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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 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.



Rimi Baltic

Rimi Baltic operates a grocery retail business and has 308 wholly owned stores in Estonia, Latvia and Lithuania. The properties owned by the Group in the Baltic region are also part of Rimi Baltic. At year-end Rimi Baltic had 82 stores in Estonia, 138 in Latvia and 88 in Lithuania. Rimi Baltic's combined market share in the region is around 13%².

² Source: Country statistics.



ICA Sweden

With 1,270 stores and a market share of around 33%¹, 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.

¹ Share of total grocery consumption in 2022. Source: Statistics Sweden, HUI, ICA analysis.



Apotek Hjärtat

With 390 pharmacies, extensive online operations and a market share of around 32%³, 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.

³ Source: Swedish Pharmacy Association.

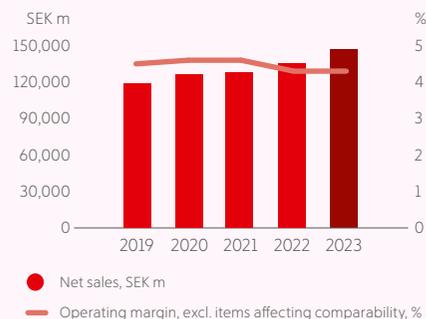


ICA Real Estate

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 Gruppen's businesses to increase growth and take market share.

The year in brief

Performance 2019–2023



ICA Gruppen's net sales increased by 8.3% and this was essentially driven by high inflation and raised interest rates. Operating profit at ICA Sweden was negatively affected by volume decreases. Apotek Hjärtat, Rimi Baltic and ICA Bank all improved their profits, while property divestments resulted in decreased profits for ICA Real Estate.

Financial key ratios

See page 31 for information and definitions.

Group, SEK m	2023	2022	2021
Net sales	147,645	136,288	127,957
Operating profit before depreciation/amortisation (EBITDA)	13,173	12,526	11,408
Operating profit excluding items affecting comparability	6,363	5,905	5,826
Operating profit	6,707	6,475	5,876
Profit before tax	4,693	5,103	5,478
Profit for the year	4,250	4,518	4,554
Cash flow from operating activities excl. ICA Bank	12,738	10,327	9,654
Operating margin excluding items affecting comparability, %	4.3	4.3	4.6
Operating margin, %	4.5	4.8	4.6
Return on capital employed, %	9.2	9.1	9.2
Return on equity, %	25.5	12.2	12.7
Net debt excl. ICA Bank and IFRS 16 Leases	-20,659	-29,520	-4,680
Net debt excl. ICA Bank	-43,424	-47,084	-20,915
Net debt excl. ICA Bank and IFRS 16 Leases/EBITDA excl. IFRS 16 Leases	2.2	3.3	0.6
Net debt excl. ICA Bank/EBITDA	3.3	3.8	1.8

Sustainability performance indicators

See pages 106–108 for information and definitions.

Group	2023	2022	2021
Emissions (tonnes CO ₂ e) from the Group's own operations	92,887	92,575	78,791
Emissions (tonnes CO ₂ e) from the Group's own operations/SEK m sales	0.63	0.68	0.62
Climate impact of customers' grocery purchases, kg CO ₂ e/kg food sold	1.71	1.79	1.78
Food waste in warehouses and stores, weightshare, %	1.35	1.54	1.67
Change in food waste relative to base year 2016, %	-26	-16	-8

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 74–109 of this document.



CEO Nina Jönsson

Strong end to a challenging year

The past year was largely characterised by high inflation, rising interest rates, recession and ongoing conflicts around the world. For ICA Gruppen this was mainly noticeable within the grocery sector, where changes in demand and an overall heightened focus on price brought great challenges for ICA Sweden, the independent ICA retailers and Rimi Baltic.

During the year, high inflation and a clear trend of a greater focus on price put significant pressure on grocery retail operations within ICA Gruppen.

It is obvious that ICA Sweden had a challenging year, with negative volume development and lower profit share from ICA stores having a relatively significant negative impact. However, major investments in price and offerings resulted in a strong end to the year with good growth and, for the first time in a long time, positive volume development. Combined with the efficiency improvement measures that were implemented, this resulted in the full-year profit reaching the level of the previous year.

In terms of profit, 2023 was the second best year ever for Rimi Baltic thanks to a strong focus on efficiency and costs. A significant decrease in energy costs also had a positive effect. Comprehensive investments were made during the year in price and offerings which, towards the end of the year, resulted in a clear improvement in sales growth.

Apotek Hjärtat had its best year ever with an all-time high for both operating profit and market share. In 2023 Apotek Hjärtat solidified its market position, leveraging large competitive advantages from its network of pharmacies, co-location with ICA and e-commerce operations.

ICA Bank also delivered record profits. This profit growth was mainly due to significantly higher net interest income, which was in turn a direct result of higher market interest rates. ICA Insurance continued to grow during the year, albeit at a somewhat slower pace than previously.



For ICA Real Estate 2023 was a year of several large divestments, which totalled more than SEK 5 billion and were successfully implemented in a difficult property market.

Altogether ICA Gruppen's net sales increased during the year by 8.3% to SEK 147.6 billion. Operating profit excluding items affecting comparability amounted to SEK 6.4 billion, corresponding to an operating margin of 4.3%.

Focus on ensuring good prices

Although food price inflation in Sweden and the Baltic countries was high during the year, the inflation rate fell sharply at the end of the year, particularly in the Baltics. From the beginning of 2022 the high inflation was driven by a series of external factors in the form of pandemic effects, climate change and the war in Ukraine, all of which resulted in the entire food supply chain being hit by large cost increases. Sweden was also impacted by a weakened krona.

This resulted in rising food prices for households. Combined with generally higher cost levels and rising interest rates, this brought significant challenges for many households, which in turn caused a clear increase in price awareness and a greater demand for low prices and discounted items.

Both ICA Sweden and Rimi Baltic worked hard during the year to ensure that they could offer good prices and high value for money. This involved lowering the price of basic items, offering more discounts both in store and online, adjusting the assortment and continuing to develop the range of private label products. There has been a parti-

CEO'S COMMENTS

cular emphasis on offering attractive prices on fruit and vegetables. Initiatives in Sweden are taking place in close cooperation with the independent ICA retailers.

Efficiency improvement, reprioritising and greater cooperation within the Group

To free up resources for initiatives that enable prices to be lowered, to strengthen the offering and to drive growth, in 2023 we continued the efficiency improvement programme adopted at the end of 2022. All of these measures were necessary given the situation in the world around us, but they will also benefit us and provide leverage in a more normalised market.

In addition to strengthening and fine-tuning individual parts of the business, we have also put a lot of effort into ensuring that we are, to the greatest possible extent, leveraging the Group structure and the opportunities it creates – both for internal efficiency and for creating new types of customer offerings. We have now really shifted up a gear in this area. We have reduced the number of overlapping functions and implemented multiple changes to our organisational structure aimed at facilitating faster decisions, a stronger focus on sales and generally offering better support to the ICA retailers.

In terms of new services and Group-wide offerings that strengthen the entire business, examples include the continued rollout of our housing loan offering, enhancement of the Stammis loyalty programme, providing interest on ICA card balances, the new ICAX package delivery service and the food insurance plan just launched by ICA Bank at the beginning of 2024.

Double social responsibility

Inflation and high energy prices impact not only consumers and customers but also farmers and food producers. 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 is important work, both as a response to customer demand for locally produced items, and to support farmers and vibrant farming communities.

We have a vital role to play here. Supporting agriculture has been one of ICA Gruppen's top priorities for many years, but our efforts will now be further intensified.

There is also a security policy dimension here, because this is essentially about ensuring stable domestic food production. The war in Ukraine and the worsened geopolitical situation in general have increased the focus on the issue of national self-sufficiency. In the early 1990s Sweden's farmers produced around 75% of the country's food. Today around 50% of everything we eat in Sweden comes from outside our nation's borders. We need to see this change. Finland is around 80% self-sufficient.

Self-sufficiency is, however, only one aspect of many and, in a globalised world, value chains are only as strong as their weakest link. What is needed is more cooperation between actors and a broader discussion on how we can work together to ensure that the systems are robust.

Focus on the future

Food price inflation is continuing to go down and we now have good volume growth in our grocery retail business again. Although the situation remains uncertain and hard to assess, there are still indications that many things are moving in the right direction, for the year and for the grocery retail market as a whole.

To continue growing volumes and market share, and reinforcing our market positions in general, are among our top priorities. A key factor is the continuation of our initiatives and investments focused on price. During the year, ICA Sweden and the ICA retailers will make a joint, long-term investment to lower prices. This will involve broad price reductions, above all on everyday items that customers purchase often. ICA Sweden will invest a total of around SEK 1 billion to reduce ordinary prices for the ICA stores, enabling them to lower prices for consumers. The ICA retailers will also make their own substantial price investments to benefit consumers. Exactly how large the price reductions will be on individual items will vary from store to store, but ICA's customers will notice that the prices are lower.

There will also be a major emphasis on strengthening customer loyalty, which will include continued development of the Stammis customer loyalty programme. The overarching and shared goal is to make it more financially beneficial for customers to be loyal to ICA Gruppen's various businesses.



"Both ICA Sweden and Rimi Baltic worked hard during the year to ensure that they could offer good prices and high value for money."

Sustainability will also be a top priority. The consequences of climate change are becoming increasingly evident and there is no doubt that the world is facing significant environmental and resource-related challenges. 2023 was the warmest year measured so far. Each month from June to December was warmer than the same month the previous year. To help break this trend and limit the consequences of it, enormous investments are needed. As an important actor in society we have a particular responsibility, but also real opportunities to impact and contribute to positive change. We have been a signatory to the UN Global Compact since 2004, and in the years ahead we will continue our efforts towards the 2030 target of reaching net zero emissions in our own operations and reducing the climate impact of our customers' food purchases by 30%.

Closeness is greatness

In uncertain times it is even more important to have a clear vision and strategy. We have these. 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 internal collaboration and more seamless interactions between our physical and digital channels. All of this will be done while keeping the best interests of our customers front and centre, and based on the clear vision of making every day a little easier.

One of our biggest strengths is our strong culture in which the retailer perspective, entrepreneurship and local market knowledge are vital components. Closeness is greatness. The ICA Idea – to combine individual drive with joint efforts – has been the foundation of ICA's business model and value creation for more than 100 years. As we now look to the future, we will use ICA's combined strengths to make our company more robust, but also to create even more value for our customers and society in general.

Stockholm, February 2024

Nina Jönsson
CEO

A business model built on cooperation

ICA Gruppen's business model is built on cooperation in various areas...



Offering

Coordination between the businesses makes it possible to provide strong, relevant customer offerings.



Customer insights

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



Marketplaces

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



Online

Coordinated online solutions and development of food ecosystems.



Investments

Coordinating investments benefits all operations and promotes financial efficiency.



Sourcing

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



...providing benefits for:

customers...

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

...the businesses...

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

...ICA retailers...

- Strong brands
- Good prices and the right quality
- Broad assortment
- Structures for e-commerce
- Less administrative burden
- Financing options

...employees...

- Helps make life easier and more sustainable
- Exciting opportunities to move between different types of operations within the same group
- An entrepreneurial culture with great opportunities to make a difference

...and society in general

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

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 2023

Due to a market climate of continued high inflation and a strong focus on price, ICA Sweden and Rimi Baltic did not reach the goal of growing faster than the market, but were instead losing market share until the end of the third quarter of the year. Apotek Hjärtat did, however, reach this goal and managed to strengthen its market-leading position in the Swedish pharmacy market. Apotek Hjärtat's market share increased both in physical pharmacies and online.



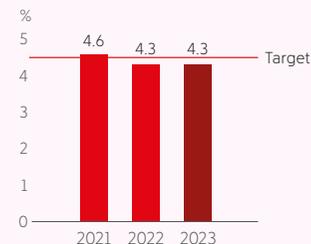
Achieve an operating margin excluding items affecting comparability of 4.5%

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



Outcome 2023

The outcome was the same as the previous year, 4.3% (4.3). This outcome is explained by mixed earnings effects in the Group's various businesses, with ICA Sweden having a lower margin, while earnings growth for Apotek Hjärtat, Rimi Baltic and ICA Bank resulted in a stronger margin. The effects of IFRS 16 Leases were more positive than the previous year and excluding these the operating margin was slightly lower than 2022.



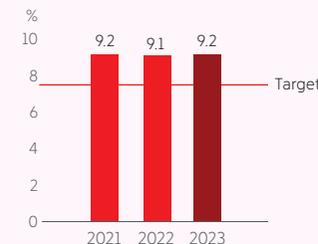
Achieve a return on capital employed of 7.5%

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 2023

The outcome was 9.2% (9.1). The Group's operating profit and financial income were higher than the previous year and the average capital employed increased by around SEK 1.8 billion. The year-on-year changes in the various components of working capital linked to the merger with Murgröna in November 2022 are substantial. This includes substantial changes in equity and in the Group's loan structure including lease liabilities.



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.



Outcome 2023

The debt ratio decreased in 2023 from 3.3 to 2.2. This is explained on the one hand by stable earnings growth and on the other by strong cash flows as well as property divestments which reduced the net debt. EBITDA includes capital gains and without these the debt ratio would be 2.6.



Sustainability targets

ICA Gruppen's own operations are to have net zero climate impact no later than 2030

ICA Gruppen's long-term ambition is to reduce the climate footprint of the entire value chain in line with what is needed to reach the Paris Agreement's 1.5°C goal and achieve net zero emissions. The target for ICA Gruppen's own operations includes emissions from goods transport, stores/pharmacies, warehouses and offices.

Since 2020 emissions from ICA Gruppen's own operations have been offset in their entirety (see page 84). To achieve net zero emissions the carbon offsetting is to be gradually replaced by what are known as balancing measures, in which carbon dioxide is actually absorbed from the atmosphere.

→ Outcome 2023

GHG emissions from ICA Gruppen's own operations in 2022 amounted to 92,887 tonnes, a minor increase compared with 2022. Decreases can be seen in emissions from refrigerants and energy, while emissions from goods transport continue to increase due to a reduced share of renewable fuels. Emissions from ICA Gruppen's own operations in 2023 are offset in their entirety (see page 84).

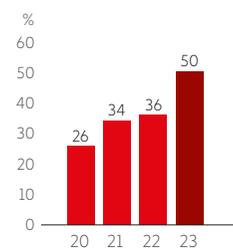


ICA Gruppen's suppliers are to adopt science-based climate targets

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. ICA Gruppen is engaged in ongoing dialogue with suppliers with the aim of increasing the percentage with climate targets approved by the Science Based Targets initiative.

→ Outcome 2023

By the end of 2023, suppliers representing 50% of ICA Gruppen's upstream climate impact had adopted science-based climate targets, an increase of 14 percentage points compared with 2022. As well as more suppliers having adopted science-based climate targets, improvements were made during the year to reporting principles and monitoring of target performance. Among other things, there was previous underreporting relating to subsidiaries where targets for their operations had been set at the Group level.



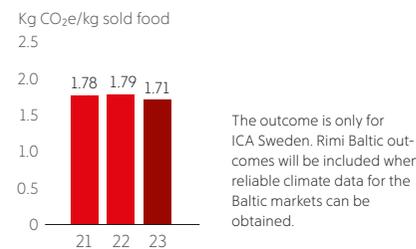
The climate impact of customers' food purchases is to be halved by 2030

ICA Gruppen's ambition is to cut the climate impact of customers' food purchases in half by 2030¹. 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.

¹ From the start of 2024 the ambition is being adjusted so as to align with the Corporate Net-Zero Standard from the Science Based Targets initiative (SBTi) – see page 84.

→ Outcome 2023

In 2023 the climate impact of food being sold in ICA stores amounted to 1.71 kg CO₂e/kg food sold, a decrease of 4% compared to 2022 when it amounted to 1.79 kg CO₂e/kg food sold. A particular contribution to the reduction in climate impact came from lower sales of meat, fish and shellfish in 2023, while sales of vegetarian alternatives increased.

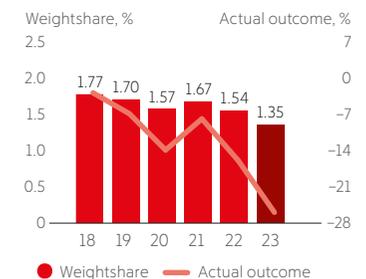


ICA Gruppen is to cut food waste from warehouses and stores in half by 2025

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. The food waste is calculated as a percentage by weight, in line with an international standard produced by the Food Loss & Waste Protocol (FLW Protocol).

→ Outcome 2023

Since the base year 2016 ICA Gruppen's food waste in relation to food sold has decreased by 26%, which is a substantial improvement compared to the previous 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.





Ambition 2030

How we are responding to changes in the world around us

For a long time now, ICA Gruppen's markets have been changing at a brisk pace – all the more so in recent years as a result of rapid digitalisation and new consumption patterns. These changes are impacting offerings, business models and internal processes. They bring great opportunities – but also challenges.

ICA Gruppen's goals include ensuring long-term growth with sustained profitability – in a market in rapid and major transition. Ambition 2030 sets out this course in more detail and states where ICA Gruppen is to be in a few years' time so as to respond to developments in the world around us.



Operating with high efficiency and speed



Deploying next generation technology

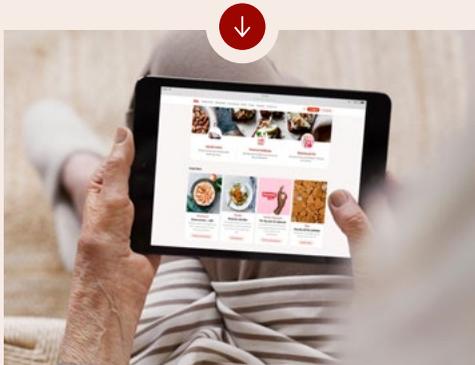


Attracting and empowering people

A world and market in transition

High inflation and rising interest rates

High inflation and rising interest rates continued to put households and businesses under pressure during the year. Over the past two years food prices in Sweden have risen faster than at any time since the early 1980s, with prices changing even more dramatically in the Baltic states. Although the rate of increase slowed somewhat in 2023, practically all types of food products continued to rise in price.



Much greater focus on low prices and discounted items

- Increasing demand for low prices – and more competition from discount actors
- Greater price transparency due to digitalisation and online shopping

New geopolitical situation

Alongside all the human suffering, Russia's war in Ukraine has had an immediate impact on supply and has completely changed the security policy situation, both in Europe and around the world. The war also caused initial price increases and disrupted the global food supply chain, especially as regards cereals and artificial fertilisers. The situation has normalised to some extent, but generally the uncertainty and volatility have increased.

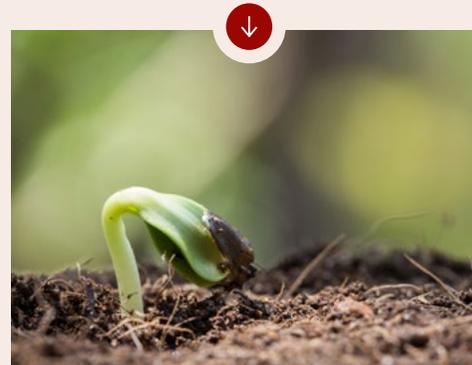


More focus on supply preparedness and local primary production of food

- Need to secure local primary production of food
- Increased need for cooperation between and within different value chains

Ever clearer effects of ongoing climate change

The effects of climate change are becoming increasingly clear. 2023 was the hottest year since records began, and all of the hottest years on record have occurred since 2015. Extreme weather conditions brought both drought and floods, affecting food production in various places around the world.



Need to review the entire value chain – from farm to fork

- More and more customers want to reduce their environmental impact
- Transparency and acting responsibly are increasingly important
- Ever more important to identify and manage climate-related risks in the value chain

Demographic changes and increased polarisation

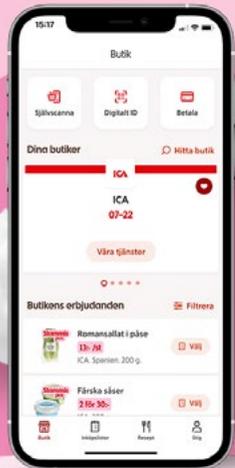
Demographic changes and increased polarisation – with more divergent values, lifestyles and incomes – are resulting in customer segments with very different needs and expectations relating to both purchasing power and preferences.



Need for flexibility in supply, assortment and offering

- Increasingly important to be able to satisfy various types of personal preferences
- Breadth and depth are important for major actors
- Knowledge and insight into customers' preferences increasingly crucial

FIND PERSONAL SOLUTIONS



Our ambition

- We excel in our markets by being the best at serving and inspiring all customer segments with tailored, local and attractive offerings to meet a broad range of everyday needs
- We are recognised for providing personal experiences that create engagement and loyalty, regardless of channel

Making life easier – by leveraging the whole of ICA Gruppen's offering

Through its combined offering of everyday services in food, pharmacy, banking and insurance, ICA Gruppen's ambition is to make every day a little easier for customers. The goal going forward is to increase collaboration and thereby create even greater added value for customers when they engage with multiple ICA Gruppen businesses.

An offering with breadth and depth

Demographic changes and increased polarisation – with more divergent values, lifestyles and incomes – are resulting in customer segments with very different purchasing power, needs and expectations. For ICA Gruppen this means there is an increased need to be able to satisfy an ever broader range of preferences. Doing this requires an offering with both breadth and depth – both online and in physical stores and pharmacies. Developing the offering within all of ICA Gruppen's businesses will continue to have a high priority going forward.



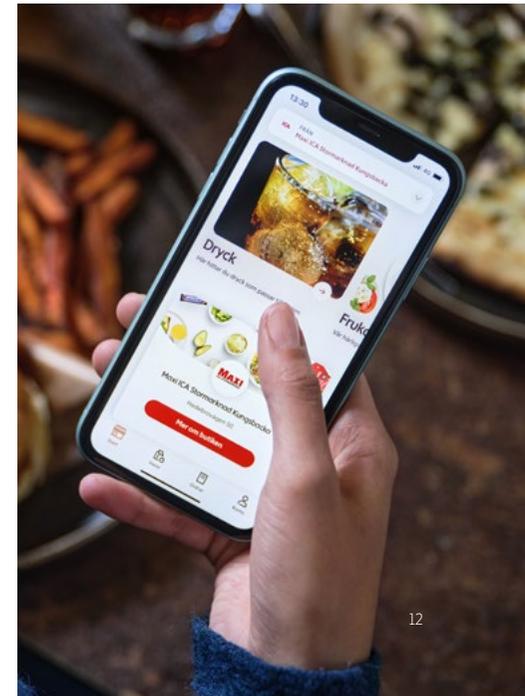
At the end of 2023 the **Stammis** loyalty programme had more than **5 million members**

Greater personalisation

The Stammis loyalty programme plays an important part in efforts to offer personal solutions. Access to data-driven customer insights from the loyalty programme provides valuable information on preferences and behaviours – thereby enabling the right offering to be made in the right channel at the right price. Alongside ICA, the programme also covers Apotek Hjärtat, ICA Bank and ICA Insurance, and at the end of 2023 had more than 5 million members in total.

Leverage the strength of the ICA model and create even stronger local offerings

One of ICA Gruppen's main strengths is the ICA model, with its ability to combine central economies of scale with the commitment, entrepreneurship and closeness to customers provided by the local retailers. This capacity is to be enhanced further in the future, not least as regards the ability to create locally customised offerings. Extensive initiatives have been under way for a long time within both ICA Sweden and Rimi Baltic aimed at facilitating local suppliers' business, thereby supporting local food production as well as satisfying in various ways the strong demand for local produce. Going forward, this work will be intensified further. The aim is to contribute to the development and growth of rural communities – while also safeguarding stable domestic food production.



SAVE TIME & EFFORT



Our ambition

- We are recognised for providing a seamless, frictionless and reliable shopping experience that saves time and effort
- We simplify and provide solutions for customers so that they have more time and energy for what they value in life

Services and customer journeys that make life easier

By allowing physical and digital channels to work together, and by fully leveraging the strength of our corporate structure, new types of services and offerings will be developed – all in order to make the customer journey and customers' lives easier.

The best omnichannel offering in the market

ICA Gruppen must meet its customers in the locations and channels where they are and where they want to be – whether this is in a physical store or pharmacy, or online. The pace of change has been fast in recent years, and will continue to be so in the years ahead. Within all the channels significant investments are currently being made in assortment, technology and infrastructure that will help enhance the customer experience and contribute to a stronger offering overall. These investments and initiatives are aimed at strengthening loyalty to the individual businesses and facilitating increased internal cooperation, but also at creating the right conditions for e-commerce that is profitable in the long term for the independent ICA retailers and for ICA Gruppen.

