year amounted to SEK 47.1 billion (20.9). Excluding IFRS 16 Leases, net debt at the end of the year amounted to SEK 29.5 billion (4.7). The difference year on year is essentially due to the merger with Murgröna in November, which meant that these liabilities were taken over by ICA Gruppen. For more details see Note 1 on page 26. Continued stable cash flows and lower net investments mitigated the increase in debt. As of 31 December 2022 the net debt (excluding ICA Bank and IFRS 16 Leases) in relation to EBITDA (excluding IFRS 16 Leases) was 3.3 (0.6). The Group's long-term target is for this metric to be <2. Including IFRS 16 Leases the debt ratio was 3.8 (1.8).

### Cash flow

Cash flow from operating activities (excluding ICA Bank) amounted to SEK 10,327 million (9,654). The increase was mostly due to more positive development of the working capital than in the previous year. Cash flow from investing activities was noticeably improved. This is explained by property investments made during the year, which meant that net investment was significantly lower than in the previous year.

### Investments

Investments during the year amounted to SEK 2,942 million (2,872), of which SEK 960 million (889) was attributable to

ICA Real Estate. Major investment projects during the year included new warehouse capacity, new stores, refurbishments and also investments in IT and digitalisation.

### Parent Company

The Parent Company's net sales were SEK 1,303 million (1,249) and profit after financial items amounted to SEK 6,755 million (1,601). During the year the Parent Company received dividends from subsidiaries of SEK 7,000 million (1,850). In addition, the merger with Murgröna had a negative effect on net financial items; see also Note 1 for the Parent Company.

### Seasonal variations

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

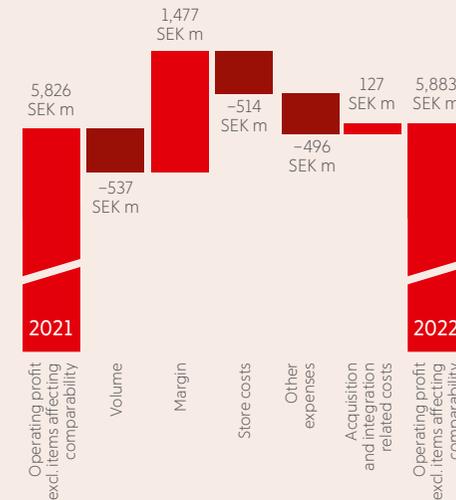
### Employees

In 2022 ICA Gruppen had around 27,100 employees, mainly in Sweden and the Baltic countries. Converted to full-time equivalents (FTEs) on an annual basis, the average number of employees was 23,877 (23,994). More information can be found in the Sustainability Report section on pages 85-86.

### Significant risks and uncertainties

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

ICA Gruppen has significant exposure to the Swedish and Baltic grocery retail sector, and to the Swedish pharmacy market. An economic downturn and political decisions are factors that could have a negative impact on the Group's sales and earnings. ICA Gruppen's Financial Policy stipulates how financial risks are to be managed and mitigated. The policy also provides a framework for the Group's



## Operating profit development

ICA Gruppen's operating profit excluding items affecting comparability increased by SEK 57 million. The volume effect was negative at ICA Sweden and Rimi Baltic, which was in part compensated by Apotek Hjärtat and ICA Bank. There were positive price effects in all parts of the Group, but the effect was offset by cost inflation. Store costs increased for Rimi Baltic and Apotek Hjärtat. Fewer store subsidiaries and an increased profit share compensated to some extent. Other costs include increased credit losses and higher IT expenses. The acquisition effect is entirely related to ICA Bank's acquisition of Forex's customer portfolios.

### Operating profit, SEK m and operating margin, %<sup>1</sup>



### Net sales



<sup>1</sup> Excluding items affecting comparability.

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### Net sales by segment

SEK m	2022	2021	2020
ICA Sweden	97,252	92,242	91,684
Rimi Baltic	18,482	16,991	16,373
Apotek Hjärtat	16,963	15,531	15,178
ICA Real Estate	2,893	2,833	2,840
ICA Bank	2,302	1,931	1,699
Other	1,303	1,334	1,282
Intra-Group sales	-2,941	-2,904	-2,773
<b>Net sales</b>	<b>136,253</b>	<b>127,957</b>	<b>126,283</b>

### Operating profit excluding items affecting comparability by segment

SEK m	2022	2021	2020
ICA Sweden	3,769	4,019	4,240
Rimi Baltic	682	784	703
Apotek Hjärtat	543	444	383
ICA Real Estate	690	650	603
ICA Bank	344	181	174
Other	-439	-446	-446
<b>Operating profit excluding items affecting comparability excl. IFRS 16</b>	<b>5,589</b>	<b>5,632</b>	<b>5,657</b>
IFRS 16 Leases	294	194	175
<b>Operating profit excl. items affecting comparability incl. IFRS 16 Leases</b>	<b>5,883</b>	<b>5,826</b>	<b>5,831</b>

### Cash flow statement, Group excluding ICA Bank

SEK m	2022	2021	2020
<b>Cash flow</b>			
<b>From operating activities before change in working capital</b>	<b>10,513</b>	<b>10,301</b>	<b>10,133</b>
Change in working capital	-186	-647	310
<b>From operating activities</b>	<b>10,327</b>	<b>9,654</b>	<b>10,444</b>
Investing activities, net	-744	-2,382	-5,184
<b>Before financing activities</b>	<b>9,583</b>	<b>7,272</b>	<b>5,259</b>
Financing activities, net	-6,696	-7,282	-4,802
<b>Cash flow for the period</b>	<b>2,887</b>	<b>-10</b>	<b>457</b>



treasury management. More information about risk management is provided on pages 111–117 of this document.

#### Comments in connection with the war in Ukraine

Direct exposure to Ukraine, Russia and Belarus is not of a material nature and has little impact on the product assortment and sourcing. ICA Bank no longer trades in Russian funds. Moreover, suppliers and goods with links to Russia and Belarus have been blocked in accordance with directives from the EU and local authorities. The war increases forward-looking uncertainties associated with Europe's food production, cyberthreats, energy supply and financial stability (inflation and interest rates). There are also risks associated with component shortages within IT, automation and real estate, and the ability to comply with sanctions requirements.

#### Events after the balance sheet date

On 1 January 2023 Nina Jönsson became the new President and CEO of ICA Gruppen.

On 1 February 2023 two warehouse properties were sold to Catena. These divestments resulted in cash flow of SEK 0.5 billion and a capital gain of around SEK 50 million.

On 16 February ICA Gruppen issued SEK 3.5 billion in bonds. Proceeds from the issue will be used to refinance maturing bonds of SEK 1.7 billion, as well as to amortise existing bank facilities.

#### Statutory sustainability report and corporate governance report

In accordance with Chapter 6 Section 11 of the Annual Accounts Act, ICA Gruppen AB (publ) has chosen to prepare the statutory Sustainability Report and Corporate Governance Report as separate documents to the Annual Report required by law. The Sustainability Report, the content of which is indicated in the table of contents, can be found on pages 63–97 of this document. The Corporate Governance Report can be found on pages 98–110.

#### The Board's proposed dividend

ICA Gruppen's Board of Directors has proposed to the Annual General Meeting that a dividend is paid to ICA Gruppen's two shareholders, ICA-handlarnas Förbund and AMF, amounting to SEK 559 million in total.



# Financial targets

## Grow faster than the market

Good sales development and a strong market position are key factors in achieving and maintaining good profitability. This target applies to the Group's grocery operations within ICA Sweden and Rimi Baltic, and to Apotek Hjärtat.

## Outcome 2022

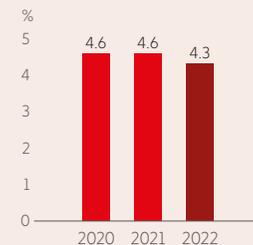
In the very challenging market situation that arose in 2022 with high inflation and falling volumes, ICA Sweden and Rimi Baltic have not achieved their target to grow faster than the market but rather have lost market share. At the same time, Apotek Hjärtat has achieved its target and strengthened its leading position in the Swedish pharmacy market. Apotek Hjärtat's market share has increased due to a growth in physical pharmacy sales that is much higher than the market.

## Achieve an operating margin excluding items affecting comparability of 4.5%

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

## Outcome 2022

The outcome was 4.3% (4.6). Margins have been squeezed during the year as inflation has increased and cost increases have grown. This has particularly affected ICA Sweden and Rimi Baltic, which has had an impact on the Group's operating margin. The operating margin of other operations was strengthened.

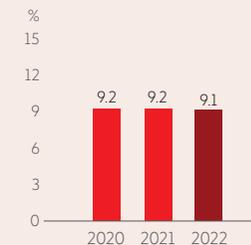


## Achieve a return on capital employed of 7.5%

The target level indicates that the Group is using capital effectively. ICA Bank is not included in the calculation because banking legislation stipulates that its assets and liabilities are not available to the Group. Instead ICA Bank has a target for return on equity that is a more appropriate target for banking operations.

## Outcome 2022

The outcome was 9.1% (9.2). On the one hand, the Group's operating profit was higher – both from operations and through capital gains, particularly from property divestments. On the other hand, the merger with Murgröna meant that the average capital employed increased by around SEK 5.7 billion, which overall meant a lower return but still well above the Group's target of 7.5%.

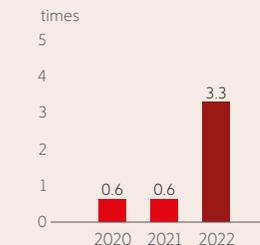


## Net debt excl. ICA Bank and IFRS 16 Leases/EBITDA excl. IFRS 16 Leases <2

A good balance between earnings and borrowing gives the Company the freedom and ability to act, even in times of recession. The target was changed in 2022 from <3 to <2. The definition was also changed in that the effect of IFRS 16 Leases is excluded in both the numerator and denominator.

## Outcome 2022

The debt ratio increased in 2022 from 0.6 to 3.3 times, as a consequence of ICA Gruppen being merged with Murgröna. See also Note 1 for more details concerning the financial effects of the merger. The increase in debt was mitigated by stable cash flow from operations during the year, lower taxes paid and significantly lower net investments. Net investments fell mainly because of the property divestments that took place in 2022.



## → ICA SWEDEN

## Challenging market marked by rising inflation and falling volumes

For ICA Sweden, 2022 was increasingly characterised by a market undergoing great changes. The significant and increasing impact of high inflation, changes in consumer behaviour, higher logistics and transport costs, and fierce competition from discount operators brought many challenges. In response to this, in the second half of the year in particular the focus was on various initiatives with a bearing on price and value for money, customer loyalty and costs. At the end of the year a comprehensive efficiency improvement programme was also launched.

### ICA stores' sales

Sales in the Swedish ICA stores increased by 3.5% (1.0) in 2022. The increase for comparable units amounted to 3.3% (0.7). The increase was entirely price-driven, while the volume effects were negative.

After several years of strong growth, the ICA stores' online sales decreased during the year as customers increasingly chose to return to shopping in store after the pandemic. Overall, sales decreased by 24% (+22). Compared with 2019 and the situation before the pandemic online sales have settled at a higher level, however, achieving an overall increase of around 101% between 2019 and 2022. Online sales amounted to 3.4% of total store sales during the year, compared with 4.6% in 2021 and 3.8% in 2020.

The number of stores included in ICA Sweden's central e-commerce solution increased during the year from 441 to 456.

### Strong focus on price and customer loyalty

External developments, with high inflation and rising prices, led to a noticeably greater focus on price during the year – and with it increased demand for low-cost products. During the year ICA Sweden worked intensively with the ICA stores to ensure good value for money and attractive prices. These efforts included price reductions on a large number of basic items, campaigns in store and online, as well as continued development of private label products.

The private label assortment provides breadth and depth in the product assortment and strengthens ICA's brand while also contributing to good profitability. Automation initiatives will also be further intensified.

ICA Gruppen's Stämmis loyalty programme plays a key role in efforts to strengthen loyalty. Access to data-driven customer insights from the loyalty programme provides valuable information on preferences and behaviour – thereby enabling the right offering to be made in the right channel at the right price. At the end of the year the loyalty programme had more than 5 million members.

### Decision on efficiency improvement programme

To free up further resources for initiatives that strengthen the offering, drive growth and help improve efficiency, at the end of the year ICA Sweden decided to implement an efficiency improvement programme. The programme aims to reduce costs by up to SEK 1 billion on an annual basis and involves a review of the organisation that will initially result in around 200 positions being cut.

At the start of 2023 changes in ICA Sweden's organisational structure were also decided upon. The aim is to create a stronger focus on sales, faster decision paths, increased competitiveness and an improved customer experience, thereby putting the business in a better position to respond to the changes in the market and at the same time providing the ICA retailers with better support.



### Sales growth and number of stores including retailer-owned stores

Format	Store sales (excluding VAT)			Number of stores in Sweden			Dec 2022
	2022, SEK m	Change, all stores %	Change, like-for-like %	Dec 2021	New	Closed	
Maxi ICA Stormarknad	44,063	2.7	2.5	88	0	0	88
ICA Kvantum	33,051	3.5	3.2	130	0	0	130
ICA Supermarket	39,034	4.0	3.7	422	4	-3	423
ICA Nära	20,619	4.5	4.1	627	6	-7	626
<b>Total</b>	<b>136,767</b>	<b>3.5</b>	<b>3.3</b>	<b>1,267</b>	<b>10</b>	<b>-10</b>	<b>1,267</b>

### Performance indicators

	2022	2021	2020
Net sales, SEK m	97,252	92,242	91,684
Operating profit before depreciation and amortisation (EBITDA), SEK m	4,524	4,708	4,851
Operating profit excl. items affecting comparability, SEK m	3,769	4,019	4,240
Operating margin excl. items affecting comparability, %	3.9	4.4	4.6
Investments, SEK m	1,110	1,000	825
Depreciation/amortisation, SEK m	754	689	611
Average number of employees	8,723	8,662	8,412
Private label share of store sales, %	26.7	26.7	26.9

### Financial performance

ICA Sweden's net sales increased by 5.4%, while operating profit excluding items affecting comparability decreased by SEK 250 million. Rising inflation in 2022 had positive price effects, while the volume effects were negative – which along with higher logistics costs weakened the gross margin. In addition, costs for start-up and fine-tuning of the new automated customer fulfilment centre in Stockholm were

charged to earnings and IT costs were higher. This was somewhat offset by a higher share of profits from ICA stores and lower store costs because there were fewer subsidiary stores. The share of profits was strongly linked to performance in 2021 and towards the end of 2022 the profit share fell in line with a deterioration in the stores' profitability.

→ ICA SWEDEN

Market performance in 2022

In 2022 the Swedish grocery market was characterised by high inflation and falling volumes. According to the Swedish Food Retail Index (DVI), market growth in 2022 was 5.7%. Food price inflation increased substantially, amounting to 11.3% for the year as a whole compared with 0.4% in the previous year. In view of this price trend and market growth, underlying volume growth during the year was thus strongly negative.

The Food Retail Index is based on sales statistics from a number of selected actors, both physical stores and online. The total market in 2022 according to the Food Retail Index was SEK 307 billion (288), of which SEK 13.8 billion (16.7) was e-commerce.

Greater focus on price and a return to physical stores

The high level of food price inflation has made Swedish grocery consumers much more price-conscious. Over the year as a whole this contributed to increased market share for discount actors.

A strong trend in recent years has been a noticeable increase in online sales of groceries and meal kits, largely as a consequence of the pandemic. Online sales increased by 94.5% during the pandemic year of 2020 and by a further 24% in 2021. In 2022, however, a clear return to physical stores could be discerned. According to the Swedish Food Retail Index, online food sales in Sweden decreased by 17% during the year. Compared with 2019 and the situation before the pandemic, however, online sales have settled at a considerably higher level and amounted to around 4.5% of the total market.

Cont.

Continued e-commerce initiatives

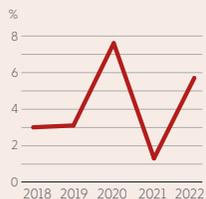
During the year the implementation of the new highly automated customer fulfilment centre in Brunna just outside Stockholm continued. Based on Ocado's technology and e-commerce platform (Ocado Smart Platform), the fulfilment centre enables the Group to meet demand for online food shopping in the Stockholm-Mälaren region. At the same time, more stores became connected to the new customer fulfilment centre in Gothenburg, again based on Ocado's e-commerce platform. At year-end the number of stores connected to the customer fulfilment centres in Stockholm and Gothenburg amounted to 77 and 24 respectively.

During the year the conversion of stores to the Ocado Smart Platform also continued. The new platform adds various new functions, including route optimisation and optimised loading of orders onto the delivery vans, and allows both customers and retailers to see stock levels in real time. The migration is expected to be fully completed in 2023.

Mobilising for Swedish food

The current situation in the world has resulted in a sharp increase in costs for many Swedish farmers. During the year ICA Sweden mobilised extensively in various ways to help Swedish agriculture thrive and to support local food producers. This included adapting sourcing processes to allow rapid increases in prices where it is clear that the adjustment will benefit Swedish farmers and primary produce. The largest ever campaign focusing on Swedish and local produce was also implemented during the year. Alongside this, collaboration with the Federation of Swedish Farmers (LRF) continued with the shared aim of broadening the range of Swedish goods in store, increasing understanding of the added value of Swedish products and thus sales of Swedish food, and contributing to sustainable Swedish agriculture.

Development of the grocery retail market in Sweden



Source: Statistics Sweden, HUI, Swedish Food Retailers Federation

Market share, groceries Sweden



Share of total grocery consumption, 2021

Source: Statistics Sweden, HUI, ICA analysis



Future focus

The overall goals going forward include responding to changes in the world around us and turning around the negative trend in market share. This work involves both continued forward-looking investments and targeted efforts to reduce costs and implement the efficiency and cost-cutting measures decided on.

Initiatives aimed at improving value for money, both actual and perceived, will have a very high priority – not least in the case of basic items and of fruit and vegetables. The private label assortment will be developed further, with particular focus on low-cost items.

Work involving the Stamma customer loyalty programme will again be intensified, including through increased use of data-driven insights and

even greater collaboration between ICA Gruppen's different businesses.

Online initiatives will continue, with a special focus on enhancing both the customer experience and capacity utilisation. Development of the new e-commerce platform will continue, in close partnership with both Ocado and the independent ICA retailers.

There will also be a great emphasis on expanding and improving support to independent ICA retailers within key areas such as assortment, pricing, store operations, marketing and campaigns.

Around 12–16 new stores are expected to be launched in 2023. The pace of renewal of the existing store network will remain high.

 RIMI BALTIC

## High inflation and strong competitive pressure in a turbulent year

For Rimi Baltic the year 2022 was characterised by very high inflation, strong increases in energy prices and fierce price competition, mainly from Lidl's new discount stores in Latvia and Estonia. There was a major focus during the year on responding to a changing world around us and market volatility. Activities included multiple initiatives with a bearing on price and value for money, store efficiency improvements, internal cost optimisation and the introduction of new ways of working.

### Sales during the year

Net sales increased by 3.8% overall during the year (in SEK net sales increased by 8.8%). Sales grew in Estonia and Lithuania and was slightly lower in Latvia where the development to a higher degree was negatively impacted by Lidl opening several new stores during the year. In the first half Latvia was also affected by lingering effects of the pandemic, which disadvantaged larger stores.

The growth during the year was entirely price-driven, with an underlying negative change in volume. Food price inflation increased steadily throughout the year, reaching very high levels at the end of the fourth quarter in all three countries: 29% in Estonia, 29% in Latvia and 35% in Lithuania.

### Strong focus on price and costs

The year was largely marked by both increased price competition and generally rising costs, not least related to energy.

During the year a price review process was launched and implementation of a new assortment strategy began. The overall aim is to respond to increasing price sensitivity among customers and to meet a significant increase in demand generally for products in the discount segment. The initiative included continued development of private label products, campaigns focusing on price, and development of loyalty programmes.

Cost inflation was particularly noticeable for electricity, heating and water, where costs increased by around SEK 200 million in 2022. To offset the increase in costs, efforts to reduce energy consumption were intensified during the year. These included a large number of initiatives involving refrigeration systems, temperature and lighting in stores.

To deal with the generally challenging cost situation, a major cost-cutting programme was also launched during the year focusing on areas such as the supply chain, store operations and administrative costs.

### Continued development of store network and online offering

The optimisation of the store network continued during the year. Altogether eight new stores were opened, the majority in Lithuania. Five stores were closed during the year. The e-commerce initiatives continued in parallel. Since spring 2020 online sales have been offered in all three countries; in addition to a Click and Collect option, home delivery is offered in a growing number of towns and cities.

Online sales varied during the year but in the end increased by 3.7% in local currency compared with 2021. As a share of overall sales, online sales remained at a level of around 2.6% (2.6) in 2022.

Performance indicators	2022	2021	2020
Net sales, SEK m	18,482	16,991	16,373
Operating profit before depreciation and amortisation (EBITDA), SEK m	1,162	1,264	1,111
Operating profit excl. items affecting comparability, SEK m	682	784	703
Operating margin excl. items affecting comparability, %	3.7	4.6	4.3
Investments, SEK m	465	507	1,068
Depreciation/amortisation, SEK m	458	442	405
Average number of employees	10,893	11,175	10,647
Private label share of store sales, %	24.3	23.1	23.4
EUR exchange rate, average	10.63	10.14	10.48

### Store format by country

Concept	Estonia	Latvia	Lithuania	Total
Rimi Hyper	17	37	40	94
Rimi Super	21	33	31	85
Rimi Mini	40	56	–	96
Rimi Express	3	7	12	22
<b>Total</b>	<b>81</b>	<b>133</b>	<b>83</b>	<b>297</b>

### Sales development and number of stores

Country	Store sales (excluding VAT)			Number of stores			
	2022, EUR m	Change, all stores %	Change, like-for-like %	Dec 2021	New	Closed	Dec 2022
Estonia	440.7	7.8	7.7	82	2	–3	81
Latvia	849.9	–0.6	–1.4	133	2	–2	133
Lithuania	426.0	7.8	2.6	79	4	0	83
<b>Total</b>	<b>1,716.6</b>	<b>3.5</b>	<b>1.8</b>	<b>294</b>	<b>8</b>	<b>–5</b>	<b>297</b>

### Financial performance

Very positive price effects and lower logistics costs compensated for negative volume effects, resulting in higher gross profit and a flat gross margin. However, this was unable to fully cover the substantial increase in cost levels associated with store networks, personnel expenses and particularly the cost

increases for electricity, heating and water, which alone amounted to around SEK 200 million during the year. After a number of measures were taken in the autumn Rimi Baltic's operating profit improved significantly towards the end of the year.

→ RIMI BALTIC

Market performance in 2022

The grocery retail market in the Baltics grew by 14.6% in 2022. The growth was entirely price-driven, with food price inflation in the region increasing steadily over the year to reach very high levels at the end of 2022/beginning of 2023.

Total sales in the Baltic grocery retail market were around EUR 13.2 billion in 2022, with Lithuania accounting for around 46%, Latvia for around 29% and Estonia for around 25%.

Online grocery sales continued to increase during the year, albeit from low levels. There was also a steady increase in the number of operators offering groceries online.

Tough competition and an emphasis on price

Grocery retail markets in Estonia, Latvia and Lithuania are characterised by tough competition, a strong focus on price and price perception, and an increased trend towards online shopping. The pace of expansion has been fast in recent years, especially in the discount segment. Since autumn 2021 Lidl has opened 20 stores in Latvia and in 2022 its expansion continued with the opening of 10 stores in Estonia. Lidl already had a presence in Lithuania with a large number of stores. In addition, decreased or unchanged population rates are having a moderating effect on underlying growth in demand.

Development of the grocery retail market in the Baltics



Source: Government statistics

Market share, groceries Baltics

**13%**      **22%**      **7%**

Estonia      Latvia      Lithuania



Future focus

Going forward a top priority will be responding to increasingly tough price competition. This will include intensified efforts to win back customers to hypermarkets as well as ensuring that products are offered at the right price and provide value for money – such as through continued investment in private label products and by developing the customer loyalty programme. Work on efficiency improvements in stores, logistics and administration will also continue, alongside efforts aimed at energy use.

In Lithuania a significant expansion of the store network is expected, from the current 83 to around 100. Particular emphasis will be placed on the Supermarket concept. A total of 15–20 new stores are expected to be opened in 2023.

 APOTEK HJÄRTAT

## Stronger position with increasing market share

For Apotek Hjärtat, 2022 was characterised by strong sales and improved market share driven by very strong sales performance in the physical pharmacies. Online sales also continued to grow, despite the very high level of growth in 2021. Improving efficiency to offset accelerating cost increases became increasingly important during the year.

Overall, net sales increased during the year by 9.2%. This was driven mainly by volume, with good growth for both self-care products and prescription items. Higher average prices for prescription items contributed to the sales increase but otherwise the inflation effect was more limited for a large part of the year, although in total the price effects were positive.

Apotek Hjärtat's market share increased during the year due to very strong performance in the physical pharmacies. Online sales also increased, but at a somewhat lower rate than the market. In physical pharmacies sales increased during the year by 9.3%. Pharmacies located close to food outlets performed particularly well. Online sales also continued to grow, despite high comparative figures and a clear return to physical pharmacies following the pandemic. Overall, online sales increased by 8.2%. Online sales accounted for around 9.8% of total sales for the year, a marginally lower share than in the previous year.

### Further investments in online sales, fulfilment centre and logistics

During the year there was a substantial focus on developing the online offering. Key to this was the opening of Apotek Hjärtat's new customer fulfilment centre in Norrköping. The move is an important part of efforts to secure capacity for continued expansion, improve efficiency and increase delivery capacity. The new fulfilment centre will also help strengthen the omnichannel offering, which in addition to the online pharmacy and the physical phar-

macies also includes collaboration with ICA Sweden and the independent ICA retailers. Overall it is therefore an important aspect of the efforts to increase the profitability of the online operations.

During the year Apotek Hjärtat began working with global technology company GreyOrange on automation of the customer fulfilment centre. This partnership provides a better basis for continuing to make life easier for customers through faster and more flexible deliveries, quality assurance and the ability to offer a wider assortment of products in order to create long-term growth.

During the year all of the pharmacies offered the Click & Collect concept, allowing customers to shop online but pick up their purchase from the pharmacy of their choice. In Stockholm, Gothenburg and Malmö express delivery was already available with products being picked, packed and sent directly from larger pharmacies, and during the year this option was developed to include home delivery the same evening both in these metropolitan areas and in Örebro and Halmstad – expanding the offering considerably in terms of the area covered. A total of 5.5 million people can now access this service. The pilot project for joint deliveries with ICA was paused during the year, but will continue to be developed when ICA Sweden's new e-commerce platform, the Ocado Smart Platform, has been fully implemented.

During the year a live chat was launched as another way to engage with customers digitally. A successful pilot was carried out jointly with Blodtrycksdoktorn (the Blood Pressure



Performance indicators	2022	2021	2020
Net sales, SEK m	16,963	15,531	15,178
Of which:			
Prescription drugs, SEK m	12,590	11,558	11,384
OTC drugs, SEK m	1,605	1,400	1,389
Other products and services, SEK m	2,768	2,574	2,405
Operating profit before depreciation and amortisation (EBITDA), SEK m	741	627	550
Operating profit excl. items affecting comparability, SEK m	543	444	383
Operating margin excl. items affecting comparability, %	3.2	2.9	2.5
Investments, SEK m	178	208	212
Depreciation/amortisation, SEK m	198	184	167
Average number of employees	3,203	3,049	3,067
Private label share of other products, %	17.0	17.4	18.5
Min Doktor, share of operating profit excl. items affecting comparability	-81	-56	-43

Number of pharmacies	Dec 2021	New	Closed	Dec 2022
Apotek Hjärtat	390	2	-2	390

### Financial performance

Apotek Hjärtat's operating profit excluding items affecting comparability was significantly better than in the previous year. The improvement was driven by a substantial increase in volumes, to some extent offset by negative price effects and higher logistics costs. At the start of the year very high sales of products related to Covid-19 contributed to the positive

trend in profits. Both gross profit and the gross margin were strengthened. The increase in profits during the year was slowed by cost increases in the pharmacies – largely associated with the increase in volume – and higher IT expenses. Decreased earnings by Min Doktor also had an effect. Overall, the operating margin strengthened by 0.3 percentage points to 3.2%.

→ APOTEK HJÄRTAT

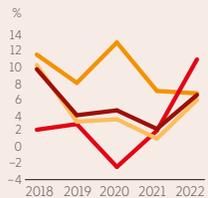
Market performance in 2022

Total sales in the Swedish pharmacy market during the year amounted to around SEK 53.7 billion, representing an increase of 6.5% compared with 2021. Apart from some price rises for prescription items, the increase was primarily driven by underlying growth in volume as a result of greater demand for both prescription items and self-care products.

Sales in physical pharmacies increased by 5.8% during the year after a negative trend in 2021.

The growth in online sales was 9.5%. Online sales accounted for 19.5% of the market in total, an increase of 0.5 percentage points. In 2021 online sales grew by 19.2%.

Growth of the pharmacy market in Sweden 2018–2022



Pharmacy market  
OTC drugs  
Prescription  
Commercial goods

Apotek Hjärtat's market share



Apotek Hjärtat, 31.4%  
Other, 68.6%

Source: Swedish Pharmacy Association

Cont.

Doctor), as a result of which a new type of blood pressure measurement will be rolled out in the first quarter of 2023.

Continued development of the pharmacy network

Altogether two new pharmacies were opened and two were closed during the year. To optimise the pharmacy network a number of pharmacies were also relocated – resulting in increased colocation with ICA stores – and many were refurbished. As a result of these projects, more and more pharmacies are following Apotek Hjärtat's newer store concept which combines traditional pharmacy products and services with a broad offering within health and wellbeing, in many cases also including simple health services.

Focus on profitability for Min Doktor

Apotek Hjärtat co-owns Min Doktor, one of Sweden's largest providers of digital primary care services.

During the year Min Doktor shifted its focus from growth to profitability; among other things, this involved closing a total of seven clinics. At the end of the year Min Doktor operated 17 combined health and vaccination clinics in seven different locations around Sweden, most of them directly adjacent to Apotek Hjärtat and ICA MAXI stores.

Future focus

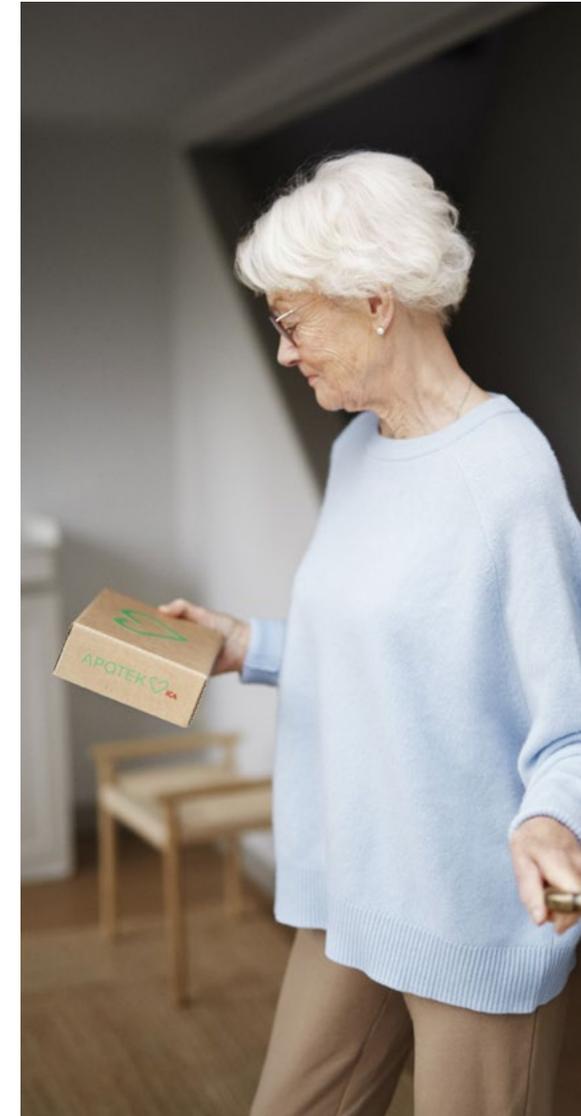
The goal going forward will be to maintain and further strengthen Apotek Hjärtat's position as the leading player in the Swedish pharmacy market. Top priorities include continued growth and taking online market share. Continued integration between the e-commerce channel and the physical pharmacies is an important part of this and a vital enabler is an updated e-commerce platform. The development of effective last mile solutions will continue, with a greater focus on profitability.

In future the emphasis will be on developing, broadening and increasing the visibility of the customer offering, including a particular focus on value-for-money. For example by investing in private label products and updating communication on price.

Customer loyalty will be strengthened further, not least through continued development of the Stamis customer loyalty programme and greater collaboration with other businesses within ICA Gruppen.

There will also continue to be a major focus on efficiency improvements in areas such as logistics, warehouse management and staffing. This includes further investment in automation and automated processes, particularly at the new customer fulfilment centre in Norrköping.

Between five and seven new pharmacies are planned for 2023, all in locations close to ICA stores. At the same time, the rate of renewal of existing pharmacies will remain high.



 ICA REAL ESTATE

## Stable earnings growth and several major transactions

ICA Real Estate's performance in 2022 was stable. The focus remained on supporting and developing ICA's store network and e-commerce in Sweden. During the year a number of large transactions also took place, including the divestment of warehouse premises and the formation of new jointly owned property companies with Bonnier Fastigheter and AMF.

Development continued during the year on a number of larger urban development projects which, in addition to grocery retail, include other commercial activity, housing, offices, restaurants, care and other functions important to communities. What these projects have in common is that they are long-term, include new stores and are run in close cooperation with municipalities and other actors. Examples of large ongoing development projects include the Brunshög district outside Lund and the Berga Centrum shopping centre in Linköping. In the Björlanda Ångar development area in Gothenburg, the new ICA Nära Björlanda is being developed. Alhem Fastigheter will develop residential properties above the store and ICA Real Estate will own the store section of the property in a three-dimensional real estate concept. The store is expected to be completed in winter 2024/2025.

Large projects in progress during the year included the start of construction of ICA Sweden's new cut flower warehouse and new freezer warehouse outside Västerås, as well as the completion of Apotek Hjärtat's new customer fulfilment centre at the Ingelsta industrial park outside Norrköping.

### Major focus on efficiency, energy consumption and costs

In response to the higher cost level, a project was launched during the year aimed at improving cost efficiency. The aim is also to optimise ways of working and requirement specifications in connection with new builds and renovations. The focus is on data-driven analysis of building costs, changes to common procedures, review of internal building plans, cost-effective construction work and optimal environmental certification.

Within property management a major project was begun during the year in respect of control and operational monitoring of all managed properties, with 78 properties completed in 2022. The aims of the project include creating the right conditions for more efficient operation of the properties, improved energy and environmental performance, and improved net operating income.

In addition, various initiatives are under way to reduce energy consumption in ICA-owned stores and other premises. This work is taking place as part of ICA Gruppen's Group-wide energy strategy. Among the aims is a 20% reduction in energy consumption in both stores and logistics properties. In partnership with independent ICA retailers, solar panels were installed on various buildings during the year.

### Major transactions

During the year a number of substantial transactions took place:

#### New joint venture property company with Bonnier Fastigheter

During the year ICA Real Estate and Bonnier Fastigheter formed a new jointly owned property company called Trecore Fastigheter. The purpose of the company is to acquire and own ICA stores in strategic locations where ICA is the main tenant. In conjunction with its formation the company acquired 44 store properties from ICA Real Estate, comprising a total of just over 150,000 square metres. The total value of the properties was around SEK 5 billion.

The transaction is a consequence of ICA Real Estate's earlier acquisition of Första AP-Fonden's 50% holding in the former

### Market valuation

The table below does not include the 2022 values for the wholly owned properties that at year-end were booked as "Assets held for sale". The fair market value of these is estimated to be approximately SEK 7 billion, and the book value is approximately SEK 4.5 billion. Including these, the fair market value (wholly owned and 50% of JV) was in line with last year despite a weak property market in 2022.

	Book value	Assessed market value
Wholly owned Swedish properties	10.5	16.1
Properties partly owned through joint ventures, of which:	9.4	13.1
Ancore <sup>1</sup>	5.4	8.7
Trecore <sup>1</sup>	4.0	4.5
<b>Total incl. partly owned properties</b>	<b>19.9</b>	<b>29.2</b>
<b>Total ICA Real Estate <sup>2</sup></b>	<b>15.2</b>	<b>22.7</b>

<sup>1</sup> Reported according to the equity method (see also Note 12).  
<sup>2</sup> Wholly owned properties and 50% of partly owned properties.

### Performance indicators

	2022	2021	2020
Net sales, SEK m	2,893	2,833	2,840
Of which rental income from owned properties, SEK m	1,354	1,329	1,213
Operating profit before depreciation/amortisation (EBITDA), SEK m	2,451	1,308	1,138
Operating profit excl. items affecting comparability, SEK m	690	650	603
Operating margin excl. items affecting comparability, %	23.9	22.9	21.2
Investments, SEK m	960	889	3,005
Divestments, SEK m	588	221	29
Depreciation/amortisation, SEK m	563	610	533
Property yield, %	7.1	7.0	7.0
Occupancy rate, %	98.6	98.5	98.5
<b>Average number of employees</b>	<b>116</b>	<b>117</b>	<b>111</b>

### Other performance indicators

	Wholly owned	Joint venture according to the equity method <sup>1</sup>
Book value of owned properties, SEK bn	10.5	9.4
Assessed market value, SEK bn	16.1	13.1
No. of properties owned <sup>2</sup>	128	81
No. of square metres owned, thousands <sup>2</sup>	822	437
Occupancy rate, %	98.6	98.5
Share of rents from non-ICA operations, %	13.0	
Investments, SEK m	960	
Divestments, SEK m	588	

<sup>1</sup> Table includes 100%, of which ICA Gruppen owns 50%.  
<sup>2</sup> Includes properties recognized as Assets held for sale.

### Financial performance

ICA Real Estate's operating profit excluding items affecting comparability increased by SEK 40 million in 2022. The increase includes a positive effect of SEK 26 million from halted depreciation of properties that

will be divested in 2023. Earnings were also strengthened by higher revenue from investments in new properties, which was offset by higher costs for seasonal maintenance and personnel expenses.

## → ICA REAL ESTATE

### Market performance in 2022

2022 has been characterised by abrupt changes in the transaction market, a strong first half having been followed by a transaction market in a vacuum as a result of the current global and macroeconomic situation.

Following several years of favourable conditions for property investments, difficulties obtaining financing and rising interest rates are now strong contributory factors to the slowdown in market activity. At the same time, higher yields are being demanded in all segments and the strong market of recent years has slowed while a new equilibrium is established between buyers and sellers.

Index-linked rents are KPI-adjusted at the turn of the year, which will partly compensate for increased interest expense going forward. In 2023 development of the properties' cash flows will become an important value-driver for property investors, with offices and groceries doing better than sectors such as consumer discretionary and housing.

### Ever greater focus on sustainability

Implementation of the EU taxonomy and ESG remain an important factor for investors, as are strategies for reducing energy consumption and carbon emissions and for climate change adaptation of real estate. A greater focus on sustainability can also be seen among the banks and is a trend that is expected to become even stronger with time. In a more reticent financing climate, more is expected of property owners' commitment to these issues as well as their willingness to invest in their properties.

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jointly owned company Secore Fastigheter AB. Trecore Fastigheter consists largely of the Secore Fastigheter portfolio.

### Acquisition of Alecta Fastigheter's holding in Långeberga Logistik

During the year Alecta Fastigheter's 50% holding in the jointly owned company Långeberga Logistik AB was acquired. The acquisition gives ICA Real Estate sole control over the property, enabling ICA's largest logistics property to be developed with greater agility. ICA Real Estate and Alecta Fastigheter remain the joint owners of Ancore Fastigheter. Långeberga Logistik has an area of just over 105,600 square metres and was valued at more than SEK 2.3 billion in 2022.

### Sale of building rights to Granitor

At the beginning of 2022 building rights in the new Tornlyckan district in south-east Höganäs were divested. The buyer was Granitor (formerly Midroc). In total the district will have around 950 new homes that are being built around the current ICA Kvantum store.

### Sale of properties to Catena

At the end of the year two warehouse properties, in Viby and Arendal, were sold to Catena through a sale and leaseback transaction whereby ICA Real Estate signed seven-year leases for the two properties in conjunction with the sale. The properties have combined area of more than 24,600 square metres. The transaction frees up capital to reduce the Group's net debt and was completed on 1 February 2023.

### ICA Real Estate and AMF form Delcore Fastigheter

At the end of 2022 ICA Real Estate and occupational pensions company AMF formed a new jointly owned property company. The purpose of the company is to acquire and own ICA stores and other commercial real estate in strategic locations where ICA is the main tenant. The company will initially acquire 30 store properties from ICA Real Estate with a combined property value of around SEK 5 billion. AMF will take up ownership of its share of Delcore Fastigheter on 1 April 2023.

### Reducing environmental and climate impact

ICA Real Estate has numerous initiatives aimed at constantly reducing the environmental and climate impact of the properties. One noteworthy initiative in respect of existing buildings is the installation of systems for better control of heating and ventilation. In connection with store refurbishments, so-called digital twins are also increasingly being used. These are virtual copies of stores, making it possible to digitally test, evaluate and quality assure planned measures before they are actually carried out.

Efforts to minimise climate impact begin right from the planning phase. ICA Real Estate has taken a strategic decision that, as far as each project allows, it will use a timber frame when constructing new buildings. The advantages compared with concrete and steel include considerably lower carbon emissions, fewer loads and shorter distances when transporting materials, easier maintenance and also its carbon sequestration capacity. During the year construction began on the new ICA Supermarket Östhammar and ICA Maxi Åkersberga. Both are being built entirely in solid timber. Solar panels will be installed on the roofs and the buildings will be certified to the Miljöbyggnad Gold standard. Opening is scheduled for spring 2023.

### Continued work on certification of both new and existing buildings

All new buildings are already certified to Miljöbyggnad or BREEAM standards. Environmental certification of existing buildings to Miljöbyggnad iDrift and BREEAM In-Use is taking place in parallel. In 2022 a number of projects were certified, including ICA Supermarket Lillsidan in Enköping and, not least, ICA Sweden's new customer fulfilment centre in Arendal, which during the autumn was the first warehouse in Sweden to achieve the highest level of environmental certification BREEAM Outstanding.

### Introduction of new way of working

During the year the introduction of a more agile, nimble and cross-functional way of working continued, allowing the company to respond better to changes in an increasingly changeable world. To date, this way of working has been introduced in three teams. During the autumn a new organisation was implemented, with leased premises and property management being combined into one business area. A new business area, Technology and Sustainability, will be implemented in 2023. The purpose of these changes is to support the core business, make it more agile, achieve effective and sustainable property management and allow a more data-driven way of working.

### Future focus

In 2023 work to support the ICA retailers will continue. This includes creating stores and shopping centres that are even more attractive, to make them more competitive and thereby take market share and enhance profitability. As part of this, refurbishment and expansion projects will be carried out in properties owned by the Group and in joint venture-owned properties. Where premises are rented, ICA Real Estate assists with such matters as lease negotiations.

To do this there will be a major focus on optimising the costs of new building work and refurbishments, on the introduction of more agile ways of working and on more efficient energy use in ICA stores, pharmacies and logistics premises.

There will also be a strong emphasis on developing attractive and sustainable sites adjacent to ICA stores and Apotek Hjärtat, with a particular focus on metropolitan areas.

## → ICA BANK

## Higher revenue and stronger earnings

For ICA Bank 2022 was a strong year characterised by growth and higher profitability. In terms of earnings, ICA Bank benefitted from the changes in the interest rate market while premium revenue from ICA Insurance continued to increase.

In recent years ICA Bank has implemented comprehensive changes with the overall objective of developing the business and the offering. The transition process has resulted in a significantly broader offering of financial services in lending, saving, payment and insurance. It has also resulted in more customers and stronger relationships with existing ones.

Business volumes, measured as the sum of lending, deposits, saving in investment funds and mortgages, increased in 2022 by around 6.8%. The number of bank customers at the end of the year was around one million.

### New home mortgage offering performs well

In 2022 the new home mortgage offering was launched. Customers receive an interest rate discount based on their total purchases at ICA stores, Apotek Hjärtat, ICA Bank and ICA Insurance, as well as the loan-to-value ratio. The market for new home mortgages dropped off somewhat during the year in line with a general slowdown in the housing market. During the year, ICA Banken's mortgage volume passed SEK 10 billion, and in the fourth quarter ICA Banken's share of market growth was 10%.

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

### Interest on card accounts

At the beginning of 2023 interest was introduced on the accounts linked to all of ICA Bank's payment cards. This means that nearly 1.8 million customers, who holds any of ICA Banken's payment cards, receives an attractive interest rate on their household money. At the same time they will still get reward points when shopping in ICA stores and at Apotek Hjärtat – and double bonus as customers in ICA Banken.

### Stable development for ICA Insurance

During the year ICA Insurance continued to develop positively – both financially and in terms of customer numbers. The strong results were driven by both increased revenue and good cost control, partly offset by some large claims during the period.

At the same time, during the year it consolidated its position as one of the fastest growing companies in Sweden within consumer insurance. The number of customers at the end of the year was around 225,000, an increase of around 8%. The insurance business strengthens and broadens ICA Bank's customer offering, and also helps improve customer loyalty to the grocery stores.

Performance indicators	2022	2021	2020
Revenues, SEK m	2,302	1,931	1,699
Of which net interest income, SEK m	1,059	835	700
Operating profit before depreciation/amortisation (EBITDA), SEK m	383	203	197
Operating profit excl. items affecting comparability, SEK m	344	181	174
of which ICA Insurance	78	38	1
Cost/income ratio, % <sup>1</sup>	56	63	66
Return on equity, % <sup>2</sup>	8,3	4,9	5,2
Credit loss ratio, % <sup>1</sup>	-1.8	-1.5	-1.3
Common equity Tier 1 ratio, % <sup>1</sup>	13.9	13.9	14.0
Business volume, SEK m <sup>1</sup>	58,194	54,489	38,722
Average number of employees	485	452	440

<sup>1</sup> Refers to ICA Banken AB.

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

### Financial performance

ICA Bank's operating profit excluding items affecting comparability increased by SEK 163 million in 2022; of this, ICA Insurance contributed SEK 40 million, including a positive effect of SEK 30 million from the release of claims provisions. Earnings in the previous year were impeded by a non-recurring cost of SEK 60 million relating to the acquisition of Forex's customer portfolios. The underlying improvement in earnings was driven mainly by higher market interest rates and thus markedly better net interest income, as well as by a higher sales volume for ICA Insurance. This was offset by higher credit losses, an increase in depreciation/amortisation and higher IT costs.

### Market performance in 2022

As well as causing great human suffering, Russia's invasion of Ukraine has fundamentally changed the geopolitical and economic landscape. Rising energy prices and high inflation have since contributed further uncertainty. The central banks' response in the form of monetary policy austerity measures has reduced the appetite for risk among investors and increased concern regarding recession. Households experienced this in 2022 in the form of rising costs and falling real wages.

Bank lending to households and non-financial companies gradually decreased during the year. With falling prices in the housing market and lower transaction volumes, demand for home mortgages declined during the year.

Retail and niche banks increased their share of the new mortgage market, while the biggest operators' share of the market continued to decline. According to Finansinspektionen's Bankbarometer, over the decade leading up to 30 June 2022 the market share of retail and niche banks increased from 12.7% to 19.0% in the case of home mortgages.

### Future focus

The focus going forward is on continuing to increase revenues, volumes and profits. The aim is to increase the number of customers and at the same time strengthen the relationship with existing customers. Vigorous efforts will be put into the continued launch and broadening of ICA Bank's home mortgage offering. Collaboration with other businesses within ICA Gruppen will increase, and innovative new services will be developed to help make people's lives and managing their finances easier. ICA Insurance will continue to grow in terms of number of customers, but will also maintain its focus on profitability.

## Financial key ratios

ICA Gruppen uses a number of financial key ratios in its annual report, some of which are not defined in IFRS but are so-called alternative performance measures (APMs). The aim is to provide additional information that contributes to a more thorough comparison of year-on-year development and to give an indication of the Group's performance and financial position. The APMs used are considered to be ones that are generally accepted and applied in the industries in which ICA Gruppen operates. A description of and performance in relation to the financial targets set by the Board can be found on page 10. Performance measure data and definitions are also available at [icagruppen.se/en](http://icagruppen.se/en).

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



## Definitions of key ratios

### Business volume (ICA Bank)

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

### Capital employed

Equity plus interest-bearing liabilities.

### C/I ratio (ICA Bank)

Total costs in relation to total income.

### Common Equity Tier I ratio (ICA Bank)

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

### Credit loss ratio (ICA Bank)

Credit losses in relation to average lending.

### Divestments

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

### EBITDA

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

### EBITDA excluding IFRS 16 Leases

Operating profit before depreciation, amortisation and impairments (Earnings Before Interest, Taxes, Depreciation and Amortisation) excluding EBITDA from IFRS 16 Leases.

### Equity/assets ratio

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

### Gross profit

Net sales minus cost of goods sold.

### Investments

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

### Items affecting comparability

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

### Like-for-like store sales

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

### Net debt, excluding ICA Bank

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

### Net debt, excluding ICA Bank and IFRS 16 Leases

Interest-bearing liabilities excluding lease liabilities according to IFRS 16 Leases, pensions, ICA Bank, and cash and cash equivalents.

### Net debt excluding ICA Bank and IFRS 16 Leases/EBITDA excluding IFRS 16 Leases

Interest-bearing liabilities excluding pensions, ICA Bank, lease liabilities according to IFRS 16 Leases, and cash and cash equivalents in relation to EBITDA, excluding EBITDA from IFRS 16 Leases, rolling 12 months.

### Net debt, excluding ICA Bank/EBITDA

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

### Net interest income (ICA Bank)

The difference between interest received and paid by ICA Bank.

### Net margin

Profit for the period in relation to net sales.

### Occupancy rate (ICA Real Estate)

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

### Operating margin

Operating profit as a percentage of net sales.

### Operating profit

Profit before net financial items and tax.

### Property yield (ICA Real Estate)

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

### Return on capital employed

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

### Return on equity

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

# Consolidated statement of comprehensive income

SEK m	Note	2022	2021
Net sales	2	136,253	127,957
Cost of goods and services sold	3	-113,217	-106,064
<b>Gross profit</b>		<b>23,036</b>	<b>21,894</b>
Selling expenses	3	-13,858	-12,967
Administrative expenses	3, 5	-3,919	-3,679
Other operating income	6	623	579
Other operating expenses	3	0	-28
Share of profits of associates and joint ventures	12	1	28
<b>Operating profit excl. items affecting comparability</b>	2, 4, 5, 7	<b>5,883</b>	<b>5,826</b>
Capital gains/losses from sale of subsidiaries and non-current assets	2, 16	799	82
Impairment and impairment reversed	2, 3	-229	-31
<b>Operating profit</b>	2	<b>6,453</b>	<b>5,876</b>
Financial income		38	5
Financial expense		-1,410	-404
<b>Net financial items</b>	8	<b>-1,372</b>	<b>-399</b>
<b>Profit before tax</b>		<b>5,081</b>	<b>5,478</b>
Tax	9	-581	-924
<b>PROFIT FOR THE YEAR</b>		<b>4,500</b>	<b>4,554</b>
<b>Other comprehensive income, items that will not be reclassified to profit or loss, net after tax</b>			
Remeasurement of defined benefit pensions	9, 18	1,148	256
<b>Other comprehensive income, items that may be reclassified to profit or loss, net after tax</b>			
Change in translation reserve		208	44
Change in hedging reserve		661	258
Share of other comprehensive income of joint ventures		53	12
<b>Total items that may be reclassified to profit or loss</b>	9, 17	<b>923</b>	<b>315</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>6,571</b>	<b>5,125</b>

SEK m	Note	2022	2021
<b>Profit for the year attributable to:</b>			
Owners of the parent		4,493	4,531
Non-controlling interests		7	23
<b>Comprehensive income for the year attributable to:</b>			
Owners of the parent		6,564	5,102
Non-controlling interests		7	23

# Consolidated statement of financial position

Assets			
SEK m	Note	31 Dec. 2022	31 Dec. 2021
<b>Non-current assets</b>			
<i>Intangible non-current assets</i>	10		
Goodwill		16,301	16,301
Trademarks		12,985	12,910
IT systems		2,261	2,056
Other		8	34
		31,555	31,301
<i>Property, plant and equipment</i>	11		
Buildings and land		11,312	15,598
Investment properties		1,226	1,386
Leasehold improvements		404	391
Equipment		2,987	2,872
Construction in progress		1,110	811
		17,038	21,058
Leased right-of-use assets	7	17,042	16,215
		34,080	37,273
<i>Financial non-current assets</i>			
Interests in joint ventures and associates	12	1,162	1,316
ICA Bank's investments	13	4,092	3,943
ICA Bank's lending	13	16,955	17,330
Other financial non-current assets		920	78
		23,130	22,666
<i>Deferred tax assets</i>	9	59	58
<b>Total non-current assets</b>		<b>88,823</b>	<b>91,298</b>

Assets			
SEK m	Note	31 Dec. 2022	31 Dec. 2021
<b>Current assets</b>			
<i>Inventories</i>	14	5,506	4,757
<i>Current receivables</i>			
Trade receivables		5,636	5,222
Tax assets		0	4
ICA Bank's lending	13	3,707	3,771
Receivables from related parties	15	134	129
Other current assets		147	98
Prepaid expenses and accrued income		3,394	2,963
Assets held for sale	16	4,236	2
		17,254	12,189
<i>Cash and cash equivalents</i>	21	10,143	6,391
<b>Total current assets</b>		<b>32,903</b>	<b>23,337</b>
<b>TOTAL ASSETS</b>		<b>121,726</b>	<b>114,635</b>

## FINANCIAL INFORMATION | THE GROUP

*Cont. Consolidated statement of financial position*

Equity and liabilities	Note	31 Dec. 2022	31 Dec. 2021
<b>SEK m</b>			
<b>Equity</b>	17		
Share capital		503	503
Other capital contributed		7,694	7,694
Reserves		1,609	687
Retained earnings		4,946	28,616
<b>Equity attributable to owners of the parent</b>		<b>14,752</b>	<b>37,500</b>
Non-controlling interests		0	186
<b>Total equity</b>		<b>14,752</b>	<b>37,686</b>
<b>Non-current liabilities</b>			
Provisions for pensions	18	2,800	4,144
Deferred tax liabilities	9	4,281	4,094
Bonds	19	1,464	3,750
Other interest-bearing liabilities	19	15,479	10
Non-current lease liabilities	7, 19	13,772	12,742
Other provisions		15	25
Other liabilities		37	61
<b>Total non-current liabilities</b>		<b>37,848</b>	<b>24,826</b>
<b>Current liabilities</b>			
Bonds	19	1,726	1,000
Other interest-bearing liabilities	19	16,331	1,230
Trade payables		16,576	15,269
Deposits ICA Bank	13	25,828	26,682
Current lease liabilities	7, 19	3,793	3,494
Liabilities to related parties	15	0	4
Tax liabilities		111	62
Other liabilities		1,254	1,093
Provisions		182	192
Accrued expenses and deferred income		3,325	3,097
<b>Total current liabilities</b>		<b>69,126</b>	<b>52,123</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>121,726</b>	<b>114,635</b>

## Consolidated statement of changes in equity

SEK m	Equity attributable to owners of the parent						Total equity
	Share capital	Other capital contributed	Reserves	Retained earnings	Total	Non-controlling interests	
<b>Opening equity, 1 January 2021</b>	503	7,694	372	26,444	35,013	213	35,226
Profit for the year				4,531	4,531	23	4,554
Other comprehensive income			315	256	571	0	571
<b>Comprehensive income for the year</b>			<b>315</b>	<b>4,787</b>	<b>5,102</b>	<b>23</b>	<b>5,125</b>
Dividend				-2,615	-2,615	-50	-2,665
<b>Closing equity, 31 December 2021</b>	503	7,694	687	28,616	37,500	186	37,686
<b>Opening equity, 1 January 2022</b>	503	7,694	687	28,616	37,500	186	37,686
Profit for the year				4,493	4,493	7	4,500
Other comprehensive income			923	1,148	2,071	0	2,071
<b>Comprehensive income for the year</b>			<b>923</b>	<b>5,641</b>	<b>6,564</b>	<b>7</b>	<b>6,571</b>
Change in the Group's owners <sup>1</sup>				-29,174	-29,174		-29,174
Acquisition of non-controlling interests				-138	-138	-193	-331
<b>Closing equity, 31 December 2022</b>	503	7,694	1,609	4,946	14,752	0	14,752

<sup>1</sup> The effect relates to the downstream merger that was implemented in 2022 where ICA Gruppen AB's Parent Company Murgröna Holding AB was merged into ICA Gruppen AB. See also Note 1.

# Consolidated statement of cash flows

SEK m	Note 21	2022	2021
<b>Operating activities</b>			
Operating profit		6,453	5,876
Dividend from joint ventures	12	75	85
Adjustments for non-cash items		5,202	5,501
Income tax paid		-822	-976
<b>Cash flow from operating activities before change in working capital</b>		<b>10,908</b>	<b>10,486</b>
<b>Change in working capital</b>			
Inventories (increase - /decrease +)		-692	-69
Current receivables (increase -/decrease +)		-800	-207
Current liabilities (increase +/decrease -)		1,319	-272
ICA Bank's net of deposits, lending and investments		-572	1,004
<b>Cash flow from operating activities</b>		<b>10,163</b>	<b>10,942</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment and intangible assets		-2,943	-2,872
Sale of property, plant and equipment and intangible assets		667	307
Loans issued		-39	-18
Repayment of loans issued		52	93
Interest received		36	1
Purchase and sale of properties in Secore / Trecore	12	1,452	-
Investments in joint ventures and associates	12	-228	-74
<b>Cash flow from investing activities</b>		<b>-1,001</b>	<b>-2,563</b>
<b>Financing activities</b>			
Borrowings		29,202	1,504
Repayment of borrowings		-21,211	-1,735
Repurchase of treasury shares through previous Parent Company <sup>1</sup>		-9,249	-
Capital contributions, acquisitions and dividends relating to non-controlling interests		-331	-50
Amortisation lease liabilities		-3,572	-3,313
Interest paid lease liabilities		-383	-304
Interest paid		-1,147	-71
Dividend paid to shareholders of ICA Gruppen AB		-	-2,615
<b>Cash flow from financing activities</b>		<b>-6,692</b>	<b>-6,585</b>

SEK m	Note 21	2022	2021
<b>Cash flow for the year</b>			
Cash and cash equivalents at beginning of year		6,391	4,584
Merged cash and cash equivalents		1,258	-
Exchange differences in cash and cash equivalents		24	11
<b>Cash and cash equivalents at end of year</b>		<b>10,143</b>	<b>6,391</b>

<sup>1</sup> The effect relates to Murgröna Holding AB's acquisition of shares in ICA Gruppen AB in 2022. See also Note 1.

# Notes

## Note 1 Accounting principles and general information

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

ICA Gruppen Aktiefbolag (AB) is a subsidiary of ICA-handlarnas Förbund, corporate registration number 802001-5577. ICA-handlarnas Förbund owns 87.3% and AMF Tjänstepension AB (AMF) owns 12.7% of the shares in ICA Gruppen AB.

On 1 November 2022 Murgröna Holding AB (559338-5098) was merged into ICA Gruppen AB. Murgröna Holding AB was formed in autumn 2021 for the purpose of executing the public buyout of ICA Gruppen AB, which was delisted from the stock exchange in January 2022 in connection with the buyout. The remaining minority shares were acquired by Murgröna Holding AB on 6 May 2022.

Up until the merger Murgröna Holding AB was owned by ICA-handlarnas Förbund with a holding of 87.3% and AMF with 12.7%. Through the merger ICA-handlarnas Förbund and AMF received the corresponding shareholdings in ICA Gruppen AB.

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

The annual financial statements and consolidated financial statements were approved for publication by the Board of Directors on 22 February 2023.

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

### Effect on financial statements of merger of Murgröna Holding AB into ICA Gruppen AB

In connection with the merger of Murgröna Holding AB into ICA Gruppen AB on 1 November 2022 the assets and liabilities of Murgröna Holding AB were transferred to ICA Gruppen AB and its consolidated financial statements through a downstream merger.

On the day of the merger the Group's liabilities increased by a net amount of SEK 30.0 billion, SEK 32.5 billion of which consisted of loan liabilities from Murgröna Holding AB and SEK 2.5 billion of liabilities to Murgröna Holding AB, which were eliminated in connection with the merger. The Group's assets increased by SEK 0.9 billion, of which cash and cash equivalents increased by SEK 0.8 billion. The effect on equity was a reduction of SEK 29.1 billion. The value of ICA Gruppen significantly exceeded the carrying amount of assets and liabilities of ICA Gruppen at the time of the buyout. The reduction in equity was thus a consequence of this difference combined with the fact that ICA Gruppen's assets and liabilities according to IFRS were not remeasured at fair value upon Murgröna Holding AB's acquisition of ICA Gruppen AB, since ICA-handlarnas Förbund already reported ICA Gruppen as a subsidiary before Murgröna's acquisition transaction.

In the income statement Murgröna Holding AB's profits from 1 January 2022 are included in ICA Gruppen's profits for 2022. Up to 1 November Murgröna Holding AB had financial expense of around SEK -700 million. This is recognised in the Group's net financial items.

Due to Murgröna Holding AB's profits being included in ICA Gruppen's profits from 1 January 2022, the cash flow is reported for the same period. Up to 1 November Murgröna Holding AB had no cash flow in operating activities or investing activities. Withing financing activities Murgröna Holding AB had interest payments up to 1 November of around SEK -870 million. In addition, Murgröna Holding AB acquired the remaining shares in ICA Gruppen AB in the first half of 2022 for SEK 9.2 billion, which is recognised within financing activities and called: Repurchase of treasury shares through previous Parent Company. Borrowing increased by a net amount of SEK 9.7 billion mainly as a result of this acquisition. At the beginning of 2022 Murgröna Holding AB had cash and cash equivalents of SEK 1.2 billion and as of 1 November SEK 0.8 billion.

### New standards and interpretations applied from the beginning of 2022

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

### New standards from IASB applied from 2023 onwards that are relevant to ICA Gruppen

IFRS 17 Insurance Contracts was approved by the EU in November 2021 and will be applied retrospectively from 2023. IFRS 17 sets principles for reporting, measurement and disclosures relating to issued insurance contracts. The subsidiary ICA Försäkring AB (ICA Insurance) runs insurance operations and the financial reports for ICA Gruppen will be impacted to a limited extent by the amended accounting according to IFRS 17 within ICA Insurance. The effect of the transition on equity as of 1 January 2022, after the effect of deferred tax, is SEK 108 million, which will be recognised in the financial statements from the beginning of 2023.

Some other minor amendments to standards have been endorsed for application from 2023, but no amendment is expected to materially impact ICA Gruppen's financial statements. The same applies for the interpretation statements issued by IFRS IC.

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

IASB intends to introduce changes to IAS 12 in response to the global minimum tax rules (BEPS 2.0) with effect from 1 January 2023, which may affect the financial statements.

No other changes that are relevant to ICA Gruppen have been issued by IASB.

### Accounting principles applied

#### Basis of accounting

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

### Consolidated financial statements

The consolidated financial statements cover the Parent Company, ICA Gruppen AB, and its subsidiaries. A subsidiary is a company in which ICA Gruppen has a controlling interest. A controlling interest can be exercised either through ownership or an agreement. The majority of ICA stores are owned and operated by

**Cont. Note 1 Accounting principles and general information**

independent retailers. These retailers make independent decisions on activities that are relevant for their store operations in areas such as sourcing, pricing, investment and personnel. ICA Gruppen thus has no controlling influence over these operations and they are not consolidated into ICA Gruppen.

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

**Holdings in joint arrangements**

A determination is made as to whether the joint arrangement constitutes a joint operation or a joint venture. If the joint arrangement is a joint venture, it is reported according to the equity method. If the other party's share of a joint venture is acquired and a controlling interest is thereby obtained, no remeasurement of assets and liabilities takes place in connection with the acquisition.

**Interests in associates**

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

**Foreign currency**

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

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

**Revenue**

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

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

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

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

Rental income is recognised as it is earned.

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

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

**Gains or losses on real estate sales**

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

**Government grants**

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

**Leases**

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

*ICA Gruppen as lessee*

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

No cash flow arises when a lease goes into effect and, accordingly, no changes arise in the statement of cash flows, either under investing activities or under financing activities. The lease payments made are recognised in financing activities as a cash flow item in the form of interest received and amortisation of the lease liability.

*ICA Gruppen as lessor*

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

**Income tax**

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

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

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

**Intangible assets and goodwill**

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

**Cont. Note 1 Accounting principles and general information**

Investments in IT systems are reported as an asset when ICA Gruppen has control over the asset. One of the ways in which control can be obtained is through an agreement. Depreciation is recognised over the asset's useful life, but no longer than for the duration of the agreement.

**Property, plant and equipment**

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

**Investment properties**

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

**Assets and liabilities held for sale**

This applies to assets and liabilities that are held for sale if they are available for immediate sale, a decision on their sale has been taken and it is extremely likely that they will be sold within 12 months. No depreciation is recognised from the date the asset is classified as held for sale.

**Impairment**

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

**Inventories**

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

**Financial instruments**

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

The fair values of financial assets and liabilities have been determined in accordance with the descriptions in Note 13 in the case of ICA Bank and Note 19 for the rest of ICA Gruppen.

**Liabilities to credit institutions and other loan liabilities**

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

**Derivatives**

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

**ICA Bank's financial assets and liabilities**

ICA Bank has two business models according to IFRS 9: one for lending and one for the liquidity portfolio. Based on the business models, ICA Bank's lending is recognised at amortised cost taking into account expected credit losses. ICA Bank's liquidity portfolio and investments are recognised at fair value with changes in value recognised through profit or loss. ICA Bank's deposits are recognised at amortised cost. See also Note 13 ICA Bank.

**Interest**

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

**Cash and cash equivalents**

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

**Bonus programmes**

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

**Pensions and other post-employment benefit obligations**

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

**Important assumptions and estimates**

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

**Leases**

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

**Valuation of goodwill and trademarks**

Assessments are made on an ongoing basis to ensure that the book value of goodwill and trademarks does not exceed their recoverable amount. A calculation is made of the recoverable amount to assess whether impairment of goodwill and trademarks is indicated. The recoverable amount is calculated using a present value calculation of cash flows based on the anticipated future outcomes of a number of factors. Since fair value is calculated based on assumptions about the future, a downgraded assessment of these assumptions could indicate impairment.

## Note 2 Segment reporting

Segments are defined based on how ICA Gruppen's management monitors and oversees operations. ICA Gruppen conducts wholesale and retail operations in Sweden within the ICA Sweden segment. The wholesale operations consist of selling goods to non-consolidated ICA retailers, while the retail business is operated in the stores that are consolidated in ICA Gruppen and also includes the sale of non-food items in ICA Maxi stores. Pharmacy operations are conducted in Sweden within the Apotek Hjärtat segment. In the Baltic countries retail operations take place within the Rimi Baltic segment. The ICA Real Estate segment is

a real estate business involving properties located in Sweden. Properties located in the Baltic countries are accounted for together with the retail operations in these countries and are included in the Rimi Baltic segment. Banking operations, including insurance operations, are reported in the segment ICA Bank. Other consists of items that are not included in identified segments and mainly comprises Group-wide functions.

Management monitors the segments' operating profit excluding items affecting comparability. Assets and liabilities include financial items. All internal trans-

actions are executed using market prices. The same accounting principles apply to the segments as to the Group, except for those relating to leases. For the segments, all lease payments are recognised as an ongoing cost within operating profit. No lease liabilities or right-of-use assets are included in the segments' assets and liabilities. In the IFRS 16 Leases column, amounts are recognised according to IFRS 16 as totals for all of the Group's segments.

SEK m	ICA Sweden		Rimi Baltic		Apotek Hjärtat		ICA Real Estate		ICA Bank		Total reported segments		Other		Eliminations		Total per segment		IFRS 16 Leases		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
External net sales	96,966	91,983	18,482	16,991	16,961	15,529	1,568	1,510	2,269	1,895	136,245	127,909	8	49			136,253	127,957			136,253	127,957
Internal net sales	287	258	-	-	2	2	1,325	1,323	33	35	1,646	1,619	1,295	1,285	-2,941	-2,904						
Depreciation/amortisation	754	689	458	442	198	184	563	611	38	22	2,011	1,947	146	150			2,158	2,097	3,665	3,403	5,822	5,500
Profit from joint ventures and associates	-	-	-	-	-81	-56	97	97	-16	-13	1	28	-	-			1	28			1	28
Operating profit excluding items affecting comparability	3,769	4,019	682	784	543	444	690	650	344	181	6,028	6,078	-439	-446			5,589	5,632	294	194	5,883	5,826
Items affecting comparability																	994	55	-424	-5	570	50
Net financial items																	-989	-94	-383	-304	-1,372	-399
Profit after financial items																	5,594	5,593	-513	-115	5,081	5,478
<b>Other segment information</b>																						
Assets	43,070	42,428	7,321	6,685	9,931	9,352	16,612	16,687	30,712	31,108	107,646	106,260	85,695	78,649	-88,227	-86,076	105,114	98,833	16,612	15,802	121,726	114,635
Liabilities	21,559	21,907	4,736	4,256	4,622	4,361	10,772	12,435	27,438	28,083	69,127	71,042	59,112	26,656	-38,646	-36,907	89,593	60,792	17,381	16,157	106,974	76,949
Investments in property, plant and equipment and intangible non-current assets	1,110	1,000	465	507	178	208	960	889	84	106	2,797	2,709	146	162			2,943	2,872			2,943	2,872
Investments in associates and joint ventures	-	-	-	-	-45	-	-4	0	-179	-74	-228	-74	-	-			-228	-74			-228	-74
Other non-cash flow items	3	0	0	-12	280	56	-1,293	-140	16	13	-994	-82	0	-1			-994	-83	424	5	-571	-78

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## Cont. Note 2 Segment reporting

## Items affecting comparability

SEK m	2022	2021
<b>Capital gains/losses from sale of subsidiaries and non-current assets</b>		
ICA Real Estate	1,199	48
Rimi Baltic	22	38
Internal gains on sale and leaseback according to IFRS 16 Leases	-424	-
Other	1	-4
<b>Total</b>	<b>799</b>	<b>82</b>
<b>Impairment and impairment reversed</b>		
ICA Real Estate	-3	-6
ICA Sweden	-5	-
Rimi Baltic	-22	-26
Apotek Hjärtat	-199	-
<b>Total</b>	<b>-229</b>	<b>-31</b>
<b>Total items affecting comparability</b>	<b>570</b>	<b>50</b>

## External net sales by revenue source

SEK m	2022	2021
Wholesale sales	80,169	75,009
Retail sales <sup>1</sup>	44,464	42,168
Rental income and lease-related services	3,480	3,300
Net interest income, commissions and insurance premiums, ICA Bank	2,269	1,895
Other services for ICA retailers	5,872	5,585
<b>Net sales</b>	<b>136,253</b>	<b>127,957</b>
1 Of which online sales	2,451	2,299

## Geographical information

SEK m	Net sales		Property, plant and equipment and intangible non-current assets including right-of-use assets	
	2022	2021	2022	2021
<b>Country</b>				
Sweden	117,743	110,932	57,128	60,945
Baltic countries	18,482	16,991	8,503	7,633
Other countries	28	34	3	1
<b>Total</b>	<b>136,253</b>	<b>127,957</b>	<b>65,634</b>	<b>68,578</b>

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

## Note 3 Expenses by type of expense

SEK m	2022	2021
Cost of materials	103,680	96,968
Personnel expenses	11,991	11,655
Administrative expenses	2,066	2,012
Cost of premises	2,175	1,974
Depreciation, amortisation and impairment	6,051	5,532
Other expenses	5,259	4,629
<b>Total expenses</b>	<b>131,223</b>	<b>122,769</b>

## Note 4 Average number of employees, salaries and other remuneration

## Average number of employees

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

	2022			2021		
	Women	Men	Total	Women	Men	Total
Sweden	6,660	6,244	12,904	6,567	6,162	12,729
Baltic countries	9,029	1,864	10,893	9,258	1,916	11,175
Asia	37	42	80	42	48	90
<b>Total</b>	<b>15,727</b>	<b>8,150</b>	<b>23,877</b>	<b>15,868</b>	<b>8,126</b>	<b>23,994</b>

## Salaries, other remuneration and social security contributions

SEK m	2022	2021
<b>Group</b>		
Salaries and other remuneration	7,760	7,488
Social security contributions	2,474	2,351
Pension costs	601	627
<b>Total</b>	<b>10,836</b>	<b>10,466</b>
<b>Board of Directors and CEO</b>		
- Salaries and other remuneration	127	127
- of which variable component	24	17
- Pension costs	18	17
Other employees	8,216	7,971
<b>Total</b>	<b>8,361</b>	<b>8,115</b>

Of the Board members and CEOs within the Group, 371 are men (336) and 414 are women (316). The data refers to all board assignments within ICA Gruppen and an individual may sit on more than one board. The amounts exclude social security contributions.

## Remuneration to the Board of Directors

The Chair of the Board and board members are receiving fees according to decisions made at the Annual General Meeting held in May 2022 and at an extraordinary general meeting in June 2022. The amounts stated refer to

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

remuneration approved for the full normal term from the 2022 Annual General Meeting until the 2023 Annual General Meeting. The fee for Tomas Emanuelz is calculated based the length of time that remained of the normal term on the date of his election to the Board. Per Strömberg is elected as of 1 January 2023. Remuneration to board members is reported in thousands of kronor (SEK 000s).

Fees to members of the Board of ICA Gruppen AB:	2022			2021		
	Board fees	Commit-tee work	Total fees	Board fees	Commit-tee work	Total fees
Claes Göran Sylvén	1,200	150	1,350	1,200	150	1,350
Jan Amethier	580	50	630	–	–	–
Göran Blomberg	–	–	–	–	–	–
Tomas Emanuelz	531	50	581	–	–	–
Bengt Kjell	580	100	680	–	–	–
Magnus Moberg	580	50	630	580	50	630
Fredrik Persson	580	50	630	580	50	630
Katarina Romberg	–	–	–	–	–	–
Charlotte Svensson	580	50	630	580	50	630
Anette Wiotti	580	100	680	580	100	680
Per Strömberg	–	–	–	–	–	–
Cecilia Daun Wennborg	–	–	–	580	275	855
Andrea Gisle Joosen	–	–	–	580	100	680
Lennart Evrell	–	–	–	580	100	680
Bo Sandström	–	–	–	580	150	730
Fredrik Hägglund	–	–	–	580	50	630
<b>Total</b>	<b>5,211</b>	<b>600</b>	<b>5,811</b>	<b>6,420</b>	<b>1,075</b>	<b>7,495</b>

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

Remuneration to senior executives consists of basic pay, pension benefits, variable remuneration in the form of a cash bonus, other remuneration and benefits, and severance pay. Other senior executives are individuals who, together with the CEO of ICA Gruppen AB, make up the ICA Management Team (IMT). The number of senior executives in 2022, excluding the CEO of ICA Gruppen AB, was 11 (11), of which 5 (5) are women.

**ICA Management Team (IMT)**

2022, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO ICA Gruppen AB <sup>1</sup>	17,391	13,163	317	5,308	36,179
of which 2022	10,144	5,597	239	3,537	19,517
of which 2023 as well as extraordinary provisions	7,247	7,565	78	1,771	16,661
Other senior executives <sup>2</sup>	43,042	21,670	1,987	12,700	79,399
of which 2022	38,546	10,065	1,908	11,540	62,059
of which 2023 as well as extraordinary provisions	4,496	11,604	79	1,159	17,338
<b>Total</b>	<b>60,433</b>	<b>34,833</b>	<b>2,304</b>	<b>18,008</b>	<b>115,578</b>

2021, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO ICA Gruppen AB	9,921	9,743	237	3,489	23,390
Other senior executives	41,097	12,760	2,036	10,051	65,944
<b>Total</b>	<b>51,018</b>	<b>22,503</b>	<b>2,273</b>	<b>13,540</b>	<b>89,334</b>

<sup>1</sup> Amounts presented in the table for the CEO of ICA Gruppen AB consist entirely of remuneration to Per Strömberg. The amounts also include remuneration for which a provision was made in 2022 but that will be paid out in 2023. This includes salary, variable remuneration, benefits and pension costs. This is because Per Strömberg will remain employed until 30 June 2023. The reason for this was to ensure a new CEO for ICA Gruppen was installed, and to ensure a smooth transition and support for new CEO of ICA Gruppen. The start date for the new CEO of ICA Gruppen AB (Nina Jönsson) is 1 January 2023.

<sup>2</sup> The amounts presented in the table also include remuneration for which a provision was made in 2022 but that will be paid out in 2023. This remuneration includes salary, variable remuneration, benefits, pension costs and severance pay for individuals who are other senior executives in the Group with whom agreements were signed in 2022 regarding ending their employment in 2023.

**Comments on the table**

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

In total, the IMT has been granted loans and credits from ICA Bank of SEK 0 million (1).

**Variable remuneration programmes for the CEO and other senior executives**

The CEO of ICA Gruppen AB and other senior executives are covered by two variable remuneration programmes in the form of a cash bonus, one of which

runs for one year and the other for three years. The combined annual bonus per person is maximised at an amount equivalent to 50% (50) of annual salary and 100% (100) for the CEO of ICA Gruppen AB. The bonus is not pensionable except in the case of the three senior executives who are covered by ITP1 and defined benefit ITP2 plans. The current CEO of ICA Banken AB is not included in bonus programmes launched after 31 December 2016. Variable remuneration for the CEO of ICA Banken AB that has already been earned is handled according to the regulations issued by Finansinspektionen (Sweden's financial supervisory authority, FI) on remuneration systems for credit institutions.

**Annual bonus programme**

A cash-based bonus programme maximised at 25% (25) of annual salary and 50% (50) for the CEO of ICA Gruppen AB. The performance criteria for the bonus programme are to be pre-determined and quantifiable, and mainly consist of financial performance targets, but performance can also be measured against non-financial targets linked to ICA Gruppen's strategic themes. The financial targets for the bonus programme are to be determined by the Board of Directors ahead of each financial year and individual bonus agreements are to be signed with each participant. The terms of these bonus agreements depend on the participant's position when the agreement is entered into. If the executive retires during the vesting period, the bonus is paid out pro rata and on condition that at least 2/3 of the programme has been earned. The Board of Directors has the right to adjust the bonus system in the case of, for example, extraordinary increases or decreases in the Group's earnings.

**Long-term Bonus Programme**

A cash-based, three-year bonus programme maximised at 25% (25) of annual salary and 50% (50) for the CEO of ICA Gruppen AB. The targets in the bonus programme, which must be predetermined and measurable, are to be determined by the Board and must be linked to both absolute and relative performance criteria. In the long-term bonus programme, fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and relates to (i) EBIT margin excluding items affecting comparability, (ii) return on capital employed (ROCE) for the Group excluding ICA Bank, (iii) net sales increase and (iv) decrease in greenhouse gases excluding carbon offset. The relative performance criteria account for the remaining 40% of the maximum outcome and relate to the Company's position in a comparison group consisting of 10 other companies running similar operations. The outcome depends on where the Company ranks within this comparison group in terms of (i) net sales increase and (ii) EBIT margin. If the executive retires during the vesting period, the bonus is paid out pro rata and on condition that at least 2/3 of the programme has

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

been earned. The Board of Directors has the right to adjust the bonus system in the case of, for example, extraordinary increases or decreases in the Group's earnings.

**Notice periods and severance pay for other senior executives**

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

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

**Pension benefits for other senior executives**

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

**Employment terms for the CEO of ICA Gruppen AB**

The outgoing CEO of ICA Gruppen AB had an agreed basic annual salary of SEK 9.9 million in 2022. An agreed mutual period of notice of six months applies to both the outgoing and the incoming CEO of ICA Gruppen AB. If notice of termination is given by the Company, severance pay of one year's salary is payable. The retirement age is 65. The Company covers its pension obligations through annual payments of pension premiums to insurance companies corresponding to 35% of basic salary.

**Note 5 Audit expenses**

SEK m	2022	2021
KPMG:		
Audit assignments	20	18
Other auditing activities	1	0
<b>Total</b>	<b>21</b>	<b>18</b>

**Note 6 Other operating income**

Other operating income refers entirely to the share of profits and share dividends from ICA retailers.

**Note 7 Leases**

ICA Gruppen leases a large number of properties and premises for its own stores and to sublease to independent ICA retailers. In addition to properties and premises, ICA Gruppen's other main leased items are lorries, forklifts, cars and automation.

The lengths of leases for properties vary depending on the country and the country's lease legislation. The average remaining lease terms are just over three years. The leases originally have an agreed term which is normally 5–10 years. Thereafter the leases generally continue for a term of between 12 and 36 months if neither the lessor nor ICA Gruppen terminates the lease. Otherwise there is a contractual extension option that is normally three to five years. It is not unusual at the end of a lease term for the lease to be renegotiated by ICA Gruppen, the property owner or both parties. Due to renegotiation the rent for the next period is unknown until the negotiation is concluded if the lease is extended as a result of the negotiation. It is therefore most common for the lease term to correspond to the contractual lease term without extension. Rents are often variable but have a minimum level, which in practice means a fixed rent with a smaller variable component if sales exceed certain levels.

For a specification of the right-of-use assets, see Note 11 Property, plant and equipment. For interest expense, see Note 8 Net financial items.

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## Cont. Note 7 Leases

Lease liability maturity structure	31 Dec. 2022
2023	3,928
2024	3,423
2025	2,740
2026	1,879
2027	1,899
After 2027 and no later than 2032	4,727
After 2032	1,069
<b>Total payments</b>	<b>19,665</b>
Discounting effect	-2,101
<b>Total liability according to the balance sheet</b>	<b>17,564</b>
of which current liability	3,793
of which non-current liability	13,772

Lease payments	2022	2021
Payments of leases entered as liabilities	3,955	3,617
Variable lease payments not included in lease liability	100	123
Short-term leases and leases of low value that are not included in lease liability	122	131
<b>Total lease payments</b>	<b>4,177</b>	<b>3,872</b>

Leases of SEK 1,492 million (1,125) have been entered into of which possession has not yet been taken.

Maturity structure of payments to receive as lessor	31 Dec. 2022
2023	2,525
2024	2,252
2025	1,926
2026	1,576
2027	1,364
After 2027 and no later than 2032	4,069
After 2032	926
<b>Total payments</b>	<b>14,638</b>

Lease revenue	2022	2021
Total rental income amounts to:	3,212	3,057
of which variable rental income	733	755
Income from subleasing of properties amounts to:	1,792	1,708

## Note 8 Net financial items

SEK m	2022	2021
<b>Financial income</b>		
Interest income	36	1
Change in fair value of financial instruments	0	1
Other financial income	1	0
Exchange differences	1	3
<b>Financial income</b>	<b>38</b>	<b>5</b>
<b>Financial expense</b>		
Interest expense	-999	-100
Lease interest expense	-383	-304
Other financial expense	-28	-
<b>Financial expense</b>	<b>-1,410</b>	<b>-404</b>

ICA Bank's interest income and interest expense are recognised in consolidated net sales.

## Note 9 Taxes

Current tax	2022	2021
Current tax on profit for the year	-867	-931
Deferred tax on temporary differences	286	7
<b>Reported tax expense</b>	<b>-581</b>	<b>-924</b>
<b>Reconciliation of effective tax expense</b>	<b>2022</b>	<b>2021</b>
Profit before tax	5,081	5,478
Tax as per the current tax rate in Sweden, 20.6% (20.6%)	-1,047	-1,128
Capital gains/losses	295	14
Share of profit and share dividends	128	119
Non-deductible expenses/non-taxable income	-84	-42
Profit share according to the equity method	0	8
Effect of other tax rates for foreign subsidiaries	40	46
Tax reduction for investments (in Sweden)	5	34
Effect of merger of Murgröna Holding AB <sup>1</sup>	51	-
Other	31	25
<b>Reported tax expense</b>	<b>-581</b>	<b>-924</b>
Effective tax rate, Group	11.4%	16.9%

<sup>1</sup> Murgröna Holding AB had an extended financial year that began when the company was formed in October 2021. After the merger, the result in 2021 affects the taxable profit of ICA Gruppen AB for the 2022 financial year. For information about the merger, see also Note 1.

Taxes by country 2022	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	20.6%	4,951	-574	4,377	-691
Estonia	0%	96	-24	72	-28
Latvia	0%	511	-77	434	-100
Lithuania	15%	37	-10	27	-3
Other countries		-1	0	-1	0
IFRS 16 Leases		-513	104	-409	0
<b>Total</b>		<b>5,081</b>	<b>-581</b>	<b>4,500</b>	<b>-822</b>

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## Cont. Note 9 Taxes

Taxes by country 2021	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	20.6%	4,810	-832	3,978	-876
Estonia	0%	135	-7	128	-15
Latvia	0%	559	-95	464	-80
Lithuania	15%	77	-9	68	-5
Other countries		11	0	11	0
IFRS 16 Leases		-114	19	-95	0
<b>Total</b>		<b>5,478</b>	<b>-924</b>	<b>4,554</b>	<b>-976</b>

In Estonia and Latvia the corporate income tax rate is 0%, while companies are taxed on any dividends distributed.

ICA Gruppen's tax policy, which is established annually by the Board, provides guidelines for how tax issues are handled within the Group. ICA Gruppen complies with current tax legislation in each country where it operates. All decisions concerning operations are taken on a commercial basis and tax effects are a consequence of these decisions.

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Reported deferred tax assets and tax liabilities</b>		
Non-current assets	-2,777	-2,875
Inventories	12	10
Provisions	132	491
Tax loss carryforwards	28	31
Untaxed reserves	-1,588	-1,679
Financial derivatives	-30	-14
<b>Total deferred tax assets (+) / deferred tax liabilities (-), net</b>	<b>-4,222</b>	<b>-4,036</b>
<b>As reported in balance sheet:</b>		
Deferred tax assets	59	58
Deferred tax liabilities	-4,281	-4,094

The Group has no unrecognised deferred tax assets relating to tax loss carryforwards. The possibility of utilising the tax loss carryforwards to offset taxable surpluses is evaluated continuously. Tax loss carryforwards do not have a maturity date.