Greater access to stores and pharmacies

Within ICA, Rimi Baltic and Apotek Hjärtat the store and pharmacy network is continually being optimised. In addition to improvements to existing stores and pharmacies, new types of concepts are being tested. To increase the level of service and accessibility, for example, unstaffed and 24-hour grocery stores are being tested in several locations in Sweden. At the end of 2023 there were 53 unstaffed stores and there are plans to open more in the years ahead. Some are located adjacent to existing stores, while others will be in standalone locations. Most will be in sparsely populated areas or small towns. Customers use the ICA ToGo app and Swedish, Danish or Norwegian BankID to enter the stores.

At the end of 2023 there were 53 unstaffed stores in Sweden



MAKE
SUSTAINABLE
CHOICES



Our ambition

- We are the recognised industry leader in all our markets, driving the development towards reduced climate impact and a more modern and sustainable food system
- We are the best in our markets at helping and inspiring customers to make sustainable choices

For a food system that is sustainable long-term

Food production around the world accounts for a significant share of global carbon emissions and has been one of the main factors behind the loss of biodiversity. 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. At each step ICA Gruppen is making comprehensive efforts, both itself and together with others.

In terms of the environmental and climate impact of customers' purchases, efforts are being made by ICA Sweden, the independent ICA retailers, Apotek Hjärtat and Rimi Baltic to develop the assortment and implement various kinds of campaigns aimed at inspiring and engaging customers to make climate-smart choices. These include the ICA Växa (ICA Grow) initiative, increased use of sustainability-labelled raw materials and ingredients in private label products, and a focus on promoting sales of organic food. Extensive efforts are also in progress – both among customers and within the Group's own operations – to minimise the amount of food waste.

In addition to shifts in the assortment and in consumption, it is also necessary for all food production to have a lower climate impact in 2030 than it does today. Consequently, one of ICA Gruppen's targets is for its largest suppliers to work towards emissions reductions at the pace required to slow global warming (see pages 9 and 84).

For ICA Gruppen's own operations the target is also to continually reduce emissions in line with science-based climate targets (see pages 9 and 84). The focus is on a gradual switch to renewable fuels, the electrification of transport and a continued transition to refrigerants with a lower climate impact.

Working together in the value chain is key

The transition to more sustainable production and consumption requires efforts at every step in the chain. Various types of collaborations and initiatives are therefore important in enabling ICA Gruppen to achieve its ambitions.

ICA Sweden was one of the initiators of the Sustainable Food Chain collaboration, which was started in 2015 and today brings together 15 of the largest companies in Sweden within food production, grocery retail and restaurant wholesale. As part of this initiative, a common roadmap for 2030 was launched during the year called the "Swedish pledge for a sustainable supply chain for food".

Apotek Hjärtat is in turn a driver behind efforts to bring about greater transparency surrounding the environmental and climate impact of pharmaceutical production. In the Baltic region, Rimi Baltic is a leading player in the sustainability transformation of businesses – including as a founder and main sponsor of the Baltic Sustainability Awards.

+ Read more about ICA Gruppen's sustainability targets on page 9.

During the year new criteria were adopted for VÄLVALD, the labelling system for over-the-counter medicines initiated by Apotek Hjärtat in 2021.



GET VALUE FOR MONEY

Our ambition

- We are seen as offering the best value for money in our markets, in terms of price in relation to quality
- We meet the needs of diverse customer segments by having offerings that are relevant and affordable across the price range

Investments in price and value for money

Rising food and energy prices combined with higher interest rates have contributed to a marked increase in price consciousness in recent years, as well as increased demand for low-price and discounted products. The ambition at ICA Sweden, Rimi Baltic and Apotek Hjärtat is not to be a price leader, but to always be seen as offering value for money.

All the businesses work actively on ensuring attractive prices and excellent value for money. This includes lowering prices on basic goods and offering more discounts both in store and online. There is a particular emphasis on ensuring attractive prices for fruit and vegetables. ICA Sweden works on this in close cooperation with the independent ICA retailers.

Continued development of the private label assortment

A wide range of private label products plays an important role in efforts to offer good value for money. These products provide benefits for customers as well as for stores and pharmacies. They create a broad assortment while also promoting good profitability. ICA Sweden, Rimi Baltic and Apotek Hjärtat are continually working to develop and broaden the assortment, with a strong focus on the low-price segment.



Demand for low-price and discounted items increased significantly during the year.





Operating with high efficiency and speed

Our ambition

- We optimise our operations for the entire ICA system by maximising the value of our combined assets to strengthen our uniqueness and competitive advantage
- We use business insights to automate and streamline our processes, thereby reducing costs and freeing up time to spend on value-adding activities

Cooperation and coordination – to improve efficiency and reduce costs

To enable forward-looking initiatives in terms of price and offerings we need a high level of internal efficiency and a strong focus on cost control – all the way from planning and construction to logistics, IT, store operations and staffing.

Within ICA Gruppen numerous projects are under way aimed at enhancing long-term competitiveness; for example, by facilitating collaboration between the different businesses and reducing the number of overlapping functions. In addition, extensive work is being carried out on further investment in automation and automated processes. Efforts in all these areas will be intensified further in the years ahead.

An empowered organisation

The rapid changes in the world around us place high demands on the continuous development of both the organisation and working methods. Empowered teams with a mandate to act are among the key success factors for ICA Gruppen's ongoing development. ICA Gruppen works to continuously develop and improve the organisation and working methods, and also to implement transformations based on data and insights. The aim is to increase flexibility and speed in both decision-making and implementation processes – thereby enabling faster deliveries, achieving greater customer focus and minimising risk.

This transformation impacts both leadership and what has become known as employeeship. In general, decision-making is being shifted closer to the employees working in independent, cross-functional teams. An increasing focus is also being placed on greater cooperation and dialogue between the various operations and departments within the Group.

Simplicity, entrepreneurship and commitment

ICA Gruppen's operations are based on Group-wide values. A shared approach and common values make it easier to make the right decisions and also increase clarity towards customers.





Deploying next generation technology

Our ambition

- We outperform our competitors in leveraging digital technology, different channels and insights from customer data to optimise the business and increase value to our customers
- We make data and technology easily accessible to ourselves, our stores and our customers to improve user-friendliness

Decisions based on data-driven insights, AI and advanced analytics

By using digital technology and data-driven insights from various parts of the business ICA Gruppen aims to strengthen its customer offering and competitiveness. Areas of particular priority include the use of AI and advanced analytics. The potential is significant, and extensive investments are being made in both areas. AI represents a paradigm shift that will provide opportunities for entirely new types of value for both customers and the organisation. Advanced analytics will make it possible to predict events and anticipate deviations in a completely new way. Significant initiatives are taking place in both areas, with the potential to help strengthen the offerings as well as to increase internal efficiency.

Assortment optimisation

Data from sales transactions, warehouses, deliveries and actual customer behaviour, among other things, will increasingly be used to create automated recommendations to help develop, change and optimise the assortment in the individual business. The goal is to enable insight-driven decisions concerning which items to remove or replace, and which items should be added to improve efficiency and achieve a better customer offering.

Sustainability

Data-driven transformation makes it possible to target resources into the right areas to improve sustainability and also to ensure traceability in the value chain. Important areas for development include optimising measures to prevent food waste based on data-driven analysis, combining climate and sales data to analyse and identify the most efficient ways to reduce the climate impact of food sold, and developing better system support to monitor the supply chain.





Attracting and empowering people

Our ambition

- We are the most attractive and valued employer, where people have opportunities to grow, influence and perform
- We have a collaborative culture within and across our companies that mobilises the power of the organisation to make us agile, adaptable and insight-driven

We are growing together

To meet new customer needs in a rapidly changing world it is more important than ever to have employees who have authority and are empowered to continuously develop the business. Among the most critical factors are continuous learning and the development of new skills.

Learning is easy

Within ICA Gruppen learning is easy – every day. Continuous learning is about culture, habits and ways of working. It is also about having supportive structures so that everyone has the same opportunities. To better integrate on-the-job learning, increase opportunities for just-in-time learning and put the conditions in place for networking and exchange of experiences there is a new Group-wide learning platform – the Learning Hub. Once fully implemented the Hub will be available to all of the 80,000 people employed by ICA Gruppen and in the independent ICA stores.

Self-sufficient in skills

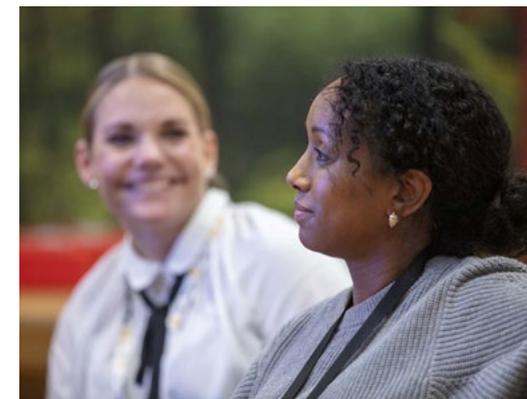
Rapid technological development combined with new consumer behaviours is changing the talent needs. Competition for the right talent and skills is tough, so to enable increased internal mobility ICA Gruppen is actively working to identify the potential of existing employees, support their learning journey and find new opportunities for their development within the Group. The purpose is to ensure access to critical talent and also to be able to offer existing employees new development and career opportunities. Ongoing initiatives include the development of an internal future marketplace where talents can match their skills to the job opportunities available.

A sustainable worklife

ICA Gruppen wants to be an attractive employer that fosters both commitment and community, and offers workplaces where people can develop together. A number of initiatives are under way within the Group aimed at ensuring a good physical, social and organisational work environment. These include training for both managers and other employees, and providing support to enable people to have a good work-life balance. ICA Gruppen applies a “flexible workplace” concept, enabling employees at many workplaces to work some of their hours remotely.

An employee experience that makes every day a little easier

ICA Gruppen's continued success is built upon being an attractive and valued employer that provides opportunities for employees to develop, influence and perform. Continuous dialogue throughout the employee journey will enhance the experience and enable further development.



Board of Directors' report

The high rate of price increases continued into 2023 and peaked in February before beginning to slow down. 2023 was characterised by the higher price level and by customer behaviour with a significant increase in their focus on price. This trend also led to lower volumes in grocery retail for much of the year. This was happening while Apotek Hjärtat and ICA Bank were having a record year and ICA Real Estate was successfully divesting a number of properties.

The year began under strong inflation pressure impacting food prices, which peaked at +21% in February. The rate gradually slowed, ending at +5.3% in December. For the full year 2023 food prices increased by 12.1% (11.3). The Baltics experienced the same trend but with bigger variations. Since the spring, the price level has been stable.

Net sales and earnings

The Group's net sales in 2023 increased by 8.3% to SEK 147,645 million (136,288). In local currencies the increase was 7.2%. The sales increase in 2023 was driven by the high inflation rate, while volume effects on grocery retail for ICA Sweden and Rimi Baltic were strongly negative up to the end of the year when the volume effects became positive again. E-commerce for food in Sweden continued to decrease during the year, but grew again in the fourth quarter. Sales for Apotek Hjärtat were driven by both volume and price. Online sales in the pharmacy market continued to grow throughout the year.

Operating profit excluding items affecting comparability was SEK 6,363 million (5,905), an increase of SEK 458 million. The increase includes an effect of IFRS 16 in the amount of SEK +228 million due to the formation of a new property joint venture (Delcore) during the year, as well as higher interest rates. The underlying improvement in operating profit of SEK +230 million can be attributed to the significantly improved profits of Apotek Hjärtat, Rimi Baltic and ICA Bank, as well as lower costs across the Group. ICA Sweden's profits were slightly lower than the previous year. They were affected by

structural costs of around SEK 245 million and lower profit sharing revenue from ICA stores of SEK 109 million. ICA Real Estate's profits were also lower, impacted by completed divestments which resulted in lower revenue from Group-owned properties. Added to this was a negative effect from non-recurring costs of around SEK 65 million, primarily related to terminated projects. The higher interest rate level and the high inflation rate during the year resulted in increased revenue for all of the Group's businesses, which had a positive effect on profits. The volume trend, on the other hand, had a negative effect on profits, except in the case of Apotek Hjärtat and ICA Insurance which saw an increase in sales volumes. The Group's gross profit increased in SEK while the gross margin decreased.

The operating margin excluding items affecting comparability was unchanged at 4.3%.

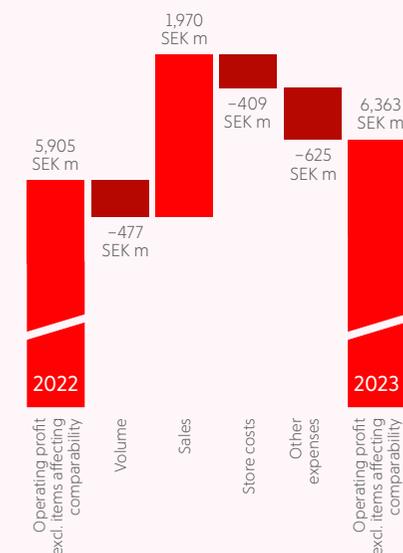
The operating profit increased by SEK 232 million to SEK 6,707 million (6,475) and includes items affecting comparability from capital gains in connection with property divestments and impairment losses in the net amount of SEK 344 million (570). Profit for the year amounted to SEK 4,250 million (4,518).

Net financial items and tax

The Group had net financial expense of SEK -2,014 million (-1,372). The difference between the years of SEK -642 million is explained in part by a higher interest rate level and in part by the higher debt ratio after the merger of ICA Gruppen AB and Murgröna Holding AB in November 2022.

Operating profit development

ICA Gruppen's operating profit excluding items affecting comparability increased by SEK 458 million, SEK 228 million of which is the effect of IFRS 16 Leases. The underlying increase in operating profit was SEK 230 million. The volume effect was negative in all of the Group's operations with the exception of Apotek Hjärtat and ICA Insurance. Inflation effects drove increased sales, which resulted in higher revenue but also increased purchasing costs and resulted in a lower gross margin overall. The profit share from ICA stores was lower and the store costs increased for Rimi Baltic and Apotek Hjärtat. Other costs include structural costs, increased credit losses and higher IT expenses.



Tax expense for the year was SEK -443 million (-585), representing an effective tax rate of 9.4% (11.5). The slightly lower tax rate in 2023 is essentially due to a difference between the years in tax effects from completed property transactions. Tax-free capital gains from these also explain why the tax rates for both 2022 and 2023 deviate from the nominal tax rate. Paid tax amounted to SEK -845 million (-822).

Financial position

Excluding IFRS 16 Leases and ICA Bank, net debt at the end of the year amounted to SEK 20.7 billion (29.5). Sustained stable cash flows and property divestments enabled the relatively large decrease in debt to take place. The Group's net debt including IFRS 16 Leases (excluding ICA Bank and pension liabilities) amounted to SEK 43.4 billion (47.1) at the end of the year. As of 31 December 2023 the net debt (excluding ICA Bank and IFRS 16 Leases) in relation to EBITDA (excluding IFRS 16 Leases) was 2.2 (3.3). The Group's long-term target is for this metric to be <2. Including IFRS 16 Leases the debt ratio was 3.3 (3.8). Debt refinancing also took place during the year through bonds totalling SEK 11 billion. Among other

things, this resulted in a significantly improved maturity profile. The issue of bonds during the year includes SEK 3.5 billion in green bonds. This is the first time that ICA Gruppen has issued a green bond (see also page 55 and 82).

Cash flow

Cash flow from operating activities (excluding ICA Bank) amounted to SEK 12,738 million (10,327). The increase was due to improved underlying profit and more positive working capital development than in the previous year. Cash flow from investing activities strengthened. This is explained by property divestments completed in 2023, although these were partly offset by a higher investment level.

Investments

Investments during the year amounted to SEK 3,759 million (2,942), of which SEK 1,734 million (960) 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. Divestments during the year amounted to a total of SEK 6.4 billion (0.7).

Parent Company

The Parent Company's net sales were SEK 1,333 million (1,303) and profit after financial items amounted to SEK 4,368 million (6,755). During the year the Parent Company received dividends from subsidiaries of SEK 5,600 million (7,000). In addition, there was a negative impact on the financial net as a result of higher interest costs.

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 2023 ICA Gruppen had around 26,650 employees, mainly in Sweden and the Baltic countries. Converted to full-time equivalents (FTEs) on an annual basis, the average number of employees was 23,763 (23,877). More information can be found in the Sustainability Report section on pages 98–99.

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 treasury management. More information about risk management is provided on pages 122–127 of this document.

Events after the balance sheet date

On 17 January ICA Sweden announced an investment of SEK 1 billion to reduce regular prices in 2024.

On 7 February it is announced that ICA Gruppen's Chairman of the Board Claes-Göran Sylvén, declines reelection ahead of the AGM on 26 April. The Nomination Committee proposes Magnus Moberg as his replacement

On 8 February ICA Gruppen issued SEK 2 billion in bonds. Proceeds from the issue will be used to refinance existing loans.

The process involving compulsory redemption of shares that was started following ICA Gruppen's buy-out from the stock exchange has been completed. ICA Gruppen and the parties that appealed the arbitration decision handed down previously have reached a settlement, following which the appeal was withdrawn. The settlement has not resulted in any change in the exercise price for the shares (SEK 534 per share), nor is there any further payment obligation for ICA Gruppen, neither for the exercise price nor for the appealing parties' legal costs. Under the settlement ICA Gruppen will also have its legal costs partially reimbursed.

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 listed in the table of contents, can be found on pages 74–109 of this document. The Corporate Governance Report can be found on pages 110–121.

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 540 million (559) in total. See also Note 17 on pages 52–53.

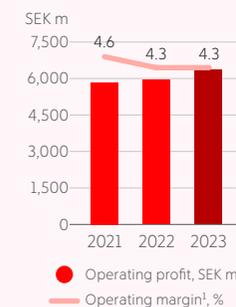
Net sales by segment

SEK m	2023	2022	2021
ICA Sweden	103,493	97,252	92,242
Rimi Baltic	21,039	18,482	16,991
Apotek Hjärtat	18,964	16,963	15,531
ICA Real Estate	3,179	2,893	2,833
ICA Bank	2,797	2,338	1,931
Other	1,334	1,303	1,334
Intra-Group sales	-3,161	-2,941	-2,904
Net sales	147,645	136,288	127,957

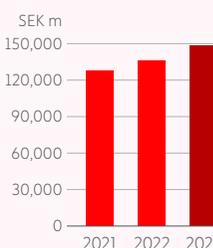
Cash flow statement, Group excluding ICA Bank

SEK m	2023	2022	2021
Cash flow			
From operating activities before change in working capital	11,579	10,513	10,301
Change in working capital	1,159	-186	-647
From operating activities	12,738	10,327	9,654
Investing activities, net	2,798	-744	-2,382
Before financing activities	15,536	9,583	7,272
Financing activities, net	-18,437	-6,696	-7,282
Cash flow for the period	-2,901	2,887	-10

Operating profit, SEK m and operating margin, %¹



Net sales



¹ Excluding items affecting comparability.

Operating profit excluding items affecting comparability by segment

SEK m	2023	2022	2021
ICA Sweden	3,731	3,769	4,019
Rimi Baltic	810	682	784
Apotek Hjärtat	689	543	444
ICA Real Estate	554	690	650
ICA Bank	458	367	181
Other	-400	-439	-446
Operating profit excl. items affecting comparability excl. IFRS 16	5,841	5,611	5,632
IFRS 16 Leases	522	294	194
Operating profit excl. items affecting comparability incl. IFRS 16 Leases	6,363	5,905	5,826

→ ICA SWEDEN

Major investments in price and value for money



The main focus during the year was on meeting a significantly increased demand for low-cost products. Efforts included price reductions on a large number of basic items, campaigns in store and online, as well as further development of private label products. To free up resources for initiatives that strengthen the offering, drive growth and help improve efficiency, work to adapt and strengthen the organisation in various ways continued alongside this.

Sales by ICA stores

Sales in the Swedish ICA stores increased in 2023 by 6.1% (3.5). The increase for comparable units amounted to 5.7% (3.3). The increase was mainly driven by high food price inflation, while volume effects were negative for the full-year. Towards the end of the year, however, there was positive volume development.

The ICA stores' online sales decreased during the year by around 11% (-24). Compared with 2019 and the situation before the pandemic, however, online sales have settled at a higher level, achieving an overall increase of around 80% between 2019 and 2023. Online sales amounted to 2.8% of total store sales during the year, compared with 3.4% in 2022 and 4.6% in 2021.

The number of stores included in ICA Sweden's central e-commerce solution decreased during the year from 456 to 391.

High inflation brought price and customer loyalty into focus

Sustained high inflation led to a noticeably greater focus on price during the year – and with it, increased demand for low-cost products. Working closely with the ICA retailers, efforts to ensure good value for money and attractive prices continued. Efforts included price reductions on a

large number of basic items, campaigns in store and online, as well as further development of private label products.

ICA Gruppen's Stammis loyalty programme also plays a key role in efforts to strengthen the offering. Access to data-driven customer insights from the loyalty programme provides valuable information on preferences and behaviours – 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.

Efficiency improvements and reorganisation

To free up further resources for initiatives that strengthen the offering, drive growth and help improve efficiency, the efficiency improvement programme adopted at the end of 2022 continued during the year. The programme aims to reduce costs by up to SEK 1 billion on an annual basis and as part of this, around 200 positions were cut during the year.

With a view to creating a stronger focus on sales, speeding up decision paths and providing better support to the ICA retailers, changes to the organisational structure were also implemented during the year. As a result, ICA Gruppen's Group IT and IT Services have become part of ICA Sweden, where they have been combined with parts of ICA Sweden's Strategy & Technology department to form the new Digital & Technology unit.

Sales growth and number of stores including retailer-owned stores

Format	Store sales (excluding VAT)			Number of stores in Sweden			
	2023, SEK m	Change, all stores %	Change, like-for-like %	Dec 2022	New	Closed	Dec 2023
Maxi ICA Stormarknad	47,668	8.2	7.0	88	2	0	90
ICA Kvantum	34,623	4.8	6.1	130	1	-2	129
ICA Supermarket	41,299	5.8	4.8	423	4	-5	422
ICA Nära	21,519	4.4	3.8	626	8	-5	629
Total	145,110	6.1	5.7	1,267	15	-12	1,270

Performance indicators

	2023	2022	2021
Net sales, SEK m	103,493	97,252	92,242
Operating profit before depreciation and amortisation (EBITDA), SEK m	4,497	4,524	4,708
Operating profit excl. items affecting comparability, SEK m	3,731	3,769	4,019
Operating margin excl. items affecting comparability, %	3.6	3.9	4.4
Investments, SEK m	943	1,110	1,000
Depreciation/amortisation, SEK m	767	754	689
Average number of employees	8,473	8,723	8,662
Private label share of store sales, %	27.0	26.7	26.7

Financial performance

ICA Sweden's revenue increased during the year by 6.4%. Lower volumes were offset by substantial inflation effects, which drove up sales revenue. Operating profit was marginally lower than in the previous year, mainly due to a lower sales volume,

price investments and structural costs of around SEK 245 million. Moreover, the profit share from the ICA stores decreased by SEK 109 million due to the lower profitability of the ICA stores. The operating margin fell to 3.6%.



→ ICA SWEDEN

Continued development of the online offering

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 year-end the number of stores connected to the customer fulfilment centre amounted to 73.

A decision was also taken in 2023 to phase out the customer fulfilment centre in Arendal. Online sales in the Gothenburg region will instead be handled differently based on local circumstances.

During the year the rollout of the Ocado Smart Platform to the stores 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.

New smart parcel delivery service

As part of the Group's efforts to make life easier, the parcel delivery service ICA Paket was launched in 2023. ICA stores receive numerous shipments of groceries and parcels for their customers every day. ICA Paket allows these parcels to be transported along with existing truck shipments from ICA's warehouses to the ICA stores – thereby utilising unused space on existing journeys.

ICA Paket is a collaboration between ICAX, Early Bird and Ingrid. Among those that have signed up to the service are Adlibris and Apotek Hjärtat.

Mobilising for Swedish food

During the year the Group continued its initiatives to support local food producers thereby facilitating a thriving Swedish agricultural sector. Initiatives include the collaboration with LRF (Federation of Swedish Farmers), which began in 2014 and has the overall goal of broadening the range of Swedish goods in stores, while also contributing to sustainable Swedish agriculture. There is also comprehensive dialogue under way with suppliers to promote food production in Sweden.

Market performance in 2023

In 2023 the Swedish grocery market was characterised by high inflation and falling volumes. According to the Swedish Food Retail Index (DVI), market growth during the year was 7.5%. Food price inflation increased substantially, amounting to 12.1% for the year as a whole compared with 11.3% 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 2023 according to the Food Retail Index was SEK 330 billion, of which SEK 13.6 billion 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. After the pandemic, however, there was a noticeable return to physical stores. According to the Swedish Food Retail Index online food sales in Sweden decreased by 4.5% in 2023, but with slightly positive growth in the fourth quarter. Compared with 2019 and the situation before the pandemic, however, online sales have settled at a higher level, amounting to around 4.1% of the total market in 2023 according to the Swedish Food Retail Index.



Future focus

In 2024 there will be a special focus on initiatives aimed at improving value for money, both actual and perceived – not least in the case of basic items and of fruit and vegetables. The private label assortment will be broadened, with particular focus on low-cost items.

Work involving the Stamma customer loyalty programme will again be intensified, including the launch of digital loyalty cards 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. The catchment area for the highly automated customer fulfilment centre in Brunna just outside Stockholm will be

expanded with the aim of connecting more ICA stores. Development of the new e-commerce platform will continue alongside this, in close partnership with both Ocado and the independent ICA retailers.

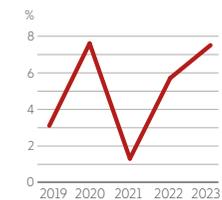
There will also be a major focus on further efficiency improvements associated with organisation and ways of working.

Support to independent ICA retailers will be further developed and improved. Priority areas include assortment, pricing, store operations, marketing and campaigns.

Around 10–15 new stores are expected to be launched in 2024. The pace of renewal of the existing store network will remain high.

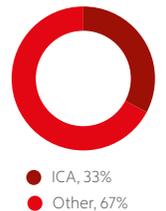


Development of the grocery retail market in Sweden



Source: Statistics Sweden, HUI, Swedish Food Retailers Federation

Market share, groceries Sweden



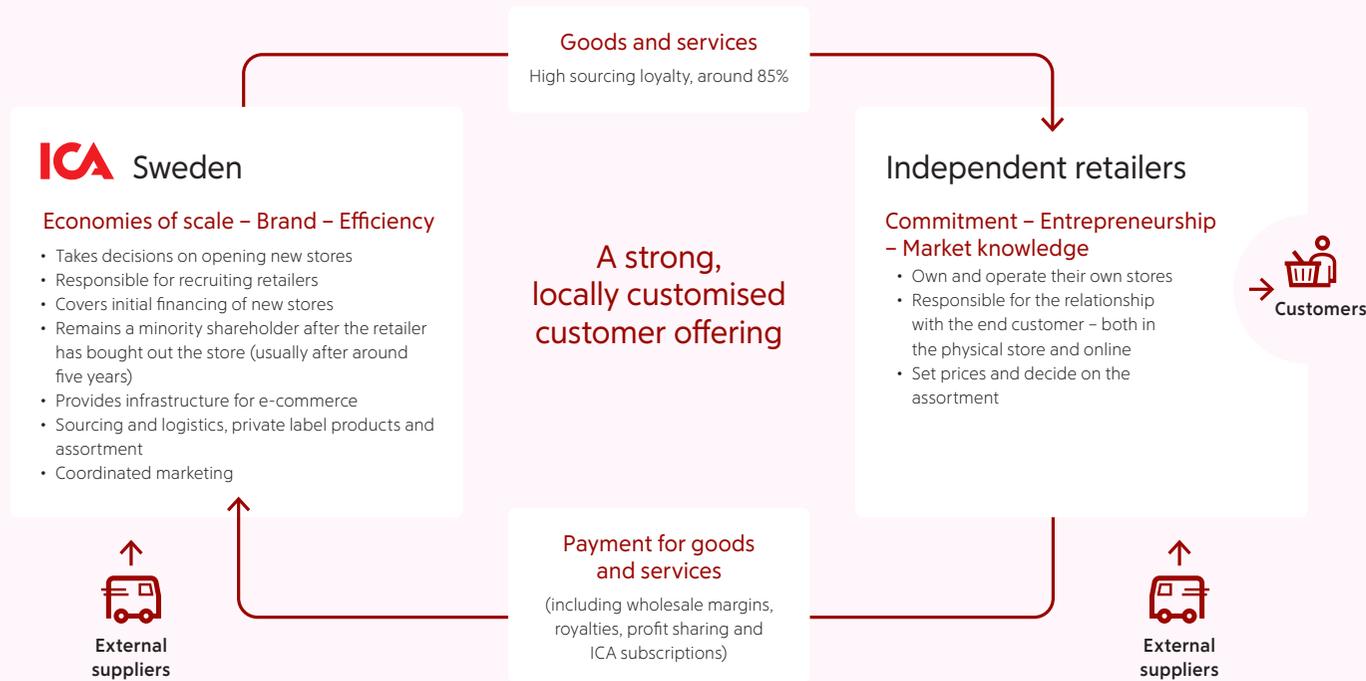
Share of total grocery consumption, 2022

Source: Statistics Sweden, HUI, ICA analysis

→ ICA SWEDEN

The ICA Idea – a unique business model since 1917

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



Clear division of responsibility

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

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

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

ICA Sweden's revenue and earnings

Revenue that contributes to profits

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

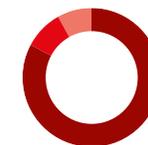
Revenue that provides cost coverage

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

Factors affecting ICA Sweden's profits

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

ICA Sweden's revenue in 2023



- Wholesale, 83%
- Store subsidiaries and non-food sales at Maxi ICA Stormarknad hypermarkets, 9%
- Other sales/revenue, 8%

ICA Sweden's profit in 2023



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

→ RIMI BALTIC

Strong results in a challenging market

For Rimi Baltic the majority of 2023 was characterised by continued stiff competition on price, falling volumes and high – albeit reducing – levels of inflation. However, cost savings implemented, lower energy prices and a strong overall focus on cost control contributed to strong financial results for the year.



Price-driven sales

Overall during the year, net sales increased by 5.6% (in SEK net sales increased by 14%). The increase in sales was driven by high inflation at the beginning of year with negative volume development. That changed at the end of the year with negative price effects and increasing volumes. Both total and comparable store sales increased in all three countries, the strongest growth taking place in Estonia.

Focus on price and costs

High inflation and reduced disposable incomes led to a greater focus on prices in a market that generally favoured discount actors.

To meet increased demand for low-cost products the review of prices initiated previously continued during the year, alongside the implementation of a new assortment strategy. Initiatives included price cuts for a large number of items, an increased share of low-cost products in the assortment, ongoing development of private label products and the enhancement of loyalty programmes.

On the cost side there was a strong focus on the supply chain, store operations and administrative expenses. Energy costs during the year were significantly lower than in the previous year.

Continued development of store network and online offering

The optimisation of the store network continued during the year. Overall 16 new stores were opened, the majority in Latvia and Lithuania. A total of five stores were closed during the year.

The e-commerce initiatives continued in parallel in all three countries. In addition to a click-and-collect option, home delivery is now also being offered in a growing number of locations. Overall, sales increased in local currency by around 12.1% compared with 2022. As a share of total sales, online sales were at a level of 2.8% (2.6) in 2023.



Performance indicators	2023	2022	2021
Net sales, SEK m	21,039	18,482	16,991
Operating profit before depreciation and amortisation (EBITDA), SEK m	1,338	1,162	1,264
Operating profit excl. items affecting comparability, SEK m	810	682	784
Operating margin excl. items affecting comparability, %	3.9	3.7	4.6
Investments, SEK m	666	465	507
Depreciation/amortisation, SEK m	462	458	442
Average number of employees	10,981	10,893	11,175
Private label share of store sales, %	26.0	24.3	23.1
EUR exchange rate, average	11.47	10.63	10.14

Store format by country

Concept	Estonia	Latvia	Lithuania	Total
Rimi Hyper	17	37	40	94
Rimi Super	24	35	37	96
Rimi Mini	39	60	–	99
Rimi Express	2	6	11	19
Total	82	138	88	308

Sales development and number of stores

Country	Store sales (excluding VAT)			Number of stores			
	2023, EUR m	Change, all stores %	Change, like-for-like %	Dec 2022	New	Closed	Dec 2023
Estonia	471.1	6.9	6.6	81	3	–2	82
Latvia	884.3	4.1	3.3	133	6	–1	138
Lithuania	453.4	6.4	2.2	83	7	–2	88
Total	1,808.9	5.4	3.9	297	16	–5	308

Financial performance

Strong inflationary effects drove sales during the year, but this was partly offset by negative volume development. Increased sales revenue and reduced shrinkage costs led to higher gross profit, while the gross margin fell as a consequence of price invest-

ments implemented. Energy costs were significantly lower than in the previous year, while other costs for store networks and staff increased. Both operating profit and the operating margin increased compared with 2022.

➔ RIMI BALTIC

Market performance in 2023

The grocery retail market in the Baltics grew by 8.4% in 2023, driven entirely by price. Food price inflation remained at very high levels until mid-year, after which it decreased significantly. In December food inflation rates were 4.1% in Estonia, 2.7% in Latvia and 0.1% in Lithuania.

Total sales in the Baltic grocery retail market were around EUR 14.3 billion in 2023, with Lithuania accounting for around 46%, Latvia for 29% and Estonia for 25%. Online grocery sales continued to increase during the year, as did the number of e-commerce players.

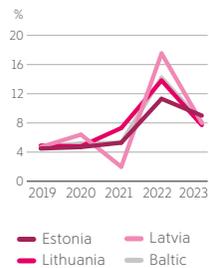
Tough competition and an emphasis on price

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, where Lidl

in particular increased its presence in all three countries. In addition, decreasing 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



Future focus

In 2024 there will be a strong focus on reversing the negative trend in market share. Efforts will include continued initiatives in the areas of prices and assortment, along with further development of the loyalty programme.

To remain competitive over time, continued optimisation of the store network and an overall strong focus on cost-effectiveness are essential – not least through ongoing efficiency improvements in store operations, logistics and administration.

The expansion of the store network will continue. A particular emphasis will be placed on the Supermarket format. In total, an estimated 15 new stores are expected to be established across all three countries in 2024.

→ APOTEK HJÄRTAT

Strong sales and enhanced market shares



For Apotek Hjärtat, 2023 was characterised by strong sales and improved market share. This development was underpinned by very strong sales growth, both in physical pharmacies and online.

Overall, net sales increased during the year by around 12%. This was driven mainly by higher average prices on prescription items, but also by positive volume growth.

Apotek Hjärtat's market share increased in 2023, both in physical pharmacies and online. In physical pharmacies sales increased during the year by 10.4% and pharmacies located close to food outlets continued to see strong growth during the year. E-commerce also continued to grow, with an increase in online sales of 17.5%. As a share of total sales, online sales amounted to 10.3% in 2023, an increase of 0.5 percentage points compared with 2022.

Further investments in online sales, fulfilment centre and logistics

During the year the development of the online offering continued, with the assortment being broadened and deepened. Categories broadened most include skincare, dietary supplements and items in the baby and child range Lilla Hjärtat (Little Heart). There is also growing interest in the "Medvetna val" (Conscious Choices) label. Great efforts have been put into improving the website and customer service, including through enhanced search functionality, a new chat function and better response times.

Major initiatives also included the continued fine-tuning of Apotek Hjärtat's new customer fulfilment centre in Norrköping. The centre is an important part of efforts to secure capacity for continued expansion and to improve efficiency and increase delivery capacity. It also helps strengthen the omnichannel offering, which in addition to the online pharmacy and the physical pharmacies includes collaboration with ICA Sweden and the independent ICA retailers.

During the year collaboration with global technology company GreyOrange on automation of the customer fulfilment centre continued, aimed at enabling faster and more flexible deliveries, quality assurance and the ability to offer a wider assortment of products in order to create long-term growth.

Collaboration between physical pharmacies and online

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. The option of home delivery from a local pharmacy the same evening continued to gain ground. More and more customers are also being offered a supplementary home delivery if anything was not available when they visited the pharmacy.

Performance indicators	2023	2022	2021
Net sales, SEK m	18,964	16,963	15,531
Of which:			
Prescription drugs, SEK m	14,131	12,547	11,558
OTC drugs, SEK m	1,728	1,588	1,400
Other products and services, SEK m	2,889	2,738	2,574
Operating profit before depreciation and amortisation (EBITDA), SEK m	884	741	627
Operating profit excl. items affecting comparability, SEK m	689	543	444
Operating margin excl. items affecting comparability, %	3.6	3.2	2.9
Investments, SEK m	202	178	208
Depreciation/amortisation, SEK m	195	198	184
Average number of employees	3,245	3,203	3,049
Private label share of other products, %	18.6	17.0	17.4
Min Doktor, share of operating profit excl. items affecting comparability	-19	-81	-56

Number of pharmacies	Dec 2022	New	Closed	Dec 2023
Apotek Hjärtat	390	5	-5	390

Financial performance

Apotek Hjärtat's operating profit excl. items affecting comparability improved in 2023 reaching the highest level ever. The improvement was driven by strong sales growth accompanied by positive volume effects. The growth was offset by high logistics costs as well as increased store and IT expenses. Also, the amount contributed to earnings by parallel

imports was lower than the previous year, while revenue from parallel imports increased. Min Doktor's share of profits improved substantially, from SEK -81 million to SEK -19 million, or by SEK +62 million. This is mainly due to a significantly lower cost level. Overall, the operating margin strengthened by 0.4 percentage points to 3.6%.



→ APOTEK HJÄRTAT

Increased co-location with ICA stores

Altogether five new pharmacies were opened during the year, three of which were in new areas. All the new pharmacies opened in locations close to ICA. Five pharmacies were closed during the year. To optimise the pharmacy network a number of pharmacies were also relocated, resulting in a further increase in co-location with ICA stores. Moreover, a large number of pharmacies were refurbished in line with Apotek Hjärtat's newer store concept, which combines traditional pharmacy products and services with a broad offering within health and wellbeing.



A stronger position in health

During the year Apotek Hjärtat continued its efforts to develop and offer simple healthcare services. In partnership with Blodtrycksdoktorn (the Blood Pressure Doctor), during the year blood pressure measurement was established at nearly 150 pharmacies throughout Sweden. The aim is to provide greater access to professional blood pressure measurement, along with rapid investigation and effective treatment where necessary.

Apotek Hjärtat has co-owned Min Doktor since 2018. During the year the collaboration with Min Doktor continued to be developed, and at the end of the year Min Doktor operated 16 combined health and vaccination clinics in seven different locations directly adjacent to Apotek Hjärtat and ICA Maxi stores.

The number of mobile vaccination clinics is being expanded in 2024. At the end of the year vaccinations were available directly adjacent to around 80 pharmacies, in partnership with Min Doktor or Vaccinova.



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 consolidating the position of the physical pharmacies while continuing to grow and take market share online. A key part of these efforts involves continued integration between the e-commerce channel and the physical pharmacies. As one step in this, in 2024 the e-commerce platform is being developed further while the rollout of new IT infrastructure for the physical pharmacies begins at the same time.

There will also be considerable emphasis on developing and broadening the customer offering, not least as regards value-for-money choices for customers. This will be done, for

example, by investing in private label products and updating communication on price.

Customer loyalty will be strengthened further, including through increased cooperation with other operations within ICA Gruppen. Deliveries using ICA Paket are an exciting development here.

Another fundamental aspect is a continued focus on efficiency improvements in areas such as logistics, warehouse management and staffing. A key element of this will be further investment in automation and automated processes, particularly at the new customer fulfilment centre in Norrköping.

A total of eight new pharmacies are planned for 2024, all in locations close to ICA stores. At the same time, the rate of renewal of existing pharmacies will remain high.

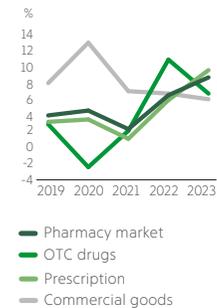


Market performance in 2023

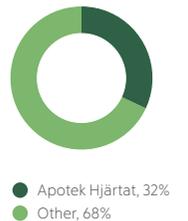
The combined sales in the Swedish pharmacy market during the year amounted to around SEK 58.4 billion, representing an increase of 8.7% compared with 2022. This was explained by higher average prices on prescription items, some inflation effects on other products as well as volume growth.

Sales in physical pharmacies increased during the year by 6.6%. In contrast to physical grocery retail, online sales continued to grow during the year, with an increase of 17.3%. In total, online sales accounted for 21.0% of the market, an increase of 1.6 percentage points compared with the previous year.

Growth of the pharmacy market in Sweden 2019–2023



Apotek Hjärtat's market share



Source: Swedish Pharmacy Association

→ ICA REAL ESTATE

Multiple large transactions and projects

For ICA Real Estate, 2023 was marked by various large transactions including the divestment of a substantial warehouse in Hacksta, Västerås and the sale of a large number of properties to jointly owned Delcore Fastigheter. In addition, work to support and develop ICA's store network and e-commerce in Sweden continued.



Two large transactions were completed during the year, involving the divestment of properties for around SEK 5.4 billion with a corresponding effect on the Group's net debt excluding IFRS 16 Leases. Including IFRS 16 Leases, the divestments resulted in capital gains for the Group of around SEK 500 million and a reduction in the Group's net debt of around SEK 1.5 billion.

Sale of properties to jointly owned Delcore Fastigheter

At the end of 2022 ICA Real Estate and the occupational pensions company AMF established a new jointly owned property company. AMF took up ownership of its share of Delcore Fastigheter on 1 April 2023. The purpose of the company is to acquire and own ICA stores and other commercial property in strategic locations where ICA is the main tenant. The company acquired store properties in a total of 30 marketplaces in Sweden from ICA Real Estate. The total value of the properties was around SEK 5 billion.

Sale of warehouse property to Genesta

In 2023 the property Saltängen 1, ICA Sweden's central warehouse in Västerås, was sold to Genesta through a so-called sale and leaseback transaction, with ICA Real Estate entering into a 15-year lease in connection with the sale. The property has an area of more than 101,000 square metres. The transaction only involves a change of ownership, with the property itself remaining an important part of ICA Sweden's logistics operations.

Several large projects during the year

A significant focus during the year was on supporting, strengthening and developing ICA's store network and logistics in Sweden. As part of this effort, ICA Sweden's new flower warehouse outside Västerås was completed during the year. The construction of ICA Sweden's new freezer warehouse, located in close proximity to the flower warehouse, continued at the same time.

In the Åkersberga development area in Österåker municipality a new ICA Maxi store was opened during the year, with Apotek Hjärtat as its closest neighbour. The building, covering around 7,000 square metres, has a sedum roof and solar panels, and is entirely constructed in wood. Geoenergy is used to heat and cool the building, which is certified to Miljöbyggnad Gold level. Charging points for electric vehicles are provided in the car park.

Market valuation

The table shows the book value as well as the assessed market value of properties that are partly and wholly owned by ICA Real Estate. Given the weak property market in 2023, the market value assessments were slightly lower at the end of 2023 compared with one year prior.

	Book value	Assessed market value
Wholly owned Swedish properties	11.7	16.8
Properties partly owned through joint ventures, of which:	14.2	17.2
Ancore ¹	5.4	8.2
Trecore ¹	3.9	4.2
Delcore ¹	4.9	4.9
Total incl. partly owned properties	25.9	34.0
Total ICA Real Estate²	18.9	25.4

¹ Reported according to the equity method (see also Note 12).

² Wholly owned properties and 50% of partly owned properties.

Performance indicators 2023 2022 2021

Net sales, SEK m	3,179	2,893	2,833
Of which rental income from owned properties, SEK m	1,123	1,354	1,329
Operating profit before depreciation/amortisation (EBITDA), SEK m	2,194	2,451	1,308
Operating profit excl. items affecting comparability, SEK m	554	690	650
Operating margin excl. items affecting comparability, %	17.4	23.9	22.9
Investments, SEK m	1,734	960	889
Divestments, SEK m	5,442	588	221
Depreciation/amortisation, SEK m	448	563	610
Property yield, %	6.4	7.1	7.0
Occupancy rate, %	98.5	98.6	98.5
Average number of employees	112	116	117

Other performance indicators

	Wholly owned	Joint venture according to the equity method ¹
Book value of owned properties, SEK bn	11.7	14.2
Assessed market value, SEK bn	16.8	17.2
No. of properties owned	95	111
No. of square metres owned, thousands	556	591
Occupancy rate, %	98.5	98.9
Share of rents from non-ICA operations, %	15.6	
Investments, SEK m	1,734	
Divestments, SEK m	5,442	

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

Financial performance

ICA Real Estate's operating profit excluding items affecting comparability decreased by SEK 136 million in 2023. This is essentially explained by the divestments that took place, which resulted in lower

revenue from Group-owned properties. There were also non-recurring costs of around SEK 65 million linked to terminated projects. This was partially offset by lower operating expenses during the year.

→ ICA REAL ESTATE

In the Björlanda Ängar area of Gothenburg development of the new ICA Nära Björlanda continues. Alhem Fastigheter is developing 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 started during the year included the construction of new ICA Maxi stores in Lund, Arninge and Norrköping.

Development also 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 Brunnhög district outside Lund and the Berga Centrum shopping centre in Linköping.

Major focus on efficiency, energy consumption and costs

In response to the higher cost level, a number of projects aimed at improving cost efficiency continued to be implemented during the year. The aim is also to optimise ways of working and requirement specifications in connection with new builds and renovations.

Within property management, work continued on a major project relating to control and operational monitoring of all managed properties. The aims 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. These efforts form part of ICA Gruppen's group-wide energy strategy, which aims for a 20% reduction in energy consumption in both stores and logistics properties.

Reducing environmental and climate impact

ICA Real Estate has numerous initiatives aimed at constantly reducing the environmental and climate impact of the properties. Efforts to minimise climate impact begin right from the planning phase. As far as each project allows, a timber frame is used 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.

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.

Market performance in 2023

In 2023 the transaction market was characterised by higher interest rates, increased costs, a tight financing market, a virtually non-existent bond market and an increased need for equity in investments.

The new market conditions have resulted in a sluggish market where buyers and sellers have at times struggled to meet. All property segments have been affected by higher yield requirements and declining property values, even though valuations in many cases lag behind the transaction market. Segments where inflation-driven rent increases are strong have been more resilient, with the upcoming 6.5% rent adjustments in 2024 based on the Consumer Price Index (CPI) expected to partially compensate for the higher yield requirements.

Assuming that the interest rate situation stabilises and turns around in 2024, we are likely to see a gradual improvement in the transaction market. Until then, rising market interest rates and the limited availability of borrowed capital continue to demand that property companies adjust their balance sheets to new conditions through new share issues, sales and structural deals. In recent years listed property companies have shifted from

being the largest net buyers to the largest net sellers in the market, with institutions having generally reduced their acquisitions at the same time.

The current market conditions, combined with declining demand, have put residential construction in a downward spiral. The number of homes commenced decreased significantly in 2023, a decline that is expected to continue in 2024 as many planned projects are paused or cancelled. This is hitting the construction sector hard, but may create opportunities for capital-strong investors. Nonetheless, sustainability remains a crucial issue for both the banks and the market, imposing increased demands on property owners' commitment and willingness to invest in climate-adapted properties and socially sustainable areas. This trend is expected to become ever stronger in a more conscious and reticent financing and investment climate.



Future focus

The focus in 2024 will be on creating stores and shopping centres that are even more attractive – all with the aim of supporting the ICA retailers in their efforts to become more competitive, take market share and enhance their 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.

There will continue to be a major focus on optimising the costs of new building work and refurbishments, and on further improvements in efficient energy use in ICA stores, pharmacies and logistics premises.



→ ICA BANK

Strong results and strengthened position within mortgages

The year 2023 was ICA Bank's most profitable to date, largely driven by improved net interest.

During the year ICA Bank continued its efforts to develop both its operations and its offering. The extensive transition process of recent years has resulted in a significantly broader financial services offering within lending, saving, payments and insurance. It has also brought in more customers and strengthened relationships with existing customers. However, business volumes, measured as the sum of lending, deposits, saving in investment funds, and mortgages, only increased marginally in 2023. At the end of the year there were more than a million bank customers.

New mortgage offering performs well

In 2023 the launch of ICA Bank's home mortgage offering continued. 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.

As a consequence of the general slowdown in the housing market, demand for new mortgages during the year was relatively weak. Demand for refinancing of existing loans remained strong. ICA Bank's share of the total market growth amounted to just over 11% during the year.

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

Stronger card offering

During the year a number of improvements were made for ICA Bank's card customers. At the beginning of the year interest was introduced on the accounts linked to all of ICA Bank's payment cards. This means that customers holding one of ICA Bank's payment cards get an attractive interest rate on their current account while still getting loyalty points when shopping at ICA stores and at Apotek Hjärtat – and a double bonus as a customer of ICA Bank.

Other news during the year included a stronger card offering aimed at children and young people, as well as the option to pay with Swish in ICA stores. It also became possible to connect ICA Bank's cards to Apple Pay, allowing fast, simple and secure payments by iPhone or Apple Watch.