## Change in deferred tax on temporary differences and tax loss carryforwards

SEK m	Balance as of 1 Jan. 2022	Recognised			Balance as of 31 Dec. 2022
		Recognised in income statement	in other compre- hensive income	Divest- ment and acquisition of assets	
Non-current assets	-2,875	100		-2	-2,777
Inventories	10	3			12
Provisions	491	-61	-298		132
Tax loss carryforwards	31	-3			28
Untaxed reserves	-1,679	90			-1,588
Financial derivatives	-14	156	-172		-30
<b>Total</b>	<b>-4,036</b>	<b>286</b>	<b>-470</b>	<b>-2</b>	<b>-4,222</b>

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

SEK m	Balance as of 1 Jan. 2021	Recognised			Balance as of 31 Dec. 2021
		Recognised in income statement	in other compre- hensive income	Divest- ment of assets	
Non-current assets	-2,954	79			-2,875
Inventories	9	0			10
Provisions	536	22	-67		491
Tax loss carryforwards	38	-7			31
Untaxed reserves	-1,595	-84			-1,679
Financial derivatives	58	-5	-67		-14
<b>Total</b>	<b>-3,908</b>	<b>6</b>	<b>-134</b>	<b>0</b>	<b>-4,036</b>

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

## Tax in other comprehensive income

SEK m	2022		
	Before tax	Tax	After tax
Remeasurement of defined benefit pensions	1,445	-298	1,148
Translation differences in foreign operations	208		208
Cash flow hedges:			
– change in value for the year	857	-177	680
Items reclassified to profit or loss	-23	5	-18
Share of other comprehensive income of joint ventures	53		53
<b>Other comprehensive income</b>	<b>2,540</b>	<b>-470</b>	<b>2,071</b>

SEK m	2021		
	Before tax	Tax	After tax
Remeasurement of defined benefit pensions	323	-67	256
Translation differences in foreign operations	44		44
Cash flow hedges:			
– change in value for the year	369	-76	293
Items reclassified to profit or loss	-44	9	-35
Share of other comprehensive income of joint ventures	12		12
<b>Other comprehensive income</b>	<b>704</b>	<b>-134</b>	<b>571</b>

## Note 10 Intangible non-current assets

SEK m	Goodwill		Trademarks		IT systems		Other		Total intangible non-current assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Accumulated cost	16,301	16,301	12,987	12,911	5,499	4,727	74	140	34,861	34,079
Accumulated amortisation			-1	-1	-3,238	-2,671	-65	-105	-3,303	-2,776
Accumulated impairment		-	-	-	0	0	-1	-1	-1	-1
<b>Carrying amount</b>	<b>16,301</b>	<b>16,301</b>	<b>12,985</b>	<b>12,910</b>	<b>2,261</b>	<b>2,056</b>	<b>8</b>	<b>34</b>	<b>31,555</b>	<b>31,301</b>
Opening balance	16,301	16,301	12,910	12,895	2,056	1,948	34	41	31,301	31,185
Investments	-	-	-	-	849	676	5	13	854	688
Divestments and disposals	-	-	-	-	-	-	-12	-	-12	-
Amortisation for the year	-	-	-	-	-652	-570	-14	-21	-666	-592
Impairment for the year	-	-	-	-	0	0	-5	-	-5	0
Translation differences for the year	-	-	75	16	9	3	-1	1	82	20
<b>Carrying amount</b>	<b>16,301</b>	<b>16,301</b>	<b>12,985</b>	<b>12,910</b>	<b>2,261</b>	<b>2,056</b>	<b>8</b>	<b>34</b>	<b>31,555</b>	<b>31,301</b>

Amortisation of intangible non-current assets is included in the following income statement items:

SEK m	2022	2021
Selling expenses	-14	-21
Administrative expenses	-652	-570
<b>Total</b>	<b>-666</b>	<b>-592</b>

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Goodwill</b>		
ICA Sweden	11,545	11,545
Apotek Hjärtat	4,756	4,756
<b>Total goodwill</b>	<b>16,301</b>	<b>16,301</b>

ICA's operations in relation to the Swedish ICA retailers are regulated through various agreements; partly through a negotiated business model which addresses supply chains, customer relationships and ICA's central costs, and partly through agreements which regulate royalties and profit sharing as well as leases. The business model that regulates the relationship between the individual ICA retailer and ICA Gruppen is based on the experience, skills and relationships that have been developed for more than 100 years. All of the agreements and relationships in the business model are interdependent, which makes it

impossible to separate one or more agreements or parts from the whole. This whole – in the form of ICA's business model – is recognised as goodwill. Goodwill is attributable to the lowest level that generates largely independent cash inflows, which means the ICA Sweden segment. Goodwill relating to Apotek Hjärtat is attributable to non-identifiable intangible assets and to synergy effects. Goodwill is attributable to the lowest level that generates largely independent cash inflows, which means the Apotek Hjärtat segment. No part of recognised goodwill is income tax deductible.

Trademarks in the segment ICA Sweden are assignable to ICA, the Swedish store operations and the ICA stores. Trademarks in the segment Rimi Baltic relate to Rimi and are assignable to the store operations in the Baltic countries. Trademarks in the segment Apotek Hjärtat are assignable to Apotek Hjärtat and its pharmacies. The trademarks are assignable to the following segments:

SEK m	31 Dec. 2022	31 Dec. 2021
ICA Sweden	11,502	11,502
Apotek Hjärtat	550	550
Rimi Baltic	933	858
<b>Total trademarks</b>	<b>12,985</b>	<b>12,910</b>

All trademarks have an indefinite useful life as it is not possible to establish how long they can be expected to generate income.

IT systems refers to capitalised development expenditures for IT systems. The useful life is determined for each system and ranges from three to five years. Amortisation is recognised on a straight-line basis over the useful life of the assets. The remaining amortisation schedule for IT systems is around three years.

Other intangible assets consist of intangible surplus values in connection with the acquisition of store operations and assets under construction. Amortisation is recognised over the estimated useful life.

### Impairment testing of goodwill and trademarks

Trademark and goodwill impairment tests are conducted annually or more often when there is an indication of impairment. The recoverable amount is established based on calculations of the asset's value in use unless it is classified as held for sale, in which case the recoverable amount is fair value less selling expenses. For all cash-generating units the calculations are based on the Management Team's business plans and forecasts for the next five years. Cash flows beyond this period are extrapolated.

ICA Sweden's trademarks and goodwill are tested by estimating the value in use for the cash-generating unit ICA Sweden segment. Apotek Hjärtat's trademarks and goodwill are tested by estimating the value in use for the cash-generating unit Apotek Hjärtat segment. Rimi Baltic's trademarks are tested by estimating the value in use for the cash-generating unit Rimi Baltic segment.

When calculating value in use, lease payments are treated as cash flow from operations. Consequently lease liabilities have not affected the discount rate, as in previous years. The lease liability is deducted from an entity's carrying amount because the value in use is reduced by future lease payments, in which the right-of-use assets are included in impairment testing.

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## Cont. Note 10 Intangible non-current assets

**Impairment testing of other intangible assets**

For intangible assets other than goodwill and trademarks a recoverable amount is determined when there is an indication of impairment of the asset.

During the year no incidents occurred that indicate impairment.

Key variables	Method of estimating value						
EBITDA	Earnings before net financial items, tax and depreciation/amortisation are estimated based on business plans and forecasts for a period of five years. The EBITDA margin in business plans and forecasts is based on previous experience and external estimates. After the end of the forecast period the long-term EBITDA margin is estimated at 5.2% (5.4) for ICA Sweden, 6.5% (4.3) for Apotek Hjärtat and 6.8% (6.4) for Rimi Baltic. In no case does this indicate an increasing EBITDA margin compared with the five-year forecast period.						
Sales growth	Sales growth is assessed based on business plans and forecasts over a period of five years. Growth in business plans and forecasts is based on previous experience and external estimates. After the end of the forecast period the long-term annual sales growth is estimated at 1.5% (1.5) for ICA Sweden, 1.5% (1.5) for Apotek Hjärtat and 1.5% (1.5) for Rimi Baltic. In no case does this indicate an increasing growth rate compared with the five-year forecast period.						
Investments	An assessment is made of the level of maintenance investments needed to keep the assets in their present condition.						
Working capital	It has been determined that the need for working capital is at the same level as at the end of the forecast period.						
Discount rate	The discount rate is set taking into account current interest rate levels and specific risk factors for each unit. The discount rate corresponds to the unit's average cost of capital and is stated before tax. <table border="1"> <tbody> <tr> <td>ICA Sweden</td> <td>7.7% (6.1)</td> </tr> <tr> <td>Apotek Hjärtat</td> <td>7.6% (6.2)</td> </tr> <tr> <td>Rimi Baltic</td> <td>8.5% (7.5)</td> </tr> </tbody> </table>	ICA Sweden	7.7% (6.1)	Apotek Hjärtat	7.6% (6.2)	Rimi Baltic	8.5% (7.5)
ICA Sweden	7.7% (6.1)						
Apotek Hjärtat	7.6% (6.2)						
Rimi Baltic	8.5% (7.5)						

**Sensitivity analysis**

No potential changes that could reasonably take place would lead to impairment.

## Note 11 Property, plant and equipment

SEK m	Buildings and land		Investment properties		Leasehold improvements		Equipment		Construction in progress		Total before right-of-use assets	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Accumulated cost	15,260	20,082	1,367	1,561	1,255	1,173	8,135	7,455	1,101	802	27,118	31,074
Accumulated amortisation	-3,862	-4,411	-98	-129	-838	-773	-5,028	-4,479	-	-	-9,826	-9,792
Accumulated impairment	-86	-74	-43	-46	-14	-9	-120	-104	9	9	-254	-224
<b>Carrying amount</b>	<b>11,312</b>	<b>15,598</b>	<b>1,226</b>	<b>1,386</b>	<b>404</b>	<b>391</b>	<b>2,987</b>	<b>2,872</b>	<b>1,110</b>	<b>811</b>	<b>17,038</b>	<b>21,058</b>
Opening balance	15,598	14,808	1,386	1,401	391	398	2,872	2,581	811	1,328	21,058	20,516
Investments	566	894	174	68	131	146	895	993	400	88	2,165	2,189
Divestments, transferred to assets held for sale and disposals	-4,515	-48	-312	-18	-1	0	-75	-118	-114	-1	-5,017	-185
Reclassifications	6	503	-8	-46	8	2	-8	145	2	-604	0	0
Amortisation for the year	-583	-604	-10	-16	-133	-153	-766	-732	-	-	-1,491	-1,505
Impairment for the year	0	-3	-8	-4	-4	-4	-12	-14	0	-5	-25	-30
Impairment reversed during the year	4	-	-	-	-	-	-	-	-	-	4	-
Translation differences for the year	237	48	3	1	12	3	81	17	12	4	344	72
<b>Carrying amount</b>	<b>11,312</b>	<b>15,598</b>	<b>1,226</b>	<b>1,386</b>	<b>404</b>	<b>391</b>	<b>2,987</b>	<b>2,872</b>	<b>1,110</b>	<b>811</b>	<b>17,038</b>	<b>21,058</b>

## Right-of-use assets according to IFRS 16 Leases

	Buildings and land		Other		Total right-of-use assets		Total property, plant and equipment	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening balance	14,601	14,709	1,614	345	16,215	15,054	37,273	35,570
Amended and new leases/investments	3,973	3,075	269	1,440	4,242	4,515	6,407	6,705
Divestments, transferred to assets held for sale and disposals	-	-	-	-	-	-	-5,017	-185
Amortisation for the year	-3,367	-3,231	-298	-172	-3,665	-3,403	-5,156	-4,908
Impairment for the year	-	-	-	-	-	-	-25	-30
Impairment reversed during the year	-	-	-	-	-	-	4	-
Translation differences for the year	245	49	4	1	249	50	594	122
<b>Carrying amount</b>	<b>15,453</b>	<b>14,601</b>	<b>1,589</b>	<b>1,614</b>	<b>17,042</b>	<b>16,215</b>	<b>34,079</b>	<b>37,273</b>

## Cont. Note 11 Property, plant and equipment

## Depreciation periods (years):

Buildings	20–50
Investment properties	20–40
Leasehold improvements	6–20
Store equipment and vehicles	7–10
Other equipment	3–10

## Investment properties

A valuation has been carried out of the fair value of all investment properties. Many properties have been valued by an external party and in other cases an internal valuation has been made. The valuation is based on the existing rents and market conditions and the real yield requirements in the various markets. It shows that the fair value exceeds the carrying amount by SEK 759 million (659). According to IFRS 13 these properties are measured at level 3.

The following amounts have been recognised in income from investment properties:

SEK m	2022	2021
Rental income	30	54
Direct costs	17	33

## Construction in progress

Construction in progress amounts to SEK 1,110 million (811). Expenses paid during the year include capitalised interest expense of SEK 0 million (0) calculated based on an interest rate of 2.38% (1.45).

## Note 12 Interests in joint ventures and associates

ICA Gruppen has two joint ventures relating to properties: Ancore Fastigheter AB and Trecore Fastigheter AB. One joint venture, Secore Fastigheter AB, ended during the year. In addition to these, ICA Bank and Apotek Hjärtat each have one associated company – Borgo AB and MD International AB (Min Doktor) respectively.

## Joint ventures

Ancore Fastigheter AB is a joint arrangement between pension company Alecta and ICA Gruppen. The parties each own 50% of the company. All significant decisions concerning Ancore's operations must be made by agreement between the two owners. Ancore Fastigheter AB owns and manages properties at 33 marketplaces in Sweden. These contain ICA stores in which the operations are run by non-consolidated ICA retailers. Based on all relevant facts relating to the joint arrangement, Ancore Fastigheter AB is a joint venture. It is consolidated according to the equity method.

On 1 April 2022 ICA Real Estate and Bonnier Fastigheter formed a new jointly owned property company called Trecore Fastigheter AB. Initially the company acquired 44 store properties from ICA Real Estate, taking possession of the properties on 1 April 2022. The transaction was a natural second step following the acquisition of Secore Fastigheter (see more information below). The net effect on the Group's cash flow was just over SEK 1.4 billion.

Trecore Fastigheter AB is a joint arrangement between Bonnier Fastigheter and ICA Gruppen. The parties each own 50% of the company. All significant decisions about the operations of Trecore Fastigheter AB must be made as a joint understanding between the two owners. Trecore Fastigheter AB owns and manages properties at 45 marketplaces in Sweden. These contain ICA stores in which the operations are run by non-consolidated ICA retailers. Based on all relevant facts relating to the joint arrangement, Trecore Fastigheter AB is classified as a joint venture. It is consolidated according to the equity method.

ICA Real Estate acquired Första AP Fonden's 50% share of Secore Fastigheter AB on 1 April 2022 and at that time all properties, apart from three smaller ones, were transferred to be part of the new joint arrangement, Trecore Fastigheter AB. The joint arrangement between Första AP-fonden and ICA Gruppen thereby ceased on 1 April. Up to that date the parties each owned 50% of Secore. Secore Fastigheter AB owns and manages properties at 40 marketplaces in Sweden. These contain ICA stores in which the operations are run by non-consolidated ICA retailers.

## Associates

MD International AB (Min Doktor) is a joint arrangement between ICA Gruppen and a number of other parties, including EQT Ventures Fund. Through Apotek Hjärtat, ICA Gruppen owns 49.50% of the company. All significant decisions concerning Min Doktor's operations must be made by agreement between the owners. Min Doktor is one of Sweden's largest providers of digital primary care services and runs a number of drop-in clinics, primarily adjacent to large ICA stores. Based on all relevant facts relating to the joint arrangement, Min Doktor is classified as an associate. It is consolidated according to the equity method.

During the first half of 2022 the shareholders in IISÅ Holdco AB divested the company. IISÅ was formed as part of a partnership entered into in autumn 2019 between ICA Bank, Ikano Bank, Söderberg & Partners, Ålandsbanken and Borgo to establish a joint mortgage company in the Swedish market. In connection with the divestment, ICA Bank's shares in IISÅ were sold and the corresponding percentage of ownership in Borgo AB was obtained to retain the total shareholding in Borgo AB. A number of senior executives acquired warrants in the company in 2022. The jointly owned company is an associate within ICA Gruppen and is reported according to the equity method.

## Joint ventures and associates

SEK m	2022	2021
<b>Carrying amount, joint ventures and associates</b>		
Carrying amount, opening balance	1,316	1,287
New investments	228	74
Divestments	-159	-
Dividends	-75	-85
Impairment	-202	-
Share of profits	1	28
Items in other comprehensive income	53	12
<b>Carrying amount, closing balance</b>	<b>1,162</b>	<b>1,316</b>

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## Cont. Note 12 Interests in joint ventures and associates

Ancore Fastigheter AB paid dividends totalling SEK 150 million, of which SEK 75 million was paid to ICA Gruppen (in 2021 dividends were paid in the amount of SEK 150 million, of which SEK 75 million was paid to ICA Gruppen). Secore Fastigheter AB did not pay a dividend (in 2021 a dividend of SEK 20 million was distributed, of which SEK 10 million was paid to ICA Gruppen). The divestment is of Secore Fastigheter AB. In 2022 SEK 179 million was invested in Borgo (SEK 74 million) and SEK 45 million in Min Doktor in connection with a new share issue (SEK 0). SEK 4 million was provided as a capital contribution to property company Postgården AB (in 2021 no capital contribution was received).

Min Doktor was written down by SEK -199 million and properties in Trecore by SEK -3 million. These impairment losses are recognised as items affecting comparability in the income statement.

## Table summarising the most significant holdings of interests in joint ventures and associates

SEK m	Share, % <sup>1</sup>		Carrying amount		Share of profits	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Ancore Fastigheter AB, 556817-8858, Stockholm	50	50	769	728	70	67
Trecore Fastigheter AB, 559352-4159, Stockholm	50	-	31	-	19	-
Secore Fastigheter AB, 559018-9451, Stockholm	-	50	-	158	9	30
Fastighetsaktiebolaget Postgården AB, 559016-8885, Stockholm	50	50	11	7	0	0
MD International AB (Min Doktor), 556934-0580, Malmö	49.50	46.51	100	334	-81	-56
Borgo AB, 559153-2303, Stockholm	19.9	25	251	87	-16	-13
<b>Total</b>			<b>1,162</b>	<b>1,316</b>	<b>1</b>	<b>28</b>

<sup>1</sup> Ownership percentages are consistent with share of capital.

## Summary of joint ventures and associates

SEK m	Joint ventures				Associates			
	Ancore Fastigheter AB		Trecore Fastigheter AB		MD International AB (Min Doktor)		Borgo AB	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Reconciliation of reported share of profits</b>								
Profit for the year	142	137	-12	-	-164	-126	-114	-46
Share of profits	71	68	-6	-	-81	-59	-23	-11
Elimination of intra-Group profits and depreciation of surplus value	-1	-1	25	-	0	3	7	-2
<b>Reported share of profits</b>	<b>70</b>	<b>67</b>	<b>19</b>	<b>-</b>	<b>-81</b>	<b>-56</b>	<b>-16</b>	<b>-13</b>

SEK m	Ancore Fastigheter AB		Trecore Fastigheter AB		MD International AB (Min Doktor)		Borgo AB	
	2022	2021	2022	2021	2022	2021	2022	2021
	<b>Reconciliation of carrying amount</b>							
Share of equity	741	700	545	-	142	155	229	64
Surplus values	82	85	154	-	59	280	22	23
Intra-Group profit	-54	-56	-668	-	-101	-101	-	-
<b>Carrying amount</b>	<b>769</b>	<b>728</b>	<b>31</b>	<b>-</b>	<b>100</b>	<b>334</b>	<b>251</b>	<b>87</b>

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Cont. Note 12 Interests in joint ventures and associates

**Condensed income statement and balance sheet**

SEK m	Ancore Fastigheter AB		Trecore Fastigheter AB	
	2022	2021	2022	2021
Rental income	506	486	190	-
Depreciation/amortisation	-130	-124	-79	-
Costs	-112	-106	-49	-
Operating profit	264	256	62	-
Financial income	1	0	0	-
Financial expense	-79	-76	-69	-
<b>Profit before tax</b>	<b>186</b>	<b>180</b>	<b>-7</b>	<b>-</b>
Tax	-43	-44	-6	-
<b>Profit for the year</b>	<b>142</b>	<b>137</b>	<b>-12</b>	<b>-</b>
Other comprehensive income	92	23	15	-
<b>Comprehensive income for the year</b>	<b>234</b>	<b>160</b>	<b>3</b>	<b>-</b>
Non-current assets	5,582	5,442	4,050	-
Current assets	31	27	11	-
Cash and cash equivalents	183	185	35	-
<b>Total assets</b>	<b>5,796</b>	<b>5,655</b>	<b>4,096</b>	<b>-</b>
Equity	1,483	1,400	1,089	-
Deferred tax liabilities	204	184	148	-
Non-current liabilities to credit institutions	3,106	3,912	2,739	-
Current liabilities	1,002	159	120	-
<b>Total equity and liabilities</b>	<b>5,796</b>	<b>5,655</b>	<b>4,096</b>	<b>-</b>

**Condensed income statement and balance sheet**

SEK m	Borgo AB	
	2022	2021
Net interest income and net commission income	-6	-1
Other income	-8	0
Other expenses	-126	-56
Credit losses, net	0	0
Operating profit	-141	-57
Tax	29	11
<b>Profit for the year</b>	<b>-112</b>	<b>-46</b>
Other comprehensive income	-2	0
<b>Comprehensive income for the year</b>	<b>-114</b>	<b>-46</b>
Lending to the public	14,527	17
Other assets	3,802	2,274
<b>Total assets</b>	<b>18,329</b>	<b>2,291</b>
Equity	1,151	257
Medium-term notes issued	11,811	0
Deposits from the public	4,342	2,021
Other liabilities	1,024	13
<b>Total equity and liabilities</b>	<b>18,329</b>	<b>2,291</b>

**Condensed income statement and balance sheet**

SEK m	MD International AB (Min Doktor)	
	2022	2021
Sales	320	342
Other expenses	-484	-468
Operating profit	-163	-
Net finance	0	0
<b>Profit before tax</b>	<b>-163</b>	<b>-126</b>
Tax	-1	0
<b>Profit for the year</b>	<b>-164</b>	<b>-126</b>
Non-current assets	276	298
Current assets	63	28
Cash and cash equivalents	33	109
<b>Total assets</b>	<b>372</b>	<b>435</b>
Equity	287	333
Non-current liabilities	2	3
Current liabilities	82	99
<b>Total equity and liabilities</b>	<b>372</b>	<b>435</b>

Postgården AB is a joint arrangement with Nordr for the construction of residential units above the commercial development that ICA Real Estate is going to build in Årsta. The preliminary construction start date is in 2025. The company did not conduct any significant operations in 2022. It is consolidated according to the equity method.

## Note 13 ICA Bank

ICA Bank offers a complete range of financial services that simplify everyday life and help people keep track of their finances. The bank operates within two business areas, Personal and Corporate, as well as through its subsidiary ICA Insurance. Personal banking offers a full range of financial services in the areas of borrowing, saving, payments and insurance. The services emphasise simplicity combined with competitive pricing and a high level of service. The Corporate business area offers banking services to ICA retailers as well as payment cards and gift cards for the public sector, private individuals and other external customers.

Variable interest rates apply to both deposits and lending, with the exception of a small share of lending to businesses where the interest rate is fixed for three months. The liquidity arising in ICA Bank if deposits plus equity exceed lending plus assets in e.g. shares in subsidiaries and associates, is invested in low-risk instruments. This involves investing in Swedish municipal bonds and corporate bonds with a minimum rating of "A" (according to S&P or Moody's). The combination of deposits, lending and investments keeps the total interest rate risk low. The bank has very small amounts in foreign currencies and therefore currency risk is low. The majority of loans are unsecured.

In 2022 the operations of the new mortgage company, Borgo AB, got under way and the bank was able to deliver strong growth in home mortgages during the quarter. The benefits of a common platform to issue loans have become clear as ICA Bank has been able to focus fully on customer relations and the value it can offer through home mortgages – an offering the customers have appreciated. See also Note 12 Interests in joint ventures and associates.

ICA Bank's lending to the public has the following remaining maturities:

SEK m	31 Dec. 2022	31 Dec. 2021
No longer than 3 months	1,657	1,617
Longer than 3 months but not more than 1 year	2,050	2,154
Longer than 1 year but not more than 5 years	9,322	9,557
Longer than 5 years	7,633	7,771
<b>Total lending</b>	<b>20,662</b>	<b>21,100</b>
Of which lending to companies	2,548	2,067

### Impairment

Impairment testing according to IFRS 9 is based on expected credit losses. In addition, all relevant macroeconomic factors must be taken into account. For all loan receivables an initial loss allowance is applied that corresponds to expected credit losses within a period of 12 months (stage 1). If the credit risk has increased significantly since initial recognition but the asset is not yet considered credit-impaired, the asset is moved to stage 2. In stage 2 credit losses are recognised based on losses expected to occur over the full anticipated lifetime of the asset. Stage 3 is default, where the receivable is considered to be a bad debt. Bad debts within personal banking are sold to an external party once the receivable has remained unsettled for around 120 days. Reserves are also made for loans approved but not yet paid out, unutilised card credit and overdrafts, and guarantees given. ICA Bank's loan portfolios for personal and business customers consist of unsecured and secured loans as well as card credit and overdrafts. These are allocated to stages according to set criteria which differ between ICA Bank's business areas.

### Breakdown of loans by stage and allowances, according to IFRS 9

#### Lending to the public

SEK m	31 Dec. 2022	31 Dec. 2021
Carrying amount gross, stage 1	19,234	20,053
Carrying amount gross, stage 2	1,673	1,218
Carrying amount gross, stage 3	172	146
<b>Total carrying amount gross</b>	<b>21,079</b>	<b>21,417</b>
Allowances, stage 1	-122	-104
Allowances, stage 2	-209	-140
Allowances, stage 3	-86	-73
<b>Total allowances</b>	<b>-417</b>	<b>-317</b>
<b>Total carrying amount</b>	<b>20,662</b>	<b>21,100</b>

## Note 14 Inventories

SEK m	31 Dec. 2022	31 Dec. 2021
Inventories of goods for resale	5,665	4,880
Deduction for obsolescence in inventories	-159	-123
<b>Total inventories</b>	<b>5,506</b>	<b>4,757</b>

## Note 15 Related party transactions

Other than the transactions in the consolidated financial statements, ICA Gruppen's transactions with related parties mainly consist of rental transactions relating to the properties owned by Ancore Fastigheter AB, the joint venture with Alecta, and Trecore Fastigheter AB, the joint venture with Bonner Fastigheter. See also Note 12 Interests in joint ventures and associates, for transactions that have taken place during the year with related parties.

2022, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures	31	701	134	0

2021, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures	32	638	126	3

ICA Gruppen has had daily transactions with the board members who are ICA retailers. The transactions are a natural part of their role as ICA retailers and take place on the same terms as for other ICA retailers.

For remuneration to senior executives, see Note 4.

## Note 16 Assets and liabilities held for sale

Assets held for sale relate to 30 store properties in Sweden that will be sold to Delcore Fastigheter AB as well as two warehouse properties in Sweden that will be sold to Catena. In addition to the sale of these properties, there are plans to sell other properties in Sweden and the Baltics in 2023.

Delcore Fastigheter AB will be owned by ICA Real Estate and the occupational pensions company AMF, each with 50% share, and will be reported within ICA Gruppen as a joint venture according to the equity method as of 1 April 2023. The properties will be leased back to ICA Gruppen from Delcore. The net effect of the transaction on the Group's cash flow is expected to be around SEK 3.8 billion in the second quarter of 2023. The Group's net debt excluding ICA Bank and IFRS 16 Leases is at the same time expected to decrease by SEK 3.8 billion. Including IFRS 16 Leases the net debt will decrease by SEK 1.1 billion. The transaction provides a capital gain of around SEK 400 million, which will be recognised as an item affecting comparability in the Group's operating profit for the second quarter of 2023. See also the press release dated 23 December 2022.

The two warehouse properties are in Upplands-Bro and Gothenburg respectively. The sale took place on 1 February 2023. The properties are being leased back by ICA Real Estate. The net effect of the transaction on the Group's cash flow is SEK 0.5 billion in the first quarter of 2023. The Group's net debt excluding ICA Bank and IFRS 16 Leases is at the same time decreased by SEK 0.5 billion. Including IFRS 16 Leases the net debt will decrease by SEK 0.4 billion. The transaction provides a capital gain of around SEK 50 million, which will be recognised as an item affecting comparability in the Group's operating profit for the first quarter of 2023. See also the press release dated 22 December 2022.

Impairment of SEK 0 million (1) was recognised in connection with classification as assets held for sale.

## Note 17 Equity

Share data (number)	31 Dec. 2022	31 Dec. 2021
Number of Class A shares (owner: ICA-handlarnas Förbund)	128,205,128	201,146,795
Number of Class E shares (owner: AMF)	18,728,223	–
<b>Total number of shares</b>	<b>146,933,351</b>	<b>201,146,795</b>

The quota value is SEK 3.42 (2.50) per share. See also Note 12 Equity and appropriation of earnings in the notes to the Parent Company's financial statements.

### Specification of the equity item reserves

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Translation reserve:</b>		
Translation reserve, opening balance	586	542
Reclassified to profit or loss	–	–
Translation differences for the year	208	44
<b>Translation reserve, closing balance</b>	<b>794</b>	<b>586</b>
<b>Hedging reserve:</b>		
Hedging reserve, opening balance	101	–169
Reclassified to profit or loss	–23	–44
Change in value during the year	738	314
<b>Hedging reserve, closing balance</b>	<b>816</b>	<b>101</b>
<b>Total reserves:</b>		
Reserves, opening balance	686	371
Change in reserves during the year:		
Translation reserve	208	44
Hedging reserve	715	270
<b>Reserves, closing balance</b>	<b>1,609</b>	<b>686</b>
Non-controlling interests in hedging reserve	0	1
<b>Reserves attributable to the parent, closing balance</b>	<b>1,609</b>	<b>687</b>

### Translation reserve

The translation reserve includes all exchange differences that arise in translating financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports.

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

### Other capital contributed

Other capital contributed essentially consists of the contributions, over and above share capital, that are provided by the owners.

### Non-controlling interests

Refers to store subsidiaries within the ICA Sweden segment and, at the beginning of the year, Långeberga Logistik AB.

The remaining 50% of the shares in Långeberga Logistik AB were acquired in May and the company is now wholly owned by ICA Gruppen. No dividend was received during the year. In 2021 the sum of SEK 100 million was distributed from Långeberga Logistik AB, half of which went to Aleccta pensionsförsäkring and reduced non-controlling interests.

### Asset management

ICA Gruppen's managed assets consist of the Group's recognised equity. The Group's asset management goal is to ensure long-term value creation for the shareholders and to reflect the Group's focus on stable grocery retail sales. The Board of Directors has adopted the following long-term financial targets for ICA Gruppen:

- Grow faster than the market (Grow faster than the market)
- Operating margin excluding items affecting comparability of 4.5% (4.5%)
- Return on capital employed of 7.5% (7.5%)
- Net debt excluding ICA Bank and IFRS 16 Leases/EBITDA excluding IFRS 16 Leases <2.0 (In 2022 the target was changed from: Net debt excluding ICA Bank/EBITDA <3.0)

For information on performance in relation to these targets, refer to the Board of Directors' Report.

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## Cont. Note 17 Equity

ICA Gruppen has financial covenants to fulfil. As of the closing day these were fulfilled.

Paid and proposed dividends	SEK m
<b>Dividends paid during the year</b>	
Dividend for 2021: No dividend	
<b>Dividend proposal to the 2023 Annual General Meeting</b>	
A dividend of SEK 0.86 per share is proposed for Class A shares and SEK 23.96 per share for Class E shares	559

The Board of Directors of ICA Gruppen AB has decided to propose to the Annual General Meeting on 20 April 2023 a dividend of SEK 110 million for Class A shares and SEK 449 for Class E shares, totalling SEK 559 million.

ICA Bank has capital adequacy requirements under the rules that apply to banks and insurance companies. The capital adequacy requirements guarantee that ICA Bank is able to meet its obligations to its customers. The requirements stipulate that ICA Bank must maintain a specific amount of equity in relation to its lending and revenues. Compliance with capital adequacy requirements is monitored by Finansinspektionen (FI). These requirements were fully met during the year. Under the legal requirements for banks, ICA Bank's cash and cash equivalents are not available to the Group.

## Note 18 Pensions

Employees in Sweden receive pension benefits in accordance with collective agreements. Salaried employees therefore receive either defined contribution (ITP1) or defined benefit (ITP2) pensions according to the ITP plan. Employees with a defined benefit pension plan receive pension based on their final salary. The defined benefit pensions are reported as a provision in the balance sheet. The defined contribution pension premiums are paid to Alecta/Collectum on an ongoing basis. A small portion of the defined benefit pension is paid to Alecta in the form of risk insurance. To guarantee the provision in the balance sheet, a credit insurance policy has been taken out with PRI Pensionsgaranti. PRI Pensionsgaranti performs continuous credit checks on ICA Gruppen to ensure the Group's ability to meet its pension promises. If PRI Pensionsgaranti should deem ICA Gruppen's credit rating to be too low, PRI has the authority to require either additional guarantees for the Group's commitments, or that all or parts of the pension undertaking are redeemed with Alecta through the purchase of credit insurance. A cost may then arise for ICA Gruppen, depending on Alecta's assumptions and requirements with respect to redemption at that point. Unionised employees receive defined contribution pension plans according to the SAF/LO Collective Pension Insurance.

In the Baltic countries collective pension insurance exists only in exceptional cases and in these cases they are defined contribution plans.

There are no significant healthcare benefits in the Group's plans.

For Swedish companies, if a difference arises between the pension liability established according to Swedish rules and the pension liability established according to IFRS, a provision or receivable is recognised for the special employer's contribution based on this difference. The amount is included in pension provisions.

**Cost of defined benefit pension plans**

SEK m	2022	2021
Cost of vested benefits during the period	96	220
Interest expense	63	39
<b>Pension cost for defined benefit pension plans in profit for the year</b>	<b>159</b>	<b>259</b>
Pension cost for defined contribution pension plans	438	437
<b>Pension cost in profit for the year</b>	<b>597</b>	<b>696</b>
Remeasurements recognised in other comprehensive income, gains (-) / losses (+)	-1,445	-323
<b>Pension cost in comprehensive income for the year</b>	<b>-848</b>	<b>373</b>

The following disclosures relate only to the defined benefit plans.

**Change in obligations**

SEK m	2022	2021
Opening balance	4,144	4,262
Cost of vested benefits during the period	96	220
Interest expense	63	39
Remeasurements, gains (-) / losses (+)	-1,445	-323
Pension disbursements	-58	-54
<b>Closing balance</b>	<b>2,800</b>	<b>4,144</b>

**Important actuarial assumptions**

	31 Dec. 2022	31 Dec. 2021
Discount rate	4,00	1.75%
Inflation	2.00%	1.75%
Rate of salary increase	3.00%	2.75%
Mortality rate	DUS 21	DUS 14

ICA Gruppen reviews the assumptions on a regular basis and compares them with actual outcomes. This process is an important aspect of assessing which assumptions to apply going forward. The ITP2 plan has been closed for many years and this affects the assessment of, for example, the rate of salary increase, since experience shows that older employees have a lower rate of salary increase than their younger counterparts. New employees born in 1979 or later receive a defined contribution pension under the ITP agreement.

Remeasurements refers mainly to financial assumptions. A smaller portion of the remeasurements relate to demographic assumptions and a new mortality table. An increased discount rate is responsible for the main portion of the decreased debt. This is offset to a limited extent by a historically high upward adjustment of pension promises within Alecta.

The duration of the pension liability is 20 years (23 years).

**Sensitivity analysis**

An increase in the discount rate of one half of a percentage point would reduce the obligation by SEK 295 million (474). A decrease in the discount rate of one half of a percentage point would increase the obligation by SEK 366 million (548).

**Expected disbursements**

Over the next five years the expected disbursements from the defined benefit plans amount to a total of SEK 349 million, broken down as SEK 70 million in 2023 and SEK 70–71 million for each of the next four years. The disbursements over the subsequent five years will amount to a total of SEK 476 million, which means the average payment per year is SEK 95 million.

## Note 19 Financial risks, financial risk management and financial instruments

ICA Gruppen has a central treasury function for financial management whose primary task is to ensure that the Group has secured financing through loans and lines of credit, to handle cash management and to actively manage and control financial exposure in line with the Group's Financial Policy.

### Financial Policy and financial targets

The Financial Policy applies to all companies in the Group. The Financial Policy of ICA Gruppen determines which financial risks the Group is prepared to take

and defines risk management targets and guidelines. It also describes the division of responsibilities as well as reporting and internal control procedures for financial risk management.

The policy is revised annually, or more often if needed, by ICA Gruppen's Audit Committee and is approved by ICA Gruppen's Board of Directors.

According to the long-term financial targets for the business, ICA Gruppen is to aim for net debt (excluding ICA Bank and IFRS 16 leases)/EBITDA (excluding IFRS 16 Leases) that is <2.

### Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect ICA Gruppen's earnings and cash flow or the fair value of financial assets and liabilities.

The Financial Policy states that interest rate risk is to be limited by having an average interest rate duration for all interest-bearing debt (including derivatives) of 12–36 months. At year-end the interest rate duration was 15 (15) months. The interest exposure is managed through fixed interest rates in actual borrowing and through interest rate swaps. A one percentage point increase in

ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities Specification	Carrying amount 31 Dec. 2022	Carrying amount 31 Dec. 2021	Interest rate on 31 December 2022 incl. derivatives (where applicable)	Type of interest excl. derivatives	Type of interest incl. derivatives
<b>Non-current liabilities</b>					
<i>Bonds<sup>1</sup></i>					
Bond MTN Sweden 2020–2023	–	1,750			
Bond MTN Sweden 2021–2024	964	1,000	0.47%	floating	fixed
Bond MTN Sweden 2021–2024	–	500			
Bond MTN Sweden 2020–2025	500	500	0.91%	floating	fixed
<b>Total bonds as per the balance sheet</b>	<b>1,464</b>	<b>3,750</b>			
<i>Other interest-bearing liabilities<sup>1</sup></i>					
Syndicated loan A1 2022–2026	7,750	–	0.93%	floating	fixed
Syndicated loan A2 2022–2025	7,750	–	0.93%	floating	fixed
<b>Total non-current interest-bearing liabilities</b>	<b>15,500</b>				
Pre-paid loan fees <sup>1</sup>	–29	–			
Other loans in subsidiaries	8	10			
<b>Total other interest-bearing liabilities as per balance sheet</b>	<b>15,479</b>	<b>10</b>			
<b>Total long-term bonds and non-current interest-bearing liabilities</b>	<b>16,943</b>	<b>3,760</b>			

<sup>1</sup> Refers to ICA Gruppen AB.

ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities Specification	Carrying amount 31 Dec. 2022	Carrying amount 31 Dec. 2021	Interest rate on 31 December 2022 incl. derivatives (where applicable)	Type of interest excl. derivatives	Type of interest incl. derivatives
<b>Current liabilities</b>					
<i>Bonds<sup>1</sup></i>					
Bond MTN Sweden 2019–2022	–	700			
Bond MTN Sweden 2019–2022	–	300			
Bond MTN Sweden 2020–2023	1,726	–	0.59%	floating	fixed
<b>Total short-term bonds as per the balance sheet</b>	<b>1,726</b>	<b>1,000</b>			
<i>Other interest-bearing liabilities<sup>1</sup></i>					
Bridge loan facility B 2021–2023	14,999	–	3.69%	floating	–
Syndicated loan A1 2022–2026	500	–	4.90%	floating	–
Syndicated loan A2 2022–2025	500	–	4.90%	floating	–
Property financing Långeberga 2020–2022	–	913			
Pre-paid loan fees <sup>1</sup>	–60	–			
Store deposits <sup>1</sup>	392	318			
<b>Total other interest-bearing current liabilities as per balance sheet</b>	<b>16,331</b>	<b>1,230</b>			
<b>Total short-term bonds and current interest-bearing liabilities</b>	<b>18,057</b>	<b>2,230</b>			
<b>Total bonds and interest-bearing liabilities</b>	<b>35,000</b>	<b>5,990</b>			
<b>Cash excluding ICA Bank</b>	<b>–5,480</b>	<b>–1,310</b>			
<b>Total net debt excluding ICA Bank and IFRS 16 Leases</b>	<b>29,520</b>	<b>4,680</b>			
Non-current lease liabilities	13,771	12,741			
Current lease liabilities	3,792	3,493			
Total lease liabilities excl. ICA Bank	17,563	16,234			
<b>Total net debt excluding ICA Bank</b>	<b>47,084</b>	<b>20,915</b>			

<sup>1</sup> Refers to ICA Gruppen AB.

**Cont. Note 19 Financial risks, financial risk management and financial instruments**

the interest rate as of 31 December 2022 would increase the annual interest expense for the entire debt by SEK 176 million (0). Interest rate derivatives match existing loans and cash flow hedging is used for these in accordance with IFRS 9. As of the balance sheet date, 31 December 2022, a positive market value of SEK 794 million (8) had been hedged.

**Refinancing and liquidity risk**

Refinancing risk is the risk of ICA Gruppen being unable to finance or refinance its capital requirement. The Group aims to diversify financing to multiple sources and to have a balanced maturity profile for loans and credit facilities

In connection with the delisting of ICA Gruppen's shares from Nasdaq, in February all holders of notes were offered the chance to repurchase all of the notes outstanding at that time under the MTN programme. In total, notes amounting to SEK 560 million and maturing in the period 2023–2025 were repurchased. In March two bonds amounting to a total of SEK 1.0 billion expired and were repaid. In November Murgröna Holding AB was merged into ICA Gruppen AB. In connection with the merger, ICA Gruppen took over Murgröna Holding AB's existing bank loans. These consisted of a bridge loan taken out in connection with the buyout from Nasdaq, at that time amounting to SEK 15 billion, as well as a syndicated bank facility then amounting to SEK 17.5 billion made up of two drawdowns and an unutilised bank facility of SEK 5 billion. Taking over Murgröna's facilities resulted in ICA Gruppen now having financial covenants for its loan agreements.

The Group's liquidity is managed centrally by the Group Treasury & Tax department and is primarily in the form of cash pools. Liquidity risk is the risk that ICA Gruppen will not meet its short-term payment obligations. ICA Gruppen's financial policy states that the liquidity reserve is to be sufficient to handle the fluctuations that may be expected over a 12-month period, including maturing loans. In addition to a reserve for expected negative fluctuations in cash flow, there must always be a liquidity reserve equal to 3–5% of the Group's net sales. Positive expected cash flows are not included in the liquidity reserve. Due to the buyout from Nasdaq and the bridge loan that was taken out at that time by Murgröna Holding AB, exceptions from the rules regarding liquidity reserves have been approved by the Audit Committee. ICA Gruppen's liquidity reserve covers any negative cash flow fluctuations as well as all normal maturing loans other than refinancing of the bridge loan. ICA Bank's surplus liquidity is not available to the Group because of banking laws.

Unutilised confirmed facilities <sup>1</sup>	31 Dec. 2022	31 Dec. 2021
Bilateral bank facilities	1,703	1,000
Syndicated bank loan	5,000	5,000
<b>Total unutilised facilities</b>	<b>6,703</b>	<b>6,000</b>

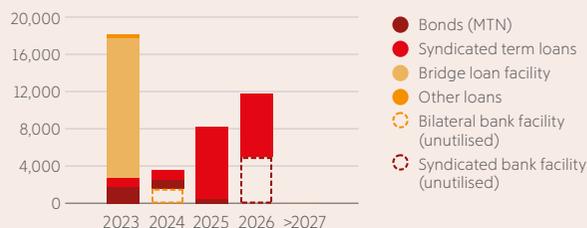
<sup>1</sup> Refers to ICA Gruppen AB.

**Maturity structure of long-term bonds and non-current interest-bearing liabilities SEK m**

2024	1,964
2025	8,250
2026	6,750
<b>Total</b>	<b>16,964</b>

The bridge loan of SEK 14,999 and the syndicated short-term loans totalling SEK 1,000 million matured in December 2023. The short-term bonds of SEK 1,726 million will mature on 28 February 2023. Current liabilities are otherwise in the form of trade payables of SEK 16,576 million (15,269) and deposits with ICA Bank of SEK 25,828 million (26,682), as well as short-term bank loans and deposits from ICA stores totalling SEK 392 million (318) which mature in January 2023. The current portion of lease liabilities amounts to SEK 3,793 million (3,494). ICA Bank deposits are payable upon demand and trade payables generally have a maturity of no more than three months. Interest is generally paid quarterly. For the lease liabilities maturity profile, see Note 7.

With the current financing costs and debt portfolio, annual interest expense amounts to around SEK 998 million for ICA Gruppen excluding ICA Bank and excluding lease liabilities.