Continued growth for ICA Insurance

ICA Insurance continued to grow during the year, albeit at a somewhat slower pace than previously. Revenue from premiums increased by 13.5% and at the end of the year there were around 240,000 customers. The insurance business strengthens and broadens ICA Bank's customer offering, and also helps improve customer loyalty in the grocery retail business.



Performance indicators	2023	2022	2021
Revenues, SEK m	2,797	2,338	1,931
of which net interest income	1,398	1,059	835
Operating profit before depreciation/amortisation (EBITDA), SEK m	517	405	203
Operating profit excl. items affecting comparability, SEK m	458	367	181
of which ICA Insurance	59	100	38
Cost/income ratio, % ¹	52	56	63
Return on equity, % ²	10.7	8.5	4.9
Credit loss ratio, % ¹	-2.3	-1.8	-1.5
Common equity Tier 1 ratio, % ¹	14.1	13.9	13.9
Business volume, SEK m ¹	58,403	58,194	54,489
Average number of employees	514	485	452

¹ Refers to ICA Banken AB.

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

Financial performance

ICA Bank's revenue increased in 2023 by SEK 459 million, SEK 339 million of which was made up of higher net interest income and SEK 119 million was from increased insurance revenue for ICA Insurance. Net commission income was marginally higher than in 2022. ICA Bank's operating profit rose to SEK 458 million, an increase of SEK 91 million, the bank's highest profits to date. The increase in profits is essentially explained by the positive effects of higher market interest rates, although they were partially offset by higher costs. However, the cost/income ratio showed positive development. The credit losses were SEK 70 million higher than the previous year. In addition, operating profit for ICA Insurance was SEK -41 million lower as the higher revenue was offset by an unfavourable claims outcome as well as a slightly higher cost level.

Market performance in 2023

The banking market was characterised by rising interest rates as well as significantly reduced demand and growth in both deposits and lending compared to previous years. Customers used a portion of their savings for consumption and to pay down loans. Housing loan actors with attractive terms for savings account interest increased their share of the deposit market.

The banks gradually decreased their lending to households and non-financial companies in Sweden during the year. The main reasons included lower transaction volumes in the housing market and the associated lower demand for mortgages. Although several actors saw their housing loan volumes decrease, ICA Bank increased its market share, taking 11.3% of the market growth.

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 mort-

gage 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 8. Performance measure data and definitions are also available at icagruppen.se/en.



Definitions of key ratios

Business volume (ICA Bank)

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

C/I ratio (ICA Bank)

Total costs in relation to total income.

Capital employed

Equity plus interest-bearing liabilities.

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/EBITDA

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

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 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	2023	2022
Net sales	2	147,645	136,288
Cost of goods and services sold	3	-122,889	-113,230
Gross profit		24,755	23,058
Selling expenses	3	-14,584	-13,858
Administrative expenses	3, 5	-4,360	-3,919
Other operating income	6	514	623
Other operating expenses	3	-	0
Share of profits of associates and joint ventures	12	38	1
Operating profit excl. items affecting comparability	2, 4, 5, 7	6,363	5,905
Capital gains/losses from sale of subsidiaries and non-current assets	2, 16	514	799
Impairment and impairment reversed	2, 3	-170	-229
Operating profit	2	6,707	6,475
Financial income		107	38
Financial expense		-2,120	-1,410
Net financial items	8	-2,014	-1,372
Profit before tax		4,693	5,103
Tax	9	-443	-585
PROFIT FOR THE YEAR		4,250	4,518
Other comprehensive income, items that will not be reclassified to profit or loss, net after tax			
Remeasurement of defined benefit pensions	9, 18	-513	1,148
Other comprehensive income, items that may be reclassified to profit or loss, net after tax			
Change in translation reserve		-34	208
Change in hedging reserve		-507	661
Share of other comprehensive income of joint ventures		-68	53
Total items that may be reclassified to profit or loss	9, 17	-608	923
COMPREHENSIVE INCOME FOR THE YEAR		3,129	6,588

SEK m	Note	2023	2022
Profit for the year attributable to:			
Owners of the parent		4,250	4,511
Non-controlling interests		0	7
Comprehensive income for the year attributable to:			
Owners of the parent		3,129	6,582
Non-controlling interests		0	7

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Consolidated statement of financial position

Assets				
SEK m	Note	31 Dec. 2023	31 Dec. 2022	
Non-current assets				
<i>Intangible non-current assets</i>	10			
Goodwill		16,301	16,301	
Trademarks		12,978	12,985	
IT systems		2,376	2,261	
Other		23	8	
		31,678	31,555	
<i>Property, plant and equipment</i>	11			
Buildings and land		10,974	11,312	
Investment properties		1,263	1,226	
Leasehold improvements		392	404	
Equipment		2,953	2,987	
Construction in progress		1,943	1,110	
		17,526	17,038	
Leased right-of-use assets	7	21,356	17,042	
		38,881	34,080	
<i>Financial non-current assets</i>				
Interests in joint ventures and associates	12	1,305	1,162	
ICA Bank's investments	13	4,239	4,092	
ICA Bank's lending	13	15,193	16,955	
Receivables from related parties	15	15	0	
Other financial non-current assets		450	920	
		21,203	23,130	
<i>Deferred tax assets</i>	9	60	59	
Total non-current assets		91,822	88,823	

Assets				
SEK m	Note	31 Dec. 2023	31 Dec. 2022	
Current assets				
<i>Inventories</i>	14	5,182	5,506	
<i>Current receivables</i>				
Trade receivables		5,015	5,263	
ICA Bank's investments	13	100	0	
ICA Bank's lending	13	4,341	3,707	
Receivables from related parties	15	162	134	
Other current assets		210	147	
Prepaid expenses and accrued income		3,406	3,253	
Assets held for sale	16	1	4,236	
		13,235	16,740	
<i>Cash and cash equivalents</i>	21	6,884	10,143	
Total current assets		25,301	32,389	
TOTAL ASSETS		117,123	121,211	

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Cont. Consolidated statement of financial position

Equity and liabilities			
SEK m	Note	31 Dec. 2023	31 Dec. 2022
Equity	17		
Share capital		503	503
Other capital contributed		7,694	7,694
Reserves		1,001	1,609
Retained earnings		8,230	5,073
Equity attributable to owners of the parent		17,428	14,878
Non-controlling interests		0	0
Total equity		17,428	14,878
Non-current liabilities			
Provisions for pensions	18	3,539	2,800
Deferred tax liabilities	9	3,711	4,314
Bonds	19	11,488	1,464
Other interest-bearing liabilities	19	9,566	15,479
Non-current lease liabilities	7, 19	18,330	13,772
Other provisions		65	15
Other liabilities		53	37
Total non-current liabilities		46,750	37,881
Current liabilities			
Bonds	19	957	1,726
Other interest-bearing liabilities	19	1,231	16,331
Trade payables		17,227	16,576
Deposits ICA Bank	13	24,336	25,828
Current lease liabilities	7, 19	4,436	3,793
Liabilities to related parties	15	8	0
Tax liabilities		53	111
Other liabilities		1,364	1,080
Provisions		369	182
Accrued expenses and deferred income		2,963	2,826
Total current liabilities		52,945	68,453
TOTAL EQUITY AND LIABILITIES		117,123	121,211

Consolidated statement of changes in equity

SEK m	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other capital contributed	Reserves	Retained earnings	Total		
Opening equity, 1 January 2022	503	7,694	687	28,616	37,500	186	37,686
Changed accounting principle IFRS 17				108	108		108
Opening equity, 1 January 2022 after changed accounting principle	503	7,694	687	28,725	37,608	186	37,794
Profit for the year				4,511	4,511	7	4,518
Other comprehensive income			923	1,148	2,071	0	2,071
Comprehensive income for the year			923	5,659	6,582	7	6,588
Change in the Group's owners				-29,174	-29,174		-29,174
Acquisition of non-controlling interests				-138	-138	-193	-331
Closing equity, 31 December 2022	503	7,694	1,609	5,073	14,878	0	14,878
Opening equity, 1 January 2023	503	7,694	1,609	5,073	14,878	0	14,878
Profit for the year				4,250	4,250	0	4,250
Other comprehensive income			-608	-513	-1,121	0	-1,121
Comprehensive income for the year			-608	3,737	3,129	0	3,129
Expenses relating to buyout from Nasdaq ¹				-21	-21		-21
Dividend				-559	-559		-559
Closing equity, 31 December 2023	503	7,694	1,001	8,230	17,428	0	17,428

¹ The expenses relate to the procedure for the buyout of ICA Gruppen's shares from Nasdaq Stockholm.

Consolidated statement of cash flows

SEK m	Note 21	2023	2022
Operating activities			
Operating profit		6,707	6,475
Dividend from joint ventures	12	75	75
Adjustments for non-cash items		6,177	5,202
Income tax paid		-845	-822
Cash flow from operating activities before change in working capital		12,114	10,931
Change in working capital			
Inventories (increase - /decrease +)		284	-692
Current receivables (increase -/decrease +)		11	-666
Current liabilities (increase +/decrease -)		961	1,162
ICA Bank's net of deposits, lending and investments		-580	-572
Cash flow from operating activities		12,789	10,163
Investing activities			
Purchase of property, plant and equipment and intangible assets		-3,759	-2,943
Sale of property, plant and equipment and intangible assets		6,399	667
Loans issued		-32	-39
Repayment of loans issued		18	52
Interest received		100	36
Purchase and sale of properties in Secore/Trecore		-	1,452
Investments in joint ventures and associates	12	-258	-228
Cash flow from investing activities		2,468	-1,001
Financing activities			
Borrowings		11,002	29,202
Repayment of borrowings		-22,878	-21,211
Repurchase of treasury shares through previous Parent Company/Process fees ¹		-21	-9,249
Capital contributions, acquisitions and dividends relating to non-controlling interests		0	-331
Amortisation lease liabilities		-4,097	-3,572
Interest paid lease liabilities		-675	-383
Interest paid		-1,292	-1,147
Dividend paid to shareholders of ICA Gruppen AB		-559	-
Cash flow from financing activities		-18,520	-6,692

SEK m	Note 21	2023	2022
Cash flow for the year			
Cash and cash equivalents at beginning of year		10,143	6,391
Merged cash and cash equivalents		-	1,258
Exchange differences in cash and cash equivalents		3	24
Cash and cash equivalents at end of year		6,884	10,143

¹ The expenses in 2023 relate to the procedure for the buyout of ICA Gruppen's shares from Nasdaq Stockholm. For 2022 the item refers to the acquisition by Murgröna Holding AB of shares in ICA Gruppen AB, which is explained in Note 1 of the 2022 Annual Report.

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 Aktieföretag (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.

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 21 February 2024.

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.

New standards and interpretations applied from 1 January 2023

IFRS 17 Insurance Contracts is applied retroactively from 2023. ICA Insurance runs insurance operations. IFRS 17 involves changes to the principles for recognition and measurement of issued insurance contracts, which has a limited effect on ICA Gruppen's financial statements.

Since IFRS 17 is applied retroactively, the 2022 financial statements have been restated in accordance with IFRS 17.

The transitional effect on equity as of 1 January 2022, after the effect of deferred tax, amounted to SEK +108 million.

ICA Gruppen's statement of comprehensive income for 2022 has been changed as follows:

SEK m accumulated	2022
Net sales	36
Cost of goods and services sold	-13
Gross profit	22
Operating profit	22
Tax	-5
Profit for the year	18

ICA Gruppen's balance sheet has been changed as follows:

SEK m	31 Dec. 2022
Current receivables	-514
Total assets	-514
Equity	126
Non-current liabilities	33
Current liabilities	-673
Total equity and liabilities	-514

IFRS 17 has not resulted in any changes to cash flow from operating activities, investing activities or financing activities for 2022.

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

BEPS 2.0, global minimum tax rules, and changes to IAS 12 Income Taxes as a consequence of these

IASB has introduced amendments to IAS 12 in response to the global minimum tax rules (BEPS 2.0). The amendments involve a temporary mandatory exception from reporting deferred tax relating to BEPS 2.0. The amendments apply from 1 January 2023.

BEPS 2.0 is an extremely complex set of rules the interpretation of which is not unambiguous. BEPS 2.0 is effective as of 1 January 2024 with certain safe harbour relief during the initial years.

ICA Gruppen is running a project to address application of BEPS 2.0. The focus at this time is on interpreting the implications of the rules and assessing

the effects in the various countries where ICA Gruppen operates. Although the nominal tax rates in Estonia and Latvia are zero, dividends are taxed at a rate of around 15% or higher. Dividends are usually distributed every year and tax is therefore payable on them. ICA Gruppen has limited taxable activities in Asia. In Sweden and Lithuania the nominal tax rates are 20.6% and 15.0% respectively.

Since the rules are extremely complex and many parts are difficult to interpret, it is not currently possible to assess whether or not BEPS 2.0 will have any effect on ICA Gruppen's current tax in 2024.

New standards from IASB applied from 2024 onwards that are relevant to ICA Gruppen

Some minor amendments to standards have been endorsed for application from 2024, but no amendment is expected to materially impact ICA Gruppen's financial statements. The same applies for the interpretations issued by IFRS IC.

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

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures have been amended with regards to supply chain finance. Disclosures are required on arrangements covered by the definition that has been introduced in IAS 7. Once the amendment has been adopted by the EU, the disclosures will be required for the first time in the 2024 Annual Report provided that the information is material for ICA Gruppen's financial statements.

No other changes of relevance for ICA Gruppen have been issued by IASB.

Accounting principles applied

Basis of accounting

The consolidated financial statements are based on historical acquisition cost, 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.

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Cont. Note 1 Accounting principles and general information

The majority of ICA stores are owned and operated by independent retailers. These retailers make independent decisions on activities relevant to their store operations, such as sourcing, pricing, investments and HR matters. 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 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 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 that is not leased back 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 liability.

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.

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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. Remeasurement 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.

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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. Retail operations in the Baltic countries take place within the Rimi Baltic segment. The ICA Real Estate segment

is a real estate business focusing on 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External net sales	103,155	96,966	21,039	18,482	18,963	16,961	1,712	1,568	2,764	2,304	147,633	136,280	11	8			147,645	136,288			147,645	136,288
Internal net sales	337	287	-	-	1	2	1,468	1,325	33	33	1,839	1,646	1,322	1,295	-3,161	-2,941						
Depreciation/amortisation	767	754	462	458	195	198	448	563	59	38	1,930	2,011	154	146			2,084	2,158	4,212	3,665	6,296	5,822
Profit from joint ventures and associates	-	-	-	-	-19	-81	92	97	-35	-16	38	1	-	-			38	1			38	1
Operating profit excluding items affecting comparability	3,731	3,769	810	682	689	543	554	690	458	367	6,241	6,050	-400	-439			5,841	5,611	522	294	6,363	5,905
Items affecting comparability																	1,088	994	-744	-424	344	570
Net financial items																	-1,339	-989	-675	-383	-2,014	-1,372
Profit after financial items																	5,591	5,616	-898	-513	4,693	5,103
Other segment information																						
Assets	44,045	43,070	6,943	7,321	8,703	9,931	13,967	16,612	29,300	30,198	102,959	107,132	82,150	85,695	-88,864	-88,227	96,245	104,600	20,878	16,612	117,123	121,212
Liabilities	23,302	21,559	4,352	4,736	3,425	4,622	8,498	10,772	25,676	26,797	65,254	68,486	50,930	59,112	-38,862	-38,646	77,322	88,952	22,373	17,381	99,695	106,333
Investments in property, plant and equipment and intangible non-current assets	943	1,110	666	465	202	178	1,734	960	96	84	3,640	2,797	119	146			3,759	2,943			3,759	2,943
Investments in associates and joint ventures	-	-	-	-	0	-45	-23	-4	-236	-179	-258	-228	-	-			-258	-228			-258	-228
Other non-cash flow items	0	3	-27	0	19	280	-1,153	-1,293	35	16	-1,126	-994	0	0			-1,126	-994	744	424	-382	-571

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Cont. Note 2 Segment reporting

Items affecting comparability

SEK m	2023	2022
Capital gains/losses from sale of subsidiaries and non-current assets		
ICA Real Estate	1,192	1,199
Rimi Baltic	66	22
Internal gains on sale and leaseback according to IFRS 16 Leases	-744	-424
Other	0	1
Total	514	799
Impairment and impairment reversed		
ICA Real Estate	-131	-3
ICA Sweden	-	-5
Rimi Baltic	-40	-22
Apotek Hjärtat	-	-199
Total	-170	-229
Total items affecting comparability	344	570

External net sales by revenue source

SEK m	2023	2022
Wholesale sales	86,314	80,169
Retail sales ¹	48,591	44,464
Rental income and lease-related services	3,858	3,480
Net interest income, commissions and insurance premiums, ICA Bank	2,764	2,304
Other services for ICA retailers	6,118	5,872
Net sales	147,645	136,288
1 Of which online sales	2,856	2,451

Geographical information

SEK m	Net sales		Property, plant and equipment and intangible non-current assets including right-of-use assets	
	2023	2022	2023	2022
Country				
Sweden	126,582	117,778	61,969	57,128
Baltic countries	21,039	18,482	8,587	8,503
Other countries	24	28	4	3
Total	147,645	136,288	70,559	65,634

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

Note 3 Expenses by type of expense

SEK m	2023	2022
Cost of materials	112,755	103,694
Personnel expenses	12,697	11,991
Administrative expenses	2,334	2,066
Cost of premises	2,079	2,175
Depreciation, amortisation and impairment	6,466	6,051
Other expenses	5,672	5,259
Total expenses	142,004	131,236

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.

	2023			2022		
	Women	Men	Total	Women	Men	Total
Sweden	6,555	6,149	12,704	6,660	6,244	12,904
Baltic countries	9,111	1,871	10,981	9,029	1,864	10,893
Asia	38	39	77	37	42	80
Total	15,704	8,059	23,763	15,727	8,150	23,877

Salaries, other remuneration and social security contributions

SEK m	2023	2022
Group		
Salaries and other remuneration	8,306	7,760
Social security contributions	2,693	2,474
Pension costs	567	601
Total	11,565	10,836
Board of Directors and CEO		
- Salaries and other remuneration	101	127
- of which variable component	10	24
- Pension costs	14	18
Other employees	8,758	8,216
Total	8,873	8,361

Of the board members and CEOs within the Group, 272 were men (371) and 300 were women (414). 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 receive fees based on decisions made at the Annual General Meeting held in April 2023. The amounts stated refer to remuneration approved for the full normal term of office from the 2023 Annual General Meeting until the 2024 Annual General Meeting. No fees were paid to Per Strömberg for the period from the AGM up to his last day of employ-

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

ment on 30 June 2023. The Sustainability Committee was formed in 2023. Remuneration to board members is reported in thousands of kronor (SEK 000s).

Fees to members of the Board of ICA Gruppen AB:	2023			2022		
	Board fees	Commit-tee work	Total fees	Board fees	Commit-tee work	Total fees
Claes Göran Sylvén	1,230	150	1,380	1,200	150	1,350
Jan Amethier	595	50	645	580	50	630
Göran Blomberg	–	–	–	–	–	–
Tomas Emanuelz	595	50	645	531	50	581
Bengt Kjell	595	100	695	580	100	680
Magnus Moberg	595	50	645	580	50	630
Fredrik Persson	595	50	645	580	50	630
Katarina Romberg	–	–	–	–	–	–
Charlotte Svensson	595	100	695	580	50	630
Anette Wiotti	595	175	770	580	100	680
Per Strömberg	479	81	560	–	–	–
Total	5,874	806	6,680	5,211	600	5,811

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

Remuneration to senior executives consists of fixed salary, 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 2023, excluding the CEO of ICA Gruppen AB, was 11 (11), of which 4 (5) were women.

ICA Management Team (IMT)

2023, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO ICA Gruppen AB	8,433	6,851	94	3,150	18,528
Other senior executives ¹	41,949	11,237	1,722	10,194	65,102
Total	50,382	18,088	1,816	13,344	83,630

2022, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO ICA Gruppen AB ²	17,391	13,163	317	5,308	36,179
of which 2022	10,144	5,597	239	3,537	19,517
of which 2023 plus extraordinary provisions	7,247	7,565	78	1,771	16,661
Other senior executives ³	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
Total	60,433	34,833	2,304	18,008	115,578

¹ The amounts presented in the table also include remuneration for which a provision was made in 2023 but that will be paid out in 2024. This remuneration includes salary, benefits, pension costs and severance pay for individuals who are other senior executives in the Group with whom agreements were signed in 2023 regarding ending their employment.

² 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 was paid out in 2023. This includes salary, variable remuneration, benefits and pension costs. This is because Per Strömberg remained 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) was 1 January 2023.

³ The amounts presented in the table also include remuneration for which a provision was made in 2022 but that was 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.

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 systems taking 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 included in the basis for calculation of pensionable income for senior executives covered by ITP 1 or traditional ITP 2. The ceiling for pensionable income in these cases is 30 income base amounts per year. For senior executives covered by a pension solution other than ITP 1 or traditional ITP 2, any bonus is not included in the basis for calculation of pension provisions. The CEO of ICA Banken AB is not included in any bonus programme.

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, although performance may 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 was 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 pre-determined and quantifiable, are to be determined by the Board and must be linked to both absolute and relative performance criteria. In the long-term bonus programme, fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and relates to (i) EBIT margin excluding items affecting comparability, (ii) return on capital employed (ROCE) for the Group excluding ICA Bank, (iii) market share growth or net sales increase in programmes launched before 2023 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 been earned. The

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

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.

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

For other senior executives one of the following pension solutions can be applied: ITP 1, ITP 1 supplemented by an extra pension solution to reach a total premium of around 30% of the pensionable salary, or ITP 2 designed to reach a total premium of around 30% of the pensionable salary or traditional ITP 2.

Employment terms for the CEO of ICA Gruppen AB

The CEO of ICA Gruppen AB had an agreed basic annual salary of SEK 8.4 million in 2023. An agreed mutual period of notice of six months applies to the 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	2023	2022
KPMG:		
Audit assignments	21	20
Other auditing activities	1	1
Total	22	21

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 around five years. The leases originally have an agreed term which is normally 5–15 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 notice of renegotiation of the lease to be given 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. 2023
2024	4,760
2025	4,461
2026	3,776
2027	2,979
2028	2,793
After 2028 and no later than 2033	5,496
After 2033	3,363
Total payments	27,628
Discounting effect	-4,862
Total liability according to the balance sheet	22,726
of which current liability	4,436
of which non-current liability	18,330

Lease payments	2023	2022
Payments of leases entered as liabilities	4,772	3,955
Variable lease payments not included in lease liability	128	100
Short-term leases and leases of low value that are not included in lease liability	89	122
Total lease payments	4,989	4,177

Leases of SEK 1,806 million (1,492) have been entered into of which possession has not yet been taken.