**Maturity profile for interest-bearing liabilities (excluding lease liabilities) and long-term confirmed credit facilities (excluding interest payments)****Credit risk**

Credit risk is the risk that a counterparty in a transaction will not fulfil its contractual obligations and that any security provided will not cover the Company's claim. The banks and financial institutions the Group works with must have a high credit rating and the Financial Policy stipulates the maximum credit exposure for each counterparty. For commercial counterparties with which the Group has a high exposure, individual credit assessments are made. The credit risk arising from ICA Bank's lending to the public is managed by performing credit checks for all loan applications before they are granted.

ICA Gruppen has netting agreements – so-called ISDA master agreements – with counterparties for derivatives. This means that receivables from and liabilities to an individual counterparty can be offset in the event, for example, of insolvency.

Flows between ICA Gruppen and individual ICA retailers are offset on a daily basis through the Group's own netting system, ICA Konto.

Other than those within ICA Bank, the receivables mainly consist of account credit granted to non-consolidated ICA retailers. The receivables are continually assessed for expected losses. The provision for expected losses is based on an assessment over the entire lifetime of the receivable and is based on both macroeconomic and individual factors. The reserve for bad debts does not amount to a material sum. Collateral for the credit is mainly provided through floating charges. See also Note 13 ICA Bank.

**Foreign currency risk**

Transaction exposure is the risk that changes in exchange rates will affect the income statement and cash flow. For ICA Gruppen this foreign currency exposure is mainly related to imports of goods paid for in foreign currencies (commercial currency risk). It also includes lending and deposits within the Group to subsidiaries in the Baltic countries (financial currency risk). A very significant proportion of the Group's purchasing takes place in Swedish kronor. According to the Financial Policy, the effect on earnings of a 5% change in exchange rates must not exceed SEK 10 million.

Translation exposure is the risk that changes in exchange rates will affect the translation to Swedish kronor of the Group's income statements and balance sheets for the operations that report in a currency other than Swedish kronor. There is no currency hedging for this translation risk.

**Hedging policy**

ICA Gruppen's commercial currency exposure varies between the different units, in so far as the units may change the prices customers pay with different periodicity based on the exchange rate. According to the Financial Policy, 80–100% of

## FINANCIAL INFORMATION | THE GROUP

## Cont. Note 19 Financial risks, financial risk management and financial instruments

the forecast cash flows are hedged during the period the customer price is fixed, and 80–100% of the actual cash flows are hedged.

ICA Gruppen's financial currency exposure in the form of lending and deposits within the Group to subsidiaries in the Baltic countries is hedged by obtaining a corresponding liability or asset in euros, mainly through currency swaps.

## Commercial currency derivatives (SEK m)

Currency <sup>1</sup>	1–3 months	3–6 months	6–12 months	12–24 months	>24 months	31 Dec.	31 Dec.
						2022	2022
						Nominal amount	Fair value
CNY/HKD	-2	-6	-13	0	0	-21	0
CNY/SEK	-19	-9	-41	0	0	-68	1
DKK/SEK	-3	-2	-13	0	0	-18	0
EUR/SEK	-1,755	-1,020	-202	-282	-187	-3,447	86
GBP/SEK	-35	-35	-70	-139	-973	-1,251	14
HKD/SEK	-11	-8	-19	0	0	-38	0
NOK/SEK	-175	0	0	0	0	-175	1
USD/SEK	-324	-213	-365	-11	0	-913	12
EUR/USD	4	0	0	0	0	4	0
<b>As of 31 Dec. 2022</b>	<b>-2,320</b>	<b>-1,293</b>	<b>-721</b>	<b>-432</b>	<b>-1,160</b>	<b>-5,926</b>	<b>115</b>
As of 31 Dec. 2021	-2,603	-643	-590	-179	-1,082	-5,097	34

## Financial currency derivatives (SEK m)

Currency <sup>1</sup>	1–3 months	3–6 months	Nominal amount	Fair value
EUR/SEK	-2,053	0	-2,053	37
<b>As of 31 Dec. 2022</b>	<b>-2,053</b>	<b>0</b>	<b>-2,053</b>	<b>37</b>
As of 31 Dec. 2021	-1,644	0	-1,644	-3

1 Example: EUR/SEK means purchase in EUR hedged against SEK.

Financial currency derivatives are all entered into by ICA Gruppen AB.

## Hedge accounting

ICA Gruppen uses cash flow hedges according to IFRS 9 for the portion of the currency exposure that is based on forecasts, except in the case of the Baltic states and some purchasing of fruit and vegetables. Of the total fair value amounting to SEK 115 million (34), earnings of SEK 76 million (24) were hedged as of the balance sheet date.

## Sensitivity analysis

If ICA Gruppen did not hedge the commercial transaction exposure during the period when no price adjustment can be made for customers, the total effect on earnings in the case of an unfavourable 5% exchange rate change for ICA Gruppen in the respective currency pair would be SEK -72 million (-65). Under the Financial Policy the effect on earnings may not exceed SEK -10 million in total. As of the end of the year the amount was SEK 2 million (5). At the same time equity would be negatively affected in the amount of SEK -220 million (-190).

## Commodity price risk

Of the commodity price risks identified by ICA Gruppen, energy price risk relating to fuel (diesel and HVO/biofuel) is risk that is considered material and is therefore hedged. Electricity price risk can also have a relatively large impact on ICA Gruppen's earnings and, to the extent possible, the Group uses fixed price energy contracts.

## Hedging policy

ICA Gruppen hedges energy price risk relating to fuel. In accordance with ICA Gruppen's Financial Policy, this price risk is hedged for a period of up to 36 months. This is done using financial future contracts.

During the year ICA Gruppen purchased 18,000 (17,400) tonnes of diesel, which also covers the HVO (biofuel) price risk.

## Fuel hedging

	Maturity analysis			Nominal amount, SEK m	Fair value, SEK m
	2023	2024	2025		
	31 Dec. 2022	31 Dec. 2022	31 Dec. 2022		
Total metric tonnes	17,700	8,400	2,400		
Total litres (000s)	21,791	10,472	3,013		
Forecast litres (000s)	21,134	22,367	18,304		
Hedge ratio as of 31 Dec. 2022	103.11%	46.82%	16.46%	292	323
As of 31 Dec. 2021	100.59%	73.25%	0.00%	139	173

## Hedge accounting

ICA Gruppen uses hedges according to IFRS 9 for forecast fuel consumption (HVO or diesel) and the associated currency flows (USD). Of the total fair value amounting to SEK 30 million (34), earnings of SEK 30 million (34) were hedged as of the balance sheet date.

## Sensitivity analysis

If ICA Gruppen did not hedge against fuel price exposure, the total effect on annual earnings, based on the 2023 forecast, in the case of a 20% negative price change would amount to around SEK -29 million (-21). Taking into account the existing hedging shown in the table, the effect would instead be SEK 0 million in 2023.

## Financial assets and liabilities

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Financial assets</b>		
<i>Financial assets measured at fair value through profit or loss</i>		
Investments	4,092	3,943
Other financial assets	988	115
Total	5,080	4,057
<i>Financial assets measured at amortised cost</i>		
ICA Bank's lending	20,662	21,100
Receivables	9,243	8,376
Cash and cash equivalents	10,143	6,391
Total	40,049	35,867
<b>Total financial assets</b>	<b>45,129</b>	<b>39,924</b>
<b>Financial liabilities</b>		
<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	79	34
Total	79	34
<i>Financial liabilities measured at amortised cost</i>		
Bonds	3,190	4,750
Other interest-bearing liabilities	31,810	1,242
Deposits ICA Bank	25,828	26,682
Lease liability	17,564	16,236
Other financial liabilities	21,114	19,488
Total	99,506	68,397
<b>Total financial liabilities</b>	<b>99,585</b>	<b>68,431</b>

The carrying amount is a reasonable approximation of the fair value for all financial assets and liabilities except bonds, where the fair value exceeds the carrying amount by SEK 24 million (3).

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## Cont. Note 19 Financial risks, financial risk management and financial instruments

Fair value measurement of financial instruments is based on the most reliable data available. Depending on the input data used for measurement, fair value is classified at three levels: level 1 refers to the most objective prices for input data, while level 3 is based on the Company's own data and assessments.

Investments and other financial assets measured at fair value amount to SEK 5,080 million (4,057). In the fair value hierarchy the full amount is classified at level 1. Financial liabilities measured at fair value are all classified at level 2. Instruments for which a fair value is provided for information are classified at level 2. Level 2 assets and liabilities have been calculated according to generally accepted price models, which are based on discounted cash flows. The input data used consists of the most reliable market prices available.

## Net profit attributable to financial instruments

The table below indicates how the net profit and interest income/interest expense pertaining to financial instruments have affected ICA Gruppen's earnings for the different categories of financial instruments.

SEK m	2022	2021
Financial assets and liabilities measured at fair value through profit or loss	0	1
Financial assets and liabilities measured at amortised cost	-386	-309
Interest from financial liabilities and assets measured at amortised cost:		
Interest income from financial assets	1,191	901
Interest expense from financial liabilities	-1,094	-164
<b>Profit</b>	<b>-290</b>	<b>429</b>

ICA Bank's interest income and interest expense are included in consolidated operating profit. In interest income and interest expense in the table above they are included as disclosures concerning profit from financial items.

## Note 20 Pledged assets and contingent liabilities

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Pledged assets</b>		
Property mortgages	-	1,085
Registered assets of ICA Försäkring AB	404	424
<b>Total</b>	<b>404</b>	<b>1,509</b>
<b>Contingent liabilities</b>		
Loan commitments for unsecured loans, ICA Bank	564	719
Guarantees and contingent liabilities <sup>1</sup>	402	365
<b>Total</b>	<b>966</b>	<b>1,084</b>

<sup>1</sup> Guarantee for MasterCard amounting to SEK 313 million (271). The rest of this item is divided between numerous counterparties.

Shares equivalent to around 2.95% of the total number of shares in ICA Gruppen AB were acquired through compulsory redemption in May 2022. There is a claim in arbitration regarding receiving a higher payment than the SEK 534 per share that was paid. The claim is covered within the restricted cash of SEK 805 million. See also Note 21.

## Note 21 Statement of cash flows and cash and cash equivalents

SEK m	2022	2021
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	5,822	5,500
Impairment and impairment reversed	229	31
Share of profits from joint ventures and associates	-1	-28
Capital gains/losses	-799	-82
Provisions	-49	79
<b>Total non-cash items</b>	<b>5,202</b>	<b>5,501</b>

SEK m	2022	2021
<b>ICA Bank: cash flow net deposits, lending and investments</b>		
Deposits with ICA Bank (increase +/- decrease -)	-854	7,389
Short-term lending (increase -/ decrease +)	66	-705
Long-term lending (increase -/ decrease +)	366	-4,294
Investments (increase -/ decrease +)	-150	-1,386
<b>Total</b>	<b>-572</b>	<b>1,004</b>

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Composition of cash and cash equivalents</b>		
Cash and bank balances <sup>1</sup>	9,338	6,391
Short-term investments <sup>1</sup>	805	0
<b>Total cash and cash equivalents</b>	<b>10,143</b>	<b>6,391</b>

SEK m	31 Dec. 2022	31 Dec. 2021
<sup>1</sup> Of which ICA Bank		
Cash and bank balances	4,663	5,081
Short-term investments	-	-
<b>Total cash and cash equivalents ICA Bank</b>	<b>4,663</b>	<b>5,081</b>

<b>Total cash and cash equivalents excluding ICA Bank</b>	<b>5,480</b>	<b>1,310</b>
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According to banking laws, ICA Bank's cash and cash equivalents are not available to the Group.

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## Cont. Note 21 Statement of cash flows and cash and cash equivalents

SEK 805 million of the cash and cash equivalents is restricted cash for the ongoing arbitration that will determine whether the shareholders holding the shares acquired through compulsory redemption are to receive a higher payment than SEK 534 per share. See also Note 20.

There are no other significant changes in financial liabilities recognised under financing activities in the statement of cash flows other than items relating to payments for taking out and repaying loans within financing activities, as well as items added in the merger of Murgröna Holding AB. See also Note 1.

SEK m	Group 2022	ICA Bank 2022	Group excl. ICA Bank 2022
<b>Cash flow from operating activities before change in working capital</b>	<b>10,908</b>	<b>395</b>	<b>10,513</b>
<b>Change in working capital</b>			
Inventories	-692	-	-692
Current receivables	-800	-116	-685
Current liabilities	1,319	128	1,191
ICA Bank's net of deposits, lending and investments	-572	-572	-
<b>Cash flow from operating activities</b>	<b>10,163</b>	<b>-164</b>	<b>10,327</b>
<b>Cash flow from investing activities</b>	<b>-1,001</b>	<b>-257</b>	<b>-744</b>
<b>Cash flow from financing activities</b>	<b>-6,692</b>	<b>4</b>	<b>-6,696</b>
<b>Cash flow for the period</b>	<b>2,470</b>	<b>-417</b>	<b>2,887</b>
Cash and cash equivalents at beginning of period	6,391	5,081	1,310
Merged cash and cash equivalents	1,258	-	1,258
Exchange differences in cash and cash equivalents	24	-	24
<b>Cash and cash equivalents at end of period</b>	<b>10,143</b>	<b>4,663</b>	<b>5,480</b>

SEK m	Group 2021	ICA Bank 2021	Group excl. ICA Bank 2021
<b>Cash flow from operating activities before change in working capital</b>	<b>10,486</b>	<b>185</b>	<b>10,301</b>
<b>Change in working capital</b>			
Inventories	-69	-	-69
Current receivables	-207	-19	-187
Current liabilities	-272	119	-391
ICA Bank's net of deposits, lending and investments	1,004	1,004	-
<b>Cash flow from operating activities</b>	<b>10,942</b>	<b>1,288</b>	<b>9,654</b>
<b>Cash flow from investing activities</b>	<b>-2,563</b>	<b>-181</b>	<b>-2,382</b>
<b>Cash flow from financing activities</b>	<b>-6,585</b>	<b>698</b>	<b>-7,282</b>
<b>Cash flow for the period</b>	<b>1,795</b>	<b>1,805</b>	<b>-10</b>
Cash and cash equivalents at beginning of period	4,584	3,275	1,309
Exchange differences in cash and cash equivalents	11	-	11
<b>Cash and cash equivalents at end of period</b>	<b>6,391</b>	<b>5,081</b>	<b>1,310</b>

## Note 22 Events after the balance sheet date

On 1 February 2023 two warehouse facilities were sold to Catena as detailed in the press release on 22 December 2022. These divestments provided cash flow by SEK 0.5 billion and a capital gain of around SEK 50 million.

On 16 February ICA Gruppen issued SEK 3.5 billion in bonds. Proceeds from the issue will be used to refinance maturing bonds of SEK 1.7 billion, as well as to amortise existing bank facilities.

## Income statement, Parent Company

SEK m	Note	2022	2021
Net sales	2	1,303	1,249
Cost of services sold		-1,232	-1,190
<b>Gross profit</b>		<b>71</b>	<b>59</b>
Administrative expenses	2, 3, 4, 5	-612	-474
<b>Operating profit</b>		<b>-541</b>	<b>-415</b>
<b>Profit from financial items</b>	6		
Profit from interests in Group companies		7,000	1,850
Interest income and change in fair value of financial instruments		1,273	205
Interest expense and similar items		-976	-39
<b>Total profit from financial items</b>		<b>7,296</b>	<b>2,016</b>
<b>Profit after financial items</b>		<b>6,755</b>	<b>1,601</b>
<b>Appropriations</b>			
Group contribution received		371	233
<b>Total appropriations</b>		<b>371</b>	<b>233</b>
<b>Profit before tax</b>		<b>7,126</b>	<b>1,834</b>
Tax on profit for the year	7	0	7
<b>PROFIT FOR THE YEAR</b>		<b>7,126</b>	<b>1,841</b>

## Other comprehensive income, Parent Company

SEK m	Note	2022	2021
<b>Profit for the year</b>		<b>7,126</b>	<b>1,841</b>
<b>Other comprehensive income</b>		<b>2</b>	<b>6</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>7,127</b>	<b>1,846</b>

## Balance sheet, Parent Company

Assets			
SEK m	Note	31 Dec. 2022	31 Dec. 2021
<b>Non-current assets</b>			
<i>Intangible non-current assets</i>			
IT systems	8	178	161
<i>Property, plant and equipment</i>			
Equipment	9	180	195
<i>Financial non-current assets</i>	15		
Interests in Group companies	10	30,621	30,402
Deferred tax assets	7	32	33
Non-current receivables from Group companies		1,404	1,321
Non-current receivables		882	42
<b>Total non-current assets</b>		<b>33,297</b>	<b>32,154</b>
<b>Current assets</b>			
<i>Current receivables</i>	15		
Trade receivables		1	1
Receivables from Group companies		19,076	17,142
Other receivables		413	143
Prepaid expenses and accrued income	11	219	203
		19,710	17,490
<i>Cash and bank balances</i>		5,070	908
<b>Total current assets</b>		<b>24,780</b>	<b>18,398</b>
<b>TOTAL ASSETS</b>		<b>58,077</b>	<b>50,552</b>

Equity and liabilities			
SEK m	Note	31 Dec. 2022	31 Dec. 2021
<b>Equity</b>	12		
<i>Restricted equity</i>			
Share capital		503	503
Statutory reserve		2,773	2,773
Reserve for development expenses		93	78
<i>Non-restricted equity</i>			
Share premium reserve		4,916	4,916
Retained earnings		-1,534	25,808
Profit for the year		7,127	1,846
<b>Total equity</b>		<b>13,878</b>	<b>35,924</b>
<b>Provisions</b>			
Provisions for pensions	13	596	474
Other provisions		17	1
<b>Total provisions</b>		<b>613</b>	<b>475</b>
<b>Non-current liabilities</b>			
Bonds	14, 15	1,464	3,750
Liabilities to credit institutions	14, 15	15,471	-
Other non-current liabilities		2	19
<b>Total non-current liabilities</b>		<b>16,936</b>	<b>3,769</b>
<b>Current liabilities</b>			
Bonds	15	1,726	1,000
Liabilities to credit institutions	15	16,331	318
Trade payables		155	173
Liabilities to Group companies		8,059	8,572
Other liabilities		79	130
Accrued expenses and deferred income	11	300	191
<b>Total current liabilities</b>		<b>26,649</b>	<b>10,384</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>58,077</b>	<b>50,552</b>

## Changes in equity, Parent Company

SEK m	Restricted equity			Non-restricted equity			Total equity
	Share capital (Note 12)	Statutory reserve	Reserve for development expenses	Share premium reserve	Retained earnings	Profit for the year	
<b>Opening equity, 1 January 2021</b>	503	2,773	56	4,916	24,957	3,487	36,692
Profit for previous year					3,487	-3,487	0
Dividend					-2,615		-2,615
Development expenses			22		-21		1
Comprehensive income for the year						1,846	1,846
<b>Closing equity, 31 December 2021</b>	503	2,773	78	4,916	25,808	1,846	35,924
<b>Opening equity, 1 January 2022</b>	503	2,773	78	4,916	25,808	1,846	35,924
Profit for previous year					1,846	-1,846	0
Development expenses			15		-15		0
Bonus issue, Note 12	0				0		0
Merger difference, Note 1					-29,174		-29,174
Comprehensive income for the year						7,127	7,127
<b>Closing equity, 31 December 2022</b>	503	2,773	93	4,916	-1,534	7,127	13,878

## Statement of cash flows, Parent Company

SEK m	Note	2022	2021
<b>Operating activities</b>			
Operating profit		-541	-415
Dividend received		7,000	1,850
Adjustments for non-cash items	16	261	132
Income tax paid		-257	0
<b>Cash flow from operating activities before change in working capital</b>		<b>6,463</b>	<b>1,567</b>
<b>Change in working capital</b>			
Current receivables (increase -/decrease +)		-9	-38
Current liabilities (increase +/decrease -)		-11	51
<b>Cash flow from operating activities</b>		<b>6,443</b>	<b>1,580</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment and intangible assets		-140	-157
Investments in subsidiaries		-219	-700
Change in short-term investments		0	-2
Loans provided/repaid, Group companies		33	60
Interest received		36	1
Interest received Group companies		444	202
<b>Cash flow from investing activities</b>		<b>154</b>	<b>-596</b>
<b>Financing activities</b>			
Borrowings		29,235	1,164
Repayment of borrowings		-20,261	-1,700
Repurchase of treasury shares through previous Parent Company <sup>1</sup>		-9,249	-
Change in intra-Group loans		-2,269	2,256
Dividend paid		-	-2,615
Interest paid		-1,150	-58
<b>Cash flow from financing activities</b>		<b>-3,693</b>	<b>-952</b>
<b>Cash flow for the year</b>		<b>2,904</b>	<b>32</b>
Cash and cash equivalents at beginning of year		908	877
Merged cash and cash equivalents		1,258	-
<b>Cash and cash equivalents at end of year</b>		<b>5,070</b>	<b>908</b>

<sup>1</sup> The cash flow relates to Murgröna Holding AB's acquisition of shares in ICA Gruppen AB in 2022. See also Note 1.

# Notes

## Note 1 Accounting principles and supplementary disclosures

### ACCOUNTING PRINCIPLES

#### Merger of Murgröna Holding AB into ICA Gruppen AB

On 1 November 2022 Murgröna Holding AB (559338-5098) was merged into ICA Gruppen AB. Accordingly, Murgröna Holding AB was dissolved on the date of the merger and all assets and liabilities were transferred to ICA Gruppen AB. On the day of the merger the Group's liabilities increased by a net amount of SEK 30.0 billion, SEK 32.5 billion of which consisted of loan liabilities from Murgröna Holding AB and SEK 2.5 billion of liabilities to Murgröna Holding AB, which were eliminated in connection with the merger. ICA Gruppen's assets increased by SEK 0.9 billion, of which cash and cash equivalents increased by SEK 0.8 billion. The effect on equity was a reduction of SEK 29.1 billion.

In the income statement Murgröna Holding AB's profits from 1 January 2022 are included in ICA Gruppen AB's profits for 2022. Up to 1 November Murgröna Holding AB had financial expense of around SEK –700 million. In addition, there were internal items between ICA Gruppen AB and Murgröna Holding AB that were eliminated through the merger and resulted in an effect of around SEK +700 million. This means that the merger had a small net effect on ICA Gruppen's profits.

Due to Murgröna Holding AB's profits being included in ICA Gruppen's profits from 1 January 2022, the cash flow is reported for the same period. Up to 1 November Murgröna Holding AB had no cash flow in operating activities or investing activities. With financing activities Murgröna Holding AB had interest payments up to 1 November of around SEK –870 million. In addition, Murgröna Holding AB acquired the remaining shares in ICA Gruppen AB in the first half of 2022 for SEK 9.2 billion, which is recognised within financing activities and called: Repurchase of treasury shares through previous Parent Company. Borrowing increased by a net amount of SEK 9.7 billion up until 1 November, mainly as a result of this acquisition. As of 1 January 2022 Murgröna Holding AB had cash and cash equivalents of SEK 1.2 billion and as of 1 November SEK 0.8 billion.

#### Accounting principles applied

The Parent Company has prepared its annual accounts in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, in preparing the annual accounts for the legal entity, parent companies are to apply all EU-adopted IFRS/IAS – including interpretations – as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. RFR 2 specifies the exemptions from and sup-

plements to the standards that are to be made according to IFRS. Altogether this results in differences between the Group's and the Parent Company's accounting principles in the areas detailed below.

#### Subsidiaries

Interests in subsidiaries are recognised according to the cost method.

#### Classification and measurement of financial instruments

The Parent Company applies IFRS 9 except in the case of financial guarantees, where the exception according to RFR 2 applies.

#### Taxes

Untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, on the other hand, untaxed reserves are divided between deferred tax liabilities and equity.

#### Leases

The IFRS 16 Leases standard is not applied by ICA Gruppen AB according to the exception permitted under RFR 2. Leases in which the Parent Company is the lessee are recognised as a cost over the life of the lease on a straight-line basis. No right-of-use assets or lease liabilities have been recognised.

#### Defined benefit pension plans

The Parent Company uses different bases to calculate defined benefit pension plans than those in IAS 19 and that apply to the calculations for the ICA Gruppen group. The calculations by the Parent Company comply with the Act on Safeguarding Pension Benefits and the regulations issued by Finansinspektionen (FI – Sweden's financial supervisory authority), as this is required for tax deductibility. The main differences compared with IAS 19 are the way in which the discount rate is determined and that the calculation is based on current salary levels rather than on expected future salary.

#### Group contributions

Group contributions (received and provided) are recognised as appropriations.

#### Capitalised development expenditures

Development expenditures capitalised during the year for development within ICA Gruppen of intangible assets are transferred from non-restricted equity to a reserve for development expenditures pertaining to restricted equity.

## Note 2 Intra-Group purchases and sales

The Parent Company's net sales amounted to SEK 1,303 million (1,249), of which 99% (99) consisted of sales to Group companies. Purchases from Group companies amounted to SEK 84 million (66).

## Note 3 Average number of employees, salaries and other remuneration

### Average number of employees

The average number of employees has been calculated as hours worked as a percentage of normal annual working hours.

	2022	2021
Women	215	209
Men	241	238
<b>Total</b>	<b>456</b>	<b>447</b>

### Salaries, other remuneration and social security contributions

SEK m	2022	2021
<b>Salaries and remuneration</b>		
<i>Board of Directors and CEO</i>		
Salaries and other remuneration	37	27
– of which variable component	13	10
Other senior executives	26	22
Other employees	312	309
<b>Total</b>	<b>376</b>	<b>357</b>
Social security contributions	161	133
Pension costs, see note 13	158	56
– of which pension costs for the Board of Directors and CEO	5	3
<b>Total</b>	<b>319</b>	<b>189</b>
<b>Total salaries, other remuneration, social security contributions and pension costs</b>	<b>695</b>	<b>546</b>

Cont. Note 3 Average number of employees, salaries and other remuneration

#### Gender distribution on the Board and among senior executives

	31 Dec. 2022	31 Dec. 2021
<i>Board of Directors</i>		
Men	7	5
Women	3	4
<b>Total</b>	<b>10</b>	<b>9</b>
<i>CEO and other senior executives</i>		
Men	5	4
Women	1	2
<b>Total</b>	<b>6</b>	<b>6</b>

Gender distribution on the Board refers to the AGM-elected members and not the employee representatives.

#### ICA Management Team

2022, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO <sup>1</sup>	17,391	13,163	317	5,308	36,179
of which 2022	10,144	5,597	239	3,537	19,517
of which 2023 as well as extraordinary provisions	7,247	7,565	78	1,771	16,661
Other senior executives <sup>2</sup>	16,562	9,127	745	5,577	32,011
of which 2022	16,562	4,312	745	5,577	27,196
of which 2023 as well as extraordinary provisions	0	4,815	0	0	4,815
<b>Total</b>	<b>33,953</b>	<b>22,290</b>	<b>1,062</b>	<b>10,885</b>	<b>68,190</b>

2021, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO	9,921	9,743	237	3,489	23,390
Other senior executives	14,723	6,161	634	4,513	26,031
<b>Total</b>	<b>24,644</b>	<b>15,904</b>	<b>871</b>	<b>8,002</b>	<b>49,421</b>

<sup>1</sup> Amounts presented in the table for the CEO of ICA Gruppen AB consist entirely of remuneration to Per Strömberg. The amounts also include remuneration for which a provision was made in 2022 but that will be paid out in 2023. This includes salary, variable remuneration, benefits and pension costs. This is because Per Strömberg will remain employed until 30 June 2023. The reason for this was to ensure a new CEO for ICA Gruppen was installed, and to ensure a smooth transition and support for new CEO of ICA Gruppen. The start date for the new CEO of ICA Gruppen AB (Nina Jönsson) is 1 January 2023.

<sup>2</sup> The amounts presented in the table also include remuneration for which a provision was made in 2022 but that will be paid out in 2023.

#### Comments on the table

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

#### Remuneration to the Board of Directors and CEO of ICA Gruppen AB

Remuneration to ICA Gruppen AB's board members at the individual level and remuneration and terms for the CEO of ICA Gruppen AB are described in Group notes, Note 4.

#### Remuneration to other senior executives

Remuneration to other senior executives consists of basic pay, pension benefits, variable remuneration in the form of a cash bonus, other remuneration and benefits. Other senior executives refers to the individuals who, together with the CEO, make up ICA Management Team (IMT) and are employed by ICA Gruppen AB.

#### Variable remuneration system

See Group notes, Note 4.

#### Notice periods and severance pay for other senior executives

A mutual notice period of six months applies for senior executives. If termination of employment is initiated by the Company, the senior executives are entitled to severance pay of up to six months' fixed basic pay. Severance pay is deductible.

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

#### Pension benefits for other senior executives

One senior executive is covered by ITPI, while other senior executives have a combined defined contribution and defined benefit pension plan where the pension premiums, which are paid as long as the individual is employed, are expected to amount to 30% of pensionable salary.

## Note 4 Audit expenses

SEK m	2022	2021
KPMG:		
Audit assignments	3	3
<b>Total</b>	<b>3</b>	<b>3</b>

## Note 5 Leases – lessee

SEK m	2022	2021
Lease expense for the year	41	35
Future contractual lease fees:		
Maturity date within 1 year	23	24
Maturity date between 1–5 years	87	82
Maturity date later than 5 years	55	71
<b>Total</b>	<b>165</b>	<b>177</b>

## FINANCIAL INFORMATION | PARENT COMPANY

## Note 6 Profit from financial items

SEK m	2022	2021
<b>Profit from interests in Group companies</b>		
Dividends:		
ICA AB	7,000	1,850
<b>Total</b>	<b>7,000</b>	<b>1,850</b>
<b>Other interest income and change in fair value of financial instruments</b>		
Interest income, Group companies	449	199
Exchange differences	1	3
Other interest income and similar items	36	4
Change in fair value of financial instruments	786	–
<b>Total</b>	<b>1,273</b>	<b>205</b>
<b>Other interest expense and similar items</b>		
Interest expense, Group companies	–2	0
Change in fair value of financial instruments	–	26
Other interest expense and similar items	–974	–65
<b>Total</b>	<b>–976</b>	<b>–39</b>
<b>Total profit from financial items</b>	<b>7,296</b>	<b>2,016</b>

## Note 7 Taxes

SEK m	2022	2021
<b>Current tax</b>		
Current tax on profit for the year	0	0
Deferred tax on temporary differences	0	7
<b>Reported tax</b>	<b>0</b>	<b>7</b>
<b>Reconciliation of effective tax expense</b>		
Profit before tax	7,126	1,834
Tax as per the current tax rate in Sweden, 20.6% (20.6%)	–1,468	–378
Dividend	1,442	381
Non-deductible expenses/non-taxable income	–25	0
Tax reduction for investments	–	4
Effect of merger of Murgröna Holding AB 1	51	–
<b>Reported tax</b>	<b>0</b>	<b>7</b>
Effective tax rate	0.0%	–0.4%
<b>SEK m</b>	<b>2022</b>	<b>2021</b>
<b>As reported in balance sheet:</b>		
Deferred tax assets	32	33

1 Murgröna Holding AB had an extended financial year that began when the company was formed in October 2021. After the merger, the result in 2021 affects the taxable profit of ICA Gruppen AB for the 2022 financial year. For information about the merger, see also Note 1.

## Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance as of 1 Jan. 2022	Recognised in other comprehensive income	Balance as of 31 Dec. 2022
Other	33	–1	32
<b>Total</b>	<b>33</b>	<b>–1</b>	<b>32</b>

SEK m	Balance as of 1 Jan. 2021	Recognised in other comprehensive income	Balance as of 31 Dec. 2021
Other	28	5	33
<b>Total</b>	<b>28</b>	<b>5</b>	<b>33</b>

Tax assets are denoted by (+) and tax liabilities by (–) in the table above.

## FINANCIAL INFORMATION | PARENT COMPANY

## Note 8 Intangible non-current assets

SEK m	2022	2021
<b>IT systems</b>		
Accumulated cost	414	364
Accumulated amortisation	-237	-203
<b>Carrying amount</b>	<b>178</b>	<b>161</b>
Opening balance	161	143
Investments	63	54
Amortisation for the year	-46	-36
<b>Carrying amount</b>	<b>178</b>	<b>161</b>

Amortisation of intangible non-current assets is included in the line "Administrative expenses" in the income statement.

## Note 9 Property, plant and equipment

SEK m	2022	2021
<b>Equipment</b>		
Accumulated cost	587	552
Accumulated amortisation	-407	-358
<b>Carrying amount</b>	<b>180</b>	<b>195</b>
Opening balance	195	210
Investments	86	92
Amortisation for the year	-100	-108
<b>Carrying amount</b>	<b>180</b>	<b>195</b>

Depreciation of property, plant and equipment is included in the line "Administrative expenses" in the income statement.

## Note 10 Interests in Group companies

SEK m	2022	2021
<b>Interests in subsidiaries</b>		
Cost, opening balance	30,779	30,079
Divested <sup>1</sup>	-378	-
Shareholder contributions <sup>2</sup>	220	700
<b>Accumulated cost, closing balance</b>	<b>30,621</b>	<b>30,779</b>
Impairment, opening balance	-376	-376
Divested <sup>1</sup>	376	-
<b>Accumulated impairment, closing balance</b>	<b>0</b>	<b>-376</b>
<b>Residual value according to plan, closing balance</b>	<b>30,621</b>	<b>30,402</b>

<sup>1</sup> ICA Spara AB and BläckClub Intressenter AB have been liquidated.

<sup>2</sup> Shareholder contributions were provided to ICA Banken AB in the amount of SEK 220 million (700).

**Interests in subsidiaries**

Specification of ICA Gruppen AB's direct holdings of shares in subsidiaries

	Corporate reg. no.	Registered office	No. of shares	Capital and votes, %	Quota value	Book value 31 Dec. 2022, SEK m	Book value 31 Dec. 2021, SEK m
ICA AB	556582-1559	Stockholm	5,000,000	100	SEK 100	23,035	23,035
ICA Banken AB	516401-0190	Stockholm	1,000,000	100	SEK 100	2,774	2,554
ICA Fastigheter Holding AB	556604-5471	Stockholm	1,000	100	SEK 100	4,812	4,812
ICA Spara AB	559086-0531	Solna	2,000	100	SEK 100	-	0
BläckClub Intressenter AB	556720-3467	Solna	1,000	100	SEK 100	-	0
<b>Total</b>						<b>30,621</b>	<b>30,402</b>

## Cont. Note 10 Interests in Group companies

## Specification of significant indirect holdings as of 31 December 2022

	Corporate reg. no.	Registered office	Capital and votes, %
<b>Subsidiaries of ICA AB</b>			
Rimi Baltic AB	556042-7410	Stockholm	100
Hakonlita UAB	125,018,861	Lithuania	100
Kinnisaravalduse AS	10,434,202	Estonia	100
Plesko Real Estate SIA	40 003 516 351	Latvia	100
Rimi Eesti Food AS	10 263 574	Estonia	100
Rimi Latvia SIA	40 003 053 029	Latvia	100
Rimi Lietuva UAB	123 715 317	Lithuania	100
Apotek Hjärtat AB	556791-1010	Stockholm	100
ICA Global Sourcing Ltd	1 155 948	Hong Kong	100
ICA Sverige AB	556021-0261	Stockholm	100
<b>Subsidiaries of ICA Banken AB</b>			
ICA Försäkring AB	556966-2975	Stockholm	100
<b>Subsidiaries of ICA Fastigheter Holding AB</b>			
ICA Fastigheter AB	556033-8518	Västerås	100
Långeberga Logistik AB	556928-2840	Stockholm	100

## Note 11 Accruals

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Prepaid expenses and accrued income</b>		
Other prepaid expenses	219	203
<b>Total</b>	<b>219</b>	<b>203</b>

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Accrued expenses and deferred income</b>		
Accrued salaries, holiday pay and social security expenses	131	116
Accrued interest expense	95	6
Other accrued expenses	73	70
<b>Total</b>	<b>300</b>	<b>191</b>

## Note 12 Equity and appropriation of earnings

The share capital consists of 128,205,128 (201,146,795) ordinary Class A shares and 18,728,223 (0) ordinary Class E shares as of 31 December 2022, each with a quota value of SEK 3.42 per share (SEK 2.50 per share). The Annual General Meeting in May 2022 voted in favour of a reverse split of shares, resulting in a reduction in the number of Class A shares. An extraordinary shareholders' meeting in June 2022 decided in favour of issuing ordinary Class E shares. The Class E share issue took place through a transfer of unrestricted funds to share capital. There are no holdings of treasury shares.

The difference between Class A and Class E ordinary shares is that the latter have a preferential right to dividend in the event that the general meeting of shareholders resolves to pay a dividend. This preferential right applies annually up to an amount of SEK 22.96 per share. Provided that the full dividend has been paid to holders of ordinary Class E shares, the ordinary Class A shares are to entitle the holder to a dividend of up to SEK 3.12 per share. The annual Class A share dividend is to be set as of 31 December each year. If no Class E share dividend and/or Class A share dividend is distributed, or if the Class E share dividend and/or Class A share dividend is less than SEK 22.96 per Class E share and SEK 3.12 per Class A share respectively, the ordinary Class E shares and the ordinary Class A shares respectively will entitle the holders to the respective Class E and Class A share balance, which in such cases amounts to the difference between the amount of dividend distributed and the amount that would have been distributed.

Over and above the fixed dividend of SEK 22.96, ordinary Class E shares may entitle the holder to additional dividend that is based on ICA Sverige AB's sales growth. There is also a special redemption reservation for ordinary Class E shares. The terms of this are described in more detail in the Articles of Association.

**Proposed appropriation of earnings**

The Board of Directors proposes that the earnings be distributed as follows:

SEK	
To the shareholders, a dividend of	558,816,465
To the share premium reserve	4,915,938,770
Carried forward	5,034,639,052
<b>Total</b>	<b>10,509,394,287</b>

## Note 13 Provisions for pensions

All employees receive pension benefits according to collective agreements. Salaried employees therefore receive either defined contribution (ITP1) or defined benefit (ITP2) pensions according to the ITP plan. Employees with a defined benefit pension plan receive pension based on their final salary. The defined benefit pensions are reported as a provision in the balance sheet. The defined contribution pension premiums are paid to Alecta/Collectum on an ongoing basis. To guarantee the provision in the balance sheet, a credit insurance policy has been taken out with PRI Pensionsgaranti. The full amount is covered by the Pension Obligations Vesting Act.

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Reconciliation of carrying amount for self-managed pensions</b>		
Opening balance, capital value of pension obligations	474	452
Cost charged to earnings <sup>1</sup>	116	14
Interest expense	18	18
Pension disbursements	-12	-10
<b>Closing balance, capital value of pension obligations</b>	<b>596</b>	<b>474</b>

<sup>1</sup> In October 2021 PRI Pensionsgaranti decided to change the basis for calculating discount rates, life expectancy and funding reserves for defined benefit pensions under the ITP 2 plan. The changes applied as of 1 January 2022. The overall result of the change in the basis for calculation was that the pension liability reported by ICA Gruppen AB increased in January 2022 by SEK 100 million, which was recognised in the profits for 2022. The calculation based on IAS 19 for the Group was not affected by the change.

## Note 14 Non-current liabilities

SEK m	31 Dec. 2022	31 Dec. 2021
Bonds	1,464	3,750
Liabilities to credit institutions	15,471	-
<b>Total</b>	<b>16,935</b>	<b>3,750</b>

No liabilities have a maturity date later than five years after the balance sheet date.

For more information see Group notes, Note 19.

## Note 15 Financial risk management and financial instruments

ICA Gruppen's financial risks are handled at the Group level. For more information see Group notes, Note 19 Financial risk, financial risk management and financial instruments. The Parent Company ICA Gruppen AB has no significant net positions in commercial currency or fuel derivatives. For information on the Parent Company's financial currency derivatives see Group notes, Note 19. Receivables from Group companies are monitored individually to identify expected credit losses. Expected credit losses are insignificant.

### Financial assets and liabilities by category

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Financial assets</b>		
<i>Financial assets measured at fair value through profit or loss</i>		
Other financial assets	1,021	147
<i>Financial assets measured at amortised cost</i>		
Trade receivables	1	1
Current receivables from Group companies	20,440	18,464
Cash and cash equivalents and other receivables	5,583	1,147
<b>Total financial assets</b>	<b>27,046</b>	<b>19,759</b>
<b>Financial liabilities</b>		
<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	263	144
<i>Financial liabilities measured at amortised cost</i>		
Bonds	3,190	4,750
Liabilities to credit institutions	31,802	318
Trade payables	155	173
Current liabilities to Group companies	7,875	8,572
Other current liabilities	301	196
<b>Total financial liabilities</b>	<b>43,586</b>	<b>14,153</b>

The carrying amount is equivalent to the fair value for all financial assets and liabilities except for bonds, where the fair value is lower than the carrying amount by SEK 24 million (exceeds the carrying amount by 3).

## Note 16 Statement of cash flows

Adjustments for non-cash items

SEK m	2022	2021
Depreciation/amortisation	146	144
Capital gains/losses	-6	-5
Provisions for pensions	104	3
Other provisions	16	-10
<b>Total</b>	<b>261</b>	<b>132</b>

Other than items relating to payment for taking out and repaying loans within financing activities, loans have been added from Murgröna Holding AB, which was merged into ICA Gruppen AB. See Note 1.

SEK 805 million of the cash and cash equivalents is restricted cash for the ongoing arbitration that will determine whether the shareholders holding the shares acquired through compulsory redemption are to receive a higher payment than SEK 534 per share. See also Group Note 20.

## Note 17 Pledged assets and contingent liabilities

SEK m	31 Dec. 2022	31 Dec. 2021
<b>Guarantees and contingent liabilities</b>		
Guarantees for subsidiaries	325	281
<b>Total</b>	<b>325</b>	<b>281</b>

This item is mainly for a guarantee pledge to Mastercard for the subsidiary ICA Banken AB.

## Statement by the Board of Directors concerning the dividend

This statement has been drawn up pursuant to Chapter 18, Section 4 of the Swedish Companies Act (2005:551).

The Board of Directors of ICA Gruppen AB proposes an ordinary dividend of SEK 0.86 per share for Class A shares and SEK 23.96 per share for Class E shares. The dividend amounts to SEK 110 million for Class A shares and SEK 449 million for Class E shares, making a total of SEK 559 million (-), which is 7.8% (-) of the Parent's Company's profits. The proposed dividend will reduce the Parent Company's equity/assets ratio from 23.9% to 22.9%, and the Group's equity/assets ratio from 12.1% to 11.7%. The equity/assets ratio is adequate for both the long and short term. The dividend amount corresponds to 12.4% of the Group's profit for the year. The Company's equity would have been SEK -602 million - or 4.3% - lower had assets and liabilities not been measured at fair value in accordance with Chapter 4, Section 14a of the Annual Accounts Act.

It is the Board's assessment that the proposed dividend is justifiable according to Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act considering the requirements that the nature and scope of the business, as well as the risks associated with it, place on the level of equity and on the Company's and the Group's consolidation requirements, liquidity and position in general.

## Proposed appropriation of earnings

The following funds are at the disposal of the general meeting (SEK):

Share premium reserve	4,915,938,770
Retained earnings	-1,533,955,873
Profit/loss for the year	7,127,411,390
<b>Total</b>	<b>10,509,394,287</b>

The Board of Directors proposes that the earnings be distributed as follows:

To the shareholders, a dividend of	558,816,465
To the share premium reserve	4,915,938,770
Carried forward	5,034,639,052
<b>Total</b>	<b>10,509,394,287</b>

The undersigned hereby provide an assurance that the annual accounts and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and according to sound accounting practices, and provide a true and fair presentation of the Group's and the Parent Company's financial position and results, and that the Board of Directors' Report provides a true and fair overview of the

development of the Group's and the Parent Company's operations, financial position and results, and describes material risks and uncertainties faced by the companies in the Group. The statutory Sustainability Report, constituting the parts of the ICA Gruppen AB (publ) Annual Report stated as such on page 4, has been approved for publication by the Board of Directors.