Maturity structure of payments to receive as lessor	31 Dec. 2023
2024	2,702
2025	2,401
2026	2,046
2027	1,748
2028	1,489
After 2028 and no later than 2033	4,392
After 2033	874
Total payments	15,652

Lease revenue	2023	2022
Total rental income amounts to:	3,569	3,212
of which variable rental income	758	733
Income from subleasing of properties amounts to:	2,199	1,792

Note 8 Net financial items

SEK m	2023	2022
Financial income		
Interest income	100	36
Change in fair value of financial instruments	-	0
Other financial income	2	1
Exchange differences	4	1
Financial income	107	38
Financial expense		
Interest expense	-1,446	-999
Lease interest expense	-675	-383
Other financial expense	-	-28
Financial expense	-2,120	-1,410

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

Note 9 Taxes

Current tax	2023	2022
Current tax on profit for the year	-786	-867
Deferred tax on temporary differences	343	282
Reported tax expense	-443	-585
Reconciliation of effective tax expense	2023	2022
Profit before tax	4,693	5,103
Tax as per the current tax rate in Sweden, 20.6% (20.6%)	-967	-1,051
Capital gains/losses	380	295
Share of profit and share dividends	106	128
Non-deductible expenses/non-taxable income	-60	-84
Profit share according to the equity method	8	0
Effect of other tax rates for foreign subsidiaries	48	40
Tax reduction for investments (in Sweden)	-	5
Effect of merger of Murgröna Holding AB	-	51
Other	42	31
Reported tax expense	-443	-585
Effective tax rate, Group	9.4%	11.5%

Taxes by country 2023	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	20.6%	4,698	-580	4,118	-741
Estonia	0%	157	-15	142	-11
Latvia	0%	751	-13	738	-85
Lithuania	15%	-4	-4	-8	-7
Other countries		-11	0	-11	-1
IFRS 16 Leases		-898	169	-729	
Total		4,693	-443	4,250	-845

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Cont. Note 9 Taxes

Taxes by country 2022	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	20.6%	4,973	-578	4,395	-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
Total		5,103	-585	4,518	-822

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. 2023	31 Dec. 2022
Reported deferred tax assets and tax liabilities		
Non-current assets	-2,406	-2,777
Inventories	12	12
Provisions	261	99
Tax loss carryforwards	23	28
Untaxed reserves	-1,582	-1,588
Financial derivatives	41	-30
Total deferred tax assets (+) / deferred tax liabilities (-), net	-3,651	-4,255
As reported in balance sheet:		
Deferred tax assets	60	59
Deferred tax liabilities	-3,711	-4,314

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. 2023	Recognised in income statement	Recognised in other comprehensive income	Divestment and acquisition of assets	Balance as of 31 Dec. 2023
Non-current assets	-2,777	375		-4	-2,406
Inventories	12	-1			12
Provisions	99	29	133		261
Tax loss carryforwards	28	-5			23
Untaxed reserves	-1,588	6			-1,582
Financial derivatives	-30	-61	131		41
Total	-4,255	343	265	-4	-3,651

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

SEK m	Balance as of 1 Jan. 2022	Recognised in income statement	Recognised in other comprehensive income	Divestment and acquisition of assets	Balance as of 31 Dec. 2022
Non-current assets	-2,875	100		-2	-2,777
Inventories	10	3			12
Provisions	491	-65	-327		99
Tax loss carryforwards	31	-3			28
Untaxed reserves	-1,679	90			-1,588
Financial derivatives	-14	156	-172		-30
Total	-4,036	282	-499	-2	-4,255

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

Tax in other comprehensive income

SEK m	2023		
	Before tax	Tax	After tax
Remeasurement of defined benefit pensions	-646	133	-513
Translation differences in foreign operations	-34		-34
Cash flow hedges:			
- change in value for the year	-570	117	-453
Items reclassified to profit or loss	-68	14	-54
Share of other comprehensive income of joint ventures	-68		-68
Other comprehensive income	-1,386	265	-1,121

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	6	-24	-18
Share of other comprehensive income of joint ventures	53		53
Other comprehensive income	2,569	-499	2,071

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Note 10 Intangible non-current assets

SEK m	Goodwill		Trademarks		IT systems		Other		Total intangible non-current assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Accumulated cost	16,301	16,301	12,980	12,987	6,300	5,499	77	74	35,658	34,861
Accumulated amortisation			-2	-1	-3,923	-3,238	-54	-65	-3,979	-3,303
Accumulated impairment			-	-	-1	0	-1	-1	-1	-1
Carrying amount	16,301	16,301	12,978	12,985	2,376	2,261	23	8	31,678	31,555
Opening balance	16,301	16,301	12,985	12,910	2,261	2,056	8	34	31,554	31,301
Investments	-	-	-	-	832	849	21	5	853	854
Divestments and disposals	-	-	-	-	-	-	-	-12	-	-12
Amortisation for the year	-	-	-	-	-716	-652	-3	-14	-720	-666
Impairment for the year	-	-	-	-	0	0	-	-5	0	-5
Translation difference for the year	-	-	-6	75	0	9	-3	-1	-9	82
Carrying amount	16,301	16,301	12,978	12,985	2,376	2,261	23	8	31,678	31,555

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

SEK m	2023	2022
Selling expenses	-3	-14
Administrative expenses	-716	-652
Total	-720	-666

SEK m	31 Dec. 2023	31 Dec. 2022
Goodwill		
ICA Sweden	11,545	11,545
Apotek Hjärtat	4,756	4,756
Total goodwill	16,301	16,301

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

The trademark in the segment ICA Sweden are assignable to ICA, the Swedish store operations and the ICA stores. The trademark in the segment Rimi Baltic relate to Rimi and are assignable to the store operations in the Baltic countries.

The trademark 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. 2023	31 Dec. 2022
ICA Sweden	11,500	11,502
Apotek Hjärtat	550	550
Rimi Baltic	928	933
Total trademarks	12,978	12,985

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

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

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Cont. Note 10 Intangible non-current assets

because the value in use is reduced by future lease payments. The right-of-use assets are included in the carrying amount in impairment testing.

Impairment testing of other intangible assets

For intangible assets other than goodwill and trademarks a recoverable amount is determined when there is an indication of impairment of the asset. During the year no incidents occurred that indicate impairment.

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 5.3% (5.2) for ICA Sweden, 4.4% (6.5) for Apotek Hjärtat and 6.7% (6.8) 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="0" style="margin-left: 20px;"> <tr> <td>ICA Sweden</td> <td>8.8% (7.7)</td> </tr> <tr> <td>Apotek Hjärtat</td> <td>8.6% (7.6)</td> </tr> <tr> <td>Rimi Baltic</td> <td>11.7% (8.5)</td> </tr> </table>	ICA Sweden	8.8% (7.7)	Apotek Hjärtat	8.6% (7.6)	Rimi Baltic	11.7% (8.5)
ICA Sweden	8.8% (7.7)						
Apotek Hjärtat	8.6% (7.6)						
Rimi Baltic	11.7% (8.5)						

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Accumulated cost	15,110	15,260	1,511	1,367	1,454	1,255	8,486	8,135	1,934	1,101	28,495	27,118
Accumulated amortisation	-4,022	-3,862	-112	-98	-1,046	-838	-5,379	-5,028	-	-	-10,559	-9,826
Accumulated impairment	-114	-86	-136	-43	-16	-14	-154	-120	9	9	-410	-254
Carrying amount	10,974	11,312	1,263	1,226	392	404	2,953	2,987	1,943	1,110	17,526	17,038
Opening balance	11,312	15,598	1,226	1,386	404	391	2,987	2,872	1,110	811	17,038	21,058
Investments	1,110	566	170	174	120	131	821	895	733	400	2,954	2,165
Divestments, transferred to assets held for sale and disposals	-916	-4,515	-1	-312	-1	-1	-53	-75	51	-114	-920	-5,017
Reclassifications	-22	6	-27	-8	13	8	-16	-8	51	2	0	0
Amortisation for the year	-468	-583	-12	-10	-141	-133	-742	-766	-	-	-1,364	-1,491
Impairment for the year	-28	0	-93	-8	-3	-4	-37	-12	-	0	-160	-25
Impairment reversed during the year	-	4	-	-	-	-	-	-	-	-	0	4
Translation difference for the year	-15	237	0	3	0	12	-7	81	-1	12	-23	344
Carrying amount	10,974	11,312	1,263	1,226	392	404	2,953	2,987	1,943	1,110	17,526	17,038

Right-of-use assets according to IFRS 16 Leases

	Buildings and land		Other		Total right-of-use assets		Total property, plant and equipment	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening balance	15,453	14,601	1,589	1,614	17,042	16,215	34,080	37,273
Amended and new leases/investments	8,321	3,973	237	269	8,557	4,242	11,512	6,407
Divestments, transferred to assets held for sale and disposals	-	-	-	-	-	-	-920	-5,017
Amortisation for the year	-3,854	-3,367	-358	-298	-4,212	-3,665	-5,576	-5,156
Impairment for the year	-	-	-	-	-	-	-160	-25
Impairment reversed during the year	-	-	-	-	-	-	-	4
Translation difference for the year	-31	245	0	4	-31	249	-54	594
Carrying amount	19,888	15,453	1,468	1,589	21,356	17,042	38,881	34,079

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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 the market conditions and real yield requirements in the various markets. It shows that the fair value exceeds the carrying amount by SEK 630 million (759). According to IFRS 13 these properties are measured at level 3.

The following amounts have been recognised in operating profit from investment properties:

SEK m	2023	2022
Rental income	34	30
Direct costs	22	17

Construction in progress

There was no significant capitalised interest expense during the year.

Note 12 Interests in joint ventures and associates

ICA Gruppen has three significant joint ventures for properties: Ancore Fastigheter AB, Trecore Fastigheter AB and Delcore Fastigheter AB. The last of these was formed in 2023. In addition, ICA Bank has one associate (Borgo) and Apotek Hjärtat has one associated company (MD International AB, Min Doktor).

Joint ventures

Ancore Fastigheter AB is a joint arrangement between pension company Alecta and ICA Real Estate. The parties each own 50% of the company. All significant decisions concerning Ancore's operations must be made by mutual agreement between the two owners. Ancore Fastigheter AB owns and manages properties at 33 marketplaces in Sweden. These contain ICA stores operated 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.

Trecore Fastigheter AB is a joint arrangement between Bonnier Fastigheter and ICA Real Estate. The parties each own 50% of the company. All significant decisions about the operations of Trecore Fastigheter AB must be taken by mutual agreement between the two owners. Trecore Fastigheter AB owns and manages properties at 45 marketplaces in Sweden. These contain ICA stores operated 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.

Delcore Fastigheter AB, formed on 1 April 2023, is a joint arrangement between AMF and ICA Real Estate. The parties each own 50% of the company. All significant decisions about the operations of Delcore Fastigheter AB must be taken by mutual agreement between the two owners. Delcore Fastigheter AB owns and manages properties at 30 marketplaces in Sweden. These contain ICA stores operated by non-consolidated ICA retailers. Based on all relevant facts relating to the joint arrangement, Delcore Fastigheter AB is classified as a joint venture. It is consolidated according to the equity method.

Associates

MD International AB (Min Doktor) is a joint arrangement between ICA Gruppen and a number of other parties, including EQT Ventures Fund. Through Apotek Hjärtat, ICA Gruppen 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.

Borgo AB is a joint arrangement between ICA Bank, Ikano Bank, Söderberg & Partners, Ålandsbanken and others. The jointly owned company is an associate within ICA Gruppen and is reported according to the equity method.

Joint ventures and associates

SEK m	2023	2022
Carrying amount, joint ventures and associates		
Carrying amount, opening balance	1,162	1,316
New investments	258	228
Divestments	–	–159
Dividends	–75	–75
Impairment	–10	–202
Share of profits	38	1
Items in other comprehensive income	–68	53
Carrying amount, closing balance	1,305	1,162

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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 2022 dividends were paid in the amount of SEK 150 million, of which SEK 75 million was paid to ICA Gruppen). SEK 236 million (SEK 179 million) was invested in Borgo in 2023. Delcore Fastigheter AB was formed in 2023 at which point an investment of SEK 23 million was made. In 2023 no investments were made in Min Doktor (SEK 45 million) nor in Fastighetsaktiebolaget Postgården AB (SEK 4 million). Properties in Ancore were written down by SEK 4 million (-), in Trecore by SEK 2 million (SEK 3 million) and in Delcore by SEK 4 million. These impairment losses are recognised as items affecting comparability in the income statement. In 2022 an impairment loss of SEK 199 million was recognised for Min Doktor.

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

SEK m	Share, % ¹		Carrying amount		Share of profits	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022	2023	2022
Ancore Fastigheter AB, 556817-8858, Stockholm	50	50	727	769	79	70
Trecore Fastigheter AB, 559352-4159, Stockholm	50	50	34	31	15	19
Delcore Fastigheter AB, 559934-9828, Stockholm	50	-	3	-	-1	-
Secore Fastigheter AB, 559018-9451, Stockholm	-	-	-	-	-	9
Fastighetsaktiebolaget Postgården AB, 559016-8885, Stockholm	50	50	11	11	0	0
MD International AB (Min Doktor), 556934-0580, Malmö	49.5	49.5	81	100	-19	-81
Borgo AB, 559153-2303, Stockholm	19.9	19.9	450	251	-35	-16
Total			1,305	1,162	38	1

¹ 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		Delcore Fastigheter AB		MD International AB (Min Doktor)		Borgo AB	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Reconciliation of reported share of profits										
Profit for the year	158	142	-74	-12	-43	-	-38	-164	-176	-114
Share of profits	79	71	-37	-6	-22	-	-19	-81	-35	-23
Elimination of intra-Group profits and depreciation of surplus value	0	-1	51	25	21	-	0	0	0	7
Reported share of profits	79	70	15	19	-1	-	-19	-81	-35	-16

SEK m	Ancore Fastigheter AB		Trecore Fastigheter AB		Delcore Fastigheter AB		MD International AB (Min Doktor)		Borgo AB	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Reconciliation of carrying amount									
Share of equity	701	741	498	545	914	-	123	142	429	229
Surplus values	79	82	151	154	-	-	59	59	21	22
Intra-Group profit	-52	-54	-616	-668	-912	-	-101	-101	-	-
Carrying amount	727	769	34	31	3	-	81	100	450	251

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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		Delcore Fastigheter AB	
	2023	2022	2023	2022	2023	2022
Rental income	560	506	284	190	250	-
Depreciation/amortisation	-140	-130	-145	-79	-97	-
Costs	-121	-112	-73	-49	-67	-
Operating profit	299	264	66	62	86	-
Financial income	5	1	1	0	0	-
Financial expense	-99	-79	-131	-69	-124	-
Profit before tax	205	186	-63	-7	-38	-
Tax	-48	-43	-10	-6	-5	-
Profit for the year	158	142	-74	-12	-43	-
Other comprehensive income	-84	92	-18	15	-31	-
Comprehensive income for the year	74	234	-92	3	-74	-
Non-current assets	5,471	5,582	3,944	4,050	4,911	-
Current assets	31	31	7	11	24	-
Cash and cash equivalents	190	183	37	35	90	-
Total assets	5,693	5,796	3,988	4,096	5,025	-
Equity	1,401	1,483	996	1,089	1,829	-
Deferred tax liabilities	178	204	130	148	139	-
Non-current liabilities to credit institutions	2,905	3,106	2,087	2,739	2,940	-
Current liabilities	1,208	1,002	775	120	117	-
Total equity and liabilities	5,693	5,796	3,988	4,096	5,025	-

Condensed income statement and balance sheet

SEK m	Borgo AB	
	2023	2022
Net interest income and net commission income	-78	-6
Other income	6	-8
Other expenses	-147	-126
Credit losses, net	-2	0
Operating profit	-221	-141
Tax	45	29
Profit for the year	-176	-112
Other comprehensive income	-6	-2
Comprehensive income for the year	-182	-114
Lending to the public	30,147	14,527
Other assets	7,970	3,802
Total assets	38,117	18,329
Equity	2,154	1,151
Medium-term notes issued	25,559	11,811
Deposits from the public	9,176	4,342
Other liabilities	1,228	1,024
Total equity and liabilities	38,117	18,329

Condensed income statement and balance sheet

SEK m	MD International AB (Min Doktor)	
	2023	2022
Sales	308	320
Costs	-346	-484
Operating profit	-37	-163
Net financial items	0	0
Profit before tax	-37	-163
Tax	-1	-1
Profit for the year	-38	-164
Non-current assets	263	276
Current assets	41	63
Cash and cash equivalents	14	33
Total assets	318	372
Equity	249	287
Non-current liabilities	1	2
Current liabilities	67	82
Total equity and liabilities	318	372

Fastighetsaktiebolaget Postgården AB is a joint arrangement with Nordr for the construction of residential units above the commercial development that ICA Real Estate is going to build in Årsta. Construction is provisionally planned to start in 2025 at the earliest. The company did not conduct any significant operations in 2023. It is consolidated according to the equity method.

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Note 13 ICA Bank

ICA Bank offers a complete range of financial services that make life easier 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. The ICA Bank bond portfolio consists of Swedish municipal bonds and bonds from highly creditworthy Nordic banks and mortgage companies, which means those with a rating of AA+ or above (S&P or Moody's). ICA Bank also invests in short-term commercial papers issued by Riksbanken (Sweden's central bank). 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 2023 Borgo consolidated its position as the market's leading mortgage challenger and is now well-established in the Swedish mortgage market. In the challenging financial climate of 2023 Borgo completed its planned mortgage acquisitions while also financing the organic growth of the distributors. ICA Bank is therefore able to focus fully on customer relationships and the value it can offer through mortgages. ICA Bank's offering is highly appreciated by customers and is more than able to hold its own in the competitive Swedish mortgage market.

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

SEK m	31 Dec. 2023	31 Dec. 2022
No longer than 3 months	2,464	1,657
Longer than 3 months but not more than 1 year	1,877	2,050
Longer than 1 year but not more than 5 years	8,370	9,322
Longer than 5 years	6,823	7,633
Total lending	19,533	20,662
Of which lending to companies	2,376	2,548

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 expected credit losses are recognised based on losses expected to occur over the full anticipated life 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. 2023	31 Dec. 2022
Carrying amount gross, stage 1	17,397	19,234
Carrying amount gross, stage 2	2,367	1,673
Carrying amount gross, stage 3	255	172
Total carrying amount gross	20,019	21,079
Allowances, stage 1	-105	-122
Allowances, stage 2	-253	-209
Allowances, stage 3	-128	-86
Total allowances	-486	-417
Total carrying amount	19,533	20,662

Note 14 Inventories

SEK m	31 Dec. 2023	31 Dec. 2022
Inventories of goods for resale	5,355	5,665
Deduction for obsolescence in inventories	-173	-159
Total inventories	5,182	5,506

Note 15 Related party transactions

Other than the transactions presented 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; Trecore Fastigheter AB, the joint venture with Bonner Fastigheter; and Delcore Fastigheter AB, the joint venture with AMF. See also Note 12 Interests in joint ventures and associates, for transactions that have taken place during the year with related parties.

2023, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures	46	1,014	162	5

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

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.

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Note **16** Assets and liabilities held for sale

Refers to properties in Sweden.

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

Note **17** Equity

Share data (number)	31 Dec. 2023	31 Dec. 2022
Number of Class A shares (owner: ICA-handlarnas Förbund)	128,205,128	128,205,128
Number of Class E shares (owner: AMF)	18,728,223	18,728,223
Total number of shares	146,933,351	146,933,351

The quota value is SEK 3.42 (3.42) 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. 2023	31 Dec. 2022
Translation reserve:		
Translation reserve, opening balance	794	586
Reclassified to profit or loss	-	-
Translation difference for the year	-34	208
Translation reserve, closing balance	760	794
Hedging reserve:		
Hedging reserve, opening balance	816	101
Reclassified to profit or loss	-68	-23
Change in value during the year	-507	738
Hedging reserve, closing balance	241	816
Total reserves:		
Reserves, opening balance	1,609	686
Change in reserves during the year:		
Translation reserve	-34	208
Hedging reserve	-575	715
Reserves attributable to the parent, closing balance	1,001	1,609

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 in the ICA Sweden segment.

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.
- Operating margin excluding items affecting comparability of 4.5%.
- Return on capital employed of 7.5%.
- Net debt excluding ICA Bank and IFRS 16 Leases/EBITDA excluding IFRS 16 Leases <2.

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
Dividends paid during the year	
Dividend for 2022	559
Dividend proposal to the 2024 Annual General Meeting	
A dividend of SEK 0.86 per share is proposed for Class A shares and SEK 22.96 per share for Class E shares.	540

The Board of Directors of ICA Gruppen AB has decided to propose to the Annual General Meeting on 26 April 2024 a dividend of SEK 110 million for Class A shares and SEK 430 for Class E shares, totalling SEK 540 million. The Board proposes Monday, 27 April 2024 as the record date to receive a dividend. If the AGM votes in favour of the proposal, the dividend is expected to be paid out on 30 April.

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, Sweden's financial supervisory authority). 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 (ITP 1) or defined benefit (ITP 2) 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, credit insurance 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	2023	2022
Cost of vested benefits during the period	51	96
Interest expense	115	63
Pension cost for defined benefit pension plans in profit for the year	166	159
Pension cost for defined contribution pension plans	470	438
Pension cost in profit for the year	636	597
Remeasurements recognised in other comprehensive income, gains (-) / losses (+)	646	-1,445
Pension cost in comprehensive income for the year	1,282	-848

The following disclosures relate only to the defined benefit plans.

Change in obligations

SEK m	2023	2022
Opening balance	2,800	4,144
Cost of vested benefits during the period	51	96
Interest expense	115	63
Remeasurements, gains (-) / losses (+)	646	-1,445
Pension disbursements	-73	-58
Closing balance	3,539	2,800

Important actuarial assumptions

	31 Dec. 2023	31 Dec. 2022
Discount rate	3.25%	4.00%
Inflation	2.00%	2.00%
Rate of salary increase	3.00%	3.00%
Mortality rate	DUS 23	DUS 21

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 ITP 2 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 and also reflects a decrease in the discount rate of 0.75 percentage points during the year. Other than the effect of a decreased discount rate, the differences between forecasts and outcomes are small.

The duration of the pension liability is 21 years (20 years).

Sensitivity analysis

An increase in the discount rate of one half of a percentage point would reduce the obligation by SEK 376 million (295). A decrease in the discount rate of one half of a percentage point would increase the obligation by SEK 468 million (366).

Expected disbursements

Over the next five years the expected disbursements from the defined benefit plans amount to a total of SEK 394 million, broken down as SEK 75 million in 2024 and SEK 77-85 million for each of the next four years. The disbursements over the subsequent five years will amount to a total of SEK 566 million, which means the average payment per year is SEK 113 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 16 (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 the interest rate as of 31 December 2023, would increase the annual interest expense for the entire debt by SEK 289 million (176). 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 2023, a positive market value of SEK 414 million (794) 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 2023 the Group's medium term notes (MTN) programme was updated to enable the inclusion of sustainable and green debt. A green framework verified by a third party was also developed, enabling bonds to be issued where the corresponding issued amount is directed into specific assets defined in the framework in the following categories: green/energy-efficient properties, renewable energy, green transport, and organic or otherwise eco-labelled private label products. The first green issue took place in May and attracted significant interest from investors. The issue volume was SEK 3.5 billion. During the year an additional SEK 6.5 billion was issued under the MTN programme, and the bridge loan taken out in connection with the buyout from Nasdaq Stockholm was paid off in full. The syndicated bank facilities were also paid down and now amount to SEK 10.6 billion, consisting of two drawdowns and an unutilised bank facility of SEK 5 billion. ICA Gruppen has financial covenants in its loan agreements.

During the year the interest-bearing liabilities (excluding lease liabilities and ICA Bank) changed as follows:

Liabilities on 1 January	35,000
Amortisation of bridge loan	-15,000
Amortisation of syndicated loan	-5,936
Bond issue	10,000
Maturing bonds	-1,726
New bonds from Svensk Exportkredit	1,000
Other changes in loans	-98
Liabilities on 31 December	23,241

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. ICA Bank's surplus liquidity is not available to the Group because of banking laws.

FINANCIAL INFORMATION | THE GROUP

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

ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities Specification	Carrying amount 31 Dec. 2023	Carrying amount 31 Dec. 2022	Interest rate on 31 Dec. 2023 incl. derivatives (where applicable)	Type of interest excl. derivatives	Type of interest incl. derivatives
Non-current liabilities					
Bonds¹					
Bond MTN Sweden 2021–2024	–	964			
Bond MTN Sweden 2023–2025	1,100	–	5.54%	floating	–
Bond MTN Sweden 2023–2025	400	–	4.90%	fixed	–
Bond MTN Sweden 2020–2025	500	500	0.91%	floating	fixed
Bond MTN Sweden 2023–2026	500	–	5.69%	floating	–
Bond MTN Sweden 2023–2026 Green	400	–	4.60%	fixed	–
Bond MTN Sweden 2023–2026 Green	850	–	5.55%	floating	–
Bond MTN Sweden 2023–2026	900	–	5.34%	floating	–
Bond MTN Sweden 2023–2026	600	–	5.30%	fixed	floating
Bond MTN Sweden 2023–2027	1,400	–	5.89%	floating	–
Bond MTN Sweden 2023–2027	600	–	5.84%	fixed	floating
Bond MTN Sweden 2023–2028	500	–	5.99%	floating	–
Bond MTN Sweden 2023–2028 Green	1,250	–	4.73%	fixed	–
Bond MTN Sweden 2023–2028 Green	1,000	–	5.95%	floating	–
Bond MTN Sweden 2023–2028	1,000	–	5.74%	floating	–
Bond MTN Sweden 2020–2028	500	–	5.65%	floating	–
Total bonds	11,500	1,464			
Pre-paid loan fees ¹	–12	–			
Total bonds as per the balance sheet	11,488	1,464			
Other interest-bearing liabilities¹					
Syndicated loan A1 2022–2026	7,250	7,750	2.36%	floating	fixed
Syndicated loan A2 2022–2025	2,314	7,750	2.36%	floating	fixed
total non-current interest-bearing liabilities	9,564	15,500			
Pre-paid loan fees ¹	–5	–29			
Other loans in subsidiaries	7	8			
Total other interest-bearing liabilities as per balance sheet	9,566	15,479			
Total long-term bonds and non-current interest-bearing liabilities	21,053	16,943			

1 Refers to ICA Gruppen AB.

Unutilised confirmed facilities ¹	31 Dec. 2023	31 Dec. 2022
Bilateral bank facilities	2,135	1,703
Syndicated bank loan	5,000	5,000
Total unutilised facilities	7,135	6,703

1 Refers to ICA Gruppen AB.

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

2025	4,821
2026	10,000
2027	2,000
2028	4,250
Total	21,071

ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities Specification	Carrying amount 31 Dec. 2023	Carrying amount 31 Dec. 2022	Interest rate on 31 Dec. 2023 incl. derivatives (where applicable)	Type of interest excl. derivatives	Type of interest incl. derivatives
Current liabilities					
Bonds¹					
Bond MTN Sweden 2021–2024	964	–	0.60%	floating	fixed
Bond MTN Sweden 2020–2023	–	1,726			
Total short-term bonds	964	1,726			
Pre-paid loan fees ¹	–7	–			
Total short-term bonds as per the balance sheet	957	1,726			
Other interest-bearing liabilities¹					
Bridge loan facility B 2021–2023	–	14,999			
Syndicated loan A1 2022–2026	500	500	2.36%	floating	fixed
Syndicated loan A2 2022–2025	500	500	2.36%	floating	fixed
Total current interest-bearing liabilities as per balance sheet	1,000	15,999			
Pre-paid loan fees ¹	–32	–60			
Store deposits ¹	263	392			
Total other interest-bearing current liabilities as per balance sheet	1,231	16,331			
Total short-term bonds and current interest-bearing liabilities	2,188	18,057			
Total bonds and interest-bearing liabilities	23,241	35,000			
Cash excluding ICA Bank	–2,582	–5,480			
Total net debt excluding ICA Bank and IFRS 16 Leases	20,659	29,520			
Non-current lease liabilities	18,329	13,771			
Current lease liabilities	4,436	3,792			
Total lease liabilities excl. ICA Bank	22,765	17,563			
Total net debt excluding ICA Bank	43,424	47,084			

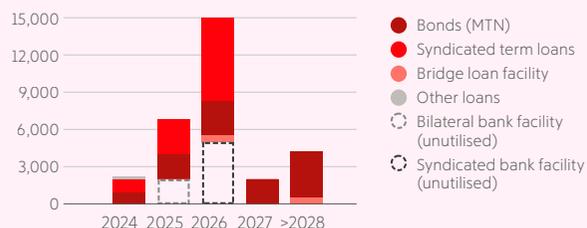
1 Refers to ICA Gruppen AB.

The syndicated short-term loans totalling SEK 1 billion will mature in December 2024. The short-term bonds of SEK 964 million will mature in March 2024. Current liabilities are otherwise in the form of trade payables of SEK 17,227 million (16,576) and deposits with ICA Bank of SEK 24,336 million (25,828), as well as short-term bank loans and deposits from ICA stores totalling SEK 263 million (392) which mature in January 2024. The current portion of lease liabilities amounts to SEK 4,436 million (3,793). ICA Bank deposits are payable upon demand and trade payables generally have a maturity of no more than three months. For the lease liabilities maturity profile, see Note 7.

FINANCIAL INFORMATION | THE GROUP

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

With the current financing costs and debt portfolio, the annual net amount is SEK 1,346 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 each receivable. 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). Most 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 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 EUR, mainly through currency swaps.

Commercial currency derivatives (SEK m)

Currency ¹						31 Dec. 2023	31 Dec. 2023
	1-3 months	3-6 months	6-12 months	12-24 months	>24 months	Nominal amount	Fair value
CNY/HKD	-8	-7	-13	-	-	-29	0
CNY/SEK	-8	-7	-	-	-	-15	-1
DKK/SEK	-5	-2	-9	-	-	-17	-1
EUR/SEK	-2,443	-951	-292	-103	-112	-3,901	-154
GBP/SEK	-35	-35	-70	-141	-844	-1,125	15
HKD/SEK	-7	-5	-12	-	-	-25	-1
NOK/SEK	-126	-	-	-	-	-126	0
USD/SEK	-254	-166	-287	-27	-4	-738	-45
EUR/USD	4	-	-	-	-	4	0
As of 31 Dec. 2023	-2,884	-1,174	-685	-271	-959	-5,973	-187
As of 31 Dec. 2022	-2,320	-1,293	-721	-432	-1,160	-5,926	115

Financial currency derivatives (SEK m)

Currency ¹			Nominal amount	Fair value
	1-3 months	3-6 months		
EUR/SEK	-1,192	-	-1,192	-30
As of 31 Dec. 2023	-1,192	-	-1,192	-30
As of 31 Dec. 2022	-2,053	-	-2,053	37

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 -187 million (115), earnings of SEK -143 million (76) 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 -69 million (-72). 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 -1 million (-2). At the same time equity would be negatively affected in the amount of SEK -230 million (-220).

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 20,400 (18,000) metric tonnes of diesel, which also covers the HVO (biofuel) price risk.

Fuel hedging

	Maturity analysis			Nominal amount, SEK m	Fair value, SEK m
	2024	2025	2026		
Total metric tonnes	18,000	9,600	3,600		
Total litres (000s)	21,590	11,630	4,379		
Forecast litres (000s)	22,872	22,448	19,181		
Hedge ratio as of 31 Dec. 2023	94.40%	51.81%	22.83%	324	316
As of 31 Dec. 2022	103.11%	46.82%	16.46%	292	323

FINANCIAL INFORMATION | THE GROUP

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

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 –8 million (30), a loss of SEK –8 million (30) was 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 2024 forecast, in the case of a 20% negative price change would amount to around SEK –27 million (–29). Taking into account the existing hedging shown in the table, the effect would instead be SEK –2 million (–1).

Financial assets and liabilities

SEK m	31 Dec. 2023	31 Dec. 2022
Financial assets		
<i>Financial assets measured at fair value through profit or loss</i>		
Investments	4,239	4,092
Other financial assets	501	988
Total	4,741	5,080
<i>Financial assets measured at amortised cost</i>		
ICA Bank's lending	19,533	20,662
Receivables	8,657	9,243
Cash and cash equivalents	6,884	10,143
Total	35,075	40,049
Total financial assets	39,815	45,129
Financial liabilities		
<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	245	79
Total	245	79
<i>Financial liabilities measured at amortised cost</i>		
Bonds	12,444	3,190
Other interest-bearing liabilities	10,797	31,810
Deposits ICA Bank	24,336	25,828
Lease liability	22,766	17,564
Other financial liabilities	21,371	21,114
Total	91,713	99,506
Total financial liabilities	91,959	99,585

The carrying amount is a reasonable approximation of the fair value for all financial assets and liabilities except bonds, where the fair value is lower than the carrying amount by SEK 158 million (lower than the carrying amount by 24 million).

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

Investments and other financial assets measured at fair value amount to SEK 4,741 million (5,080). 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	2023	2022
Financial assets and liabilities measured at fair value through profit or loss	0	0
Financial assets and liabilities measured at amortised cost	–460	–386
Interest from financial liabilities and assets measured at amortised cost:		
Interest income from financial assets	1,925	1,191
Interest expense from financial liabilities	–1,873	–1,094
Profit	–408	–290

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. 2023	31 Dec. 2022
Pledged assets		
Property mortgages	–	–
Registered assets of ICA Försäkring AB	463	404
Total	463	404
Contingent liabilities		
Loan commitments for unsecured loans, ICA Bank	453	564
Guarantees and contingent liabilities ¹	496	402
Total	949	966

¹ Guarantee for MasterCard amounting to SEK 299 million (313). The rest of this item is divided between numerous counterparties.

FINANCIAL INFORMATION | THE GROUP

Note 21 Statement of cash flows and cash and cash equivalents

SEK m	2023	2022
Adjustments for non-cash items		
Depreciation/amortisation	6,296	5,822
Impairment and impairment reversed	170	229
Share of profits from joint ventures and associates	-38	-1
Capital gains/losses	-514	-799
Provisions	263	-49
Total non-cash items	6,177	5,202

SEK m	2023	2022
ICA Bank: cash flow net deposits, lending and investments		
Deposits with ICA Bank (increase +/ decrease -)	-1,492	-854
Short-term lending (increase -/ decrease +)	-630	66
Long-term lending (increase -/ decrease +)	1,758	366
Investments (increase -/ decrease +)	-216	-150
Total	-580	-572

SEK m	31 Dec. 2023	31 Dec. 2022
Composition of cash and cash equivalents		
Cash and bank balances ¹	6,884	9,338
Short-term investments ¹	-	805
Total cash and cash equivalents	6,884	10,143

¹ Of which ICA Bank		
Cash and bank balances	4,302	4,663
Short-term investments	-	-
Total cash and cash equivalents ICA Bank	4,302	4,663

Total cash and cash equivalents excluding ICA Bank	2,582	5,480
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According to banking laws, ICA Bank's cash and cash equivalents are not available to the Group.

There are no other significant changes in financial liabilities recognised under financing activities in the Statement of cash flows other than items relating to payments for taking out and repaying loans within financing activities.

SEK m	Group 2023	ICA Bank 2023	Group excl. ICA Bank 2023
Cash flow from operating activities before change in working capital	12,114	535	11,579
Change in working capital			
Inventories	284	-	284
Current receivables	11	-132	143
Current liabilities	961	228	732
ICA Bank's net of deposits, lending and investments	-580	-580	-
Cash flow from operating activities	12,789	51	12,738
Cash flow from investing activities	2,468	-331	2,798
Cash flow from financing activities	-18,520	-82	-18,437
Cash flow for the period	-3,262	-361	-2,901
Cash and cash equivalents at beginning of period	10,143	4,663	5,480
Merged cash and cash equivalents	-	-	-
Exchange differences in cash and cash equivalents	3	-	3
Cash and cash equivalents at end of period	6,884	4,302	2,582

SEK m	Group 2022	ICA Bank 2022	Group excl. ICA Bank 2022
Cash flow from operating activities before change in working capital	10,908	395	10,513
Change in working capital			
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	-
Cash flow from operating activities	10,163	-164	10,327
Cash flow from investing activities	-1,001	-257	-744
Cash flow from financing activities	-6,692	4	-6,696
Cash flow for the period	2,470	-417	2,887
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
Cash and cash equivalents at end of period	10,143	4,663	5,480

Note 22 Events after the balance sheet date

The process involving compulsory redemption of shares that was started following ICA Gruppen's buyout from the stock exchange has been completed. ICA Gruppen and the parties that appealed the arbitration decision handed down previously have reached a settlement, following which the appeal was withdrawn. The settlement has not resulted in any change in the exercise price for the shares (SEK 534 per share), nor is there any further payment obligation for ICA Gruppen, neither for the exercise price nor for the appealing parties' legal costs. Under the settlement ICA Gruppen will also have its legal costs partially reimbursed.

On 8 February ICA Gruppen issued SEK 2 billion in bonds. Proceeds from the issue will be used to refinance existing loans.

FINANCIAL INFORMATION | PARENT COMPANY

Income statement, Parent Company

SEK m	Note	2023	2022
Net sales	2	1,333	1,303
Cost of services sold		-1,254	-1,232
Gross profit		79	71
Administrative expenses	2, 3, 4, 5	-547	-612
Operating profit		-468	-541
Profit from financial items	6		
Profit from interests in Group companies		5,600	7,000
Interest income and change in fair value of financial instruments		965	1,273
Interest expense and similar items		-1,729	-976
Total profit from financial items		4,836	7,296
Profit after financial items		4,368	6,755
Appropriations			
Provision for accrual fund		-412	-
Group contribution received		2,845	371
Total appropriations		2,433	371
Profit before tax		6,801	7,126
Tax on profit for the year	7	-248	0
PROFIT FOR THE YEAR		6,553	7,126

Other comprehensive income, Parent Company

SEK m	Note	2023	2022
Profit for the year		6,553	7,126
Other comprehensive income		-5	2
COMPREHENSIVE INCOME FOR THE YEAR		6,548	7,127

FINANCIAL INFORMATION | PARENT COMPANY

Balance sheet, Parent Company

Assets			
SEK m	Note	31 Dec. 2023	31 Dec. 2022
Non-current assets			
<i>Intangible non-current assets</i>			
IT systems	8	197	178
<i>Property, plant and equipment</i>			
Equipment	9	131	180
<i>Financial non-current assets</i>	15		
Interests in Group companies	10	30,841	30,621
Deferred tax assets	7	41	32
Non-current receivables from Group companies		835	1,404
Non-current receivables		415	882
Total non-current assets		32,460	33,297
Current assets			
<i>Current receivables</i>	15		
Trade receivables		0	1
Receivables from Group companies		18,748	19,076
Other receivables		285	413
Prepaid expenses and accrued income	11	240	219
Total current receivables		19,273	19,710
<i>Cash and bank balances</i>			
		2,142	5,070
Total current assets		21,415	24,780
TOTAL ASSETS		53,876	58,077

Equity and liabilities			
SEK m	Note	31 Dec. 2023	31 Dec. 2022
Equity	12		
<i>Restricted equity</i>			
Share capital		503	503
Statutory reserve		2,773	2,773
Reserve for development expenses		109	93
<i>Non-restricted equity</i>			
Share premium reserve		4,916	4,916
Retained earnings		4,997	-1,534
Profit for the year		6,548	7,127
Total equity		19,846	13,878
Untaxed reserves			
Accrual fund		412	-
Provisions			
Provisions for pensions	13	676	596
Other provisions		27	17
Total provisions		704	613
Non-current liabilities			
Bonds	14, 15	11,488	1,464
Liabilities to credit institutions	14, 15	9,559	15,471
Other non-current liabilities		17	2
Total non-current liabilities		21,063	16,936
Current liabilities			
Bonds	15	957	1,726
Liabilities to credit institutions	15	1,231	16,331
Trade payables		138	155
Liabilities to Group companies		9,043	8,059
Other liabilities		231	79
Accrued expenses and deferred income	11	251	300
Total current liabilities		11,850	26,649
TOTAL EQUITY, PROVISIONS AND LIABILITIES		53,876	58,077

FINANCIAL INFORMATION | PARENT COMPANY

Changes in equity, Parent Company

SEK m	Restricted equity			Non-restricted equity			Total equity
	Share capital (Note 12)	Statutory reserve	Reserve for development expenses	Share premium reserve	Retained earnings	Profit for the year	
Opening equity, 1 January 2022	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	0				0		0
Merger difference					-29,174		-29,174
Comprehensive income for the year						7,127	7,127
Closing equity, 31 December 2022	503	2,773	93	4,916	-1,534	7,127	13,878
Opening equity, 1 January 2023	503	2,773	93	4,916	-1,534	7,127	13,878
Profit for previous year					7,127	-7,127	0
Dividend					-559		-559
Development expenses			16		-16		0
Expenses relating to buyout from Nasdaq ¹					-21		-21
Comprehensive income for the year						6,548	6,548
Closing equity, 31 December 2023	503	2,773	109	4,916	4,997	6,548	19,846

¹ The expenses relate to the procedure for the buyout of ICA Gruppen's shares from Nasdaq Stockholm.

Statement of cash flows, Parent Company

SEK m	Note	2023	2022
Operating activities			
Operating profit		-468	-541
Dividend received		5,600	7,000
Adjustments for non-cash items	16	224	261
Income tax paid		-167	-257
Cash flow from operating activities before change in working capital		5,189	6,463
Change in working capital			
Current receivables (increase -/decrease +)		-11	-9
Current liabilities (increase +/decrease -)		-64	-11
Cash flow from operating activities		5,114	6,443
Investing activities			
Purchase of property, plant and equipment and intangible assets		-118	-140
Investments in subsidiaries		-220	-219
Loans provided/repaid, Group companies		614	33
Interest received		95	36
Interest received, Group companies		866	444
Cash flow from investing activities		1,238	154
Financing activities			
Borrowings		11,136	29,235
Repayment of borrowings		-22,661	-20,261
Expenses relating to buyout from Nasdaq Stockholm ¹		-21	-9,249
Change in intra-Group loans		4,111	-2,269
Dividend paid		-559	-
Interest paid		-1,286	-1,150
Cash flow from financing activities		-9,279	-3,693
Cash flow for the year		-2,928	2,904
Cash and cash equivalents at beginning of year		5,070	908
Merged cash and cash equivalents		-	1,258
Cash and cash equivalents at end of year		2,142	5,070

¹ The expenses relate to the procedure for the buyout of ICA Gruppen's shares from Nasdaq Stockholm. For 2022 the item refers to the repurchase of treasury shares through the previous Parent Company. See the 2022 Annual Report, Note 1, for further information.

Notes

Note 1 Accounting principles and supplementary disclosures

ACCOUNTING PRINCIPLES

Accounting principles applied

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

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 Safe-guarding 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 1,333 million (1,303), of which 99% (99) consisted of sales to Group companies. Purchases from Group companies amounted to SEK 115 million (84).

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.

	2023	2022
Women	210	215
Men	229	241
Total	439	456

Salaries, other remuneration and social security contributions

SEK m	2023	2022
Salaries and remuneration		
<i>Board of Directors and CEO</i>		
Salaries and other remuneration	22	37
– of which variable component	7	13
Other senior executives	24	26
Other employees	323	312
Total	370	376
Social security contributions		
Social security contributions	152	161
Pension costs, see Note 13	114	158
– of which pension costs for the Board of Directors and CEO	3	5
Total	266	319
Total salaries, other remuneration, social security contributions and pension costs	636	695

FINANCIAL INFORMATION | PARENT COMPANY

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

Gender distribution on the Board and among senior executives

	31 Dec. 2023	31 Dec. 2022
Board of Directors		
Women	3	3
Men	8	7
Total	11	10
CEO and other senior executives		
Women	2	1
Men	4	5
Total	6	6

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

ICA Management Team

2023, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO	8,433	6,851	94	3,150	18,528
Other senior executives ¹	18,385	5,191	690	4,292	28,558
Total	26,818	12,042	784	7,442	47,086

2022, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO ²	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 ³	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
Total	33,953	22,290	1,062	10,885	68,190

1 The amounts presented in the table also include remuneration for which a provision was made in 2023 but that will be paid out in 2024. This remuneration includes salary, benefits, pension costs and severance pay for individuals with whom agreements were signed in 2023 regarding ending their employment.

2 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 was paid out in 2023. This includes salary, variable remuneration, benefits and pension costs. This is because Per Strömberg remained 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) was 1 January 2023.

3 The amounts presented in the table also include remuneration for which a provision was made in 2022 but that was 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 fixed salary, pension benefits, variable remuneration in the form of a cash bonus, other remuneration and benefits, and severance pay. Other senior executives refers to the individuals who, together with the CEO, make up ICA Management Team (IMT) and are employed by ICA Gruppen AB.

Variable remuneration system

See Group notes, Note 4.

Notice periods and severance pay for other senior executives

A mutual notice period of six months applies for senior executives. If termination of employment is initiated by the Company, the senior executives are entitled to severance pay of up to 12 months' 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 in which 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

For other senior executives one of the following pension solutions can be applied:

ITP 1, ITP 1 supplemented by an extra pension solution to reach a total premium of around 30% of the pensionable salary, or ITP 2 designed to reach a total premium of around 30% of the pensionable salary or traditional ITP 2.

FINANCIAL INFORMATION | PARENT COMPANY

Note 4 Audit expenses

SEK m	2023	2022
KPMG:		
Audit assignments	3	3
Total	3	3

Note 5 Leases – lessee

SEK m	2023	2022
Lease expense for the year	43	41
Future contractual lease fees:		
Maturity date within 1 year	12	23
Maturity date between 1–5 years	25	87
Maturity date later than 5 years	11	55
Total	48	165

Note 6 Profit from financial items

SEK m	2023	2022
Profit from interests in Group companies		
Dividends:		
ICA AB	3,600	7,000
ICA Fastigheter Holding AB	2,000	–
Total	5,600	7,000
Other interest income and change in fair value of financial instruments		
Interest income, Group companies	867	449
Exchange differences	3	1
Other interest income and similar items	95	36
Change in fair value of financial instruments	–	786
Total	965	1,273
Other interest expense and similar items		
Interest expense, Group companies	0	–2
Change in fair value of financial instruments	–380	–
Other interest expense and similar items	–1,349	–974
Total	–1,729	–976
Total profit from financial items	4,836	7,296

Note 7 Taxes

SEK m	2023	2022
Current tax		
Current tax on profit for the year	–255	0
Deferred tax on temporary differences	7	0
Reported tax	–248	0
Reconciliation of effective tax expense		
Profit before tax	6,801	7,126
Tax as per the current tax rate in Sweden, 20.6%	–1,401	–1,468
Dividend	1,154	1,442
Non-deductible expenses/non-taxable income	–1	–25
Effect of merger of Murgröna Holding AB	–	51
Reported tax	–248	0
Effective tax rate	3.6%	0.0%
SEK m	2023	2022
As reported in balance sheet:		
Deferred tax assets	41	32

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance as of 1 Jan. 2023	Recognised in other compre- hensive income	Balance as of 31 Dec. 2023
Other	32	9	41
Total	32	9	41

SEK m	Balance as of 1 Jan. 2022	Recognised in other compre- hensive income	Balance as of 31 Dec. 2022
Other	33	–1	32
Total	33	–1	32

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	2023	2022
IT systems		
Accumulated cost	477	414
Accumulated amortisation	-279	-237
Carrying amount	197	178
Opening balance	178	161
Investments	77	63
Amortisation for the year	-58	-46
Carrying amount	197	178

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	2023	2022
Equipment		
Accumulated cost	501	587
Accumulated amortisation	-370	-407
Carrying amount	131	180
Opening balance	180	195
Investments	46	86
Amortisation for the year	-96	-100
Carrying amount	131	180

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	2023	2022
Interests in subsidiaries		
Cost, opening balance	30,621	30,779
Divested ¹	-	-378
Shareholder contributions ²	220	220
Accumulated cost, closing balance	30,841	30,621
Impairment, opening balance	0	-376
Divested ¹	-	376
Accumulated impairment, closing balance	0	0
Residual value according to plan, closing balance	30,841	30,621

¹ ICA Spara AB and BläckClub Intressenter AB were liquidated in 2022.

² Shareholder contributions were provided to ICA Banken AB in the amount of SEK 220 million (220).

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. 2023, SEK m	Book value 31 Dec. 2022, 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	2,994	2,774
ICA Fastigheter Holding AB	556604-5471	Stockholm	1,000	100	SEK 100	4,812	4,812
Total						30,841	30,621

FINANCIAL INFORMATION | PARENT COMPANY

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, %
Subsidiaries of ICA AB			
Rimi Baltic AB	556042-7410	Stockholm	100
Hakonlita UAB	125 018 861	Lithuania	100
Kinnisaravalduse AS	10 434 202	Estonia	100
Plesko Real Estate SIA	40 003 516 351	Latvia	100
Rimi Eesti Food AS	10 263 574	Estonia	100
Rimi Latvia SIA	40 003 053 029	Latvia	100
Rimi Lietuva UAB	123 715 317	Lithuania	100
Apotek Hjärtat AB	556791-1010	Stockholm	100
ICA Global Sourcing Ltd	1 155 948	Hong Kong	100
ICA Sverige AB	556021-0261	Stockholm	100
Subsidiaries of ICA Banken AB			
ICA Försäkring AB	556966-2975	Stockholm	100
Subsidiaries of ICA Fastigheter Holding AB			
ICA Fastigheter AB	556033-8518	Västerås	100
Långeberga Logistik AB	556928-2840	Stockholm	100

Note 11 Accruals

SEK m	31 Dec. 2023	31 Dec. 2022
Prepaid expenses and accrued income		
Other prepaid expenses	240	219
Total	240	219
SEK m		
31 Dec. 2023		
31 Dec. 2022		
Accrued expenses and deferred income		
Accrued salaries, holiday pay and social security expenses	112	131
Accrued interest expense	87	95
Other accrued expenses	52	73
Total	251	300

Note 12 Equity and appropriation of earnings

The share capital consists of 128,205,128 (128,205,128) ordinary Class A shares and 18,728,223 (18,728,223) ordinary Class E shares as of 31 December 2023, each with a quota value of SEK 3.42 per share (SEK 3.42 per share). 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	540,000,000
To the share premium reserve	4,915,938,770
Carried forward	11,005,258,076
Total	16,461,196,846

FINANCIAL INFORMATION | PARENT COMPANY

Note 13 Provisions for pensions

All employees receive pension benefits according to collective agreements. Salaried employees therefore receive either defined contribution (ITP 1) or defined benefit (ITP 2) 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. 2023	31 Dec. 2022
Reconciliation of carrying amount for self-managed pensions		
Opening balance, capital value of pension obligations	596	474
Costs charged against profit	76	116
Interest expense	19	18
Pension disbursements	-15	-12
Closing balance, capital value of pension obligations	676	596

Note 14 Long-term bonds and non-current liabilities to credit institutions

SEK m	31 Dec. 2023	31 Dec. 2022
Bonds	11,488	1,464
Liabilities to credit institutions	9,559	15,471
Total	21,046	16,935

1 Including prepaid credit charges of SEK 18 million.

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. 2023	31 Dec. 2022
Financial assets		
<i>Financial assets measured at fair value through profit or loss</i>		
Other financial assets	727	1,021
<i>Financial assets measured at amortised cost</i>		
Trade receivables	0	1
Current receivables from Group companies	19,350	20,440
Cash and cash equivalents and other receivables	2,578	5,583
Total financial assets	22,655	27,046

Financial liabilities

<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	286	263
<i>Financial liabilities measured at amortised cost</i>		
Bonds	12,444	3,190
Liabilities to credit institutions	10,789	31,802
Trade payables	138	155
Current liabilities to Group companies	9,043	7,875
Other current liabilities	253	301
Total financial liabilities	32,953	43,586

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 158 million (lower than the carrying amount by SEK 24 million).