Stockholm, 22 February 2023

Claes-Göran Sylvé  
Chair

Jan Amethier

Göran Blomberg

Tomas Emanuelz

Bengt Kjell

Magnus Moberg

Fredrik Persson

Katarina Romberg

Per Strömberg

Charlotte Svensson

Anette Wiotti

Jonathon Clarke

Magnus Rehn

Nina Jönsson  
Chief Executive Officer

Our audit report was submitted on 22 February 2023  
KPMG AB

Helena Arvidsson Älgne  
Authorised Public Accountant

# Auditor's report

To the general meeting of the shareholders of ICA Gruppen AB (publ), corp. id 556048-2837

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of ICA Gruppen AB (publ) for the year 2022, on pages 7–58 and 61–62 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 98–110. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Revenue and cost of goods sold

<i>Description of key audit matter</i>	<i>Response in the audit</i>
The company's revenue and cost of goods sold amounts to significant amounts. The company's operations are transaction-intensive and thus relying on well-functioning IT-systems and IT-controls in order to run its operations. If these are not operating effectively, there is a risk that errors may occur which could impact the financial reporting. Critical IT-systems for the accounting of revenues and cost of goods sold and related controls are therefore considered a key audit matter for the purposes of our audit.	We have, with support of our IT-audit specialists, evaluated and tested the operating effectiveness of the IT-systems and the IT-controls that are considered relevant for the financial reporting. Our audit has included evaluation of processes and testing of controls related to program changes, access management and IT-operations. We have also reviewed the organisational structure, segregation of duties and governance of the IT-organisation, and assessed the company's incident management and monitoring processes as well as testing any compensating controls where applicable.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–6, 63–97 and 111–118. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions. We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ICA Gruppen AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 98–110 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of ICA Gruppen AB (publ) by the general meeting of the shareholders on the 31st of May 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2017.

Stockholm 22 February 2023  
KPMG AB

Helena Arvidsson Älgne  
Authorized Public Accountant

# Five-year financial summary

SEK m	Actual 2022	Actual 2021	Actual 2020	Actual 2019	Recalculated 2018 <sup>1</sup>	Actual 2018 <sup>2</sup>
<b>Income statement</b>						
Net sales	136,253	127,957	126,283	119,295	115,354	115,354
Operating profit before depreciation/ amortisation (EBITDA)	12,504	11,408	11,141	10,193	9,850	6,302
Operating profit excluding items affecting comparability	5,883	5,826	5,831	5,356	4,811	4,651
Operating profit	6,453	5,876	5,774	4,934	4,658	4,498
Profit before tax	5,081	5,478	5,308	4,402	4,057	4,227
Profit for the year	4,500	4,554	4,173	3,450	3,508	3,647
<b>Balance sheet</b>						
Non-current assets	88,823	91,298	83,744	79,789	77,802	61,640
Cash and cash equivalents and short-term investments	10,143	6,391	4,584	3,157	3,206	3,206
Other current assets	22,760	16,946	16,059	15,981	15,382	15,805
<b>Total assets</b>	<b>121,726</b>	<b>114,635</b>	<b>104,388</b>	<b>98,927</b>	<b>96,391</b>	<b>80,651</b>
Equity	14,752	37,686	35,226	33,844	33,110	33,249
Non-current liabilities	37,848	24,826	24,500	23,182	23,545	11,022
Current liabilities	69,126	52,123	44,661	41,901	39,736	36,380
<b>Total equity and liabilities</b>	<b>121,726</b>	<b>114,635</b>	<b>104,388</b>	<b>98,927</b>	<b>96,391</b>	<b>80,651</b>
<b>Cash flow</b>						
From operating activities	10,163	10,942	11,641	9,748	10,326	6,802
From investing activities	-1,001	-2,563	-5,309	-2,900	-3,593	-3,593
From financing activities	-6,692	-6,585	-4,911	-6,895	-8,036	-4,512
<b>Cash flow for the year</b>	<b>-2,470</b>	<b>1,795</b>	<b>1,422</b>	<b>-48</b>	<b>-1,303</b>	<b>-1,303</b>

SEK m	Actual 2022	Actual 2021	Actual 2020	Actual 2019	Recalculated 2018 <sup>1</sup>	Actual 2018 <sup>2</sup>
<b>Performance indicators</b>						
Operating margin excluding items affecting comparability, %	4.3	4.6	4.6	4.5	4.2	4.0
Operating margin, %	4.7	4.6	4.6	4.1	4.0	3.9
Net margin, %	3.3	3.6	3.3	2.9	3.0	3.2
Return on capital employed, %	9.1	9.2	9.2	7.9	7.7	10.2
Return on equity, %	12.2	12.7	11.7	10.1	10.6	11.1
Equity/assets ratio, %	12.1	32.9	33.7	34.2	34.4	41.2
Average capital employed, excl. ICA Bank	67,291	61,735	61,355	59,278	58,251	42,648
EBITDA excluding IFRS 16 Leases	8,969	7,816	7,546	6,542	6,302	6,302
Net debt excluding ICA Bank and IFRS 16 Leases	-29,520	-4,680	-4,904	-4,207	-5,079	-5,079
Net debt excluding ICA Bank	-47,084	-20,915	-19,901	-20,117	-20,988	-5,079
Net debt excluding ICA Bank and IFRS 16 Leases/EBITDA excluding IFRS 16 Leases	3.3	0.6	0.6	0.6	0.8	0.8
Net debt excluding ICA Bank/EBITDA	3.8	1.8	1.8	2.0	2.1	0.8

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

<sup>2</sup> IFRS 16 Leases was applied prospectively from 2019 onwards. This means that for years prior to 2019, leases are reported in accordance with IAS 17 Leases.

Definitions on page 20.

## Alternative performance measures

### Reconciliation EBITDA

SEK m	2022	2021
Operating profit	6,453	5,876
Depreciation/amortisation	5,822	5,500
Impairment and impairment reversed	229	31
<b>Operating profit before depreciation/amortisation (EBITDA)</b>	<b>12,504</b>	<b>11,408</b>
Less: EBITDA IFRS 16 Leases	-3,535	-3,592
<b>Operating profit before depreciation and amortisation (EBITDA) excluding IFRS 16 Leases</b>	<b>8,969</b>	<b>7,816</b>

### Reconciliation Net debt

SEK m	2022	2021
Long-term bonds and non-current interest-bearing liabilities	-16,943	-3,760
Short-term bonds and current interest-bearing liabilities	-18,057	-2,230
Cash and cash equivalents	5,480	1,310
<b>Net debt excluding ICA Bank and IFRS 16 Leases</b>	<b>-29,520</b>	<b>-4,680</b>
Non-current lease liabilities	-13,771	-12,741
Current lease liabilities	-3,792	-3,493
<b>Net debt excluding ICA Bank</b>	<b>-47,084</b>	<b>-20,915</b>

### Reconciliation Capital employed, excluding ICA Bank

SEK m	2022	2021
Equity	14,752	37,686
Provisions for pensions	2,796	4,139
Other provisions	12	23
Long-term bonds and non-current interest-bearing liabilities	16,943	3,760
Short-term bonds and current interest-bearing liabilities	18,057	2,230
Other non-current liabilities	37	61
Non-current lease liabilities	13,771	12,741
Current lease liabilities	3,792	3,493
<b>Capital employed</b>	<b>70,160</b>	<b>64,133</b>

For an explanation of why these key performance measures have been used, refer to page 10.

# ICA Gruppen's sustainability efforts

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

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

## Collaboration and partnerships

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

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

## Areas of special focus

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



FOR A GOOD  
TOMORROW

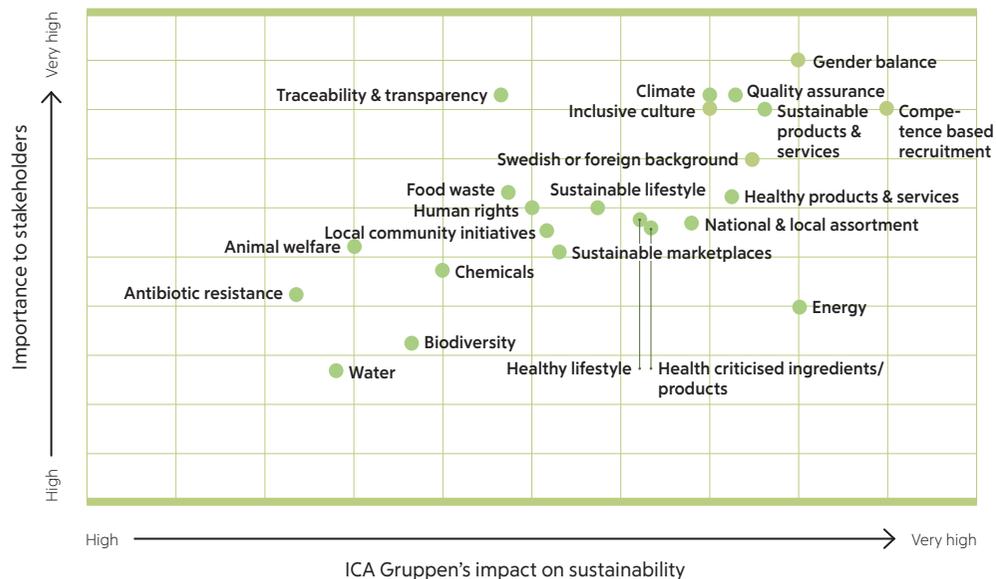
Sustainability work within ICA Gruppen is wideranging and includes numerous activities and initiatives. These ambitions come together in the concept For a Good Tomorrow, broken down into five defined areas: local, environment, health, inclusion and diversity, and quality.

*Read more on pages 67–78.*

# ICA Gruppen's materiality analysis

ICA Gruppen's efforts relating to sustainability are based on a materiality analysis which takes as its starting point the UN Sustainable Development Goals, the Ten Principles of the UN Global Compact, ICA Gruppen's policies and structured dialogue with stakeholders. The materiality analysis was defined for the first time in 2008 and is revised each year. In 2022 a more thorough update of the materiality analysis was made, including a review of sustainability issues included and the internal process. The companies in ICA Gruppen operate in various industries and markets. Each company therefore identifies the issues it considers material based on the company's impact on the issue and the stakeholders' assessment of

it. ICA Gruppen's materiality analysis is then an aggregation of the company-specific analysis and aims to provide strategic guidance for Group-wide sustainability priorities and reporting. ICA Gruppen's updated analysis shows that the climate issue will remain an important focus area, alongside the products and services the Group offers and quality assurance of these, as will inclusion and diversity in ICA Gruppen's workforce. Issues that arise further along the value chain are also considered important, but ICA Gruppen is less able to directly impact them and the stakeholders' expectations are somewhat lower. In addition to the issues identified in the materiality analysis, ICA Gruppen has an active focus on business ethics, see page 106.



Sustainability issue	Scope for ICA Gruppen
Quality assurance	Quality systems that guarantee compliance with regulations and policies in product development and production.
Climate	Climate impact from the Group's own operations (stores, pharmacies, offices, warehouses and transport) and from the value chain in line with the definitions in the GHG Protocol.
Sustainable products and services	Offer and market sustainable products and services with lower climate impact e.g. products with a sustainability label, food with lower climate impact, sustainable funds etc.
Healthy products and services	Active marketing of products and services with known positive effects on health, such as fruit and vegetables, products that follow nutritional recommendations (e.g. those with the Swedish Food Agency's Keyhole symbol), and an allergy-adapted assortment (e.g. fragrance-free).
National and local assortment	Offer and market products manufactured in the same country as and/or close to stores and pharmacies.
Traceability and transparency	The ability to trace the origin and impact of the products ICA Gruppen offer, and to make this information available to stakeholders.
Energy	Consumption and production of energy for the Group's own operations.
Health criticised ingredients/products	Responsible use and marketing of products with known negative effects on people's health, such as sugar, salt, trans fats, tobacco and alcohol.
Enabling healthy choices/lifestyles	Guidance, inspiration and initiatives that promote a healthy lifestyle, e.g. healthy eating habits and exercise.
Enabling sustainable choices/lifestyles	Guidance, inspiration and initiatives to promote a sustainable lifestyle, e.g. sustainable eating habits.
Sustainable marketplaces	The impact of store properties/marketplaces on local ecosystems and communities, e.g. through transport systems, restoring biodiversity, and safety and security.
Local community initiatives	Partnering initiatives with the local community, sponsorship, and other initiatives with a positive impact on the local community, e.g. labour market initiatives.
Human rights	Promote social responsibility in the value chain, and prevent and remedy human rights violations, e.g. through the Code of Conduct, supplier criteria and a risk-based due diligence process.
Food waste	Food waste within ICA Gruppen's own operations (stores, warehouses) and in the value chain.
Chemicals	Use of criticised chemicals/harmful substances in ICA Gruppen's products or in the production of them, e.g. PFAS, PVC, harmful pesticides.
Biodiversity	Impact on biodiversity in the value chain, e.g. through deforestation, land use, pesticides etc.
Animal welfare	Animal welfare in food production as well as the manufacturing of other products.
Antibiotic resistance	Animal welfare and prescription policies that promote healthy use of antibiotics to treat humans and animals.
Water	Impact on water use in the value chain, e.g. through farming methods, textile production etc.
Gender balance	In ICA (incl. stores), all employees have the same opportunities to develop and to be promoted, regardless of gender.
Inclusive culture	In ICA Gruppen, all employees feel respected, valuable, supported and encouraged to reach their full potential. It is about the right to be yourself, to be authentic.
Swedish or foreign background	In ICA Gruppen in Sweden, all employees have the same opportunities to develop and to be promoted, regardless of national background.
Competence based recruitment	All recruitment and promotion in ICA Gruppen is based on competence.

## Sustainability efforts within ICA Gruppen's operating companies

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



### Apotek Hjärtat

#### Examples of company-specific sustainability priorities

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



### ICA Sweden

#### Examples of company-specific sustainability priorities

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



### ICA Real Estate

#### Examples of company-specific sustainability priorities

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



### Rimi Baltic

#### Examples of company-specific sustainability priorities

- Continued work to minimise food waste in stores and warehouses, as well as at the customer stage
- More of the assortment produced domestically and locally
- Focus on health: healthy food, physical activity and the employees' mental wellbeing



### ICA Bank

#### Examples of company-specific sustainability priorities

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



# Sustainability targets

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

By 2030 ICA Gruppen intends to have net zero climate emissions from its own operations (see definition on page 94). This means continuing to reduce emissions in line with the Paris Agreement, while gradually replacing carbon offsetting with balancing measures. Carbon offsets can never replace efforts to reduce emissions in the value chain, but it supplements those efforts and helps to accelerate climate action at the global level.

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

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

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

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

## ICA Gruppen is to cut food waste from warehouses and stores in half by 2025

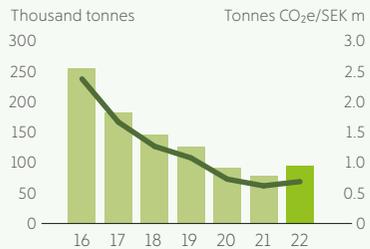
ICA Gruppen's target is to cut food waste from warehouses and stores in both Sweden and the Baltic countries in half by 2025 compared with the base year 2016. Food waste is measured using an international standard created by the Food Loss & Waste Protocol (FLW Protocol).

## Customer fruit and vegetable purchases are to be equivalent to consumption of 500 grams a day no later than 2025

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

### Outcome 2022

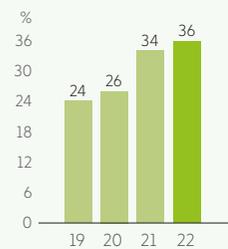
GHG emissions from ICA Gruppen's own operations in 2022 amounted to 94,593 tonnes, an increase of 20% compared with the previous year. The increase in emissions is primarily from goods transport in Sweden, due a reduced share of renewable fuels, from business travel, and from refrigerants in the Baltics, whilst emissions from energy use continue to decrease. Emissions from ICA Gruppen's own operations in 2022 are offset in their entirety (see page 72).



● CO<sub>2</sub>e — Tonnes CO<sub>2</sub>e/SEK m sales

### Outcome 2022

By the end of 2022, suppliers representing 36% of ICA Gruppen's upstream climate impact had adopted science-based climate targets, an increase of 2 percentage points compared with 2021. During the year ICA had a dialogue with suppliers aimed at increasing the percentage of suppliers with climate targets approved by the Science Based Target initiative.



### Outcome 2022

In 2022 the climate impact of food being sold in ICA stores amounted to 1.79 kg CO<sub>2</sub>e/kg food sold, a marginal increase compared to 2021 when it amounted to 1.78 kg CO<sub>2</sub>e/kg food sold. Sales of climate intensive products have decreased in 2022, but as sales of products with lower climate impact have also decreased in volume the total effect on climate impact per kg food sold is negligible.



The outcome is only for ICA Sweden. Rima Baltic outcomes will be included when reliable climate data for the Baltic markets can be obtained.

### Outcome 2022

Since the base year 2016 ICA Gruppen's food waste in relation to food sold has decreased by 16%, which is an improvement compared to the previous year. This despite changing consumption patterns making it more difficult to prevent food waste this year. ICA Sweden has continued efforts to improve data collection and analysis to reduce waste, and Rimi Baltic has accelerated the pace of waste reduction in both stores and warehouses through partnerships and data driven solutions.



● Weightshare — Actual outcome



# FOR A GOOD TOMORROW

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



## Local

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

### Focus areas

#### Community development

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

#### Food system

Taking Sweden's food strategy as a starting point:

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

#### Meetingplaces

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

#### Direct impact



#### Indirect impact



#### Initiatives to support domestic and local production

Various initiatives are under way within both ICA Sweden and Rimi Baltic aimed at supporting local food production and assisting local suppliers in various ways. This work has intensified in recent years as a result of the Covid-19 pandemic and Russia's war in Ukraine.

#### Large market investments to support Swedish and local produce

The current situation in the world has resulted in a sharp increase in costs for many Swedish farmers and food producers. The situation has been further exacerbated by the ongoing war in Ukraine. To contribute to a better future and a vibrant Swedish agricultural sector, ICA implemented one of its most comprehensive marketing campaigns ever during the year. The message was to continue choosing Swedish products. ICA has also continued its efforts to develop the assortment and is implementing important initiatives to facilitate Swedish and local food production through ICA's order portal for local suppliers, adapted sourcing processes, and expanded and clear guidance towards Swedish and local products in stores.

#### Continued investment in ICA Växa

Although Sweden has a long agricultural tradition and is entirely self-sufficient in cereals, the majority of its plant-based food is produced beyond the country's borders. The ICA Växa (ICA Grow) initiative, which was launched in 2020, provides a framework for bringing together various projects and areas aimed at increasing the percentage of sustainable, Swedish-produced plant-based food and encouraging innovation within the food industry. A further aim is to strengthen the local ecosystems between retailers, small businesses and producers.

In 2022 additional products were launched within the ICA svenskt växtbaserat (ICA Swedish plant-based) concept. The products were developed in cooperation with innovative producers and food entrepreneurs.



#### Continued partnership with the Federation of Swedish Farmers (LRF)

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

#### Support for local producers in the Baltic countries

Rimi Baltic continued its prizewinning communication campaign called "Grow Latvia" during the year. Within the framework of the campaign, food producers have previously been offered advice from Rimi's experts in business development, marketing and sustainability, with the aim of launching the companies products in Rimi stores. In 2022 the focus has been on communication aimed at the consumer, emphasising the socioeconomic benefits of choosing locally produced food.

#### Locally farmed salmon and cucumber

Swedes eat an average of 12 kg of fish a year, salmon being the most popular fish. However, less than 1% of the salmon eaten comes from Sweden and there is insufficient sustainable production and farming to meet the growing demand. ICA Sweden is involved in various efforts to help increase local salmon production. In Säfte construction began during the year on a large-scale and sustainable facility for land-based salmon farming in an environment resembling the ocean. The project is run by RE:OCEAN and, in addition to ICA Sweden, it is also supported by Axfood and Coop. By 2026 RE:OCEAN's production will be equivalent to almost 20% of Sweden's salmon consumption.

There are also several projects at the store level aimed at increasing local food production. A production facility for salmon and vegetables was established adjacent to the MAXI ICA Stormarknad hypermarket in Östersund

## Local

during the year. The facility will deliver around 10 tonnes of Atlantic salmon annually. It will also produce 85 tonnes of cucumbers, 11 tonnes of tomatoes and 40,000 pots of herbs. In practice, this means that its customers will be able to buy vegetables and Atlantic salmon that have been farmed right next to the store, with no chemical pesticides and no need for transportation. The facility went into operation in January 2023.

### Initiatives for a stronger local community

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

### High availability to local community services

By providing food, medicine and healthcare, and acting as an agent for postal services, the state alcohol outlet Systembolaget and others, ICA Gruppen's businesses fulfil multiple important functions in the community. In Sweden, at the end of 2022 ICA had a presence in 286 out of 290 municipalities and Apotek Hjärtat in 169. In Estonia, Latvia and Lithuania Rimi Baltic had a total of 297 stores. ICA, Apotek Hjärtat and Rimi Baltic all also offer customers the opportunity to shop online.

To increase the level of service and accessibility, testing of unstaffed, 24-hour grocery stores continued during the year in several locations in Sweden. At the end of 2022 there were 30 unstaffed stores and there are plans to open more in the years ahead. Some will be located adjacent to existing ICA stores while others will be in separate locations. Most of them will be in sparsely populated areas or small towns. Customers use the ICA ToGo app and Bank-ID to enter the stores.

### Secure, inclusive and sustainable places

ICA Gruppen wants to help create places that are secure, inclusive and sustainable. Building attractive urban environments where people want to live and spend their time creates long-term value for both new and existing areas. This work takes place at both central and local levels.

For example, ICA Real Estate is taking active steps to increase security, wellbeing, movement, mobility and accessibility. Among other things, ICA Real Estate is working in partnership with municipalities on development plans for areas such as Berga Centrum in Linköping, where the focus is on improving security, and in Oppeby in Norrköping to facilitate urban infill residential development.

### ICA Entrepreneurship Award

The ICA Entrepreneurship Award was presented in 2022 for the fifth consecutive year. The purpose is to recognise entrepreneurs throughout Sweden. The award has two categories: one is Local Hero of the Year, for entrepreneurs who have made a difference to their local community through their venture. The other is Local Junior Hero of the Year, which goes to a young local entrepreneur up to the age of 24.

The Local Hero award in 2022 went to Emma and Sebastian Gröndal, owners of artisan ice cream producer Tegelbrukets Hantverksmejeri. The Local Junior Hero was Azad Ali for his furniture and design company AXD Sweden.

### Neighbourhood cleanup and less waste with Städa Sverige

During the year ICA Sweden and the ICA Stiftelsen foundation continued their partnership with the organisation Städa Sverige (Cleanup Sweden). During the year 105 dedicated retailers and 257 clubs took part in the Ready, Steady, Clean! initiative, which involves cleaning up the local area. 5,400 participants in 74 municipalities cleaned up 37 tonnes of litter, earning a combined SEK 1,500,000 for their clubs. 13 retailers and 13 clubs also saved 15 tonnes of apples from going to waste in local gardens. The apples were then turned into juice by Rscued within the framework of the Ready, Steady, Pick! partnership project.

### Support for local projects through Folke

A portion of the revenue from sales of Folke, ICA Sweden's own cheese, goes to create new, local meetingplaces around the country. The ICA Stiftelsen foundation provided financial support for five Folke projects during the year. Among other things, the "Mulleskogen" project was launched in Kungshamn providing an obstacle course for children, an outdoor gym and a place to gather for a BBQ.



## Support for the work of the Red Cross in Ukraine and Sweden

During the year the ICA Stiftelsen foundation, ICA Gruppen, ICA Gruppen's Swedish companies and ICA-handlarnas Förbund all supported the humanitarian work of the Red Cross for people in Ukraine and for refugees. The first joint donation, provided through ICA Stiftelsen, of SEK 10 million was followed by significant commitment throughout the Group, with independent ICA retailers making their own donations and customers donating money to the Red Cross through ICA Bank's gift button. Funds were also raised in pharmacies and stores.

In addition to the support to ease the situation in Ukraine, a portion of the income from around 50 Red Cross-labelled Christmas items was donated to the Red Cross for its work in Sweden to meet local needs and make a difference in local communities. The recipients include breakfast clubs, meetingplaces and initiatives to meet basic humanitarian needs in society. ICA's customers have also contributed to these efforts through the option to donate the returned deposit on bottles/cans placed in the recycling machines in stores. Altogether around SEK 29 million was donated during the year to the Red Cross.

## Environment

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

### Focus areas

#### Climate impact of the Group's own operations

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

#### Plastic and packaging

- Transition to recyclable packaging
- Choice of recycled or renewable plastic materials
- Packaging design that facilitates material recycling

#### Food waste

- Reduce food waste in warehouses and stores
- Impact analysis of initiatives on food waste in other parts of the value chain

#### Sustainable food systems

- Reduce climate impact from food production and consumption
- Supplier requirements that safeguard biodiversity
- Development of a sustainable and attractive assortment with a lower climate and environmental impact

#### Direct impact



#### Indirect impact



#### Continued efforts to promote more climate-smart production and consumption

ICA Gruppen's ambition is to cut the climate impact from customer food purchases in half by 2030. In ICA Sweden, Rimi Baltic and Apotek Hjärtat efforts continued during the year to stimulate, inspire and encourage sustainable choices in various ways. Efforts were aimed at producers, suppliers and customers, as well as integrated within ICA Gruppen's own operations.

To facilitate more sustainable food systems – locally and globally – changes are needed to promote more sustainable production, a transition in consumption to a higher percentage of plant-based food and a reduction in waste throughout the value chain. Activities in 2022 included continuing to work actively on shifts in the assortment, including the ICA svenskt växtbaserat (ICA Swedish plant-based) concept, and fruit and vegetable initiatives (see page 73). ICA was also named Sweden's most veggie-friendly food chain in 2022 by the Djurens Rätt animal rights organisation.

#### Sustainable food systems of the future – vertical herb gardens

2022 saw the beginning of deliveries to stores of vertically grown herbs including basil, dill and chives. The herbs are grown at Oh My Greens' vertical herb growing facility in Söderfors, between Gävle and Stockholm. The technique is based on a recirculated water and nutrient system, which makes it possible to significantly reduce the amount of water used. The herbs are grown indoors in a controlled system with renewable energy from wind power.

#### Cutting the climate impact from pharmacy products in half

Apotek Hjärtat is making active efforts to cut customers' climate impact from the consumption of self-care products and other merchandise in half. Working with suppliers and research institutions, several projects are

being conducted with the aim of increasing knowledge about pharmacy products and identifying activities to reduce their climate impact.

To make it easier to make sustainable choices, Apotek Hjärtat launched its "Medvetna val" (Conscious Choices) in the online sales channel in 2022. This is Apotek Hjärtat's product offering that either carry a sustainability label, or meet the pharmacy's criteria in another way. The assortment includes products with the KRAV, GOTS, EcoCert, Nordic Swan, Vegan Society, Fairtrade or Asthma Allergy Nordic labels.

#### Easier to choose sustainable banking services

During the year ICA Bank became a signatory of the UN Principles for Responsible Banking (PRB). This will, for example, be reflected in new functions and services to help customers to make sustainable choices in their personal finances.

#### ICA Real Estate continues to build according to Miljöbyggnad standards

During the year ICA Real Estate continued to build according to the Miljöbyggnad standards. Also during the year construction began on an additional store built entirely of wood, following ICA Supermarket Lindvallen and ICA Maxi Åkersberga. The new store will be the ICA Supermarket in Östhammar, with Apotek Hjärtat as its good neighbour. The store will be certified at the Miljöbyggnad Gold level and its launch is planned for 2023.

#### Certification of logistics property to BREEAM Outstanding level

In August ICA's customer fulfilment centre in Gothenburg was the first logistics property in Sweden to be certified to BREEAM Outstanding level. The building, which is in Arendal on Gothenburg's Hisingen island, is owned by ICA Real Estate and was developed by NCC.



## Biodiversity

ICA Gruppen works actively to protect and promote biodiversity through the criteria it has for the goods it sells, through partnerships to promote sustainable food production in Sweden and through the efforts of ICA Real Estate.

ICA Gruppen's biggest impact on biodiversity comes from food production, and the risk of a negative impact on biodiversity through, for example, deforestation or overfishing has therefore been an important parameter in the criteria for ICA Gruppen's high-risk raw materials (read more on page 77).

In Sweden biodiversity is under threat from a reduction in agricultural production, resulting in less pastureland and consequently less variety in the landscape. ICA therefore works actively to promote Swedish agriculture, for example through its long partnership with the Federation of Swedish Farmers (LRF), within the ICA Växa (ICA Grow) initiative and by having a high proportion of Swedish products in ICA's private label assortment. Organic production has clear added value associated with biodiversity and ICA Gruppen therefore actively works to offer a broad range of organic and sustainability-labelled private label products. ICA Real Estate promotes biodiversity whenever new stores are established. In the construction of a new store property in Brunnsögård there is a focus on areas such as composting, providing dead wood habitats, meadow grass, vegetation blankets, solitary bees on roofs and insect hotels.

#### ICA Loved by bees

Wild pollinating insects are crucial for our ecosystems and food supply, but their numbers are diminishing both globally and in Sweden as a result of among other things fewer flower-rich environments and insecticide use. During the year ICA Sweden continued to develop its range called "Älskas av bin" (Loved by bees), which consists of plants that are particularly attractive to bees, and for which ICA Sweden has very stringent requirements with respect to pesticides that pose a risk to pollinators. A portion of the revenue from the flowers in the assortment goes to the ICA Stiftelsen foundation's efforts to promote biodiversity.

 Environment

**Towards fossil-free road transport**

At the end of the year goods transport accounted for just over 60 % of the Group's remaining greenhouse gas emissions. Efforts are under way to reduce these emissions. This involves the optimisation of flows between warehouses and stores, and a gradual transition to renewable fuels and electrification of transport. By 2030 all goods transport on road within ICA Gruppen's Swedish companies is to be fossil-free. In Sweden's metropolitan regions (Stockholm, Gothenburg and Malmö) this will take place as soon as 2025.

In 2022 the transport-related emissions increased by a total of 64% in Sweden. The increase is mainly due to a lower percentage of renewable fuels, where HVO to a large extent has been replaced by diesel. At the same time, continued investments in biogas vehicles, as well as vehicles and infrastructure for electrified transports create conditions for accelerating emissions reductions going forward, in line with ICA Gruppen's fuel strategy.

**Electrification of ICA's goods transports**

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

As an additional aspect of this partnership, some transport between ICA Sweden's warehouse in Helsingborg and a number of ICA stores in western and southern Skåne was electrified during the year. The lorry that has gone into operation on these routes is a prototype with a longer range, enabling transport between cities. The vehicle is part of the REEL project, a national initiative where leading Swedish actors have joined forces to accelerate the transition to electrified, emission-free heavy vehicles.

**Continued innovation for better packaging and less plastic**

ICA Gruppen works constantly and strategically with packaging based on a comprehensive approach to sustainability and

a lifecycle perspective. This involves, among other things:

**Reduced use of plastics.** One example from 2022 is new packaging for ICA Sweden's fresh, vacuum-packed chicken. The packaging uses 46% less plastic than previously. This adds up to around 5,000 kg less plastic per year.

**Design for easier recycling.** During the year, the pink colour on ICA packaging for cold cuts was removed, and ICA Sweden joined with the industry in adopting a common declaration of intent for soft plastic packaging for frozen products. The declaration states that packaging without multiple combined types of plastics should be used primarily, that the area of printed text and the amount of colour on packaging is to be reduced, and that only transparent or white plastic film is to be used.

**Transition to renewable materials.** Packaging plays an important role in extending the shelf life of certain foods and reducing food waste. ICA Sweden's initiatives to find bio-based alternatives include a new partnership with Saveggy, which has developed a bio-based and fully biodegradable coating that can replace plastic on items such as cucumbers.

Decision on a Group-wide energy strategy



By 2045 Sweden is to have net zero emissions of greenhouse gases into the atmosphere, and thereafter negative emissions. The transition to renewable electricity as an alternative to fossil energy sources is expected to lead to an increase of at least 60% in electricity use in Sweden, which will present challenges for the energy supply.

To meet the energy challenges, achieve the business- and emissions-related targets that have been set and to reduce operational and financial risk, ICA Gruppen adopted a Group-wide energy strategy during the year. The strategy includes steps to reduce energy use and to use energy more efficiently, and to increase the Group's own production of renewable energy. The overall targets include reducing energy use by 20% by 2030. All energy used at that time is to be renewable. Electricity produced on site is to be present in 25% of the store properties and constitute 10% of the energy use at logistics properties.

Cooperation and AI to reduce food waste

During the year, ICA Sweden and Rimi Baltic continued their efforts to reduce food waste in stores and warehouses and among customers.

Individual ICA stores and Rimi Baltic's stores in Estonia, Latvia and Lithuania are working actively and systematically to reduce food waste. Their efforts include monitoring registered food waste, product processing, clearance of short-dated products and partnerships with organisations such as Food Bank, Karma, Food2Change, Food4All and TooGoodToGo. In 2022 many stores installed scanners where customers can receive automatic discounts on products close to their best before date. Rimi Baltic also tested an app in 2022 that allows customers to identify products close to their expiry date. This functionality was then integrated into Rimi Baltic's own app at the end of the year. Rimi Baltic also continued its partnership with Plant Jammer, which autogenerates recipes on the website for the leftovers customers have at home.

ICA Sweden continued working with the Stadsmissionen organisation and its social supermarket concept called Mat-

missionen (Food Mission). Food which might otherwise end up as food waste – for example, from ICA Sweden's warehouses and customer fulfilment centre in the Stockholm region – is sold in the stores at heavily discounted prices.

Collecting accurate food waste data is key to prevention, and in 2022 efforts to minimise waste using data-driven insights and AI continued. ICA Sweden is, for example, partnering with foodtech company Whywaste through ICA Gruppen's innovation hub ICAX. This partnership involves testing a digital waste coach in four ICA stores. The new solution can use AI to help provide store-specific, data-based recommendations in realtime for how the store can prevent and reduce its food waste.

ICA Gruppen's efforts to reduce the volume of food waste are based on the so-called food waste pyramid. This involves prevention through a focus on forecasting, sourcing and monitoring, as well as systems and analysis tools for identifying and dealing with products that are at risk of going to waste.



Environment

Active efforts to reduce emissions – all the way from production to consumption

ICA Gruppen's climate targets currently cover Scope 1, Scope 2 and parts of Scope 3 (see table). The parts of Scope 3 that are included in ICA Gruppen's own operations are covered by ICA Gruppen's target of net zero climate emissions by 2030 and are reported according to the GHG Protocol (see table on page 80). The parts of Scope 3 that originate from cultivation, production and processing of food are covered by ICA Gruppen's ambition to halve the climate impact of customer food purchases by 2030. These emissions are not currently reported in absolute numbers, but in terms of intensity in the form of kg CO<sub>2</sub>e/kg sold food (see page 66).

In 2022 ICA Gruppen submitted its commitment to the Science Based Targets initiative (SBTi) to adopt climate targets in line with the recently launched net zero standard. This commitment involves ICA Gruppen aiming to reach the 1.5 degrees Celsius goal in the Paris Agreement and to reach net zero emissions throughout the value chain no later than 2050. In 2023 ICA Gruppen's climate targets will be further defined to meet the SBTi criteria.

Focus on emissions from food production

The review of ICA Gruppen's Scope 3 emissions that was completed during the year clearly showed that production of the goods that ICA Gruppen sells – in particular food items – accounts for by far the largest part of the Group's total climate impact from a value chain perspective. Other examples of Scope 3 emissions in ICA Gruppen's value chain are the stores' emissions from energy and refrigerants, goods transport, business travel, IT equipment, and emissions from new construction and renovation. A large percentage of emissions are included in ICA Gruppen's current climate goals (see above). Calculating ICA Gruppen's Scope 3 emissions outside the

Group's own operations currently requires using a number of assumptions and standard estimates. Efforts to improve data quality and calculation methods will continue in the years ahead.

ICA Gruppen's carbon offset programme

ICA Gruppen has been engaged in carbon offsetting since 2020 to compensate for the climate impact of the Group's own operations, i.e. from ICA stores, pharmacies, warehouses, offices and transport. Carbon offsets can never replace efforts to reduce emissions in the value chain, but it supplements those efforts and helps to accelerate climate action at the global level.

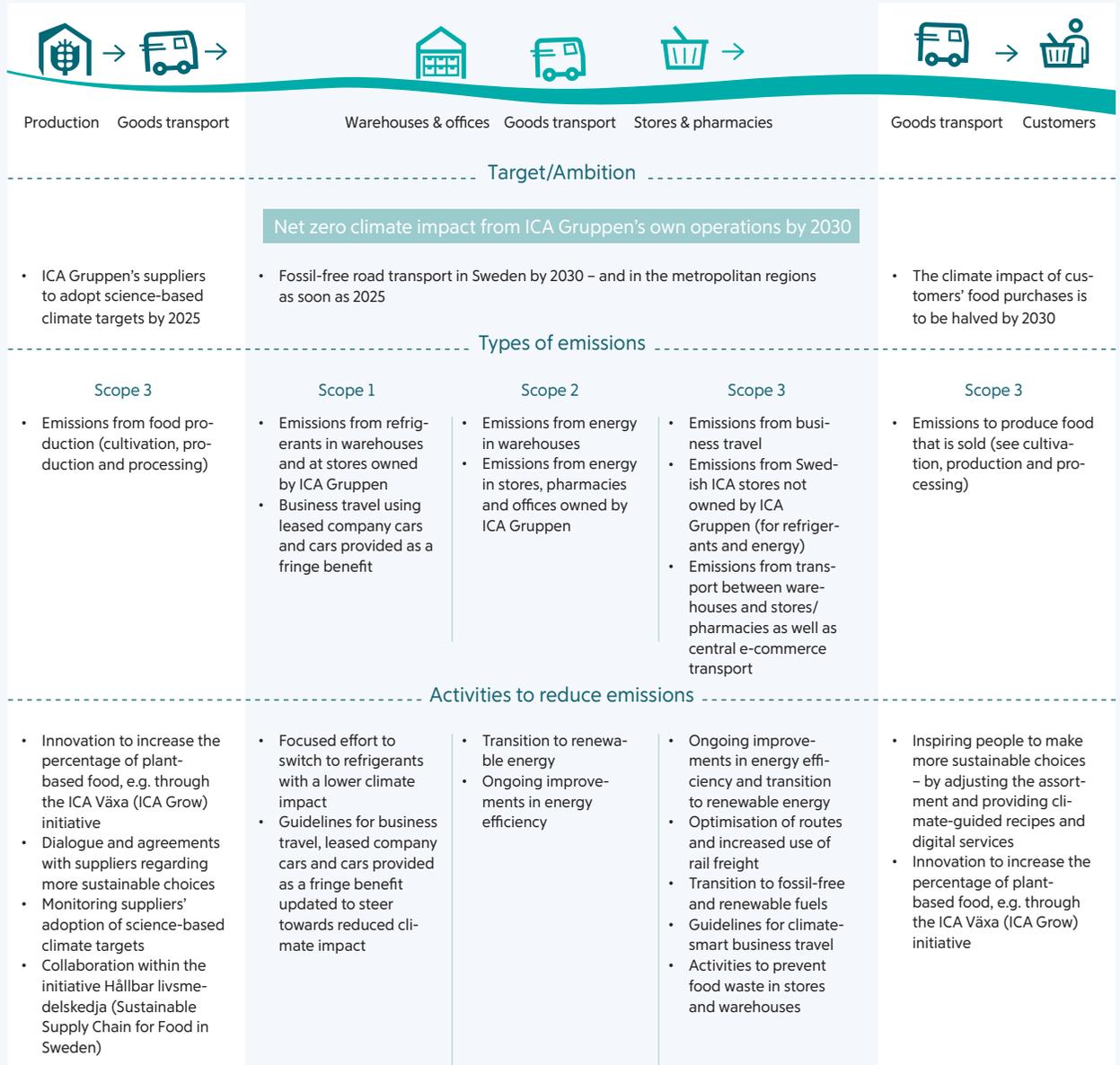
Carbon offset projects that ICA Gruppen supports are carefully selected in cooperation with the Group's partner South Pole, to ensure that they contribute to sustainable development and climate benefits. All projects are third-party certified to at least one independent standard. Important criteria when selecting projects have been additionality (i.e. that they would not have happened without funding from a carbon offset programme), confidence that the expected climate benefits will be achieved, and assurance that the projects include local communities and make a positive contribution to other aspects of sustainable development.

ICA Gruppen has selected carbon offset projects in countries that are in the Group's supply chain: Zimbabwe, China, Thailand and Vietnam. The projects contribute to climate action in various ways. By expanding solar energy, fossil energy is replaced by renewables; by conserving and planting forests, carbon dioxide from the atmosphere is sequestered; and by utilising biomass and creating biogas from waste, renewable energy is generated.

Farming, production and processing

ICA Gruppen's own operations

Consumption and food waste



## Health

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

### Focus areas

#### Physical wellbeing

- Make it easier to live a healthier life every day

#### Mental wellbeing

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

#### Sustainable antibiotic use

- Promote the healthy and safe use of antibiotics

#### Direct impact



#### Indirect impact



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

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

#### Improved physical wellbeing

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

#### Initiatives to encourage consumption of fruit and vegetables

One of ICA Gruppen's overall sustainability targets is to increase customer purchases of fruit and vegetables to consumption equivalent to 500 grams a day by 2025 (400 grams a day in the Baltics, in line with Rimi Baltic's health strategy). Both ICA and Rimi Baltic have multiple initiatives to increase consumption of fruit and vegetables. These involve both campaigns and technical innovation. Specific initiatives in Sweden in 2022 include the launch of the new KLART (READY) assortment consisting of fresh food that is prepared and ready to cook. In another initiative, customers who purchased ICA's family meal kits received free fruit and vegetables with their kits and reci-



pes for preparing the meals. There was also a project aimed at nudging people, to help customers choose fruit and vegetables more easily. Clear communication in the freezer section and moving selected products to a new location in the store increased sales of fruit and vegetables in the four participating ICA stores by 6 tonnes.

During the year Rimi Baltic invited European startups to participate in developing innovative solutions that could help to increase consumption. The initiative was a collaboration with the Future Hub accelerator. This is the third time that Rimi Baltic is partnering with Future Hub. Past projects include solutions to reduce the volume of food waste and reduce plastic use.

#### Activities to prevent mental health problems

Efforts to improve public health also include mental health aspects. Apotek Hjärtat continued its partnership with the Mind organisation during the year. The partnership involves financial support for the helplines that Mind operates for suicide prevention, parents, the elderly and for young people, and also focuses on joint communication, information and education in the area of mental health. The ICA Stiftelsen foundation also has an active partnership with Mind.

Inflation, raised interest rates and falling prices in the housing market can contribute in various ways to increased uncertainty or more problems with personal

 Health

finances – which in turn can increase the risk of mental health problems. To address this, ICA Bank increased its focus on easily accessible personal financial advice and practical tips on what to consider in uncertain times.

During the year ICA Bank also partnered with Lexly, the leading digital legal tech actor in the Nordic region. The partnership allows ICA Bank to offer its customers free needs analysis and initial legal advice, followed by discounted services for contracts that are either created online or with the help of a lawyer. The goals include preventing mental health problems associated with big life changes, such as divorce or estate distribution.

ICA Insurance launched a counselling service during the year through BlueCall as part of all its insurance policies. Customers are given the opportunity to chat online or call and talk to a therapist about various issues associated with mental health problems. The purpose is to help customers in situations where they may need a little extra support.

**Sustainable antibiotic use**

Antibiotic resistance is a major public health challenge. ICA Sweden requires all its suppliers not to use antibiotics to treat animals preventively, but only if prescribed by a vet. During the year ICA Sweden continued to implement the updated industry agreement from the Swedish Food Retailers' Federation on the use of antibiotics in livestock rearing, with the aim of reducing the overuse of antibiotics in food-producing animals.