Note 16 Statement of cash flows

Adjustments for non-cash items

SEK m	2023	2022
Depreciation/amortisation	154	146
Capital gains/losses	0	-6
Provisions for pensions	61	104
Other provisions	8	16
Total	224	261

There are no items within financing activities other than payments for taking out and repaying loans.

Note 17 Pledged assets and contingent liabilities

SEK m	31 Dec. 2023	31 Dec. 2022
Guarantees and contingent liabilities		
Guarantees for subsidiaries	399	325
Total	399	325

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 22.96 per share for Class E shares. The dividend amounts to SEK 110 million for Class A shares and SEK 430 million for Class E shares, making a total of SEK 540 million (559), which is 8.2% (7.8%) of the Parent's Company's profits. The proposed dividend will reduce the Parent Company's equity/assets ratio from 36.8% to 35.8%, and the Group's equity/assets ratio from 14.9% to 14.4%. The equity/assets ratio is adequate for both the long and short term. The dividend amount corresponds to 12.7% of the Group's profit for the year. The Company's equity would have been SEK 350 million – or 2% – 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	4,997,330,149
Profit for the year	6,547,927,927
Total	16,461,196,846

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 over-

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

To the shareholders, a dividend of	540,000,000
To the share premium reserve	4,915,938,770
Carried forward	11,005,258,076
Total	16,461,196,846

view 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, 21 February 2024

Claes-Göran Sylvén
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 21 February 2024
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 2023, except for the corporate governance statement on pages 110–121 and the sustainability report on pages 74–108. The annual accounts and consolidated accounts of the company are included on pages 19–69 and 72–73 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 110–121 and sustainability report on pages 74–108. 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

Description of key audit matter	Response in the audit
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 control 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 1–18, 74–108 and 122–130. 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 Accounting Standards 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 AUDITOR'S AUDIT OF THE ADMINISTRATION AND THE PROPOSED APPROPRIATIONS OF PROFIT OR LOSS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ICA Gruppen AB (publ) for the year 2023 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 110–121 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's 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 20th of April 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor

Stockholm 21 February 2024

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Five-year financial summary

SEK m	Actual 2023	Actual 2022 ¹	Actual 2021	Actual 2020	Actual 2019
Income statement					
Net sales	147,645	136,288	127,957	126,283	119,295
Operating profit before depreciation/amortisation (EBITDA)	13,173	12,526	11,408	11,141	10,193
Operating profit excluding items affecting comparability	6,363	5,905	5,826	5,831	5,356
Operating profit	6,707	6,475	5,876	5,774	4,934
Profit before tax	4,693	5,103	5,478	5,308	4,402
Profit for the year	4,250	4,518	4,554	4,173	3,450
Balance sheet					
Non-current assets	91,822	88,823	91,298	83,744	79,789
Cash and cash equivalents and short-term investments	6,884	10,143	6,391	4,584	3,157
Other current assets	18,417	22,245	16,946	16,059	15,981
Total assets	117,123	121,212	114,635	104,388	98,927
Equity	17,428	14,878	37,686	35,226	33,844
Non-current liabilities	46,750	37,881	24,826	24,500	23,182
Current liabilities	52,945	68,453	52,123	44,661	41,901
Total equity and liabilities	117,123	121,212	114,635	104,388	98,927
Cash flow					
From operating activities	12,789	10,163	10,942	11,641	9,748
From investing activities	2,468	-1,001	-2,563	-5,309	-2,900
From financing activities	-18,520	-6,692	-6,585	-4,911	-6,895
Cash flow for the year	-3,262	-2,470	1,795	1,422	-48

SEK m	Actual 2023	Actual 2022 ¹	Actual 2021	Actual 2020	Actual 2019
Performance indicators					
Cash flow from operating activities excluding ICA Bank	12,738	10,327	9,654	10,444	9,923
Operating margin excluding items affecting comparability, %	4.3	4.3	4.6	4.6	4.5
Operating margin, %	4.5	4.8	4.6	4.6	4.1
Net margin, %	2.9	3.3	3.6	3.3	2.9
Return on capital employed, %	9.2	9.1	9.2	9.2	7.9
Return on equity, %	25.5	12.2	12.7	11.7	10.1
Equity/assets ratio, %	14.9	12.3	32.9	33.7	34.2
Average capital employed, excl. ICA Bank	69,250	67,403	61,735	61,355	59,278
EBITDA excluding IFRS 16 Leases	9,184	8,991	7,816	7,546	6,542
Net debt, excluding ICA Bank and IFRS 16 Leases	-20,659	-29,520	-4,680	-4,904	-4,207
Net debt, excluding ICA Bank	-43,424	-47,084	-20,915	-19,901	-20,117
Net debt excluding ICA Bank and IFRS 16 Leases/EBITDA excluding IFRS 16 Leases	2.2	3.3	0.6	0.6	0.6
Net debt excluding ICA Bank/EBITDA	3.3	3.8	1.8	1.8	2.0

¹ IFRS 17 Insurance Contracts is applied from the start of 2023. See Note 1. The year 2022 has been recalculated for IFRS 17. The years prior to this are presented in accordance with the principles in IFRS 4, which applied until IFRS 17 became applicable.

Definitions on page 31.

Alternative performance measures

Reconciliation EBITDA

SEK m	2023	2022
Operating profit	6,707	6,475
Depreciation/amortisation	6,296	5,822
Impairment and impairment reversed	170	229
Operating profit before depreciation/amortisation (EBITDA)	13,173	12,526
Less: EBITDA IFRS 16 Leases	-3,989	-3,535
Operating profit before depreciation and amortisation (EBITDA) excluding IFRS 16 Leases	9,184	8,991

Net debt reconciliation

SEK m	2023	2022
Long-term bonds and non-current interest-bearing liabilities	-21,053	-16,943
Short-term bonds and current interest-bearing liabilities	-2,188	-18,057
Cash and cash equivalents	2,582	5,480
Net debt, excluding ICA Bank and IFRS 16 Leases	-20,659	-29,520
Non-current lease liabilities	-18,329	-13,771
Current lease liabilities	-4,436	-3,792
Net debt, excluding ICA Bank	-43,424	-47,084

Reconciliation Capital employed, excluding ICA Bank

SEK m	2023	2022
Equity	17,428	14,878
Provisions for pensions	3,534	2,796
Other provisions	63	12
Long-term bonds and non-current interest-bearing liabilities	21,053	16,943
Short-term bonds and current interest-bearing liabilities	2,188	18,057
Other non-current liabilities	53	37
Non-current lease liabilities	18,329	13,771
Current lease liabilities	4,436	3,792
Capital employed	67,084	70,287

For an explanation of why these key performance measures have been used, refer to page 8.

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 are aimed at creating 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 an important responsibility – but also the capacity and many opportunities – 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 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 the Group's 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 wide-ranging and includes numerous activities and initiatives. These ambitions come together in the concept For a Good Tomorrow, broken down into five defined areas: Local, Environment, Health, Inclusion and diversity, and Quality.

 Read more on pages 77–91

ICA Gruppen's materiality analysis

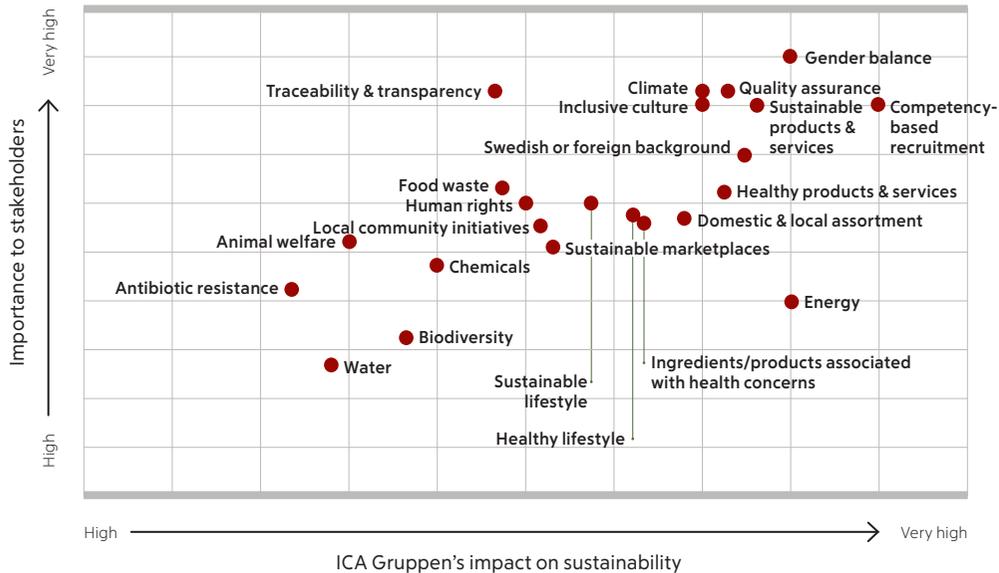
ICA Gruppen's efforts relating to sustainability are based on a materiality analysis which takes as its starting point the UN Sustainable Development Goals, the Ten Principles of the UN Global Compact, ICA Gruppen's policies and structured dialogue with stakeholders. The materiality analysis was defined for the first time in 2008 and is revised each year. In 2023 the process was developed in line with the principle of double materiality. ICA Gruppen's double materiality analysis will be completed in 2024 and reported in future annual and sustainability reports.

The companies within ICA Gruppen operate in various industries and markets. Each company therefore identifies the matters it considers material based on the company's impact on the matter and the stakeholders'

assessment of it. ICA Gruppen's materiality analysis then becomes a compilation 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 will remain an important focus area, alongside the products and services the Group offers and quality assurance of these, as well as inclusion and diversity in ICA Gruppen's workforce.

Sustainability issues further along the value chain are also considered material, but are addressed largely by focusing on developing sustainable and healthy products and services. In addition to its materiality analysis, ICA Gruppen takes an active approach to business ethics, see page 115.



Sustainability topic	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 that have known positive effects on people's 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).
Domestic and local assortment	Offer and market products made 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 offers, and to make this information available to stakeholders.
Energy	Consumption and production of energy for the Group's own operations.
Ingredients and products associated with health concerns	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, impact on biodiversity, and security and safety.
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 production 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	Within ICA Gruppen (incl. in stores) all employees have the same opportunities to develop regardless of gender.
Inclusive culture	Within ICA Gruppen all employees feel respected, valuable, supported and encouraged to reach their full potential, and have the right to be their authentic selves.
Swedish or foreign background	Within ICA Gruppen in Sweden all employees have the same opportunities to develop regardless of their national origin.
Competency-based recruitment	All recruitment and promotion within ICA Gruppen is based on competency.

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 aligned with the Group strategy and with the Group-wide targets, priorities and focus areas, but they also have their own targets and perform their own materiality analysis.

Examples of company-specific sustainability priorities:



ICA Sweden

- Reduce the climate footprint, both in own operations and among customers
- Efforts to minimise food waste in stores and warehouses, and among customers
- More of the assortment produced domestically and locally
- Increase customers' consumption of fruit and vegetables
- Increase the percentage of recyclable plastic packaging



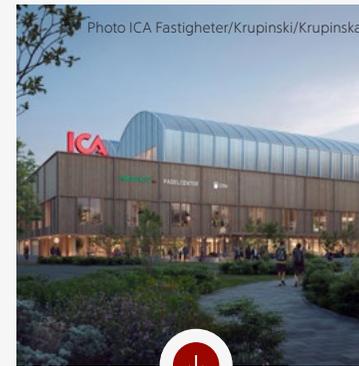
Rimi Baltic

- Efforts to minimise food waste in stores and warehouses, and among customers
- Promote the assortment produced domestically and locally
- Focus on health: healthy diet, physical activity and the employees' mental wellbeing



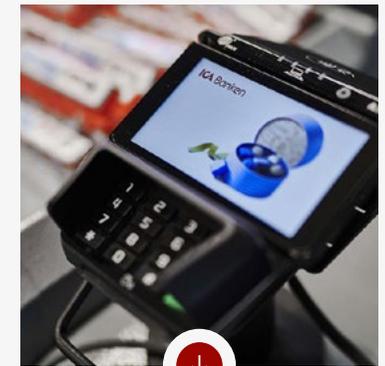
Apotek Hjärtat

- 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 Real Estate

- Develop attractive, sustainable places and destinations where people can shop, live, work and thrive
- Establish property-specific sustainability plans
- Promote biodiversity when building new properties
- Environmental certification of all store and warehouse buildings
- Aim to build with net zero climate impact

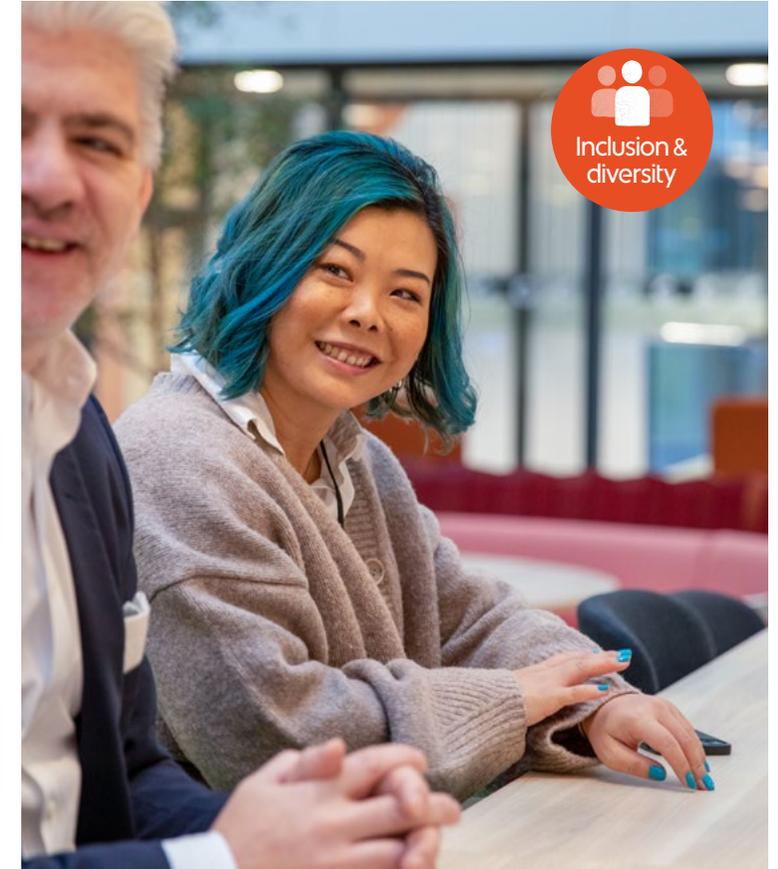
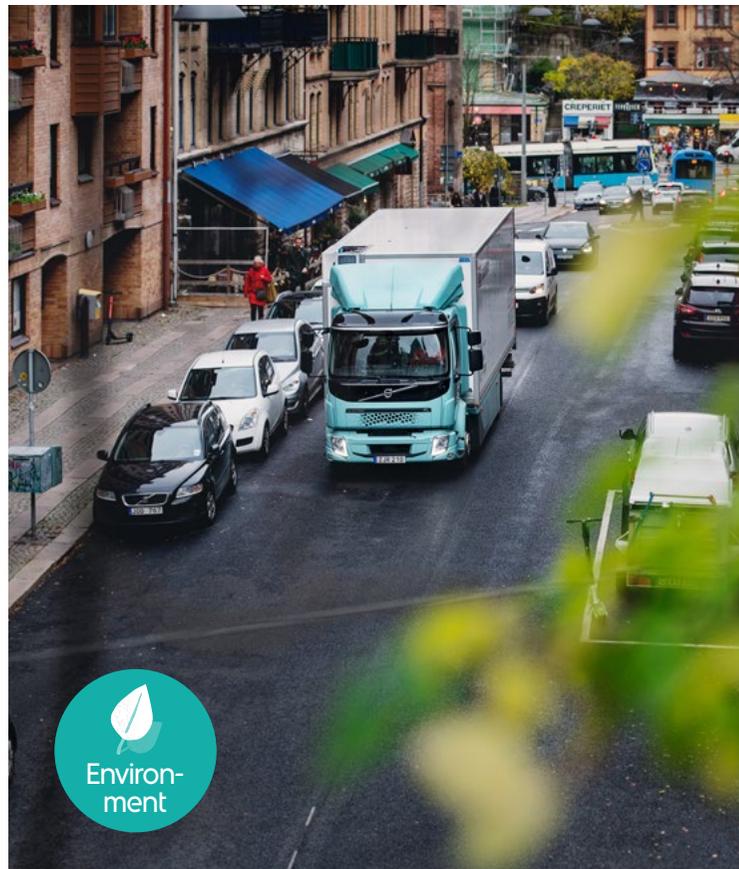


ICA Bank

- Initiatives for ICA Bank's own green investment funds
- Work together to prevent mental health problems associated with finances and insurance

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 food supply 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, we want to

- use our assortment to strengthen local and domestic production of Swedish foods to increase employment and security of supply
- contribute long-term to making a positive difference for Swedish farmers
- enable local suppliers to reach the market and the shelves of ICA stores
- 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. These efforts are multifaceted and incorporate assortment development as well as marketing the message to choose locally produced items.

Expanded assortment of locally produced items at ICA

During the year ICA Sweden continued to work on the ICA order portal for local suppliers, on steering customers towards Swedish and local products in stores, and on regional events aimed at building relationships between local suppliers and ICA retailers to increase the offering of locally produced groceries in stores. One example was the launch during the spring of a collaboration with the MatVärden Gävleborg association to increase access to and demand for food and beverages produced in Hälsingland and Gästrikland. In the autumn ICA Sweden and Nifa, the industry association for food and beverage companies located in the county of Värmland,

brought together food entrepreneurs from all around Värmland to showcase and offer their products to guests from ICA stores in the county.

Strengthening the local ecosystems between retailers, small businesses and producers is also a focus area within the ICA Växa (ICA Grow) initiative launched in 2020. The aim of the initiative is to increase the percentage of sustainable, Swedish-produced plant-based food and encourage innovation within the food industry.

Partnerships to promote a sustainable and competitive Swedish food industry

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. ICA is also participating in the Sweden Food Arena collaboration platform and in a number of research projects focused on a sustainable food supply chain in Sweden, including within the framework of FINEST, a national centre initiative to create the right climate for innovation to promote a sustainable food industry.

Support for local producers in the Baltic countries

In 2020 Rimi Baltic launched a campaign called "Good for you, good for your country" and the focus on promoting local food production has continued.



In Latvia and Lithuania significant investments were made in 2023 to get more locally produced food in stores. An example was the prize-winning communication campaign "Taste of Latvia" which includes TV programming and social media collaborations. In Lithuania so called "Farmer Stores" were set up in all new stores. These are now found in half of all the stores in the country.

Initiatives for a stronger local community

ICA Gruppen is helping in various ways to strengthen local communities. 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 fill multiple important functions in the community. In Sweden at the end of 2023 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 308 stores. ICA, Apotek Hjärtat and Rimi Baltic all also offer customers an online shopping option.



24/7 stores increase accessibility

To increase the level of service and access to groceries, more unstaffed 24-hour grocery stores were established during the year at several locations in Sweden. The concept was previously tested within the framework of ICA Nära, ICA's smallest store format. In 2023 ICA Supermarket Kopparhallen in Ljusnarsberg was the first of its kind to stay open around the clock.

At the end of 2023 there were 53 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 will be in sparsely populated areas or small towns.

Secure, inclusive and sustainable places

ICA Gruppen wants to help create places that are secure, inclusive and sustainable. Building attractive community environments where people want to live and spend their time creates long-term value in both new and existing neighbourhoods. In both expanding the property portfolio and managing existing properties, ICA Real Estate works actively on security, well-being, mobility and accessibility. This is done in close cooperation with municipalities, ICA retailers, owners of neighbouring properties and other partners.

Sponsorship and fundraising

ICA is involved in extensive sponsorship and fundraising activities at both the central and local level. In Sweden ICA retailers account for a substantial and important part of ICA's sponsorship activity. Their commitment to local sports clubs, cultural events and social sponsorship is impactful.

In 2023 Rimi Baltic ran several campaigns to encourage people to donate food for those in need. Activities in Latvia included the "Angels over Latvia" campaign in cooperation with the Children's Hospital Foundation (Bērnu slimnīcas fonds). In Estonia, Latvia and Lithuania the collection of donated food packages from customers also continued as a joint initiative with food banks.

Cleaner neighbourhoods in Sweden and Latvia

In 2023 ICA Sweden and the ICA Stiftelsen foundation continued their partnership with the organisation Städa Sverige (Cleanup Sweden). During the year 89 dedicated retailers and 254 clubs took part in the Ready, Steady, Clean! initiative, which involves cleaning up the local area. A total of 5,418 participants in 73 municipalities removed 31 tonnes of litter, earning a combined SEK 1.5 million for their clubs.

Rimi in Latvia participated in The Big Cleanup initiative in which 50 stores distributed 50,000 special bags to customers who wanted to take part and pick up litter. Rimi employees volunteered for the initiative and a total of 1,100 locations around the country were cleaned up.

Support for local projects through Folke

The ICA Stiftelsen foundation is running multiple projects to get people moving, especially children and young people. Revenue from sales of Folke, ICA's own brand of cheese, funded local projects around the country during the year, including one for an ice hockey rink in Fritsla, a boule hall in Hedekas, a pump track in Brunflo and a bathing jetty in Jävve.



ICA Entrepreneur Award

The ICA Entrepreneur Award was presented for the sixth consecutive year in 2023. The purpose is to recognise business owners who are making a difference in their community. The award has two categories: Local Hero of the Year, for entrepreneurs who have made a difference to their local community through their venture; and Local Junior Hero of the Year, which goes to a young local entrepreneur up to age 24.

The 2023 Local Hero of the Year went to Pensionatet, a Piteå-based bed and breakfast. The Local Junior Hero of the Year was Containing Greens in Luleå, which has used residual heat from server halls and resource-efficient

hydroponic cultivation systems to develop technology that makes fresh, locally produced vegetables available during any season of the year.



Environment

We will minimise our environmental impact, move towards net zero climate impact and help our customers to make more sustainable choices.

Focus areas

Climate impact of the Group's own operations

- Reduced climate impact from refrigerants and energy in offices, warehouses, stores and pharmacies
- Reduced climate impact from transport by switching to fossil-free fuels
- Reduced climate impact from properties by choosing building materials with a lower climate impact.

Plastic and packaging

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

Food waste

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

Sustainable food systems

- Reduced 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 sustainable production and consumption of food

One of ICA Gruppen's overall goals is to cut the climate impact from customer food purchases in half by 2030. 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.

Within both ICA Sweden and Rimi Baltic efforts continued during the year to stimulate, inspire and encourage sustainable choices in various ways. Special activities in 2023 included a continued active focus on shifts in the assortment, including in ICA's Swedish plant-based range and initiatives in fruit and vegetables, and increasing awareness of how exposure of plant-based food in stores impacts sales. Within the framework of the Mistra Sustainable Consumption programme a study was carried out in cooperation with researchers from Chalmers University of Technology to explore the difference between integrating plant-based alternatives with the corresponding animal-based products on the shelf as compared to displaying them on a separate "veggie shelf".

For the second year in a row ICA took first place as Sweden's most vegan-friendly food chain when the Djurens Rätt animal rights organisation assessed and ranked the vegan offering at Sweden's grocery chains.

Focus on promoting sales of organic food

Organic production has clear added value linked to biodiversity and ICA Gruppen is therefore focusing on actively offering a broad range of organic and sustainability-labelled private label products.

In 2023 ICA Sweden focused on reversing the trend of lower organic food sales. These efforts – largely taking place in cooperation with ICA retailers – included various in-store campaigns, as well as nudging projects to gain an understanding of the best way that stores can increase their organic food sales.