**Menopause-friendly workplace**

To increase knowledge about the menopause and how it may affect a woman's mood, wellbeing or ability to do her job, Apotek Hjärtat launched an initiative during the year called Klimakteriesäkrad arbetsplats (Menopause-friendly Workplace). All Apotek Hjärtat managers have completed this training, which can be found at apotekhjartat.se and is available to all free of charge.



Pink Ribbon: SEK 54 million for cancer research

ICA stores, Apotek Hjärtat and their customers together raised SEK 54 million for Swedish cancer research in conjunction with the Swedish Cancer Society's Pink Ribbon campaign (SEK 43 million from ICA and almost SEK 11 million from Apotek Hjärtat).

This year, total donations to cancer research from ICA and Apotek Hjärtat surpassed SEK 500 million since the start in 2003.



## Inclusion and diversity

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

### Focus areas

#### Increased openness

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

#### More diverse

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

#### More equal

- We will create the conditions to respect everyone's equal rights and opportunities to participate on equal terms

#### Direct impact



#### Indirect impact



#### Efforts for inclusion

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

The various companies in ICA Gruppen have different operations and markets. Alongside the Group-wide targets each company has therefore also adopted its own targets and identified activities for its operations.

#### Focus on unconscious bias

During the year work continued to increase awareness of unconscious bias and also to reinforce how being aware of this has real business benefits for ICA Gruppen's various operations. Unconscious bias is, for example, an important focus area in the e-learning that ICA Sweden has decided that all of its managers must complete to increase skills and awareness in this area.

#### Efforts to increase the percentage of managers with a foreign background

The breakdown in the number of ICA Gruppen employees with a Swedish versus a foreign background largely reflects Sweden's population. The long-term goal is for this breakdown to be the same at the managerial level as well. Efforts continued during the year to identify opportunities and obstacles. One of the results was a pilot project called "Språkfika" (Language Coffee Break). The purpose is to improve Swedish language skills among employees who do not yet speak Swedish or who are in the process of learning the language.

#### European Diversity Month

In May ICA Gruppen highlighted European Diversity Month, as proclaimed by the European Commission. Among other things, in Sweden talks were given on neuropsychiatric diagnoses. In Lithuania Rimi communicated both externally and internally regarding the company's diversity work focusing on age, nationality and disability. Employees of the company were given an opportunity in Rimi's various channels to talk about their personal experiences with respect to diversity.

#### Increased digital access

During the year the directive from the European Parliament and Council on accessibility requirements for products and services was implemented in Swedish law. The directive requires a more uniform application of the UN Convention on the Rights of Persons with Disabilities (CRPD). The increased accessibility requirements will go into effect in June 2025. The areas covered include e-commerce, banking services, websites and electronic communication, as well as payment terminals at stores. Work during the year to adapt ICA Gruppen's operations to the new requirements included developing an e-learning tool aimed at individuals whose work will be affected by the accessibility directive.

#### Everyone is different – different is good

The partnership between ICA Sweden and the Swedish Football Association (SvFF) continued during the year. One of the fundamental aspects of this partnership is to make it easier for children and teens to spend their leisure time in meaningful ways. Specific initiatives include Fotbollsskolan (Football School), which involved 23,000 children during the year. Another initiative was Alla är olika – olika är bra (Everyone is different – different is good), which distributes



funds to clubs keen to make a difference by promoting gender equality, diversity and democratic principles. During the year, funds awarded were disbursed by the ICA Stiftelsen foundation to the Swedish Football Association – with carefully considered requirements regarding follow-up and impact metrics.

## Quality

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

### Focus areas

#### Social responsibility

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

#### Product and production quality

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

#### Traceability and transparency

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

#### Direct impact



#### Indirect impact



#### Focus on human rights throughout the value chain

ICA Gruppen has been implementing systematic social responsibility efforts for some time based on the UN and ILO conventions on human rights. Since 2021 there has also been a human rights due diligence (HRDD) process, and in 2022 efforts continued to mitigate the risks identified. Outlined in the UN Guiding Principles, the aim of HRDD is to guide companies in their work to achieve an ongoing risk management process for human rights throughout the value chain. Companies that implement an HRDD process are to identify, act on and prevent adverse impacts on human rights based on the size of the business, and the nature and context of its operations. This work was established and decided upon by the ICA Management Team and is monitored continually.

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

Human rights are integrated in ICA Gruppen's Sustainability Policy and in the sustainability appendix which is attached separately to sourcing agreements. All ICA Gruppen's corporate brand suppliers in high-risk countries must be checked and approved by ICA Gruppen or by a third party.

If ICA Gruppen detects irregularities at a production facility used by the Group, a concrete action plan is established and followed up in a re-audit. The first time a supplier violates the contractual requirements, it generally gets a chance to correct the problem. If the problem is fixed to the Group's satisfaction, ICA Gruppen will keep working with the supplier. If the problem is repeated, the agreement with the supplier will be terminated.

In 2022 ICA Gruppen decided to terminate agreements with nine suppliers because they did not adequately meet the Group's requirements on human rights or they had not made the necessary improvements since the first audit.

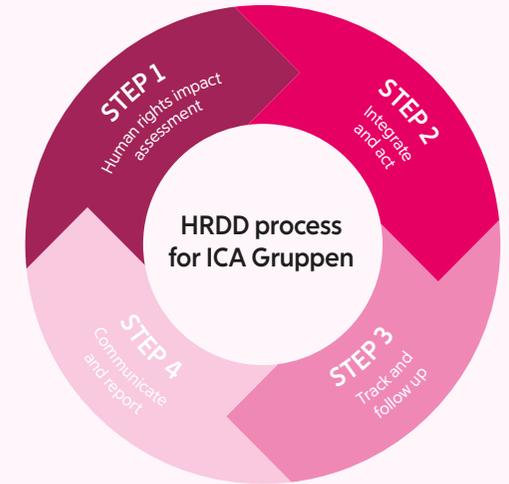
To promote efforts to strengthen human rights in the value chain, in January 2022 a new partnership began with ETI Sweden (Ethical Trading Initiative). The purpose is to promote sustainable business methods in global supply chains with a particular focus on human rights and employee rights. ICA works in cooperation with other grocery actors in ETI Sweden's food and beverages work group to improve working conditions and respect for human rights within Sweden's food and beverage chains. Among other things, the companies in the group have committed to taking action to reduce poverty in their supply chains in line with UN Sustainable Development Goal 1.

#### Requirements for preventing child labour

ICA Gruppen's requirements for the prevention of child labour are based on ILO's fundamental conventions, which among other things means that the Group's suppliers are not to employ any individuals under the age of 15 and that special consideration is given to workers under the age of 18. If national legislation has more stringent requirements, these are to apply. In China, for example, the minimum legal working age is 16.

#### Traceability and transparency

Traceability and transparency are essential if customers are to feel safe and have confidence in ICA Gruppen's operations and products, as well as for efforts to ensure quality and good production conditions in the value chain. Among other things, this involves ensuring where the products come from, how they are transported and



stored, what they contain and how the suppliers operate their businesses.

ICA Gruppen's quality ambition involves a greater emphasis on digital traceability and transparency. The aim is to 2025 develop efforts in this area and make more information about the supply chain available to consumers. Since 2015 Apotek Hjärtat has been taking action to increase transparency throughout the pharmacy industry through the Välvald (Well chosen) labelling initiative. In 2022 Välvald went from being a guide at the corporate level to a system at the product level, and the criteria have become more stringent.

#### Replacement ingredients as a result of the war in Ukraine

Due to the war in Ukraine there have been periodic shortages of certain ingredients during the year. To maintain food production it has been necessary to replace certain items in short supply with other ingredients. As this has taken place at short notice, it has not been possible to keep up with replacing the list of ingredients on all packaging. The Swedish National Food Agency has permitted grocery retailers to sell products on which the list of ingredients has not been updated to reflect new ingredients for the duration of the conflict and as long as it affects access to ingredients. The products will continue to be safe for consumers to eat and allergen labelling on packaging will continue as previously.

★ Quality

**Procedures to ensure product and production quality**

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

**Corporate brands**

The standards for ICA Gruppen's corporate brands are particularly high. During the year a number of risk raw materials were identified: cocoa, coffee, seafood, palm oil, soy and cotton. The target is for these to be sustainability-labelled by 2025 where they are included in ICA Gruppen's corporate brand products. Several of the raw materials – such as palm oil, soy, coffee and tea – already have a certification requirement, but in 2023 a full benchmarking measurement will be carried out in order to report progress on the target. Risk raw materials are associated with particularly significant challenges in terms of the impact of their production on people, the environment and animal welfare. The requirement is based on third-party labelling for certified products and sustainable sourcing, such as KRAV, the EU organic label, Fairtrade, MSC, ASC, Rainforest Alliance, RTRS, RSPO and GOTS. Suppliers of the Group's corporate brand products must also be quality-certified to a standard accepted by the Group. On site social audits are also in place for suppliers of ICA Gruppen's corporate brand products in high-risk countries.

**Risk raw materials**

ICA Gruppen has identified seven ingredients or inputs where the risk of a negative impact on humans and the environment is particularly high. These ingredients/inputs are therefore to be sustainability labelled in the Group's corporate brands no later than 2025.

**ICA Gruppen's risk raw materials**

- Coffee
- Tea
- Cocoa
- Soy
- Palm oil
- Cotton
- Seafood

**Examples of risks**

- Human rights: Risk of poor working conditions, poverty due to wages below the subsistence level, negative impact on the local population, child labour or forced labour
- Climate impact and loss of biodiversity due to deforestation
- Loss of biodiversity due to, for example, overfishing
- High use of pesticides with a negative impact on humans and ecosystems
- High resource consumption due to, for example, significant use of water and artificial fertilisers

**Working actively to promote animal welfare**

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

Suppliers of all fresh and frozen meat in ICA Sweden's central assortment have been approved following an animal welfare audit. Meat from Swedish suppliers, which are controlled by Swedish legislation, are audited based on a risk assessment conducted by ICA. These audits may include checking how the animals are reared, and how they are treated during transport and slaughter. The audits are conducted either by ICA Sweden's own quality specialists or by a third party. In 2022 ICA Sweden carried out three animal welfare audits, one supplier visit with a focus on animal welfare and four digital animal welfare follow-up meetings. During the year Rimi Baltic prioritised catching up with quality control processes that had not been possible during the Covid-19 pandemic. However, towards the end of the year a self-evaluation was carried out by meat suppliers with a focus on animal welfare, and the aim is to increase efforts in this area in 2023.

**Rimi Baltic awarded first MSC/ASC certification in the Baltics**

In 2022 Rimi Baltic became the first grocery retailer in the Baltic countries to be certified according to the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC). MSC is an international organisation for ecolabelling



of seafood products. The ecolabel shows that the fish is sustainably managed, that it comes from healthy fishing stocks and that steps have been taken to reduce the impact on the marine environment. ASC is an international ecolabelling system for farmed seafood products.

ICA Sweden is the grocery retail actor in Sweden that sells the most MSC and ASC certified seafood. This was one of the reasons ICA Sweden was awarded the Guldfisken prize by MSC and ASC in 2022. When explaining its choice of winner, the jury also recognised ICA Sweden's work on traceability certification for fish products – from boat to plate.

**Activities to prevent food fraud**

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

In 2022 ICA Sweden carried out 52 analyses focusing on food fraud and pesticide analysis. No indications of conscious food fraud were identified. Rimi Baltic carried out 28

analyses during the year, of which 25 had no irregularities, two are still underway and one requires further investigation.

**ICA Sweden supports the PFAS Movement**

In 2022 ICA Sweden signed up to the PFAS Movement initiative of the International Chemical Secretariat (ChemSec). The initiative aims to draw attention to the problems associated with PFAS substances and works to get them banned. The aim is to phase out PFAS and replace them with more sustainable solutions. This is a process and affects a large variety of products. The initial focus is therefore on identifying and finding better solutions for the products where ICA Sweden can make the biggest difference.

**Increasing the share of sustainable cotton**

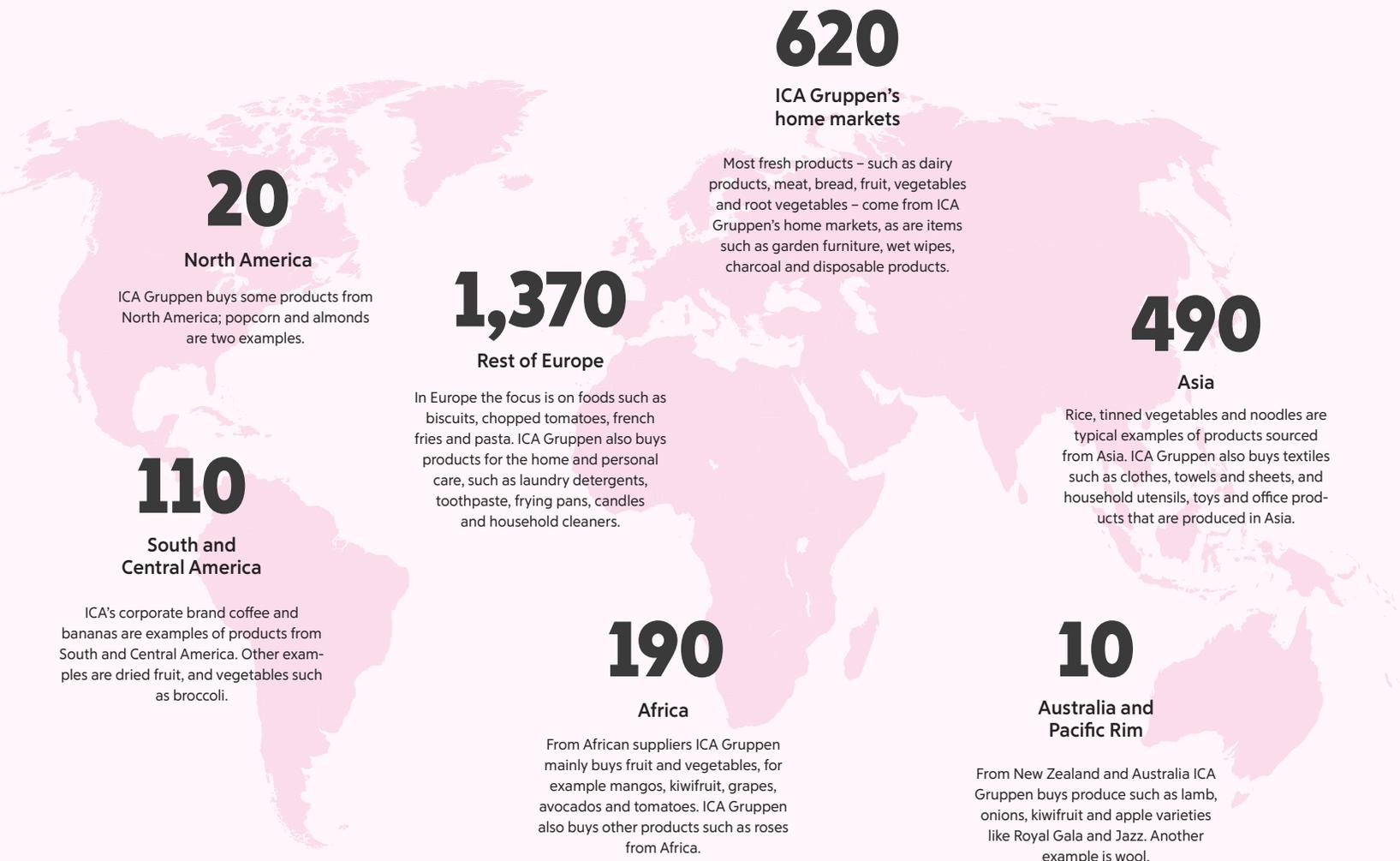
Efforts continued during the year to increase the percentage of sustainable cotton. ICA Gruppen's ambition is for 90% of cotton to come from "more sustainable cotton" by 2025. This means that the cotton needs to come from Better Cotton, be based on organic or recycled raw material or be Fairtrade certified.

During the year ICA Gruppen became a member of the Better Cotton initiative, the mission of which is to help communities where cotton is grown to survive and thrive while also protecting and restoring the environment.

 Quality

ICA Gruppen's suppliers

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



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



# Sustainability management

The strategic focus of ICA Gruppen's sustainability work is set by the Board of Directors and is managed through strategic planning and business planning processes.

In 2022 the course for ICA Gruppen's sustainability work was set by the Board which, based on the Code's rules on the responsibility of the Board of Directors, adopts guidelines for how the Group is to act in society. The Board's tasks have included preparing policies on business ethics and sustainability, sustainability reports (annually and quarterly) and monitoring business ethics and sustainability. The Board of Directors also reviews the Group's sustainability work on an annual basis. This review covers risk analysis, ethical dilemmas and in-depth training in specifically identified areas.

## Responsibility

Although the CEO has ultimate responsibility for sustainability issues within the Group, management of day-to-day sustainability work has been delegated to the Chief Corporate Responsibility Officer, who is part of the ICA Management Team (IMT). The Management Team, under the leadership of the Chief Corporate Responsibility Officer, is tasked with developing and, if need be, monitoring the Group's application of the Sustainability Policy. To support its Management Team and Chief Corporate Responsibility Officer, ICA Gruppen has formed a management team for sustainability consisting of all the sustainability managers at the Group's various companies.

The ICA Management Team suggests sustainability priorities to the Board and monitors ethical dilemmas, risks and public opinion. It is also tasked with proposing new and revised policies to the Board.

For many years the operating companies in ICA Gruppen have been using selected key performance indicators in the areas of the environment, health, inclusion and diversity, corporate social responsibility and quality. ICA Gruppen's interim reports include quarterly reports on its sustainability work showing ongoing progress during the year. ICA Gruppen's Annual Report contains a sustainability report to provide an overall picture of its sustainability work. This reporting covers all operating companies within the Group.

## Stakeholder dialogue

Obtaining both internal and external actors' views on ICA Gruppen's operations is an important aspect of ongoing efforts to develop ICA Gruppen. The goal is to balance various interests, expectations and wishes through a constant dialogue. The most important stakeholder groups are customers, employees, owners, independent ICA retailers in Sweden, suppliers, authorities and a number of non-profit organisations. Each of these main stakeholders may have different expectations and requirements with respect to ICA Gruppen's sustainability work.

## Framework for sustainability work

To supplement the legislation in force, ICA Gruppen's Board of Directors and Management Team have together formulated and adopted a framework which provides guidelines for how ICA Gruppen is to act as a responsible company and employer.

ICA Gruppen's sustainability work is based on policies describing how the Group is to act in society – primarily the Group's Sustainability Policy and Business Ethics Policy. These are established by the Board of Directors and form the basis of the Group's sustainability work. Governing bodies and employees are trained in ICA Gruppen's policies through both online courses and special initiatives. Guidelines are linked to each policy, explaining how each is to be put into practice.

## Examples of external rules and frameworks that ICA Gruppen has undertaken to follow:

- The UN Global Compact
- The sustainability programme of the Consumer Goods Forum
- The OECD Guidelines for Multinational Enterprises
- The Business Charter for Sustainable Development from the International Chamber of Commerce (ICC) and the ICC's anti-corruption and anti-bribery principles
- Science Based Targets (2015)
- TCFD – Task Force on Climate-related Financial Disclosures (2021)
- UN Principles for Responsible Banking

## How ICA Gruppen sets its sustainability objectives

Sustainability is integrated into ICA Gruppen's strategy for the Group and into Ambition 2025. ICA Gruppen also focuses on a number of prioritised sustainability-related issues based on a materiality analysis that is reviewed every year. For structured strategy development and communication in sustainability work, the Group uses the For a Good Tomorrow concept. This is broken down into five focus areas: local, environment, health, inclusion and diversity, and quality.

## FRAMEWORK: UN SUSTAINABLE DEVELOPMENT GOALS, UN GLOBAL COMPACT, ICA GRUPPEN'S POLICIES



## Environment

### Breakdown of carbon emissions from ICA Gruppen's own operations according to the GHG Protocol

Carbon emissions, tonnes	2022	2021	2020
<b>Direct greenhouse gas (GHG) emissions according to Scope 1</b>	<b>13,981</b>	<b>14,428</b>	<b>17,649</b>
<b>of which</b>			
Refrigerants in warehouses and at stores owned by ICA Gruppen	13,512	13,273	15,576
Business travel using leased company cars and cars provided as a fringe benefit	469	1,155	2,073
<b>Indirect greenhouse gas (GHG) emissions according to Scope 2</b>	<b>2,294</b>	<b>2,919</b>	<b>2,907</b>
<b>of which</b>			
Energy in warehouses	812	985	960
Energy in stores, pharmacies and offices owned by ICA Gruppen	1,482	1,934	1,947
<b>Indirect greenhouse gas (GHG) emissions according to Scope 3</b>	<b>78,318</b>	<b>61,444</b>	<b>71,565</b>
<b>of which</b>			
Business travel	2,368	605	796
Goods transport between warehouses and stores/pharmacies as well as central e-commerce	58,380	41,640	45,627
Swedish ICA stores not owned by ICA Gruppen (energy and refrigerants)	17,571	19,199	25,143
<b>TOTAL</b>	<b>94,593</b>	<b>78,791</b>	<b>92,121</b>

### Change in carbon emissions/m<sup>2</sup> compared with 2006

	2022	2021	2020
Total reduction in CO <sub>2</sub> e per m <sup>2</sup> , %	-77	-81	-77

Distribution of carbon dioxide emissions according to the GHG Protocol, 2022, %



**Comment:** GHG emissions from ICA Gruppen's own operations (incl. Scope 1, 2 and parts of Scope 3 as above) amounted to 94,593 tonnes in 2022, an increase of 20% compared with 2021. The increase can mainly be attributed to a decreased share of renewable fuels in goods transport in Sweden, but is also due

Distribution of carbon dioxide emissions, 2022, %



to resumed business travel after the pandemic, and refrigerant leakage in the Baltics. Development of emissions have moved in the right direction for goods transport in the Baltics and refrigerants in Sweden. Emissions from the Group's own operations are offset in their entirety (see page 72).

### Goods transport between warehouses and stores/pharmacies as well as central e-commerce

Carbon emissions, tonnes	2022	2021	2020
<b>Carbon emissions, tonnes</b>	<b>58,380</b>	<b>41,640</b>	<b>45,627</b>
<b>of which</b>			
Sweden	45,770	27,887	32,365
Baltics	12,610	13,753	13,261
<b>Fuel consumption, thousands of litres</b>	<b>35,853</b>	<b>35,640</b>	<b>35,318</b>
<b>of which</b>			
Sweden	31,045	30,408	30,340
Baltics	4,808	5,232	4,978

### Percentage of fossil-free road transport

	2022	2021	2020
Percentage of fossil-free road transport within ICA Gruppen's Swedish operations, %	59	71	65

**Comment:** GHG emissions from goods transport have increased with 40% since 2021 and amounted to 58,380 tonnes in 2022, mainly due to a decreased share of renewable fuels. In Sweden, both renewable fuels (mainly biogas and HVO) and diesel is used. In the Baltic countries, diesel with a small share of biofuel mixed in is used, as well as a smaller amount renewable fuels.

Rimi Baltic's emissions from goods transport decreased slightly in 2022. In Sweden, emissions from goods transports increased with 64%. Fuel consumption increased slightly, but the increase in emissions is mainly due to a decreased share of renewable fuels, where HVO to a large extent has been replaced with diesel. This is due to a sharp increase in HVO prices during the year, which among other things can be attributed to a shortage of supply connected to an increase in the mandatory share of renewables in Swedish fuel. ICA has

focussed on securing that the fuel used adds actual climate value, and does not factor in emissions reductions that would otherwise occur at production stage in accordance with the mass balance principles applied in relation to the mandatory mixing in of renewables. Continued investments have at the same time been made in technologies seen as sustainable in the long term, such as an increased use of biogas, and in vehicles and infrastructure for electrified transports. These investments lay the foundation for accelerated emission reductions going forward, in line with ICA Gruppen's fuel strategy.

Apotek Hjärtat and Rimi Baltic use only leased transports. The majority of ICA Sweden's transports are leased, except ICA Sweden's e-commerce transports and a smaller number of owned lorries. In sustainability reporting, no difference is made between leased or owned transports.

ENVIRONMENT

Refrigerants

	2022	2021	2020
<b>Carbon emissions, tonnes</b>	<b>23,962</b>	<b>25,056</b>	<b>32,895</b>
<b>of which</b>			
Sweden	11,127	12,459	18,383
Baltics	12,835	12,597	14,512

**Comment:** Development at the Swedish stores continued in a positive direction during the year, while a small increase was seen in the Baltics due to several smaller incidents with refrigerant leakage in Lithuania. GHG emissions from refrigerants decrease mainly due to the switch to refrigerants with a lower climate impact. Often older units that use synthetic HFC refrigerants

(primarily R-404) with a high climate impact are replaced by natural refrigerants (including carbon dioxide R-744). This is contributing to the continuous decrease in emissions.

Energy use in stores and pharmacies

	2022	2021	2020
<b>Carbon emissions, tonnes</b>	<b>8,508</b>	<b>9,271</b>	<b>9,708</b>
<b>of which</b>			
Sweden	7,676	8,364	8,812
Baltics	832	907	896

	2022	2021	2020
<b>Energy use in stores and pharmacies, MWh</b>	<b>969,065</b>	<b>1,020,017</b>	<b>1,023,117</b>
<b>of which</b>			
Sweden	802,632	838,588	843,971
Baltics	166,433	181,429	179,146

	2022	2021	2020
<b>Average energy use in stores and pharmacies, kWh/m<sup>2</sup></b>			
Sweden	327	343	348
Baltics	276	303	317

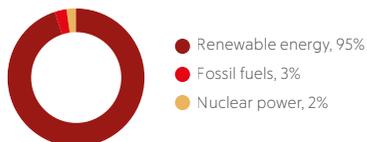
Energy use in warehouses and offices

	2022	2021	2020
<b>Carbon emissions, tonnes</b>	<b>848</b>	<b>1,063</b>	<b>1,023</b>
<b>of which</b>			
Sweden	766	985	952
Baltics	82	78	71

	2022	2021	2020
<b>Energy use in warehouses and offices, MWh</b>	<b>97,361</b>	<b>100,812</b>	<b>94,642</b>
<b>of which</b>			
Sweden	81,058	85,261	80,420
Baltics	16,302	15,552	14,221

	2022	2021	2020
<b>Average energy use in warehouses and offices, kWh/m<sup>2</sup></b>			
Sweden	171	154	184
Baltics	121	117	96

Distribution of energy sources, 2022, % (electricity consumption in warehouses, offices, stores and pharmacies)



**Comment:** The total GHG emissions from energy use are constantly decreasing. Since the fourth quarter of 2019 Rimi Baltic has only used renewable energy. In Sweden both renewable and non-renewable energy are used. The average energy use is generally decreasing in stores and pharmacies, which is partly the result of improved operational efficiency, whereas average energy use in warehouses and offices has increased slightly.

## ENVIRONMENT

## Business travel by air, rail and road

	2022	2021	2020
<b>Carbon emissions, tonnes</b>	<b>2,837</b>	<b>1,760</b>	<b>2,869</b>
<b>of which</b>			
Sweden	1,978	999	1,544
Baltics	859	760	1,325
<b>Business travel by air, thousand km</b>	<b>4,839</b>	<b>1,123</b>	<b>3,281</b>
<b>of which</b>			
Sweden	4,556	1,080	3,165
Baltics	284	43	116
<b>Business travel by road, thousand km</b>	<b>14,897</b>	<b>12,563</b>	<b>11,908</b>
<b>of which</b>			
Sweden	7,952	6,237	4,880
Baltics	6,878	6,327	7,028
<b>Business travel by rail, thousand km</b>	<b>2,797</b>	<b>935</b>	<b>1,124</b>
<b>of which</b>			
Sweden	2,797	935	1,124
Baltics	n.d.	n.d.	n.d.

**Comment:** Emissions from business travel have increased compared to the previous year, but are still not back to pre-pandemic levels. Business travel by air has increased slightly compared to 2021, but is at a significantly lower level than 2019 (12,501 thousand km). This can be seen as a positive effect of updated guidelines for business travel, and of the development of digital tools for virtual meetings are also reducing the need for business travel.

## Food waste

	2022	2021	2020
<b>Total food waste, % by weight</b>	<b>1.54</b>	<b>1.67</b>	<b>1.57</b>
Sweden	1.46	1.58	1.43
Baltics	2.00	2.20	2.37
<b>Total food waste from warehouses, % by weight</b>			
Sweden	0.28	0.36	0.34
Baltics	0.09	0.17	0.12
<b>Total food waste from stores, % by weight</b>			
Sweden	1.18	1.22	1.09
Baltics	1.91	2.03	2.25

**Comment:** The total food waste from stores (ICA Gruppen-owned as well as those owned by ICA retailers) and warehouses (including customer fulfilment centres) in Sweden and the Baltic countries has been reduced by 16% (8) since the base year. The food waste share has decreased in both Sweden and the Baltics, and in both warehouses and stores.

2022 saw major shifts in consumption patterns, due to external factors such as war and inflation. This made the work of preventing food surplus through improved forecasting more difficult. At the same time, significant improvements were seen in efforts to identify and track the surplus of food that may arise in warehouses and stores. Through using surplus food for e.g. clearance sales, in-store processing or donations to those in need, the food waste share has decreased. For examples, several ICA stores in Sweden have

installed scanners where customers can get an automatic markdown on products with a short best before date. In Rimi Baltic stores, a new AI-based system for markdowns was launched with the aim of reducing food waste. To donate still edible food to those in need, ICA Sweden partners with actors such as the Salvation Army and Stadsmissionen's concept for social grocery stores, and Rimi Baltic with Food Bank.

ENVIRONMENT

Waste<sup>1</sup>, tonnes

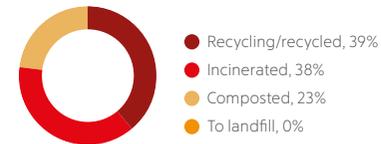
	2022	2021	2020
<b>Recycling/recycled</b>	<b>25,120</b>	<b>43,130</b>	<b>34,145</b>
<b>of which</b>			
Sweden	4,861	4,465	4,709
Baltics	20,259	38,665	29,436
<b>Incinerated</b>	<b>8,932</b>	<b>10,722</b>	<b>5,350</b>
<b>of which</b>			
Sweden	2,822	3,119	2,751
Baltics	6,110	7,603	2,600
<b>Composted</b>	<b>6,785</b>	<b>9,194</b>	<b>9,222</b>
<b>of which</b>			
Sweden	4,693	5,371	5,797
Baltics	2,092	3,823	3,425
<b>To landfill</b>	<b>13,173</b>	<b>14,132</b>	<b>20,499</b>
<b>of which</b>			
Sweden	43	105	630
Baltics	13,130	14,027	19,869
<b>TOTAL</b>	<b>54,010</b>	<b>77,178</b>	<b>69,216</b>
<b>of which</b>			
Sweden	12,420	13,059	13,886
Baltics	41,590	64,119	55,330

<sup>1</sup> Data for Sweden refers to waste from logistics within ICA Sweden. The Baltics data refers to waste from logistics and stores.

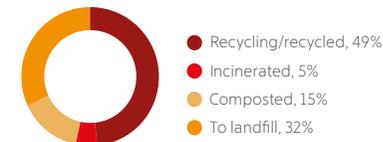
	2022	2021	2020
<b>Recycling rate<sup>1</sup>, %</b>			
Sweden	100	99	95
Baltics	68	78	64

<sup>1</sup> Includes recycling/recycled, composted and incinerated waste.

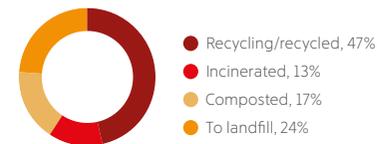
Distribution of fractions Sweden, 2022, %



Distribution of fractions Baltics, 2022, %



Distribution of fractions ICA Gruppen total, 2022, %



**Comment:** ICA Gruppen is working to minimise waste and maintain high recycling rates in warehouses and stores. Different waste management systems in the various markets affect the extent to which it is possible to increase the recycling rate. The recycling rate decreased slightly in the Baltic countries to 68% (78) in 2022, mainly due to significantly lower volumes of registered recycled waste. The reason for this is that Rimi Baltic previously has included waste which is covered by the producer responsibility, such as consumer packaging, in registered waste. This has now been corrected, in line with defined sustainability reporting principles.

In Sweden, the recycling rate rounded off to the nearest whole number is 100% (99). Waste data from the Swedish ICA stores and Apotek Hjärtat is not included.

ENVIRONMENT

Environmental work in stores, ICA Sweden, number

	2022	2021	2020
Swan ecolabelled ICA stores	80	119	122
ICA stores approved according to Miljösmart Butik	111	111	126

**Comment:** In Sweden 80 ICA stores had the Swan ecolabel at the end of 2022, which is 6% of all stores. The Swan ecolabel applies tough criteria in areas such as waste management and energy efficiency. In 2022, a decision was made that all ICA MAXI hypermarkets are to implement ICA's internal environmental support tool called Miljösmart Butik. A number of

stores have therefore not renewed their Swan ecolabel certification. Miljösmart Butik helps stores improve their environmental programmes and further reduce their environmental impact. 111 ICA stores had implemented the tool by the end of 2022, but this is expected to increase significantly in 2023 in line with the previously mentioned decision.

Environmental tools and standards

The environmental standard ISO 14001 is used to certify operations, and in the stores the Swan ecolabel is used along with the Group's own environmental support tool Miljösmart Butik. ICA Real Estate certifies newly built store properties that it owns according to Miljöbyggnad and NollCO<sub>2</sub> certification and existing ones to Miljöbyggnad iDrift, as well as newly built logistics facilities to BREEAM and existing ones to BREEAM In-Use. Suppliers to ICA Gruppen must be active in their own internal environmental work, including establishing an environmental policy, environmental targets and plans to reduce environmental impact from production and other

activities. Suppliers must regularly monitor the environmental impact of their business. ICA Gruppen ensures its requirements are met through agreements, follow-up and by recommending established systems of environmental certification. In 2016 the ICA Social Audit, ICA Gruppen's own tool for social auditing of suppliers, was supplemented with additional sections relating to the suppliers' environmental work. The aim was to be able to monitor the suppliers' environmental performance even more effectively. The new parts focus on waste disposal, chemicals and water treatment, among other things.

	ISO 14001
ICA Sweden, logistics operations <sup>1</sup>	1998
ICA Real Estate <sup>1</sup>	1999
ICA Sweden, sourcing operations <sup>1</sup>	2012
ICA Special, sourcing operations <sup>1</sup>	2012
Rimi Baltic, sourcing operations <sup>1</sup>	2015

<sup>1</sup> Year first certified.



## Employees

### Average number of employees (FTE)

	2022	2021	2020
Sweden	12,904	12,729	12,446
Baltics	10,893	11,175	10,647
Asia	80	90	102
<b>ICA Gruppen total</b>	<b>23,877</b>	<b>23,994</b>	<b>23,196</b>

### Employee turnover<sup>1</sup>, %

	2022	2021	2020
ICA Gruppen AB	11	8	7
ICA Sweden	11	14	13
Rimi Baltic	43	42	43
Apotek Hjärtat	15	10	11
ICA Real Estate	16	8	12
ICA Bank (incl. ICA Insurance)	19	9	8
ICA Global Sourcing	32	53	31
<b>ICA Gruppen total</b>	<b>26</b>	<b>26</b>	<b>25</b>

<sup>1</sup> Total employee turnover includes all those leaving their employment regardless of the reason.

**Comment:** In 2022 ICA Gruppen had around 27,100 employees, mainly in Sweden and the Baltic countries. Converted to full-time staff on an annual basis, this corresponds to 23,877 (23,994) full-time equivalents (FTEs). Of the Group's employees, 55% (56) worked in stores and pharmacies, 20% (20) in warehouses and 25% (24) in other operations. Compared with other operations, stores and pharmacies had a higher share of part-time employees and also a higher share of women employed. Store employees in the retailer-owned ICA stores in Sweden are not included because they

are employed by the company that owns the store in question. Since 2021 diversity reporting in Sweden includes data on the percentage of employees with a Swedish background and the percentage with a foreign background. The percentage of ICA employees with a foreign background increased slightly in 2022 and is now higher than the average in Sweden's working population. A long-term goal is that the percentage of employees with a foreign background is to be the same regardless of whether the employee is a manager or not.

### Sickness-related absence, %

	2022	2021	2020
ICA Gruppen AB	3.6	3.4	3.3
ICA Sweden	6.9	6.3	5.6
Rimi Baltic	7.1	8.0	5.8
Apotek Hjärtat	7.1	6.4	6.7
ICA Real Estate	1.4	1.4	2.1
ICA Bank (incl. ICA Insurance)	4.7	3.7	3.8
ICA Global Sourcing	1.1	1.6	1.7
<b>ICA Gruppen total</b>	<b>6.9</b>	<b>6.9</b>	<b>5.7</b>

### Gender distribution, %

	2022		2021		2020	
	Women	Men	Women	Men	Women	Men
Total <sup>1</sup>	66	34	66	34	67	33
All management levels	72	28	72	28	71	29
Business-critical positions	48	52	51	49	49	51
Board of Directors and ICA Management Team	36	64	43	57	41	59

<sup>1</sup> Outcome based on full-time equivalents (FTEs).

### Swedish and foreign background<sup>1</sup>, %

	2022		2021	
	Foreign background	Swedish background	Foreign background	Swedish background
Total	31	69	30	70
All management levels	21	79	21	79

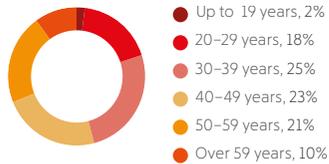
<sup>1</sup> Outcome obtained with the help of Statistics Sweden and based on employees who worked in Sweden during the year.

EMPLOYEES AND HEALTH

Employment by type, region and gender, number

	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Sweden</b>									
Permanent	6,435	7,092	13,527	6,499	7,201	13,700	6,197	7,239	13,436
Temporary	401	1,131	1,532	568	1,424	1,992	689	1,438	2,127
<b>Baltics</b>									
Permanent	1,941	9,834	11,775	1,909	9,755	11,664	2,046	10,410	12,456
Temporary	54	144	198	170	429	599	137	411	548
<b>Asia</b>									
Permanent	39	40	79	47	39	86	53	45	98
Temporary	0	0	0	0	0	0	0	0	0
<b>ICA Gruppen total</b>									
Permanent	8,415	16,966	25,381	8,455	16,995	25,450	8,296	17,694	25,990
Temporary	455	1,275	1,730	738	1,853	2,591	826	1,849	2,675

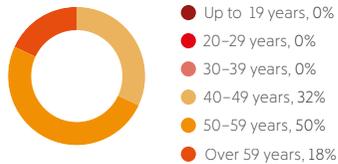
Age distribution all employees, 2022, %



Type of employment, 2022, %



Age distribution, Board and ICA Management Team, 2022, %



Health

	2022	2021	2020
Customer consumption of fruit and vegetables per day, grams	n.d.	n.d.	n.d.

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



## Quality

### Quality-certified suppliers, %

	2022	2021	2020
Percentage of quality-certified ICA Gruppen corporate brand suppliers	93	93	91

### Socially audited suppliers, %

	2022	2021	2020
Percentage socially audited ICA Gruppen corporate brand suppliers in high-risk countries	93	94	92
Percentage of ICA Gruppen corporate brand suppliers in high-risk countries that have had an approved social re-audit	91	89	86

**Comment:** The Covid-19 pandemic made it more difficult to carry out social audits of suppliers, but the level of audits and certifications is now back where it was as before the pandemic. At the end of 2022 a total of 93% (94) of suppliers of ICA Gruppen's corporate brand products in high-risk countries had undergone a social audit and 91% (89) had an approved social re-audit. 93% (93) of ICA Gruppen's corporate brand suppliers were quality-certified.

### Product recalls, number

	2022	2021	2020
Total	77	91	55
Corporate brands	11	25	21

**Comment:** ICA Gruppen's product safety work is based on ensuring that all suppliers have sound and safe production processes. This is done through the Group's sourcing agreements, which have a sustainability annex. Suppliers of the Group's private label products must be certified to a standard accepted by the Group. All corporate brand products are examined and approved to ensure that they comply with ICA Gruppen's internal guidelines. If it is suspected that a product

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

### Quality-certified stores and stores that have implemented the Swedish standard for food handling in stores, ICA Sweden, number

	2022	2021	2020
Accepted by inspection body	604	616	634
Adopted the standard	1,093	1,105	1,112

**Comment:** The lower number of stores that are either accepted by inspection bodies or have implemented the Swedish standard for food handling in stores has in recent years been greatly affected by the pandemic, with both store visit restrictions and reprioritisation in store operations making it more difficult for ICA's sustainability coaches and external auditing firms to carry out audit procedures in stores. Despite restrictions now being lifted, the challenging situation in the world means a continued need for reprioritisation in store operations, especially for smaller stores.

QUALITY

## Quality tools and standards

### Quality certification and standards

The quality standards ISO 9001, ISO 22000 and BRC S&D are used to certify operations, while stores use the Swedish standard for food handling in stores.

ICA Gruppen's product safety work is based on ensuring that all suppliers have sound and safe production processes. This is achieved by ICA Gruppen's suppliers being required to sign the Group's sourcing agreement, which has a sustainability annex to ensure compliance with the Sustainability Policy and its guidelines.

ICA Gruppen requires its corporate brand food suppliers to be third-party certified to a product safety standard approved by the Global Food Safety Initiative (GFSI). These standards cover, for example, food safety management systems, Hazard Analysis and Critical Control Points (HACCP), as well as good manufacturing practices. Local suppliers of ICA Gruppen's corporate brands can also be certified to local standards (in addition to GFSI-approved standards), allowing small suppliers to safely supply prod-

ucts. This system promotes local production and facilitates ICA Gruppen's local adaptation.

Suppliers of corporate brand cosmetics and hygiene products are required to be certified to BRC Global Standard Consumer Products (BRC CP) or an equivalent standard. For other suppliers of corporate brand non-food products to ICA Gruppen, the goal is to be certified to BRC CP, ISO 9001 or an equivalent standard.

### Quality assurance of products

Quality tests and follow-up inspections are carried out regularly by ICA Gruppen's suppliers as part of their quality programmes. In addition, ICA Gruppen takes random samples based on a risk assessment that is updated annually by product category. All corporate brand products are also examined and approved to ensure that they comply with ICA Gruppen's internal guidelines for nutritional value, ingredients and ingredient origin etc. All of ICA Gruppen's corporate brand products undergo sensory and/or quality

tests on their way to becoming finished products. The sensory tests evaluate appearance, aroma, taste and consistency. Ingredients, nutritional information and other properties are detailed in internal product specifications. For certain groups of products ICA Gruppen also tests the products' functionality. Packaging information is also verified and approved. After a product is launched, follow-up inspections are carried out at the supplier's premises and of the product to ensure that it continues to meet ICA Gruppen's expectations of a good quality, safe product.

### Quality work in stores

The Swedish ICA stores apply the Swedish standard for food handling in stores. ICA Sweden's sustainability coaches conduct an annual internal audit of all ICA stores, involving an extensive review the entire food handling process in the stores. The goal is for 100% of ICA stores to be internally audited each year. In 2022, ICA Sweden achieved 95%. Rimi Baltic uses its own standards for food handling

based on Swedish standards and covering all of the store formats in Estonia, Latvia and Lithuania.

### Quality work in pharmacies

The quality system at the individual pharmacies, the so-called self-monitoring programme, is regulated by legislation from the Swedish Medical Products Agency (MPA). All pharmacies have a pharmacist who is responsible for ensuring compliance with the requirements and who also reports to the MPA if there are serious operational deficiencies. In addition, this pharmacist carries out an inspection of the pharmacy every year. Apotek Hjärtat has quality assurance specialists who conduct regular internal inspections to ensure that its pharmacies maintain a high level of quality and follow the self-monitoring programme. Suppliers of medicines are approved by the MPA, and all pharmacies have an obligation to provide approved prescription drugs.

	ISO 9001	ISO 22000	BRC S&D
ICA Sweden, logistics operations <sup>1,2</sup>	–	2017	2012
ICA Real Estate <sup>1</sup>	–	–	–
ICA Sweden, sourcing operations <sup>1</sup>	2012	–	–
ICA Special, sourcing operations <sup>1</sup>	2012	–	–
Rimi Baltic, sourcing operations <sup>1</sup>	2015	–	–
Rimi Baltic, Rimi-owned warehouses <sup>1</sup>	–	–	2014

<sup>1</sup> Year first certified.

<sup>2</sup> ICA Sweden's logistics operations were certified to BRC S&D in the years 2012–2016.

## The EU Taxonomy

**Comment:** ICA Gruppen's core business is retail and wholesale, which is not an economic activity within the EU taxonomy for sustainable activities. Of the 90 or so economic activities covered by the taxonomy, ICA Gruppen has identified road transport, non-life insurance, construction of buildings, and acquisition and ownership of buildings as economic activities that ICA Gruppen is engaged in and that may fall within the Taxonomy.

After closer analysis of how these activities are defined, ICA Gruppen has determined that ICA Real Estate's operations, involving active management of a portfolio of assets in the form of stores in Sweden, is the only economic activity that ICA Gruppen is engaged in that falls within the taxonomy for both turnover, CapEx and OpEx. For turnover and OpEx, road transport is part of the retail and wholesale economic activity because transport is included in the price of the goods ICA Gruppen sells to stores and customers. Only investments in vehicles are therefore included in the CapEx table. Non-life insurance is a very small part of the Group's activities and has therefore been determined as not material in this context.

### Sales:

7.7. Acquisition and ownership of buildings: Shows what proportion of ICA Gruppen's sales constitute sales from real estate activities relating to stores in Sweden.

### CapEx:

6.6. Freight transport services by road: Shows what proportion of ICA Gruppen's investments that pertain to the purchase and leasing of vehicles for goods transport by road. It is currently not possible to make the connection between financial data and vehicle information in the way that would be necessary to assess taxonomy alignment. The entirety of these investments is therefore disclosed as non-aligned.

7.7. Acquisition and ownership of buildings: Shows what proportion of ICA Gruppen's investments, in the balance sheet, occur within real estate activities relating to stores, offices and warehouses in Sweden.

### OpEx:

7.7. Acquisition and ownership of buildings: Costs to keep an asset in a usable condition, and then only costs that arise if the asset is not used. This key ratio shows what proportion of such costs within ICA Gruppen occurs within real estate activities relating to stores in Sweden.

### Do no significant harm (DNSH) criteria

ICA Gruppen's economic activities within real estate risk being impacted negatively by several of the climate-related risks listed in the European Commission's annex with technical screening criteria in relation to the EU taxonomy. Above all acute risks such as storms, flooding or landslides may impact buildings negatively, but also chronic risks such as heat stress in the form of urban heat islands may impact properties during their expected lifetime. Due to this, climate risk analyses are performed in connection to the construction and acquisition of properties, as part of the risk analysis in project planning and the council requirements connected to construction permits. ICA Gruppen also works to develop and expand climate risk analysis, in line with TCFD guidelines (see page 116–117). Among other things, work is ongoing to investigate how climate risk analysis can be implemented as part of the ongoing operations of ICA Real Estate.

### Minimum safeguards regarding human rights, anti-corruption, responsible taxation and competition

ICA Gruppen's Sustainability policy, Policy for business ethics, HR-policy and Tax policy (see page 104) lay the foundation for ensuring that the Group complies with the minimum social safeguards defined in relation to the EU taxonomy. In addition, the Group has committed to following the OECD Guidelines for Multinational Enterprises, see page 79, and work with human rights due diligence (HRDD) in line with the UN's Guiding principles for business and human rights, see page 76.



TAXONOMY

Proportion of turnover from products or services that are associated with economic activities that are aligned with the taxonomy criteria – disclosures that cover year 2022

Economic activities (1)	Code(s) (2)	Absolute turnover (3) MSEK	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria ('Do No Significant Harm')						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year N (18) %	Taxonomy-aligned proportion of turnover, year N-1 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																				
Acquisition and ownership of buildings	7.7	123	0%	100%	–	–	–	–	–	–	Y	–	–	–	–	Y	0%	–	–	–
<b>Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>123</b>	<b>0%</b>	<b>100%</b>													<b>0%</b>			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																				
Acquisition and ownership of buildings	7.7	3,199	2%																	
<b>Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>3,199</b>	<b>2%</b>																	
<b>Total (A.1+A.2)</b>		<b>3,322</b>	<b>2%</b>														<b>0%</b>			
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																				
<b>Turnover of taxonomy non-eligible activities (B)</b>		<b>132,931</b>	<b>98%</b>																	
<b>Total (A+B)</b>		<b>136,253</b>	<b>100%</b>																	

## TAXONOMY

Proportion of CapEx from products or services that are associated with economic activities that are aligned with the taxonomy criteria – disclosures that cover year 2022

Economic activities (1)	Code(s) (2)	Absolute OpEx (3) MSEK	Proportion of OpEx (4) %	Substantial contribution criteria						DNSH criteria ('Do Not Significant Harm')						Minimum safeguards (17) Y/N	Taxonomy-aligned proportion % of OpEx, year N (18)	Taxonomy-aligned proportion % of OpEx, year N-1 (19)	Category (enabling activity) m (20)	Category (transitional activity) t (21)
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	"Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																				
Acquisition and ownership of buildings	7.7	45	0%	100%	–	–	–	–	–	–	Y	–	–	–	–	Y	0%	–	–	
<b>OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>45</b>	<b>0%</b>	<b>100%</b>													<b>0%</b>			
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																				
Freight transport services by road	6.6	257	2%																	
Acquisition and ownership of buildings	7.7	8,345	74%																	
<b>OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>8,602</b>	<b>76%</b>																	
<b>Total (A.1+A.2)</b>		<b>8,647</b>	<b>76%</b>														<b>0%</b>			
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																				
<b>OpEx of taxonomy non-eligible activities (B)</b>		<b>2,676</b>	<b>24%</b>																	
<b>Total (A+B)</b>		<b>11,323</b>	<b>100%</b>																	

TAXONOMY

Proportion of OpEx from products or services that are associated with economic activities that are aligned with the taxonomy criteria – disclosures that cover year 2022

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) MSEK	Proportion of CapEx (4) %	Substantial contribution criteria							DNSH criteria ('Do No Significant Harm')							Minimum safeguards (17) Y/N	Taxonomy-aligned proportion % of CapEx, year N (18)	Taxonomy-aligned proportion % of CapEx, year N-1 (19)	Category (enabling activity) m (20)	Category (transitional activity) t (21)
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N							
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																						
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																						
Acquisition and ownership of buildings	7.7	9	2%	100%	–	–	–	–	–	–	Y	–	–	–	–	Y	2%	–	–	–		
<b>CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>9</b>	<b>2%</b>	<b>100%</b>													<b>2%</b>					
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>																						
Acquisition and ownership of buildings	7.7	175	46%																			
<b>CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>175</b>	<b>46%</b>																			
<b>Total (A.1+A.2)</b>		<b>184</b>	<b>48%</b>														<b>2%</b>					
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																						
<b>CapEx of Taxonomy non-eligible activities (B)</b>		<b>199</b>	<b>52%</b>																			
<b>Total (A+B)</b>		<b>383</b>	<b>100%</b>																			

## About the Sustainability Report

The Sustainability Report follows ICA Gruppen's financial year, and as such covers the period 1 January 2022 to 31 December 2022. The report covers all companies within ICA Gruppen. The report mainly covers operations that have a significant, direct impact from a sustainability perspective, i.e. ICA Gruppen's own operations.

Information relating to operation of the 1,200 or so retailer-owned ICA stores in Sweden is presented when this is considered significant to gain an overall picture of ICA Gruppen's sustainability work. The relevant areas include data on emissions, electricity consumption, refrigerants, food waste, waste collected in connection with delivery of goods to stores and sales data. The number of stores that are certified to the Swedish standard for food handling in stores, the Swan ecolabel or ICA's own programme for environmentally smart stores ("Miljösmart Butik") is also reported.

The report does not cover activities over which ICA Gruppen has no direct control, such as those of suppliers and customers. Information on suppliers of ICA Gruppen's corporate brands is included in the report where appropriate.

An annual environmental and sustainability report has been published since 1995. The last report was published in February 2021. Between 2004 and 2017 the report was prepared in accordance with the GRI reporting standard. Since 2018 ICA Gruppen has been using the Group's own accounting principles for sustainability reporting. Since 2008 the Sustainability Report has been reviewed by a third party.

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# Accounting principles

ICA Gruppen has drawn up its own accounting principles, which are detailed below.

The accounting principles are partly based on the GRI framework but have been adapted for the Group's operations based on the materiality analysis.

The Sustainability Report mainly covers operations that have a significant, direct impact from a sustainability perspective, i.e. ICA Gruppen's own operations. The Report covers all companies within ICA Gruppen. There are certain exceptions, however, which are detailed below. A Group-wide IT system is used to collect sustainability data. The system supports continuous reporting with the aim of ensuring the long-term quality of the indicators included in ICA Gruppen's continuous monitoring and reporting of sustainability work. Each company reports data according to the Group's definitions and routines for sustainability reporting. The accounting principles are explained in detail below.

## Climate impact of ICA Gruppen's own operations

By 2030 ICA Gruppen shall achieve net zero emissions in its own operations. This means that the emissions shall continue to decrease in line with the Paris agreement, at the same time as climate compensation gradually is replaced by balancing measures. Since 2020 all emissions from our own operation in total are compensated by purchasing emission reduction units for the corresponding amount of carbon dioxide equivalents (CO<sub>2</sub>e). ICA Gruppen has sent in its commitment to Science Based Targets initiative (SBTi) to adopt climate ambition in line with the organisation's net zero standard. This commitment means that ICA Gruppen shall strive towards the Paris agreement 1,5 degree target and reach net zero emissions in the whole value chain by latest 2050. During 2023 the accounting principles concerning ICA Gruppen's climate target will be further clarified to meet the SBTi criteria.

ICA Gruppen's climate target for its own operations covers GHG-emissions from refrigerants and energy use in stores, pharmacies, warehouses and offices, and from goods transport between warehouses and stores/pharmacies and deliveries from central customer fulfilment centres,

as well as from business travel (Scope 1, Scope 2 and parts of Scope 3). Both the Swedish, the Baltic and the Asian operations are included which covers ICA Sverige including ICA Global Sourcing, ICA Fastigheter, ICA Banken, Apotek Hjärtat och Rimi Baltic.

Outcomes relative to the target of net zero emissions are reported in tonnes of carbon dioxide equivalents. See the respective area for more detailed information on emissions factors.

Emissions according to the GHG Protocol include the following in each scope:

- **Scope 1:** Emissions from refrigerants in warehouses and in stores owned by ICA Gruppen itself, emissions from business travel using leased company cars and cars provided as a fringe benefit.
- **Scope 2:** Emissions from energy in warehouses and in ICA Gruppen-owned stores, pharmacies and offices.
- **Scope 3:** Emissions from business travel, emissions from Swedish ICA stores not owned by ICA Gruppen and emissions from transport between warehouses and stores/pharmacies, plus deliveries from central customer fulfilment centres.

## Energy

Comprises stores, pharmacies, warehouses and offices. To calculate electricity consumption (kWh) in Swedish stores a sampling of stores from each format is used. The same calculation principle is used for the pharmacies. The actual consumption is then extrapolated by the total number of stores and pharmacies in order to report the total electricity consumption at the end of the reporting period.

To calculate energy consumption per square metre in stores, pharmacies, warehouses and offices, the area (in square metres) of the stores, pharmacies, warehouses and offices in operation at the end of the measurement period is used.

Renewable energy is energy from renewable sources such as wind, solar and hydro power, while non-renewable energy refers to energy from fossil sources such as coal and oil. Energy consumption has been calculated on the following basis:

- **ICA Sweden's stores:** The calculation is based on actual use of electricity in stores covered by the central electricity agreement. Total consumption is extrapolated by the number of stores at the end of the reporting period using a standard formula. The standard formula is based on the following: Maxi ICA Stormarknad hypermarkets: 97% renewable and 3% non-renewable energy, ICA Kvantum: 88% renewable and 12% non-renewable energy, ICA Supermarket: 82% renewable and 18% non-renewable energy, and ICA Nära: 77% renewable and 23% non-renewable energy. This breakdown was established by a review in January 2018.
- **Rimi Baltic stores:** The actual consumption for all Rimi Baltic stores is used.
- **Apotek Hjärtat pharmacies:** The calculation is based on actual electricity used by pharmacies covered by a central electricity agreement with Apotek Hjärtat contract partner. Total consumption is extrapolated using the number of pharmacies at the end of the reporting period. For those pharmacies that lack central agreement with contract partner the standard formula is based on 80% renewable and 20% non-renewable energy.

Emissions of CO<sub>2</sub> from energy have been calculated on the following basis:

- The Nordic electricity mix emissions factor 2006 is used to calculate carbon emissions from the use of non-renewable energy in Sweden: 0.000092900 tonnes of CO<sub>2</sub>/kWh (source: Swedenergy, published 2007).

- When calculating carbon emissions for renewable energy in Sweden the emissions factor of 0.000001250 tonnes of CO<sub>2</sub>/kWh is used (source: Bixia/Östkraft 2007).
- When calculating carbon emissions for renewable energy in the Baltic countries an average emissions factor for renewable electricity of 0.00000500 tonnes of CO<sub>2</sub>/kWh is used (source: IEA 2009).
- When calculating carbon emissions from district heating an average emissions factor from the Swedish Energy Agency is used (as recommended by the GHG Protocol) of 0.000100 tonnes of CO<sub>2</sub>/kWh (source: Carbon dioxide evaluation of energy use, supporting reports, the Swedish Energy Agency 2008).

## Goods transport

This is the transportation of goods between ICA Gruppen's warehouses and stores/pharmacies, and goods delivered from central customer fulfilment centres. The transportation of goods to warehouses is not included. Apotek Hjärtat only uses leased transport solutions, while ICA Sweden uses leased transport solutions for the majority its goods transport but owns a number of transport solutions, and also owns most of its e-commerce transport solutions. Rimi Baltic uses leased transport solutions to transport goods between warehouse and store, but owns all e-commerce transport solutions.

For all haulage suppliers ICA Sweden report distance driven, fuel consumption per fuel type as well as emissions factors for each type of fuel.

Emissions of CO<sub>2</sub> from goods transport within ICA Sweden has been calculated on the following basis:

- As of January 1, 2022, diesel and HVO below 98% fossil-free are calculated as mandatory reduction diesel with an emission factor of 2.33 kg CO<sub>2</sub>/liter, regardless of

## ACCOUNTING PRINCIPLES

the emission factors reported by the haulage company. The emission factor for mandatory reduction diesel is calculated from the Swedish Energy Agency's emission factor for reference diesel. For other types of fuel, the calculation is based on the same emission factor that haulage companies report (based on information from the respective fuel supplier).

The haulage companies working with Apotek Hjärtat report a mix of actual consumption and standard amounts based on distances driven and emissions factors for each fuel.

Emissions of carbon dioxide from Apotek Hjärtat have been calculated on the following basis:

- Haulage companies report emissions factors for each type of fuel based on information from each respective fuel supplier.

Fuel consumption for transport vehicles leased by Rimi Baltic is calculated based on distances driven and average fuel consumption. Fuel consumption for Rimi Baltic's own transportation of goods is obtained directly from the fuel supplier.

Emissions of carbon dioxide from goods transport within Rimi Baltic have been calculated on the following basis:

- Emissions factor for diesel from NTM (Network for Transport Measures) (2006).
- Renewable fuels from the Swedish Transport Administration (2016).
- Fossil fuels are calculated according to Scope 1 and renewable fuels according to Scope 1 and 3.

ICA Sweden and Apotek Hjärtat yearly check and register emissions factors against reference emissions factors from NTM (Network for Transport Measures), which were produced in 2020 for all types of fuel. The emissions factors are based on WTW (Well to Wheel).

**Refrigerants**

Comprises refrigerant refills in all warehouses and stores. Data for ICA Sweden's warehouses is based on official refrigerant reports and is reported for the current year. Data on refrigerants in ICA Sweden's stores refers to the previous year's consumption. Data on Rimi Baltic's con-

sumption of refrigerants in warehouses and stores refers to the current year's consumption. For ICA Gruppen's interim reports standard quarterly data is used for refrigerants based on annual data. At the end of the year data comes in for ICA Sweden's warehouses and for Rimi Baltic's stores and warehouses, and this annual data for the year in question is used as a basis to establish standard data for the next year's interim reporting. For the Swedish ICA stores full-year data from the previous year is updated in the second quarter and this data is then used as a basis for standard data for future interim reports. For Apotek Hjärtat previous year data is reported in April and then used as basis for standard data in the future interim reports.

Emissions of CO<sub>2</sub> from refrigerants have been calculated on the following basis:

- Global Warming Potential (GWP) for each type of refrigerant according to the Montreal Protocol and IPCC (2006-).

**Business travel**

Comprises business travel by air booked through the central travel agency for ICA Gruppen in Sweden, Rimi Baltic's central travel agency and travel by air booked through the Asian office ICA Global Sourcing.

Comprises business travel by rail for ICA Gruppen in Sweden booked through the central travel agency or directly through travel providers using the ICA customer number.

Comprises business travel by road for Rimi Baltic, ICA Gruppen in Sweden and ICA Global Sourcing.

Emissions of CO<sub>2</sub> from business travel have been calculated on the following basis:

- Carbon dioxide emissions from air and rail travel are provided by the travel provider. For ICA Global Sourcing travel by air is calculated with calculating tool from ICAO (UN)
- Emissions factor for business travel by road from NTM (Network for Transport Measures, 2020)

**Climate target for ICA Gruppen's suppliers**

ICA Gruppen's suppliers of consumer goods sold, representing 70% of the estimated upstream climate impact, are to have adopted science-based climate targets by 2025 at the latest. The outcome is calculated as follows:

The climate impact from suppliers is updated every year. For 2022 data from the year before was used. The data has been calculated based on ICA Gruppen's sales in store from

central assortment 2021 (POS) and emission factors from Mistra Sustainable Consumption 2019 (kgCO<sub>2</sub>e/SEK) has been used. The sales from Rimi Baltic has been converted from Euro to SEK. The exchange rate is the Riksbank (Sweden's central bank) average for 2021 (Euro 10,1449). Suppliers with climate targets approved by the Science Based Targets initiative are updated on the Science Based Targets website. The calculated climate footprint of ICA Gruppen's suppliers that have approved climate targets is then established in relation to the total climate footprint of ICA Gruppen's suppliers to determine performance in relation to target. The target performance, percentage of suppliers total climate emission that supplier with Science based target emits, is reported in the annual report.

**Waste**

Comprises ICA Sweden's and Rimi Baltic's warehouses, as well as Rimi Baltic's stores. Apotek Hjärtat is not included in the reporting. National laws and regional waste management systems define the types of waste included. Information on waste management methods and amounts is obtained from waste contractors.

Rimi Baltic's waste from stores is based on actual volumes for all stores.

Composted waste consists of biodegradable organic waste, i.e. waste sorted as compostable and 90% of organic waste fractions including packaging.

Incinerated waste consists of waste fractions that can be incinerated and 10% of organic fractions including packaging.

Recycled/reused waste includes glass, metal, wood, plastics and other non-landfill waste.

For categories where ICA Gruppen has producer responsibility, such as pharmaceuticals, batteries, electronic products and packaging, disposal is in accordance with applicable legal requirements and any permits required. The waste arising from ICA Gruppen's producer responsibility is not included in the reported waste volumes. ICA Gruppen seeks to reduce waste to landfill and improve the conditions for sorting and recycling of waste.

**Food waste**

ICA Gruppen intends to reduce its food waste by half by 2025, with 2016 as the base year. This is in line with targets

set by the Consumer Goods Forum. Food waste is measured according to the Food Loss and Waste Protocol (FLW). The indicator being used – i.e. the measurement that is to be halved – is food waste, percent by weight. This is measured by dividing total food waste (tonnes) by total food sold (tonnes). Food waste is food that is prepared to be eaten by humans but which, for various reasons, is not eaten by humans. Food consists of the main food categories of Fresh Foods, Dry Groceries and Fruit & Vegetables. Both food and inedible parts (e.g. peel and bones) are included. The weight of packaging is not included. ICA Gruppen's food waste is waste that arises in ICA Gruppen's own food handling, which includes:

- 1 Food waste from stores
- 2 Food returned from stores
- 3 Food waste from warehouses
- 4 Food waste from customer fulfilment centres

Food waste for which compensation is received from external actors (e.g. suppliers) is not included in ICA Gruppen's food waste. Reporting includes the warehouses and stores of ICA Sweden and Rimi Baltic. For the Swedish ICA stores the calculation is based on total food waste (tonnes) of the actual food waste from a selection of stores (around 75% are included in the selection). Total food waste (tonnes) is extrapolated by the number of stores at the end of the reporting period using a standard formula. For ICA Sweden's warehouses and customer fulfilment centres as well as Rimi Baltic's warehouses and stores, the actual data for total food waste tonnes is used. From the end of 2019, food that the Swedish ICA stores report as a charitable donation for human consumption is excluded from total food waste (tonnes). Food that the Swedish ICA stores report as clearance is excluded from total food waste (tonnes). As of 2021 food that goes for processing is also excluded. For Rimi Baltic food that is donated to charity has been excluded since the base year 2016.

**Climate impact of customers' grocery purchases**

ICA Gruppen intends to cut the climate impact of customers' grocery purchases in half by 2030, using 2020 as the base year. The ambition is in line with the Carbon Law and the Paris Agreement. The climate impact of customers' food purchases is measured in CO<sub>2</sub>e per kg of food sold,

## ACCOUNTING PRINCIPLES

and is calculated by dividing the total climate impact from store food sales (measured in CO<sub>2</sub>e) by the total store food sales (measured in kg). The calculations are based on the following:

- ICA Sweden: Total store food sales: sales in kg from the central assortment of food at the Swedish ICA stores. Climate impact of store food sales: The climate impact of food is calculated using the RISE climate database, which is based on life cycle assessment and is updated annually. Total sales are measured against the RISE climate database for the current year. A CO<sub>2</sub>e value is then assigned to the products at the product group level. For mixed product groups, a standard value has been assigned (based on the highest sales in the product group). The products with no CO<sub>2</sub>e value in the climate database are assigned the CO<sub>2</sub>e value of a similar product.
- Rimi Baltic: Current reporting does not include Rimi Baltic. The monitoring process is being developed and calculation principles will be updated when Rimi Baltic is included in the reporting.

**Products with reduced sugar**

The number of products with reduced sugar covers ICA Sweden's private label products based on the criteria described below. The following products are included in the target data assessment:

- Existing private label products where the sugar content has been reduced based on the criteria below. In the case of a gradual reduction, data for the product is assessed each time the sugar content is lowered.
- New private label products that are launched and that have sugar content that is lower than a comparable benchmark product.

Only products in categories that normally contain sugar, but which apart from that could be included in a healthy diet, can be included.

**Criteria for reduced sugar content:** Products with reduced sugar are the products in which the sugar content has been lowered or sugar has been excluded entirely. The actual quantity of added sugar is to be lower. The aim is for there to be 30% less added sugar compared with existing private label products or benchmark products. In the first-mentioned case, the reduction may take place in

stages. Sugar may be fully or partially replaced by another sweetening ingredient as long as the amount of added sugar is reduced as stated above, and the perceived level of sweetness is, if possible, lower than for the existing private label product than the benchmark product.

**Sugar substitutes:** Which sweeteners may be used is regulated by law, the Swedish National Food Agency's guidelines and ICA's Brand Criteria. The choice of sweetener is based on what is approved and most appropriate in the respective food category. In addition to ICA's Brand Criteria, the following apply:

- "Natural" sweetener from fruit and berries, for example juice, may result in products with a lower sugar content even if the source is still sugar and may be used as an alternative to sugar.
- Oligosaccharides (types of sugar with between three and nine sugar units, such as oligofructose or inulin) can be used as prebiotic fibre in ICA's products. Oligosaccharides can be used to partly lower the amount of added sugar.
- Glucose syrup and fructose syrup – only used to a limited extent in ICA's reduced-sugar products.
- Sucralose is not approved as a sweetener in ICA's products.

**Definitions:** Added sugar: In addition to sugar (saccharose/sucrose), added sugar includes dextrose, fructose, honey, invert sugar, malt syrup, rice syrup, molasses, high-fructose corn syrup (HFS), glucose, lactose, maltose, malt extract, beet sugar, agave syrup etc. Naturally occurring sugars can be refined and are then counted as added sugar, for example if refined lactose is used for flavouring.

Naturally occurring sugars: Examples of naturally occurring sugars are lactose in milk and fructose in fruit and vegetables.

**Supplier-related data**

Quality-certified suppliers are all suppliers of ICA Gruppen's corporate brands who have undergone an assurance procedure and hold an associated valid certificate in accordance with one of the quality standards accepted by ICA Gruppen.

Information on socially audited suppliers refers to active corporate brand suppliers in high-risk countries whose production units have undergone an initial ICA Social Audit

and/or an audit under any of the third party audit schemes accepted by ICA Gruppen. If zero tolerance deviations are detected the supplier will not be approved. If critical deviations are identified during an audit the supplier generally gets a chance to correct the problems within a set period of time stated in the audit protocol. If the supplier corrects the problems to the Group's satisfaction within the period set, the supplier is approved. The length of time the supplier is approved is determined by the principles for approval in the relevant standard and, if the standard does not stipulate a timeframe for approval, by ICA Gruppen's governing documents. In individual cases a personal assessment is made of the period of validity based on ICA Gruppen's governing documents. Production unit refers to a factory, farm or processing plant.

High-risk countries are identified according to the amfori BSCI (Business Social Compliance Initiative) definition for the current reporting period. BSCI factors in, for example, political stability and absence of violence, quality of regulatory systems, rule of law, control of corruption, government effectiveness and the ability of people to be heard.

**Quality work and product safety**

Public recalls are recalls where there is considered to be a risk to health or the environment, i.e. the public is informed via a press release or by other means.

**Quality in stores**

The number of certified ICA stores in Sweden refers to stores approved and certified by a third party in accordance with the Swedish standard for food handling in stores.

Stores that have adopted the Swedish standard for food handling in stores refers to Swedish ICA stores that apply the standard but have not been certified by a third party.

**Environmental work in stores**

Swan ecolabelled stores are ICA stores in Sweden approved and certified by a third party in accordance with the Swan criteria. Stores that have been approved according to Miljösmart Butik (ICA Sweden's environmental programme for stores) are Swedish ICA stores that have been approved in an internal audit performed by ICA Sweden's sustainability coaches.

**Employees**

Employees are personnel employed by ICA Gruppen, i.e. including employees in stores owned by a company within the Group. Data is based on the number of employees at year-end, with the exception of the categories Average number of employees (FTEs) and Gender distribution all employees, which are based on the average number of full-time employees. Number of FTEs includes individuals employed on a permanent, temporary or probationary basis. Another exception is the categories Percentage of employees with a Swedish/foreign background, which is based on the number of employees that worked in Sweden during the year. Employees of ICA Sweden's subsidiary stores are excluded. ICA has received help from Statistics Sweden to produce data on the employees' backgrounds. Based on the Statistics Sweden definition, an employee with a foreign background is one who was either born in another country or whose parents were both born in another country. Employee turnover is calculated as the number of permanent employees who leave during the year in relation to the average number of permanent employees. Sickness-related absence is calculated as the number of hours of sickness-related absence in relation to the number of scheduled working hours. Sickness-related absence is calculated on a rolling 12-month basis up to and including November of the current year. Gender distribution, all management levels refers to all managers with responsibility for staff within the Group. The gender distribution for the Board of Directors and ICA Management Team refers to ICA Gruppen's Board and IMT at the end of the year. The gender distribution for business-critical positions refers to positions with significant operational responsibility, a substantial impact on operations and a major responsibility for the continuation of the business. Type of employment relates to all employees, broken down into those that work full-time (100%) and those that work part-time, i.e. less than 100%. Age distribution, all employees is a breakdown by age group of all individuals employed on a permanent basis. Permanent employees means individuals employed for an indefinite period or on a probationary basis, regardless of their degree of employment, as of December. Temporary employees means staff whose employment is for a limited term.

# Assurance Report

## **Auditor's Limited Assurance Report on ICA Gruppen ABs Sustainability Report and statement regarding the Statutory Sustainability Report.**

To ICA Gruppen AB (publ), Corp. Id. 556048-2837

### **Introduction**

We have been engaged by the Board of Directors of ICA Gruppen AB to undertake a limited assurance engagement of ICA Gruppen ABs Sustainability Report for the year 2022. ICA Gruppen AB has defined the scope of the Sustainability Report in the table of contents in this document, the Statutory Sustainability Report is defined on page 4.

### **Responsibilities of the Board of Directors and the Executive Management**

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 93 in the

Sustainability Report and consist of the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information (revised). A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination

regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of ICA Gruppen AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all sig-

nificant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

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

### **Conclusions**

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 22 February 2023

KPMG AB

Helena Arvidsson Älgne  
Authorised Public Accountant

Torbjörn Westman  
Expert Member of FAR



# Corporate Governance Report 2022

## Good corporate governance – a foundation for continued long-term profitable growth

The past year came to be characterised to a great extent by rising interest rates, high energy prices and a high rate of inflation. For ICA Gruppen this was mainly noticeable within the grocery sector, where a generally higher cost level brought great challenges not just for ICA Sweden, the independent ICA retailers and Rimi Baltic, but also for consumers, suppliers and producers.

One of the Board's main tasks in this situation is to support the ICA Management Team while also maintaining a long-term perspective. Through good, appropriate corporate governance we endeavour to ensure a sound corporate culture and decision-making that helps us overcome short-term challenges without losing sight of the long-term goals.

### Continuity and new perspectives

At the end of 2021 ICA-handlarnas Förbund and AMF Pensionsförsäkring AB made a bid for all of the shares in ICA Gruppen AB. The bid was successful and, as a result of the change, the share was delisted from Nasdaq Stockholm in mid-January 2022. The year 2022 was therefore the first with the new ownership structure. As a consequence of the changes on the ownership side, during the year there were relatively large changes within ICA Gruppen's Board of Directors including a number of new members joining. I am pleased to say that these changes have been a success. The remaining Board members have contributed continuity, while the incoming members have brought new points of view and new perspectives.

The level of commitment among the Board members has remained high. As previously, the Board has carried

out its duties both through formal board meetings and in various committees. The fact that each Board member serves on at least one committee ensures participation and maintains continuity between the formal meetings. This is also entirely in line with the ambition within the Group to speed up both decision-making and implementation processes. Naturally, this also applies to the Board's work.

### Changes on the management side

During the year changes on the management side were also announced. At the end of the year Per Strömberg left his role as CEO of ICA Gruppen. During his 10 years with ICA Gruppen Per has been a stable driving force in our transformation process. In a market going through significant changes, his input has contributed to strengthening the Group's position. As Chair of the Board I am pleased and grateful that as of 2023 he will continue to participate in the development of ICA Gruppen in his new role on the Board of Directors.

As well as Per, during the year Anders Svensson and Sven Lindskog also left or advised that they will be leaving their positions with the Group. For 10 years Anders was CEO of ICA Sweden and Deputy CEO of ICA Gruppen,

while Sven has been CFO for an equally long time. Both have contributed to ICA Gruppen's tremendous development in a highly commendable way.

We now welcome Nina Jönsson back to ICA Gruppen as our new CEO. Her wide-ranging background both in the supply chain and in retail gives her the experience needed for the role. Nina Jönsson also has a strong leadership style that is based on delegating considerable responsibility and authority out to the organisation, ensuring that the Group is able to act and can do so quickly. She combines this with a broad knowledge of business and a great understanding of the ICA Model from her previous six years with ICA Sweden as Assortment and Sourcing Director.

### Strategy stands firm

The names of individuals on the Board and management may change, but the long-term strategy remains firmly in place. We intend to continue to develop and grow both within our core business of grocery retail and within our complementary operations of non-food, pharmacy, banking and insurance. Guiding us along this path are our retailer perspective, entrepreneurship and local market knowledge. The ICA Idea will continue to be a key element as we move forward.

Our strategy is also supported by continued initiatives in the area of sustainability. These efforts involve a great many areas: emissions, climate impact and health, but also initiatives to support local food production and to ease the way for local suppliers. From the Board's position, we are following developments closely and with great interest. These are areas in which we can – and will – make a big difference. Our ambitions are high.

### Drive and go-ahead spirit

Developments in the world around us and changes in the grocery retail market will demand continued hard work and the courage to question previous truths and thinking patterns. It therefore feels reassuring and inspiring to see at close quarters the drive and go-ahead spirit that permeates our entire organisation – from the top down, and from the inside all the way out to our encounters with customers. In challenging times that is exactly what is needed.

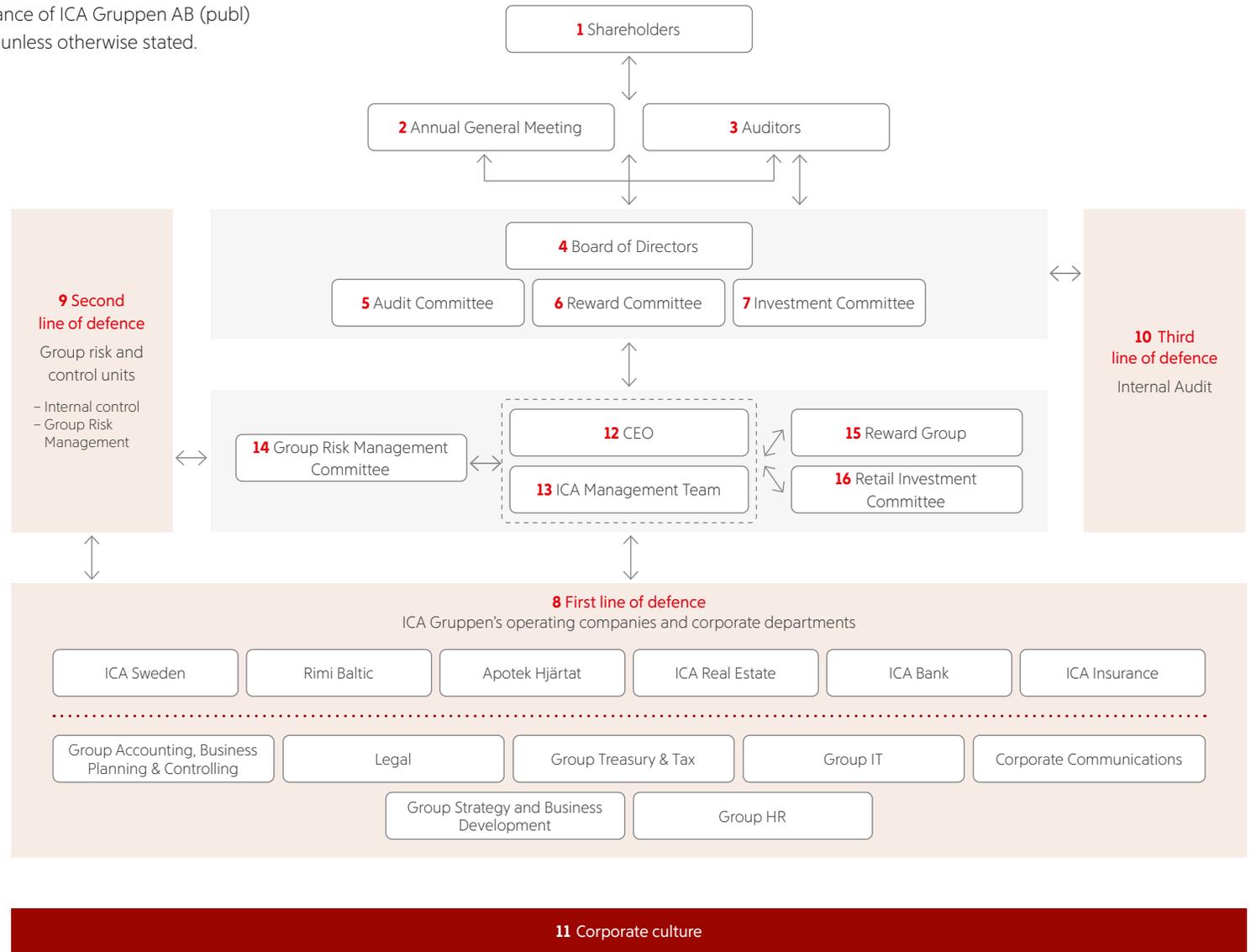
Stockholm, February 2023

Claes-Göran Sylvén  
*Chair of the Board*

This corporate governance report describes the governance of ICA Gruppen AB (publ) (ICA Gruppen or the Company) as of 31 December 2022 unless otherwise stated.

**Corporate governance reporting requirements**

As ICA Gruppen is no longer a listed company, the Company is no longer subject to the Swedish Corporate Governance Code ("the Code") and the Code's more extensive requirements concerning the content of the corporate governance report. The Company still has transferable securities in the form of listed notes, however, and to maintain transparency regarding the governance of the Company, ICA Gruppen has chosen to continue reporting more extensively than is required of issuers of such securities under the Swedish Annual Accounts Act (1995:1554).



**Governance for value creation**

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

## 1 Shares and shareholders

ICA Gruppen is today 87.3% owned by ICA-handlarnas Förbund and 12.7% by occupational pensions company AMF Tjänstepension. As of 31 December 2022, ICA-handlarnas Förbund's shareholding consists of 128,205,128 Class A ordinary shares. AMF Tjänstepension holds 18,728,223 Class E ordinary shares as of the same date. There are no holdings of treasury shares.

The difference between Class A and Class E ordinary shares is that the latter have a preferential right to dividend in the event that the general meeting of shareholders resolves to pay a dividend. The difference between Class A and Class E shares is described in more detail in note 12 to the annual report for the parent company on page 55.

In voting at general meetings each share carries entitlement to one vote. As of 31 December 2022 the Board of Directors had no outstanding authorisations from the general meeting to issue new shares or acquire treasury shares.

## 2 General meeting

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

The 2022 Annual General Meeting was held on 31 May 2022 at ICA Gruppen's head office. The Annual General Meeting resolved that no dividend is to be paid for the 2021 financial year. The minutes of the Annual General Meeting and related documents are available on the Company's website, [icagruppen.se/en](http://icagruppen.se/en). At an extraordinary general meeting on 3 February 2022 a decision was taken to increase the maximum number of elected board members to 11, to dissolve the Nomination Committee and to elect the Board of Directors presented on pages 102–103 below. At an Extraordinary General Meeting on 20 December 2022

Per Strömberg was elected to the Board of Directors with effect from 1 January 2023, thereby expanding the Board to its maximum number of AGM-elected members.

## 3 Auditors

The auditor conducts an independent audit of the Company's financial statements and determines whether these, in all material respects, are correct and complete and provide a fair presentation of the Company and its financial position and results. The auditor also examines the administration of the Company by the Board of Directors and CEO and also reviews the Company's sustainability reporting. According to the Articles of Association the Annual General Meeting is to appoint at least one but no more than two auditors, or one or two authorised accounting firms. The accounting firm KPMG AB was elected as auditor at the 2022 AGM for a term of one year. KPMG AB has therefore audited the Company's financial statements for 2022. Authorised Public Accountant Helena Arvidsson Älgne has served as chief auditor. In addition to ICA Gruppen, Helena Arvidsson Älgne has significant audit assignments with, among others, Studsvik Nuclear AB, LKAB, Alligo, Momentum Group, Knowit and Beijer Alma. She has no assignments that impact her independence with respect to ICA Gruppen. The auditors attended one Board meeting to present KPMG AB's audit process for ICA Gruppen and to give Board members an opportunity to ask questions without the presence of the ICA Management Team. In addition, the auditors attended all of the meetings of the Board's Audit Committee. The Audit Committee evaluates the auditor annually to ensure that the auditor's objectivity and independence cannot be called into question. The auditor confirms their independence annually in the auditor's report.

## 4 Board of Directors

The Board is to administer the Company's affairs in the interests of the Company and its shareholders, and is to

safeguard and promote a good corporate culture. The duties of the Board include, among other things:

- appointing, evaluating and, if needed, dismissing the CEO;
- establishing the Company's overall goals and strategy;
- identifying how sustainability issues affect the Company's risks and business opportunities;
- establishing the requisite guidelines for how the Company is to behave in the community to ensure its ability to create long-term value;
- ensuring that there are appropriate monitoring and control systems in place for the Company's operations and for the risks the Company faces in connection with its operations;
- ensuring that there is satisfactory control of the Company's compliance with laws and other regulations that apply to the Company's operations, and ensuring the Company's compliance with internal rules; and
- ensuring that the Company's information procedures are correct, relevant, reliable and transparent.

### Composition of the Board of Directors

According to the Articles of Association, ICA Gruppen's Board of Directors is to consist of between five and eleven members elected by the general meeting of shareholders. There are no other rules in the Articles of Association concerning the appointment or dismissal of Board members. The CEO makes presentations at Board meetings and the Company's General Counsel is the secretary to the Board.

At the extraordinary general meeting on 3 February 2022 board members Cecilia Daun Wennborg, Andrea Gisle Joosen and Lennart Evrell stood down from the

Board, all at their own request. Jan Amethier, Göran Blomberg, Bengt Kjell and Katarina Romberg were elected as new members. At the ordinary general meeting held on 31 May 2022 these new members were re-elected along with Claes-Göran Sylvén (Chair), Magnus Moberg, Fredrik Persson, Bo Sandström, Charlotte Svensson and Anette Wiotti. At an extraordinary general meeting held on 13 June 2022 Bo Sandström left the Board with effect from 1 July 2022 and was replaced by Tomas Emanuel. At an Extraordinary General Meeting on 20 December 2022 Per Strömberg was elected to the Board of Directors with effect from 1 January 2023.

The board members elected by the general meeting are thus currently Claes-Göran Sylvén (Chair), Jan Amethier, Göran Blomberg, Tomas Emanuel, Bengt Kjell, Magnus Moberg, Fredrik Persson, Katarina Romberg, Per Strömberg, Charlotte Svensson and Anette Wiotti. Three of the elected board members are women and eight are men. In addition to the AGM-elected members, the Board has two employee representatives, each with a deputy. The Board is made up of individuals with extensive and solid expertise in ICA's affairs and in retail, business development, IT, corporate finance, corporate governance, sustainability and industry.

The Board has ongoing professional development in areas that are relevant to ICA Gruppen. In 2022 the Board had continuing professional development activities within various parts of the operations such as ICA Sweden, ICA Real Estate, Apotek Hjärtat, ICA Bank, ICA Insurance and HR. The CEO, CFO and secretary to the Board are not members of the Board, but they do attend Board meetings except in matters where a conflict of interest may exist or

Annually recurring agenda items:

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

where this is otherwise not appropriate. ICA Gruppen's Annual General Meeting is to vote on discharging the Board of Directors and CEO from liability for the accounting period to which the accounting documents submitted to the AGM pertain.

### The work of the Board

The main mission of the Board of Directors is to establish the Company's overall goals and strategy, and the Chair oversees its work. The key issues for the Board to address are strategy work, monitoring and control of the Company's operations and risks, value creation and monitoring the Company's compliance with external and internal rules and regulations. The processes for monitoring and control of the Company's risk are described in more detail in the section "Risks and risk management" on pages 111–115 of the Annual Report. One of the ways that the Board monitors the Company's compliance with internal and external rules and regulations is through the risk-based audits performed by the Internal Audit department; see the section "Third line of defence" on page 105.

The Board's work is regulated in the rules of procedure established by the Board each year, and by applicable laws and regulations. Every year the Board decides on instructions for the CEO and for the working committees, as well as policy documents that provide guidance for ICA Gruppen's employees. The rules of procedure and instructions now in place were addressed and formally adopted at the Board meeting on 24 May 2022. The Board of Directors met 13 times in 2022.

ICA Gruppen's Board now has three regular committees: the Audit Committee, the Reward Committee and the Investment Committee. The Board's Sustainability Committee was dissolved at the board meeting held in connection with the extraordinary general meeting on 3 February 2022. The committees report to the Board on an ongoing basis on their work. The Committees are to be regarded as the Board's working committees and do not assume the responsibility that is incumbent upon the Board as a whole.

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

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

The following items are regularly on the agenda of ICA Gruppen's Board meetings:

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

### Conflicts of interest

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

### Remuneration to the Board of Directors

Remuneration to the Board of Directors is decided at the Annual General Meeting. The 2022 Annual General Meeting approved the fees proposed in the notice of the meeting.

## 5 Audit Committee

The Audit Committee, through its work and in dialogue with the auditor, the head of the Internal Audit department and the ICA Management Team, is to provide the Board with a good supply of information on the Group's operations. The purpose is to identify any shortcomings in procedures and organisational structures based on governance, risk management and control. The purpose of the Audit Committee's work is to ensure that the Company's

executive management establishes and maintains efficient procedures for internal governance, risk management and control. These are to be designed to provide reasonable assurance in reporting (financial reporting and operational risk) and compliance (laws, instructions and internal rules) and to ensure that the administrative processes are appropriate and efficient. The Audit Committee also examines whether the internal and external auditors' work is carried out efficiently, independently and in a satisfactory manner, and follows up on the Internal Audit department's annual plan and strategic priorities. The Committee proposes measures that are adopted by the Board if so required. Until 3 February 2022 the Audit Committee consisted of Cecilia Daun Wennborg (chair), Lennart Evrell, Bo Sandström and Anette Wiotti. On 3 February 2022 the committee was reconstituted with Bo Sandström (chair), Bengt Kjell, Katarina Romberg and Anette Wiotti as members. On 13 June 2022 Bo Sandström was replaced by Göran Blomberg, who was also appointed as the new chair of the committee. The Company's CFO is responsible for presenting information to the committee and the head of Internal Audit serves as secretary.

## 6 Reward Committee

The Reward Committee is responsible for the preparation and evaluation of matters relating to remuneration and other terms of employment for the ICA Management Team, including pay structures, pension plans, incentive programmes and other terms of employment. The Reward Committee also monitors and evaluates variable remuneration programmes for senior executives, both those that are ongoing and those that were concluded during the year, and monitors and assesses the implementation of guidelines for remuneration to senior executives as well as remuneration structures and levels within the Company. In 2022 the Reward Committee consisted of Claes-Göran Sylvén (chair), Andrea Gisle Joosen (until 3 February 2022), Jan Amethier (from 3 February 2022) and Magnus Moberg. Per Strömberg is a member of the committee as of 1 January 2023.

## 7 Investment Committee

The Investment Committee is responsible for the review and quality assurance of the documentary basis for decisions on acquisitions and divestments, including necessary risk analysis. In addition, the Investment Committee has an investment and divestment mandate as set out in the Company's Bill of Authority. In 2022 the Investment Committee consisted of Claes-Göran Sylvén (chair), Göran Blomberg (until 27 September 2022), Tomas Emanuelz (from 27 September 2022), Charlotte Svensson and Fredrik Persson.



## Board of Directors



Claes-Göran Sylvé



Jan Amethier



Göran Blomberg



Jonathon Clarke



Tomas Emanuelz



Bengt Kjell



Magnus Moberg

	Claes-Göran Sylvé	Jan Amethier	Göran Blomberg	Jonathon Clarke	Tomas Emanuelz	Bengt Kjell	Magnus Moberg
Born	1959	1961	1962	1968	1973	1954	1966
Education	Completed courses of study in areas such as finance, business management, leadership development etc.	Master of Science in Business and Economics	Master of Science in Business and Economics	Trained welder, studies in labour law.	Completed courses of study in areas such as finance, business management, leadership development etc.	Master of Science in Business and Economics	Completed courses of study in areas such as finance, business management, leadership development etc.
Elected	2013	2022	2022	2013	2022 (from 1 July)	2022	2008
Other significant assignments	Chair of the Board MQ MarQet AB. Board member Centrum Fastigheter i Norrtälje AB etc. ICA retailer, ICA Kvantum Flygfyren in Norrtälje.	CEO Cinder Invest AB, board member Hermes Medical.	CEO ICA-handlarnas Förbund. Chair of the Board Catena Media LTD.	—	Board member and CEO TE Invest AB. Board member ICA-handlarnas Förbund, CEO and ICA retailer ICA Maxi Sundsvall.	Vice Chair Pandox, Indutrade and Logitea. Board member Industrivärden and Dunker Foundations.	Chair of the Board Nya Ulfmag AB, Storbutiken i Falköping AB and ICA-handlarnas Förbund. Board member Jomag AB etc. CEO Storbutiken i Falköping AB. ICA retailer, Maxi ICA Stormarknad Falköping.
Previous significant positions	Chair of the Board ICA AB. Board member Svensk Handel (Swedish Trade Federation). CEO Hakon Invest AB and ICA-handlarnas Förbund.	Various management positions at JP Morgan, Svenska Handelsbanken and SEB.	Board member ICA AB, CFO Hakon Invest AB, RNB Retail and Brands AB.	Employee representative, Handelsanställdas Förbund.	Board member ICA-handlarnas Förbund, board member ICA Maxi Lindhagen, CEO and ICA retailer ICA Supermarket Esplanad.	Chair of the Board Hemfosa, Nyfosa, Amasten, Kungsleden and SSAB. CEO Handel och Industri and acting CEO, Industrivärden.	Chair of the Board Köpet i Sandared AB. Board member Moberg & Svensson i Sandared AB and Ulfmag AB.
Total remuneration 2022/2023, SEK	1,350,000	791,700	—	—	582,000	833,000	630,000
Committees	Reward Committee (chair) and Investment Committee (chair).	Reward Committee (from 3 February 2022).	Investment Committee (from 3 February 2022 to 27 September 2022), chair of the Audit Committee (from 13 June 2022).	—	Investment Committee (from 27 September 2022).	Audit Committee (from 3 February 2022).	Reward Committee.
Attendance at meetings	Board meetings	14/14	13/14	13/14	4/14	10/14	14/14
	Audit Committee	—	—	2/4	—	2/4	—
	Reward Committee	6/6	4/6	—	—	—	6/6
	Investment Committee	12/12	—	4/12	—	7/12	—

## Board of Directors, cont.



Fredrik Persson



Magnus Rehn



Katarina Romberg



Per Strömberg



Charlotte Svensson



Anette Wiotti

Marcus Strandberg

Deputy member  
Employee representative  
Handelsanställdas Förbund

Born	1968	1966	1979	1963	1967	1966
Education	Master of Science in Business and Economics	Upper secondary education	Master of Science in Business and Economics	Master of Science in Business and Economics	Systems science. Strategy at Stanford.	Completed courses of study in areas such as finance, business management, leadership development etc.
Elected	2018	2013	2022	2023	2021	2017
Other significant assignments	Chair of the Board Business-Europe, JM AB and Ellevio AB. Board member AB Electrolux, Holmen AB, AB Hufvudstaden, Ahlström Capital OY and Interogo Holding AG.	–	Head of Alternative Investments and Property AMF. Chair of the Board AMF Fastigheter. Board member Bergvik Skog Öst, SR Energy and Rikshem intressenter.	Board member ICC Sweden.	Executive Vice President and CIO at SAS AB and board member at Combiest Mix AB.	Vice Chair ICA-handlarnas Förbund. Elected representative on boards and committees within ICA-handlarnas Förbund. ICA retailer, ICA Kvantum Arvika.
Previous significant positions	CEO Axel Johnson. Chief Analyst Aros Securities. Various positions within ABB Financial Services.	Employee representative, Unionen.	Transaction Manager Structured Finance SEB.	CEO ICA Gruppen 2012–2022. President and CEO Lantmännen (2007–2012) and Sardus AB (2006–2007). Kraft Foods (1988–2006), including as CEO Kraft Foods Sweden, CEO Kraft Foods Denmark, Business Development Director Kraft Foods International, London. Various managerial positions at Kraft Freia Marabou, Sweden.	Board member at Boozt AB. Head of BA Communication Services at Postnord AB. CTO Bonnier AB and various managerial positions at Bonnier News AB.	Various roles as elected representative within ICA-handlarnas Förbund and ICA Sverige AB.
Total remuneration 2022/2023, SEK	630,000	–	–	–	630,000	680,000
Committees	Member of the Investment Committee.		Audit Committee (from 3 February 2022).	Reward Committee (from 1 January 2023).	Investment Committee.	Audit Committee.
Attendance at meetings	Board meetings	13/14	14/14	11/14	–	14/14
	Audit Committee	–	–	4/4	–	4/4
	Reward Committee	–	–	–	–	–
	Investment Committee	10/12	–	–	–	12/12

Daniela Fagners

Deputy member  
Employee representative  
Unionen

Born: 1975  
Education: Post-secondary education

Appointed: 2020  
Previous significant positions: Board member, ICA Sverige AB (employee representative)

Total remuneration 2022/2023, SEK: –

Attendance at meetings: Board meetings 12/14  
Audit Committee meetings –  
Investment Committee meetings –  
Reward Committee –

## Rules and regulations

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

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

The Company has the following policies:

- **Data Protection Policy**

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

- **Financial Policy**

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

- **HR Policy**

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

- **Sustainability Policy**

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

- **Insider Policy**

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

- **Communication Policy**

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

- **Business Ethics Policy**

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

- **Risk Management Policy**

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

- **Tax Policy**

The Tax Policy establishes the principles for the Company's tax exposure taking into account the applicable tax rules.

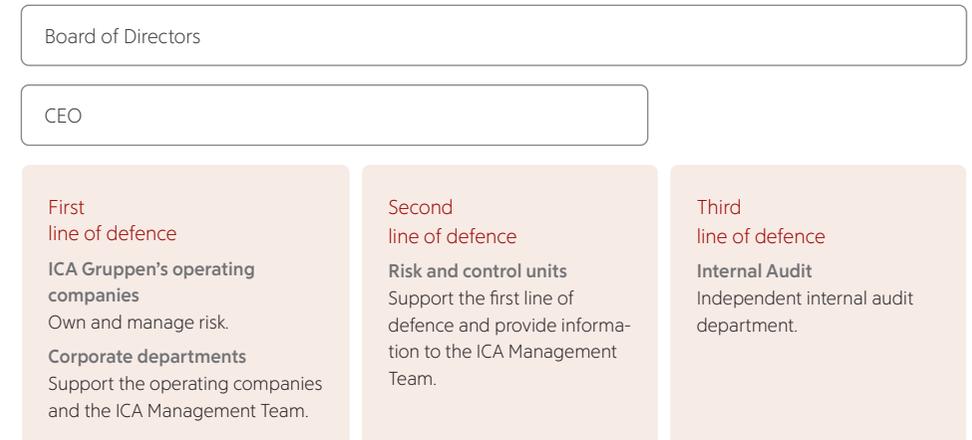
## ICA Gruppen's model for internal control

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

The Board is responsible for ensuring that there are processes in place to identify and define the risks within

the organisation, and to measure and control risk-taking.

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



### 8 First line of defence

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

#### Corporate departments Corporate Responsibility

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

**Group Accounting, Business Planning & Controlling (GAC)**

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

**Group HR**

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

**Group IT**

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

**Group Treasury & Tax**

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

**Legal**

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

**Corporate Communications**

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

communication. It is not, however, involved in customer communication activities and advertising.

**Privacy Office**

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

**Group Strategy and Business Development**

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

**9 Second line of defence**

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

**Internal Control**

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

evaluated regularly. The evaluation is based on periodic self-evaluation and selective quality review processes. The results are compiled in reports and submitted by Internal Control to the operating companies, the ICA Management Team and the Audit Committee.

**Group Risk Management (GRM)**

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

**10 Third line of defence**

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

Internal Audit has been tasked by the Board with evaluating corporate governance, risk management and the governance and control of ICA Gruppen's business processes. Its mandate covers all operations within ICA Gruppen in Sweden and the Baltic countries. Each year the Audit Committee draws up a risk-based plan for Internal Audit's work to ensure that it focuses on the areas where the most value can be added to ICA Gruppen. In 2022 Internal Audit's reviews covered ongoing projects and transformation as well as core processes within ICA Gruppen. In addition, the reviews looked at information security and data protection, business continuity management, sustainability and compliance with external regulations. Store audits constitute a special area within the review of business processes.

The observations and recommendations made by Internal Audit aim to reduce the level of risk within a business area and to increase efficiency and improve ICA Gruppen's processes. It is the responsibility of the respective management teams within ICA Gruppen's operating companies to put in place appropriate action plans based

on the recommendations made by Internal Audit. An important aspect of the work of Internal Audit is to conduct a quarterly review of the established action plans.

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

**11 Corporate culture**

ICA Gruppen's corporate culture is based on the vision of making every day a little easier and on the Group's values of simplicity, commitment and entrepreneurship. These values are the foundation for ensuring the Company has committed and talented employees who in turn ensure that ICA Gruppen has efficient corporate governance and risk management procedures. Simplicity means an approach in which the employees are transparent and honest in their interactions and trust each other. Commitment means taking responsibility for what we do, for the Company's community and for the shareholders, which promotes good governance within the Company. Entrepreneurship enables us to create opportunities and take action. It also means that we are driven by a constant desire to improve and take responsibility for ensuring good corporate governance, while paying attention to the risks associated with the business. All employees have a responsibility to ensure that the Company complies with external and internal rules, and to take action if the Company is in any way non-compliant. To do this, employees can contact their immediate superior, their safety officer or the HR department. It is also possible to anonymously report issues through the Company's online whistleblower service, or to the head of the Company's Internal Audit department. ICA retailers, i.e. business owners operating ICA stores (not employees of ICA Gruppen), are responsible for ensuring that their business is in compliance with

external and internal rules. The Company and the ICA retailers' membership organisation, ICA-handlarnas Förbund, have together created an accountability board tasked with addressing matters relating to the commitments of the ICA retailers and their responsibilities pursuant to the statutes of ICA-handlarnas Förbund. The accountability board can issue reminders or warnings and can expel members from ICA-handlarnas Förbund.

### ICA Gruppen's work on business ethics

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

#### Anti-corruption work

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

#### Internal and external framework for business ethics

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

The internal rules include ICA Gruppen's Business Ethics Policy and its associated guidelines. The Business Ethics Policy describes ICA Gruppen's anti-corruption stance and guidelines, including how to approach gifts and ben-

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

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

#### Responsibility and governance

ICA Gruppen's Board of Directors sets the Business Ethics Policy and makes revisions to it. In 2022 matters of an ethical nature were addressed by the Company's legal department and reported to the Board of Directors. Monitoring of the performance of operating companies is carried out according to ICA Gruppen's established process for monitoring compliance with policies and guidelines. Business ethics aspects are also included in the annual risk analysis that is carried out for each company within the Group.

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

#### Training and follow-up

ICA Gruppen provides internal online training to ensure that all employees are familiar with the Business Ethics Policy and act accordingly. The training is mandatory for all white-collar employees within the Group and is also available to other employees. The number of employees who have completed the online training is monitored and

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

#### Whistleblower service

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

## 12 CEO

CEO Nina Jönsson is responsible for the day-to-day administration of the Company in accordance with the guidelines and instructions issued by the Board. In dialogue with the Chair of the Board, the CEO also compiles an agenda for Board meetings and is responsible for providing the meetings with information documents and material as a basis for decisions. In addition, the CEO must ensure that the members of the Board receive information on ICA Gruppen's performance in order to make well-founded decisions. The Board has approved Nina Jönsson's significant assignments and financial commitments outside the Company, such as her positions as a board member of The Consumer Goods Forum and Svensk Handel (Swedish Trade Federation). The CEO has no significant shareholdings or proprietary involvement in companies with which the Company has significant business ties. An evaluation of the earlier CEO Per Strömberg was carried out by the Board in 2022 without the CEO and other members of the management team being present.

## 13 ICA Management Team

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

#### Committees supporting the ICA Management Team

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

#### 14 Group Risk Management Committee

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

#### 15 Reward Group

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

#### 16 Retail Investment Committee

The Retail Investment Committee addresses and prepares information on investment-related matters. The CEO chairs the Retail Investment Committee.

## ICA Management Team



Nina Jönsson<sup>1</sup>

CEO ICA Gruppen. Employed at ICA 2010–2016. CEO from 2023.



Petra Albuschus

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



Anna Nyberg

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



Anders Bärlund

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



Marie Halling

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



Sven Lindskog

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

Born	1965	1968	1973	1979	1963	1963
Education	Master of Science in Business and Economics	Master of Science in Engineering	Master of Science in Engineering	Master of Science in Engineering	Master of Laws	Master of Science in Business and Economics
Other assignments	Board member Svensk Handel (Swedish Trade Federation), board member The Consumer Goods Forum.	—	Board member Ancore Fastigheter AB.	—	Board member Svenska Bankföreningen (Swedish Bankers' Association).	—
Experience	President and CEO Plantasjen Group 2020–2022. President and CEO HL-Display 2016–2020. Vice President Assortment & Buying ICA Sweden 2010–2016. Procter & Gamble 1991–2010 including as Country Manager for P&G Sweden, Commercial Director at P&G UK, Head of Marketing Strategy for Eastern Europe, the Middle East and Africa at P&G Switzerland and P&G Russia.	SVP Logistics ICA Sweden (2008–2015). Procter & Gamble Nordic (1993–1998, 2005–2008), Procter & Gamble UK (1998–2001), Procter & Gamble ETC Belgium (2001–2005), including as Director of Logistics, Nordics.	Various roles at Vasakronan AB (2007–2020) including SVP Property Development, SVP Business Development, Head of Business Unit and Head of Retail, and member of Vasakronan's management team (2015–2020). Head of Property with responsibility for leasing, Hufvudstaden AB (2003–2007). Ericsson Radio Systems AB, DGS (2000–2003), Telaris Fastigheter (1997–2000).	McKinsey & Company (2004–2019), focusing on retail and consumer goods. Partner since 2013. Most recently responsible for McKinsey's work involving the retail sector's digital and commercial transformation in Asia, based in Manila in the Philippines.	Swedbank (2005–2014), including as head of the Eastern region and member of Swedbank's Group Executive Committee, head of Retail Banking and Private Banking. FöreningsSparbanken (1996–2005), including as head of Corporate Banking FöreningsSparbanken Stockholm.	CFO Höganäs Group (2007–2014). CFO Sardus Group (2006–2007). CFO Unilever Nordic (2005–2006). Other senior positions at Unilever Nordic (1998–2004). Unilever global head office, the Netherlands (1996–1998). Unilever Hungary (1994–1996). Unilever Sweden (1989–1993).

<sup>1</sup> Per Strömberg was CEO until 31 December 2022.

## ICA Management Team, cont.



Kerstin Lindvall

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



Eric Lundberg<sup>1</sup>

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



Monika Magnusson<sup>2</sup>

CEO Apotek Hjärtat. Employed at ICA since 2016 and member of ICA Management Team since 2022.



Benny Svensson<sup>3</sup>

Chief Information Officer (CIO) ICA Gruppen. Employed at ICA and member of ICA Management Team since 2022.



Björn Olsson

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



Gedrius Bandzevičius

CEO Rimi Baltic. Employed at ICA since 2017 and member of ICA Management Team since 2022.

Born	1971	1978	1973	1971	1971	1974
Education	Agronomist	Master of Media, higher vocational education programme and Berghs School of Communications.	Pharmacist, Uppsala University	Master of Science in Engineering	Master's degree in Political Science, Economics and Commercial Law.	Executive MBA, Baltic Management Institute; MBA Business Management, Marketing, Vilnius Gediminas Technical University; BSc Transport Management, Vilnius Gediminas Technical University.
Other assignments	Chief Corporate Responsibility Officer ICA Sverige AB. Board member Beijer Ref AB, UN Global Compact Sweden and member of Monitoring Board of the Swedish Chemicals Agency.	Board member SA Service AB (Apoteks-föreningen, the organisation for the Swedish pharmacy industry) and MD International AB (Min Doktor).	—	—	—	Chair of the Council of the Lithuanian Retailers' Association. Board member Investor Forum Lithuania.
Experience	ICA Sweden (1997–), including as Chief Corporate Responsibility Officer (2010–), Head of Environment & Social Responsibility (2002–2009), Quality Specialist (1999–2001) and Head of Environment (1997–1999). Swedish Board of Agriculture, coordinator for EU funding (1996–1997).	CEO Apotek Hjärtat 2021–2022. President and CEO Kjell & Company 2018–2020. Marketing Director Apoteket AB 2015–2018. Nordic Marketing Director Plantasjen 2010–2013. Head of Marketing Bauhaus 2008–2010. Head of Marketing Lidl Sweden 2004–2007.	Sales Director Apotek Hjärtat 2020–2022, prior to that Sales Manager (2016–2020), Format Manager and Business Developer. Various managerial positions within the pharmacy industry including Operations Manager Boots Apotek, Regional Manager Apoteket AB and Vårdapoteket, as well as roles within project management and skills development at the then Apoteket AB.	CEO IKEA IT AB, CIO INGKA Group, CDO IKEA Sweden, Inter IKEA Group.	Head of Media Relations/Acting Head of Communications Svensk Handel (Swedish Trade Federation) (2000–2003).	Senior Vice President Circle K Poland (2015–2017). Vice President and Managing Director UAB Statoil Fuel and Retail Lietuva (2012–2015).

1. Eric Lundberg succeeded Anders Svensson as CEO of ICA Sweden on 1 September 2022.

2. Monika Magnusson succeeded Eric Lundberg as CEO of Apotek Hjärtat on 1 September 2022.

3. Benny Svensson took up his position on 1 June 2022.

**Data protection within ICA Gruppen**

ICA Gruppen continues to drive its data protection work with the aim of creating trust by always putting individuals' privacy at the heart of these efforts. The work is structured and continuous, and is led by the Company's Privacy Office along with the Data Protection Officers in the Group. In 2022 it included efforts to improve the systematic approach taken by the companies to achieve sustainable compliance, action to mitigate risks identified and continued adaptation of systems, processes and structures to ensure compliance with the data protection legislation in force, as well as new practice within the geographic areas and sectors in which the Company operates.

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

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

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

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

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

Managers within the Group are responsible for the

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

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

**Corporate governance within ICA Bank**

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

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

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

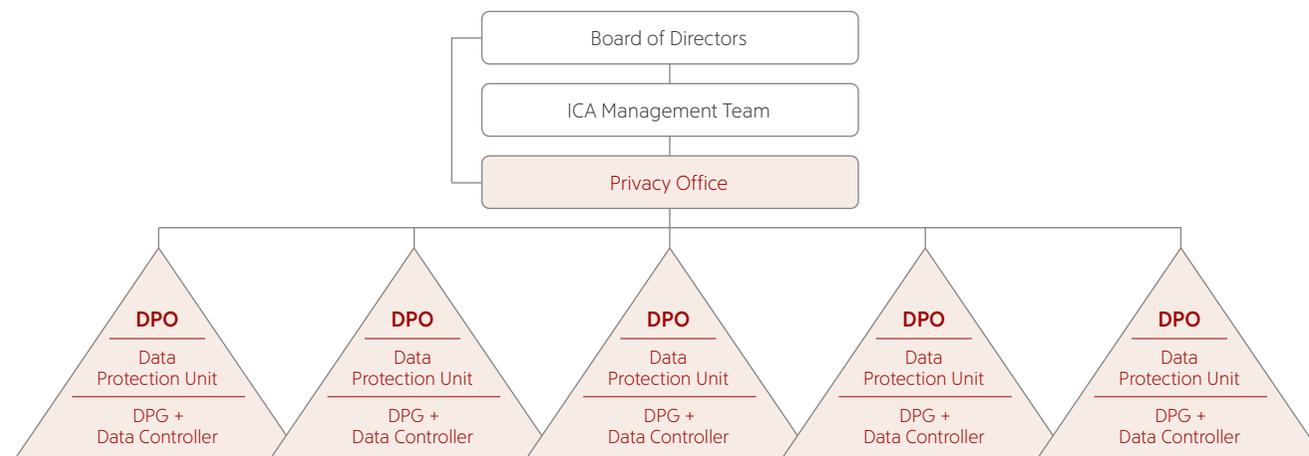
**The first line of defence** involves risk management and governance within the day-to-day business operations. It is the business operations that have the delegated responsibility for implementing ICA Bank's established risk strategy and for ensuring that the bank stays within the parameters set by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

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

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

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

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



## The Board's report on internal control over financial reporting

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

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

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

### 1. Control Environment

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

### 2. Risk Assessment

The Audit Committee is responsible for ensuring that significant risks of errors in financial reporting are identified and managed. Within ICA Gruppen there is continuous dialogue with each operating company to ensure good internal control and awareness of operational risks. For a description of the Group's risks and risk management, see the section "Risks and risk management" on pages 111–115 of the Annual Report.

### 3. Control Activities

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

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

### 4. Information and Communication

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

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

### 5. Monitoring and Improvement Activities

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

# Risks and risk management

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

## Risk management strategy

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

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

Should an undesirable event nonetheless occur, loss prevention measures must be implemented and **incident management processes** must be in place to prevent escalation. The Group must also have **crisis and business continuity capability** to manage, mitigate or limit the effects and ensure continuity in the delivery of goods and services. In addition, ICA is developing a **preparedness strategy** together with external actors such as the Swedish Food Retailers Federation, aimed at building a modern and resilient supply chain in the event of a disaster. The Group has **insurance programmes** in place to provide

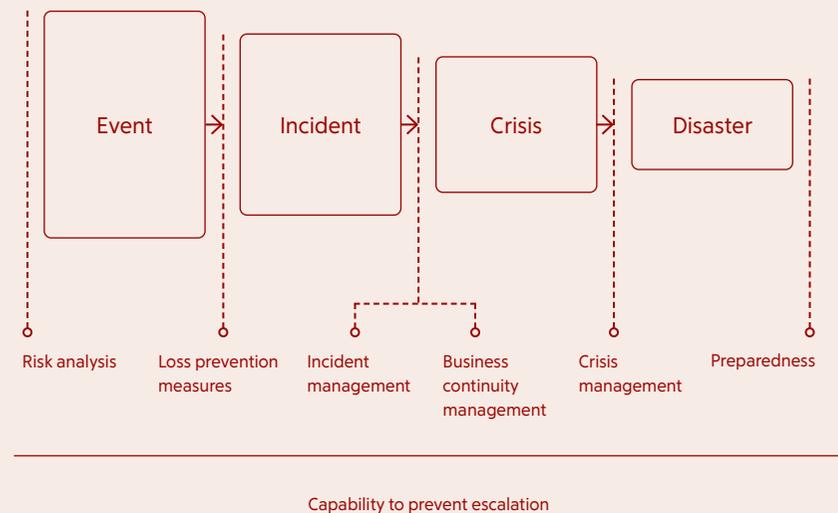
financial compensation for losses, while **information security** is an integral aspect of the risk management strategy. For more information about work on information security, see page 114.

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

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



## Resilience



RISK

**Crisis management in response to the ongoing war in Ukraine**

The crisis management teams at ICA Sweden and Rimi Baltic were active for substantial parts of the spring. These crisis management teams within the subsidiaries enable work to be carried out in a structured way, with crisis management ensuring that relevant measures are implemented in line with the needs of each part of the business. One of the actions taken was to remove items from Russia and Belarus from Rimi Baltic's assortment.

**Risk management process**

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

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

**Risk management organisation**

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

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

Through regular meetings between GRM and the Internal Control and Internal Audit units, any shortcomings found during scrutiny are shared. This improves efficiency in actions aimed at increasing risk awareness in the identified risk areas. For further information on internal control over financial reporting, see page 110.

On pages 113–115 some of the material risks identified within the framework of ICA Gruppen's risk management process are presented, along with the measures being taken to manage these risks.

**Risk categorisation**

ICA Gruppen has chosen to place risks in four categories.

**Strategic risks**

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

**Operational risks**

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

**Compliance**

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

**Financial risks**

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

**Risk management – process and responsibility**



RISK

## Strategic risks

↗ Increased risk  
→ Unchanged risk  
↘ Decreased risk

Risk description	Trend	Management
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### Ability to manage market fluctuations

ICA Gruppen's business and products are heavily impacted by changes in the market. Major changes in consumption patterns and purchasing behaviour as a consequence of external factors could result in reduced market share, lower margins or greater pressure on prices.



ICA Gruppen continues to develop its ability to adapt the organisation and offering, so that it can also offer attractive products and services in the future. This includes further initiatives related to e-commerce solutions, such as the launch of Apotek Hjärtat's customer fulfilment centre in Norrköping during the year. In addition, work has begun on the construction of ICA's new freezer warehouse in Västerås with the aim of strengthening the future supply chain and securing competitiveness.

Efforts were intensified to manage price increases linked to inflation and ICA's responsibility to balance price adjustments throughout the value chain. The focus was on value for money, customer loyalty and costs. During the year ICA Sweden mobilised to improve the profitability of Swedish agriculture by adjusting sourcing processes with the aim of enabling rapid price adjustments for primary produce from Sweden.

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

### Sustainability risk

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



Sustainability is a core aspect of ICA Gruppen's operations. The Sustainability Policy and its guidelines provide a framework, and performance in relation to overall sustainability targets is monitored and the results published in ICA Gruppen's interim reports. A fundamental element of the Group's sustainability efforts is to work according to relevant standards and certifications for quality, the environment and social responsibility. ICA Gruppen's For a Good Tomorrow concept is used to communicate and provide greater insight into how the Group conducts its sustainability work in its focus areas: local, environment, health, inclusion and diversity, and quality. ICA Gruppen has worked strategically and operationally during the year in all five areas, with a particular focus on reducing food waste, lowering climate impact, innovation within the product assortment, and encouraging people to eat more fruit and vegetables. In addition the Group is proactive in identifying and monitoring risks in the value chain, in line with Human Rights Due Diligence (HRDD). For example, ICA Gruppen's risk linked to raw materials have been defined based on the risk of negative impact on people or the environment. Where these are used in ICA Gruppen's corporate brand products, they should be sustainability-certified. The ICA stores also have an important role to play in their local communities. Their community engagement and a substantial focus on expanding the range of local products are helping to build trust in ICA as a good member of society. ICA Gruppen's collective efforts to support refugees and vulnerable groups in society – centrally, at individual retailers and through fundraising from customers – also contribute to this.

### Climate risk

Climate change is already affecting ICA Sweden's operations from a value chain perspective and could involve significant risks for ICA Gruppen in the medium to long term. These include physical risks, such as the impact on the long-term conditions for food production in different parts of the world, and the effects of extreme weather that disrupts crops and deliveries and has impacts on properties/infrastructure. It also includes transition risks – in other words, risks associated with society's transition and efforts to counter climate change, such as regulatory risk or impacts on supply and demand. Identified climate risks are described in more detail in the section on TCFD on page 116–117.



ICA Gruppen has been focused on reducing climate impact within its own operations for a long time; for example, through energy efficiency measures, transitioning to renewable electricity and refrigerants with a lower climate impact, and reducing transport emissions.

To develop its work to manage climate risk and to leverage the opportunities presented by climate transition, in 2021 ICA Gruppen began work on implementing the TCFD (Task Force for Climate-related Financial Disclosures) guidelines. As part of this, a general survey of climate risk was carried out and strategies for managing this risk were identified. In many cases risks are mitigated by the strategies and ambitions that ICA Gruppen has adopted, such as ICA Gruppen's climate ambition, fuel strategy and energy strategy.

See more detailed information on climate risk and TCFD on page 116–117.

RISK

## Operational risks

↗ Increased risk  
→ Unchanged risk  
↘ Decreased risk

Risk description	Trend	Management
<b>Property-related risks</b>		
<p>To ensure access to attractive and appropriate retail locations, ICA Gruppen is engaged in both property development and property management. Shortcomings in property development or insufficient maintenance could lead to violation of regulations and standards, could result in harm to people and/or buildings, could increase costs and could affect the value of the properties. Other factors that could have a negative impact on the Group's earnings are failure by tenants to meet their financial obligations and significant changes in consumption patterns.</p>	→	<p>ICA Real Estate is engaged in a constant dialogue with the tenants, and conducts inspections and invests significant amounts to ensure that existing properties are well maintained and developed. Before decisions are made on major new construction or renovations, ICA Gruppen also conducts a risk analysis to identify and reduce risks associated with property development. During the year property-related IT risk was reviewed and certain measures were implemented to minimise such risk.</p>
<b>Business continuity</b>		
<p>Access to efficient distribution of goods is essential if the Group is to achieve its objectives. If ICA Gruppen were to be affected by significant interruptions, damage to facilities or other disruptions in the logistics chain, this could have a negative impact on ICA Gruppen and make it difficult to deliver products for a period of time.</p>	→	<p>There is an ongoing process to help ensure a high level of security in the logistics chain, for example through ongoing plant maintenance, employee training and monitoring of procedures through self-assessment and risk inspections to ensure good order is maintained. In addition, the Group works in a structured way to ensure that deliveries can continue even if an unforeseen event occurs. Necessary resources are identified and plans are made for dealing with interruptions, e.g. in the electricity supply. Local crisis management exercises were also carried out during the year at all of ICA Sweden's logistics facilities, aimed at strengthening the local capacity to manage serious incidents and crises that risk impacting deliveries.</p>
<b>IT-related risk</b>		
<p>A high level of digital resilience through effective management of risk related to the use of information technology (IT) is essential for realising ICA Gruppen's ambitions for digitalisation. Increased digitalisation brings a greater risk of interruptions and disruptions in traditional and industrial IT systems, with major consequences. ICA Gruppen's operations are highly dependent on having an efficient, protected IT platform. This means that any hacking of the IT platform or shortcomings in the management of customer data, employee information or business-critical data could reduce trust in ICA Gruppen and have a negative impact on the Group's earnings.</p>	↗	<p>During the year ICA Gruppen continued to implement its previously established strategy for information security. This strategy aims to protect information and personal data from risks relating to interruptions, misuse, unauthorised access, inaccessibility, destruction and loss, and to limit the negative impact on ICA Gruppen and the data subjects if these risks are realised. Changes in external factors and the emergence of new or changed threats requiring specific management, such as ransomware, are monitored continually.</p>
<b>Talent</b>		
<p>ICA Gruppen's ability to attract talented and dedicated employees is crucial if the Group is to develop in line with its strategic plans and achieve the established targets. The fast pace of change within the sectors in which ICA Gruppen does business and the current extensive focus on change in the Group's operations could affect the employees as well as the capacity to attract and/or retain talent.</p>	→	<p>During the year ICA Gruppen continued to drive its structured work aimed at continuous skills enhancement and increased opportunities for further development within the Group by means of targeted, relevant and customised learning solutions. Examples of this include the introduction of a new learning platform for all ICA Gruppen employees, and pilot projects for upskilling and reskilling employees in IT and other technology.</p>

RISK

Cont. Operational risks

↗ Increased risk  
→ Unchanged risk  
↘ Decreased risk

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

## Compliance

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

## Financial risks

Risk description	Trend	Management
ICA Gruppen's objective is to provide a strong and stable return in the long term. The ability to secure financing for the Group and to control financial exposure in line with policies and guidelines is essential if ICA Gruppen is to reach its targets.	—	Financial risk such as interest rate risk, refinancing risk, liquidity risk, foreign currency risk, credit risk and commodity price risk are managed centrally by the Group's Treasury & Tax department in accordance with the policy set annually by the Board of Directors. For a more detailed description of established risk levels and how adherence to these is ensured, see Group notes, Note 19.

# TCFD

ICA Gruppen began applying TCFD (Task Force on Climate-related Disclosures) principles for management and reporting of climate-related financial risks and opportunities in 2021. In 2022 the framework was established further within the organisation. ICA Gruppen will continue to develop the Company's reporting in accordance with TCFD recommendations going forward.

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

## Governance

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

## Strategy

While the climate transition presents significant risks for ICA Gruppen's businesses, strategies and financial planning, there are significant opportunities if the Group responds to the changes in areas such as consumer atti-

tudes and consumption patterns that the climate transition is bringing about. The climate issue is therefore an integral part of ICA Gruppen's long-term strategic direction and of the areas identified for responding to the changes and drivers identified in the world around us. ICA Gruppen's ambition is that by 2025 it will be an industry-leader in the development towards net zero impact operations and will be known as a trusted source of guidance for making sustainable choices. Strategically important initiatives to reduce ICA Gruppen's contribution to and vulnerability to the effects of climate change include ICA Gruppen's climate ambition (see page 72), ICA Gruppen's fuel strategy (applies to ICA Sweden and Apotek Hjärtat) and ICA Gruppen's new energy strategy (applies to ICA Sweden, Apotek Hjärtat and ICA Real Estate) adopted during the year.

Food production accounts for a substantial proportion of global climate emissions. ICA Gruppen's grocery retail operations are therefore particularly significant both for reducing the Group's climate impact from a value chain perspective and for leveraging the long-term opportunities presented by the transition to a food system with less climate and environmental impact. Initiatives by ICA Sweden and Rimi Baltic to promote locally and nationally produced foods reduce vulnerability to climate-caused disruption in global supply chains while also satisfying consumers' growing interest in locally produced food. Efforts to develop an attractive and sustainable plant-based assortment, for example through ICA Växa (ICA Grow), also contribute to building up a product range that will satisfy customers' future preferences (see page 70).

## TCFD framework

### GOVERNANCE

The organisation's governance around climate-related risks and opportunities	The Board's oversight of climate-related risks and opportunities
	Management's role in assessing and managing climate-related risks and opportunities

### STRATEGY

Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material	Climate-related risks and opportunities the organisation has identified over the short, medium and long term
	Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning
	Resilience of the organisation's strategy, taking into consideration different climate-related scenarios

### RISK MANAGEMENT

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

### METRICS AND TARGETS

Metrics, targets and KPIs used by the organisation to assess and manage relevant climate-related risks and opportunities where such information is material	Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes
	Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks
	The targets used by the organisation to manage climate-related risks and opportunities and performance against targets

## About TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) initiative was launched in 2017. To date, around 3,900 companies and organisations have adopted TCFD to improve their ability to identify their climate-related financial risks

and opportunities. In concrete terms, TCFD is about having oversight of how your organisation is affected financially by climate change and of the measures and changes in society that are needed to lower emissions of carbon dioxide.

To develop its strategic management of climate-related risks and opportunities ICA Gruppen will carry out scenario analysis during the next year in selected areas, based on the survey of climate risks completed during the year (see table).

**Risk management**

Climate and sustainability risks already form part of the overall risk analysis for ICA Gruppen.

The review of the risk process carried out during the year concluded that climate and sustainability risks must be integrated into the regular risk management process based on the impact that these have on ICA Gruppen, for example in the form of effects on brands (brand risk), physical disruption (operational risk) and increased costs (financial risk).

During the year a more extensive survey of climate risks was carried out, focusing on the value chain for grocery retail (see table). In a next step these risks will be assessed according to their potential financial impact.

**Metrics and targets**

Since 2007 ICA Gruppen has reported on and set targets for reducing its climate impact, taking accepted standards such as the GHG protocol and Science Based Targets as its starting point. During the year the review of the Group's Scope 3 emissions that was begun in 2021 was completed (see page 72). Calculating ICA Gruppen's Scope 3 emissions still requires the use of various assumptions and standard estimates however, and efforts to improve data quality and calculation methods will continue in the coming years.

In 2022 ICA also submitted its commitment to the Science Based Targets initiative to adopt climate targets in line with the recently launched net zero standard. This commitment involves ICA Gruppen aiming to reach the 1.5 degrees Celsius goal in the Paris Agreement and to reach net zero emissions in the entire value chain no later than 2050. In 2023 ICA Gruppen's climate targets will be further defined to meet the SBTi criteria.

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

Climate risks in grocery retail

Type of risk	Risk	Potential consequences for ICA Gruppen	Examples of risk management
<b>PHYSICAL RISKS</b>	Extreme weather in Sweden and the Baltics – more flooding, storms and heatwaves/drought	<ul style="list-style-type: none"> <li>• Additional food waste and less reliable deliveries if the supply chain is disrupted</li> <li>• Negative impact on Swedish food production, e.g. through poor harvests affecting price and supply</li> <li>• Physical damage to properties</li> <li>• Physical damage to or overloading of infrastructure for e.g. electricity supply or refrigeration.</li> <li>• Harder to maintain chilled supply chains, resulting in increased food waste and poorer food safety</li> </ul>	<ul style="list-style-type: none"> <li>• Proactive efforts to ensure continuity of delivery capacity, e.g. through risk surveys and crisis management exercises, by working proactively on food waste and through dialogue with suppliers, incl. close partnerships with farmers and producers</li> <li>• Review of technical solutions with upgrading where appropriate</li> <li>• Own production of electricity in line with the energy strategy</li> <li>• Close dialogue with authorities</li> </ul>
	Long-term climate change in Sweden and the Baltics	<ul style="list-style-type: none"> <li>• Negative impact on food production through e.g. higher levels of pests, parasites and mould</li> <li>• More difficult conditions for certain species</li> </ul>	<ul style="list-style-type: none"> <li>• Working in partnership in the food chain, e.g. with farmers and producers</li> <li>• Review of new suppliers/areas</li> </ul>
	Extreme weather globally – more flooding, storms and heatwaves/drought	<ul style="list-style-type: none"> <li>• Negative impact on food production through damaged crops</li> <li>• Disruption of food supply chains resulting in insecurity of supply and a decline in food safety</li> <li>• Increased risk of quality deterioration and food fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Initiatives to expand the local assortment and to promote Swedish/Baltic produced food</li> <li>• Proactive efforts to ensure continuity of delivery capacity, e.g. through dialogue with suppliers</li> <li>• Review of new suppliers/areas</li> </ul>
	Long-term climate change in the parts of the world where foods and ingredients are produced	<ul style="list-style-type: none"> <li>• Difficulty securing adequate volumes/prices for important raw materials</li> <li>• Increased risk of poor hygiene/food-borne infection due to water shortage in producing countries</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of ICA's supplier base to identify supply chains with greatest climate risk</li> <li>• Review of new suppliers/areas</li> <li>• Cooperation on sourcing</li> </ul>
<b>TRANSITION RISKS</b>	Demand for renewable energy exceeds supply	<ul style="list-style-type: none"> <li>• Higher electricity prices for renewable energy</li> <li>• Negative impact on ability to expand or transition to new technology in line with the business strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Decreased energy use and increased share of self-produced renewable electricity in line with ICA Gruppen's energy strategy</li> </ul>
	Demand for renewable fuels exceeds supply	<ul style="list-style-type: none"> <li>• Higher prices for renewable fuels, difficulty securing sufficient volumes</li> </ul>	<ul style="list-style-type: none"> <li>• ICA Gruppen fuel strategy, with electrification as the main option long-term</li> </ul>
	Greater competition for raw materials, greater fluctuation in the price and range of foods	<ul style="list-style-type: none"> <li>• More difficult to maintain attractive price levels for consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Working in partnership with suppliers and developing the assortment</li> </ul>
	Regulatory risk	<ul style="list-style-type: none"> <li>• Higher costs for meeting legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation across the sector and dialogue with decision-makers to analyse and clarify consequences of regulatory proposals</li> </ul>
	Brand risk	<ul style="list-style-type: none"> <li>• Negative impact on brand if development of the assortment does not keep up with customers' preferences, or if ICA Gruppen is not seen as taking responsibility for climate matters</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced climate footprint across the entire value chain, including products sold, in line with ICA Gruppen's climate ambition</li> </ul>



[www.solberg.se](http://www.solberg.se)

Photo: Joakim Bergström, Marcus T Bergman,  
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