Initiatives to reduce food waste

During the year, ICA Sweden and Rimi Baltic continued their various initiatives to reduce food waste in stores and warehouses, and among customers. These initiatives are based on the so-called food waste pyramid, and the goal is to identify at an early stage those products that are at risk of becoming waste and manage them accordingly.

The highest priority is prevention, and gathering accurate food waste data is crucial to this effort. In 2023 efforts to use data-driven insights and AI to minimise waste continued. ICA Sweden is, for example, partnering with foodtech company Whywaste through the innovation hub called ICAX. Within the framework of this partnership all stores are offered an AI-driven tool that provides store-specific, data-based



Sustainable food systems of the future – partnerships for cultivated meat and plant-based salmon

To contribute to innovation within the food system and to work towards the overarching ambition of reducing climate impact from the assortment, ICA entered into a number of new partnerships during the year, including for cultivated meat and plant-based salmon.

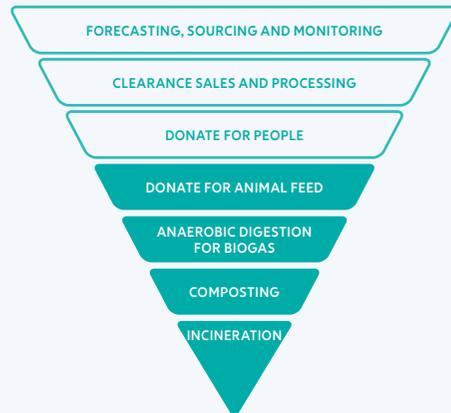
In 2023 ICA Sweden partnered with scale-up company Re:meat for Swedish cultivated meat. The first stage of this collaboration involves studying Swedish consumers' opinions on cultivated meat. ICA and Re:meat will together determine what is needed to create demand that will make a difference from a sustainability perspective.

One of Rimi Baltic's initiatives during the year was a pilot collaboration with the start-up Revo Food for the production of plant-based salmon. The salmon is expected to be on store shelves in the first quarter of 2024.



recommendations in realtime on how the store can prevent and reduce its food waste. At the end of the year around 40 stores were connected to the service, and based on the waste reductions they achieved, future reductions in waste are expected to be around 20–40% per store. In the Baltics the AI tool for automatic discounts on short-dated items, which was introduced at the end of 2022, has now reached more than a million customers and has helped to reduce waste significantly.

In 2023 ICA Sweden joined a voluntary agreement called SAMS, short for Samarbete för minskat matsvinn (Cooperation for reduced food waste). The initiative was launched in 2020 as part of the Swedish Government's investment in food waste reduction and is being run jointly by Sweden's National Food Agency, Environmental Protection Agency and Board of Agriculture. SAMS aims to contribute to reaching UN Sustainable Development Goal 12, target 12.3, which is to halve global per capita food waste by 2030, as well as to Sweden's national action plan for food waste reduction.



○ NOT CONSIDERED FOOD WASTE
● CONSIDERED FOOD WASTE

During the year ICA Sweden also continued working with the Stadsmissionen organisation and its social supermarket concept called Matmissionen (Food Mission) which opened several new stores in 2023. ICA Sweden's warehouses and customer fulfilment centres in the Stockholm and Helsingborg regions are among those that are donating food that might otherwise end up as food waste to the stores, which then sell the food at heavily discounted prices.

In both Sweden and the Baltic countries there are several other partnerships with organisations such as Karma, Food2Change, TooGoodToGo and Food Bank to sell on and donate goods that could end up as waste. Rimi in Estonia was involved in a pilot project in 2023 in cooperation with the FoodLoop start-up to study the possibility of donating more ready meals that might otherwise be thrown away. In Latvia the number of stores donating food to local food banks increased during the year to 98.

To help customers reduce food waste, Rimi Baltic has continued its partnership with the start-up PlantJammer, which autogenerates recipes on its website for the leftovers customers have at home.

Increased transparency and lower environmental and climate impact from pharmacy products

Apotek Hjärtat is aiming to halve customers' climate impact from consumption of self-care products and other merchandise. However, gaining access to data on the environmental and climate impact of pharmacy products and pharmaceuticals is a significant challenge. Working with suppliers and research institutions, various projects are being conducted to increase knowledge about pharmacy products and identify activities to reduce their climate impact. One such activity in 2023 was an industry seminar on pharmaceutical-related climate impact. At the seminar researchers presented results from lifecycle analysis commissioned by the Bayer pharmaceutical company and carried out by IVL Swedish Environmental Research Institute in cooperation with Apotek Hjärtat.



Focus on sustainability in new store and logistics properties

During the year ICA Real Estate continued developing and building properties with a strong emphasis on sustainability. ICA Real Estate's most sustainable store property to date – the Maxi ICA Stormarknad Österåker hypermarket in Åkersberga – was opened in 2023. The building is made entirely of wood, uses geothermal energy for heating and cooling, and has solar panels, a sedum roof and charging stations.

Also opened in 2023 was the fourth store to be built with a timber frame, ICA Supermarket Östhammar. In Enköping the new ICA Supermarket Westerlund was opened. The cooling system combined with a geothermal energy system ensures that the property has

efficient heating with low electricity consumption. In 2023 ICA's new flower warehouse was also opened in Västerås. Solar panels have been installed on the building, which will also be certified to BREEAM with a rating of Excellent. In this new construction there has been a strong emphasis on landscape and surface water management in order to restore and improve the ecological value of the location. Meadowlands have been created in open spaces, and stone mounds and dead wood have been placed on and around the building to create habitats for animal and plant life.

All new store buildings have been certified at the Miljöbyggnad Gold level.



Work also continued during the year on the "Medvetna val" (Conscious Choices) category in online sales channels. This is Apotek Hjärtat's range of products with a sustainability label or that otherwise meet the pharmacy's sustainability criteria.

The risk of negative environmental impact from pharmaceuticals occurs not only in production but also in how they are used. In efforts to reduce the environmental impact from pharmaceutical use, in 2023 gels that contain the substance diclofenac (e.g. Voltaren) were moved to behind the counter in pharmacies. Diclofenac has a negative impact on the environment and by only selling these products over the counter, pharmacies can ensure that the customer receives the correct information and advice about how to minimise the environmental impact from their use.

Towards fossil-free road transport

At the end of the year goods transport accounted for 69% of the Group's remaining greenhouse gas emis-

First store with in-house battery energy storage

Being able to store energy is a vital component in the transition to a more flexible and renewable electricity system. Maxi ICA Storkmarknad in Kungälv launched its own battery energy storage in 2023 as the first store to install this solution. The energy storage system from the Swedish company Polarium is built on lithium-ion technology and intelligent software that enables energy to be stored when supply is high for use when it is lower. The system in Kungälv has a capacity of 1 megawatt and is helping to lower costs while also stabilising the grid.

sions. Long-term 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 by road for ICA Gruppen's Swedish companies is to be fossil-free. In Sweden's metropolitan regions (Stockholm, Gothenburg and Malmö) this transition is to take place as soon as 2025.

In 2023 the goods transport-related emissions increased by a total of 9% in Sweden. The increase is mainly due to a lower percentage of renewable fuels, with HVO largely being replaced by diesel.

Continued investment in innovation and electrification

During the year ICA Sweden continued the partnership with Volvo Trucks that started at the end of 2020. Various areas are covered, 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 joint testing of new technology.

During the year one of the world's first electric articulated lorries, measuring more than 25 metres in length and weighing a total of 50 tonnes, was put into operation. The lorry delivers goods from ICA's warehouse in Helsingborg to ICA stores in Skåne and has a range of around 200 kilometres.

Rimi Baltic is also testing electric transport solutions. In 2023 Rimi Baltic became the first grocery chain in Latvia to launch a pilot project for electric transport between warehouses and stores in cooperation with supplier Vikotrans. The project will continue in 2024. A small pilot project involving electrically powered delivery of groceries ordered online was carried out in Lithuania to identify possible next steps.

Working towards conversion of its entire transport system, ICA is also collaborating on innovation in areas such as hydrogen-powered transport and fuel with a

lower climate impact. In 2023 a contract was signed with Maersk to use biomethanol for long-range sea freight shipping. This will reduce ICA's climate footprint from this type of transport by 80% over the term of the contract. ICA has also signed an agreement with MaserFrakt for a pilot project involving a hydrogen-powered lorry. This makes ICA the first actor in Sweden (and among the first in the world) to have hydrogen-powered grocery transport.

Biodiversity

ICA Gruppen is working actively to protect and promote biodiversity through the criteria it has for the goods it sells, an ambition to increase the proportion of goods that are certified organic (see page 80), 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 and ingredients (see page 89–90). 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. Examples include the long partnership with the Federation of Swedish Farmers (LRF), the ICA Växa (ICA Grow) initiative and having a high proportion of Swedish ingredients in ICA's private label products. Biodiversity aspects are also incorporated into new properties and property management, for example by creating dams for surface water management, dead wood habitats, meadow grass, vegetation blankets, insect hotels and having queenless bees on roofs.

ICA Loved by bees

Wild pollinating insects are crucial for our ecosystems and food supply, but their numbers are diminishing



Green bonds

In 2023 ICA Gruppen issued green bonds for the first time (see page 19–20). The areas covered by ICA Gruppen's new green financing framework are environmentally certified buildings, renewable energy, fossil-free transport and sustainability-labelled products in the Company's private label assortment. A separate report on the framework will be produced annually and published at icagruppen.se.



both globally and in Sweden as a result of fewer flower-rich environments, insecticide use etc. 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. In 2023 two Swedish-grown products – flowering basil and a type of bidens – were added to the Loved by bees assortment. A portion of the revenue from the flowers in the assortment went to the ICA Stiftelsen foundation's initiatives to promote biodiversity.

Active efforts to reduce energy use

One of ICA Gruppen's overall goals is to reduce energy use in the years up to 2030. For the operations in Sweden the target is a reduction of 20% and for all energy to be from renewable sources. Electricity produced by ICA Gruppen is to be used in 25% of the store properties and constitute 10% of the energy

use at logistics properties. Since 2022 efforts to reach these targets have been based on a common energy strategy. The key aspects include measures to reduce energy use and to use energy more efficiently, as well as increasing the Group's own production of renewable energy. In 2023, for example, preparations were made to install 2,800 square metres of solar panels on ICA Sweden's new warehouse in Västerås. In partnership with independent ICA retailers, the installation of solar panels on buildings continued during the year.

In 2023 Rimi Baltic decided on a new energy strategy that includes an ambition of a 24% reduction in energy use per square metre by 2030 compared with 2021.

More innovation for better packaging and less plastic

ICA Gruppen is working constantly on its packaging strategy based on a comprehensive approach to sustainability and a lifecycle perspective. This involves, among other things:

- **Reduced use of plastics.** There are active efforts under way throughout ICA Gruppen to reduce the volume of plastic. Initiatives in 2023 included replacing packaging for ICA Sweden's own mince from traditional trays to so-called flowpack packaging. This new solution conserves the mince as well as the previous packaging, but reduces plastic consumption by 150 tonnes a year.
- **Circular solutions.** In cooperation with Swedish Plastic Recycling, ICA Sweden launched new packaging for its SKONA laundry detergent in 2023. It is made of 95% recycled plastic collected from Swedish households. This new solution is one of the first that closes the loop, with the plastic collected from consumers being used to create packaging that they can find in stores.
- **Design for easier recycling.** ICA Sweden joined an industry initiative to adopt a common declaration of intent regarding soft plastic packaging for frozen products. The intention is to primarily use packaging that does not combine multiple types of plastics, to reduce the area of printed text and amount of colour on packaging, and to use only transparent or white plastic film.
- **Transition to renewable materials.** Packaging plays an important role in extending the shelf life of certain foods and in 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.

In Lithuania in June, Rimi introduced a charge for thin plastic bags, as required by law in that country. Sales of these plastic bags have since decreased by around 60%, thereby saving 30 tonnes of plastic per year. At the same time sales of reusable bags have increased by 350%.

Initiative to reduce paper bags in online shopping deliveries



ICA Sweden is implementing and participating in several initiatives to find alternatives to the paper bags that are currently used in online shopping deliveries. During the year three alternatives for grocery deliveries from ICA's customer fulfilment centre in Gothenburg were tested: returnable boxes, reusable bags and deliveries with no packaging at all. ICA is also taking part in a project in cooperation with Coop, Dagab and Mathem to find an industry-wide circular solution for reusable bags. The project will continue into spring 2024 and is receiving funding from Vinnova and Re:source.



Charging stations installed in Lithuania

In 2023 Rimi in Lithuania started partnering with Eldrive, one of the leading actors in charging infrastructure for electric vehicles in that country. The goal is to enable charging outside 46 of Rimi's stores around Lithuania. The plan is to make charging possible in at least 260 locations in all.





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

ICA Gruppen's long-term ambition is to reduce the climate footprint of the entire value chain in line with what is needed to reach the Paris Agreement's 1.5°C goal.

Within ICA Gruppen's operations, goods transport currently accounts for the largest share of the climate impact, while production of the food that ICA Gruppen sells accounts for the majority of emissions when including the whole value chain. The Group's goal of fossil-free road transport in Sweden by 2030, the transition to refrigerants with a lower climate impact in line with future legal requirements and the respective energy strategies that exist for the Swedish and Baltic operations are all key factors in reducing the climate footprint of ICA's operations.

To reduce climate impact from food production, ICA Gruppen is focusing on innovation and partnerships with suppliers to expand the assortment and reduce climate impact from production, and is also encouraging suppliers to set science-based climate targets. To reduce the overall climate impact from customers' food

purchases, initiatives are also under way to inspire and guide consumers to choose food that has a lower climate impact.

In 2022 ICA Gruppen submitted to the Science Based Targets initiative (SBTi) its commitment to adopt long-term climate targets for the entire value chain to reach by 2050 in accordance with the initiative's Corporate Net-Zero Standard. In 2023 ICA Gruppen's new targets were submitted to SBTi for validation. The targets are formulated in accordance with the SBTi Standard and therefore have targets for 2030 and 2050, include all scopes under the GHG Protocol, and have varying objectives for FLAG (forest, land and agriculture) emissions and for other emissions. The SBTi is expected to validate the targets in the first half of 2024.

In connection with submission of the new targets for validation, ICA Gruppen decided to adjust its ambition for reducing emissions from food sold. To align with the FLAG target for 2030, the new ambition is a 30% reduction in emissions compared with 2022.

ICA Gruppen's carbon offset programme

Since 2020 ICA Gruppen has been offsetting carbon emissions from its own operations, i.e. stores, pharmacies, warehouses, offices and transport. Carbon offsets can never replace the work being done to reduce emissions in the Group's value chain, but they supplement those efforts and help to accelerate climate action at the global level.

Carbon offset projects that ICA Gruppen supports are carefully selected in cooperation with South Pole and Climate Partner to ensure that they are contributing 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 chosen carbon offset projects in countries that are part of the Group's own supply chain: Brazil, Peru, China, Thailand and Turkey. The projects are contributing to climate action in various ways. By expanding geothermal 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



Target/ Ambition

- ICA Gruppen's suppliers are to adopt science-based climate targets by 2025

Examples of activities to reduce emissions

- Innovation and assortment development to increase the share of plant-based food
- Dialogue and agreements with suppliers regarding more sustainable choices
- Monitoring suppliers' adoption of science-based climate targets
- Collaboration within the Hållbar livsmedelskedja (Sustainable Food Chain) initiative

ICA Gruppen's own operations



Net zero climate impact from ICA Gruppen's own operations by 2030

- Fossil-free road transport in Sweden by 2030 – and in the metropolitan regions as soon as 2025

- Transition to refrigerants with a lower climate impact
- Gradual transition to fossil-free transport
- Optimisation of routes and increased use of rail freight

- Constant energy efficiency improvements in stores, warehouses and offices
- Guidelines for climate-smart business travel

Consumption



- The climate impact of customers' food purchases is to be halved by 2030¹

- Inspiring people to make more sustainable choices – by adjusting the assortment and providing climate-guided recipes and digital services

¹ ICA Gruppen has decided to adjust its ambition in line with the science-based targets submitted to SBTi for validation.

ICA Gruppen's climate targets for the Group's own operations cover Scope 1, Scope 2 and parts of Scope 3. For a full account, see page 93.

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

Improve wellbeing

ICA Gruppen wants to promote better public health. By virtue of ICA Gruppen's size and through cooperation, the Group is well-equipped to reach out and in various ways inspire people to live a healthier life – thereby making a difference to both individuals and society. 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. 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.

Keyhole initiative continues

Work on guiding consumers towards healthy eating habits continued during the year using the Swedish Food Agency's Keyhole symbol. The symbol has been made more prominent on much of ICA's assortment of private label products and information on the products' health benefits have also been made more clear.

Special focus on children and young people

Children and young people are target groups that are a particular priority. During the year more than 399 school classes in years 2 and 5 used ICA Sweden's educational material *Kompis med kroppen* (Buddy with your Body), which explains the benefits of good diet and exercise. In addition, 170 classes took part in the "Melliskockarna" (Snack Chefs) initiative developed to inspire younger children to prepare healthy snacks based on recipes.

In Estonia a campaign was launched in spring 2023 where members of the public were asked to vote on



projects that promote a healthy lifestyle in three municipalities. The projects selected, which included a number of initiatives to introduce preschool children to food production and healthy eating habits, received EUR 10,000 each in funding from Rimi.

Blood pressure checks

In Sweden more than 2.3 million people are living with high blood pressure, and almost 80% of these have not been diagnosed or are not receiving the right treatment. Untreated high blood pressure is the cause of half of all cardiovascular diseases and almost one fifth of all deaths in Sweden. In order for more people to keep track of their blood pressure, a pilot project was launched in 2022 jointly by Apotek Hjärtat and Blodtrycksdoktorn (the Blood Pressure Doctor). In 2023 the project resulted in a partnership that provided easy access to blood pressure measurement at pharmacies throughout Sweden.

Activities to prevent mental health problems

Efforts to improve public health also include mental health aspects. Inflation, raised interest rates and falling prices in the housing market can in various ways contribute to increased uncertainty or more problems with personal finances, which in turn can increase the risk of mental health problems. To address this problem, ICA Bank intensified its focus during the year on providing easy access to advice on personal finances and practical tips on what to consider in uncertain times. During the year ICA Bank also continued its partnership with Lexly, the leading digital legal player in the Nordics. The partnership allows ICA Bank to offer its customers free needs analysis and initial legal advice, followed by discounted services for contracts created either online or with the help of a lawyer. During the year a partnership with the Varannan Vecka

Direct impact



Indirect impact





app was also launched to help parents work together to find good solutions following a separation.

ICA Insurance offers a counselling service through BlueCall as part of all of its insurance policies. Customers are given the opportunity to chat online or call and talk to a therapist about various issues associated with mental illness. The purpose is to help customers in situations where they may need a little extra support. 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 young people. The partnership also focuses on joint communication, information and education in the area of mental health. The ICA Stiftelsen foundation also has an existing active partnership with Mind.



Menopause-friendly workplace

To increase knowledge about the menopause and how it affects a woman's mood, wellbeing or work capacity, Apotek Hjärtat continued its training initiative during the year called Klimakteriesäkrad arbetsplats (Menopause-friendly Workplace). For example, the materials, which anyone can download

free of charge, were translated into English to make them accessible to more people. In 2023, the initiative won a silver medal in the Magnet Employer Branding Awards.

Focus on movement and a healthy lifestyle

In addition to good eating habits, ICA Gruppen wants to inspire people to move and exercise. ICA Sweden's initiatives include the ICA Classic sporting challenge, which consists of the same disciplines and distances as the Swedish Classic challenge but with the difference that the various elements can be completed over a longer period of time. ICA Sweden also has a long-standing partnership with Friskis & Svettis aimed at inspiring people to live healthier lives. Rimi is a main sponsor of running races in the Baltics. In 2023 Rimi supported major events in all three Baltic countries, including the Rimi Riga Marathon with 23,000 participants, the International Rimi Vilnius Marathon with 10,000 participants, a 10k run in connection to the Tallinn Marathon, and women's running events in Estonia.

Pink Ribbon: SEK 51 million for cancer research

ICA stores, Apotek Hjärtat and their customers together raised SEK 51 million for Swedish cancer research in conjunction with the Swedish Cancer Society's Pink Ribbon campaign – SEK 42 million from ICA and SEK 9 million from Apotek Hjärtat.



Sustainable antibiotic use

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

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

Inclusion and diversity

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

Focus areas

Increased openness

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

Increased diversity

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

Increased equality

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

Direct impact



Indirect impact



An inclusive culture

ICA Gruppen works actively on creating and supporting an inclusive culture where all people feel respected and valued, receive the right support and are encouraged to reach 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 in the long term, the Group needs to have a broad range of skills, experience and perspectives.

Diversity is integral to ICA Gruppen's People Strategy and multiple initiatives are under way within the Group to increase diversity. In 2023, for example, more than 260 store managers attended an introductory course on inclusion and diversity within the framework of their store management training. An additional 110 individuals, mainly retailers and future retailers, received further training in this area through ICA School's business leader training.

ICA Bank and ICA Insurance provided workshops and courses for all their employees during the year. These were aimed at developing a more inclusive culture and improving everyone's sense of belonging. The courses have also been made available to all companies within the Group.



Gastronomic Gatherings

In 2023 the ICA Stiftelsen foundation enabled non-profit organisation Kompis Sweden to implement its "Matiga Möten" (Gastronomic Gatherings) project at various locations around the country, including at the head office in Solna. At these events newcomers to Sweden prepared food alongside people who have lived here longer. The initiative is being run in close cooperation with independent ICA retailers.

Women in Tech

In 2023 ICA Gruppen participated in Women in Tech, the Nordic region's largest tech conference for women. For the fourth consecutive year ICA was a partner in inspiring and motivating women to pursue careers in tech.



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.



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 in 2023 involved 24,000 children from some 280 clubs.

Another initiative is "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. Withing the framework of the "Matchkorv" (match sausage) project, four new food meeting places were granted support after football clubs applied for funding to renovate kiosks, clubhouses and cafés.



European Diversity Month

In May ICA Gruppen highlighted European Diversity Month, originally initiated by the European Commission. Activities in Sweden included talks on mental health, neuropsychiatric disorders and inclusive leadership, as well as physical and digital courses on various themes. Representatives from Rimi's management teams participated in both the launch event in Brussels and the Diversity Charter annual conference in Lithuania. In Lithuania and Latvia Rimi also took part in the international DUOday initiative, where people with functional disabilities are invited to try out different work roles. In Estonia Rimi expressed its support for LGBTQ rights in connection with Baltic Pride in Tallinn.

Employees from offices and ICA stores also volunteered and participated in Glada Hudik Theatre's manifestation on Sergels Torg square in Stockholm with the message that all lives have equal value.



Food camp in Fiskeboda and on Barnens Ö island

During the autumn school break 250 children attended the Matkollo food camp where they explored and experimented with flavours, gained inspiration from food from different parts of the world, prepared food in teams and played. The project was a collaboration between the association ICA-handlare tillsammans för Barnens Ö (ICA Retailers together for Barnens Ö), the ICA Stiftelsen

foundation and the foundation organising the camp, Stiftelsen Barnens Dag.

Renovation of the Sundsro property at the children's summer camp Barnens Ö (Children's Island) was completed during the summer, creating an additional 260 or so spaces at the camp. The renovation was co-funded by around 40 ICA retailers and ICA Stiftelsen.

Quality

By being open and transparent we will take active 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 Human Rights Due Diligence (HRDD) principles

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 Gruppen and the products and services we offer

Direct impact



Indirect impact

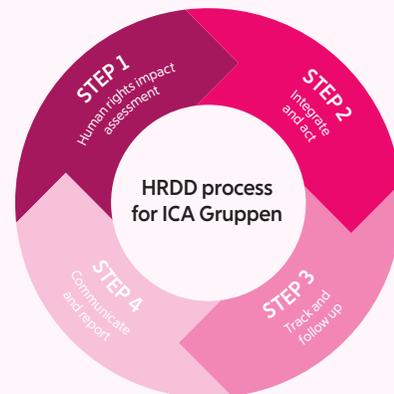


The goods that ICA Gruppen sells must meet requirements and expectations, and must maintain high standards in terms of the impact of their production on people, the environment and animal welfare. They must be safe to use, reduce environmental impact, and be produced under good working conditions and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

The standards set for ICA Gruppen's corporate brands are particularly high. Suppliers must, for example, be quality-certified to a standard accepted by the Group. Social audits are also carried out on site for suppliers of ICA Gruppen's corporate brand products in high-risk countries.

Focus on human rights and the environment throughout the value chain

ICA Gruppen has been implementing systematic social responsibility efforts for some time based on the UN's and ILO's conventions on human rights. Since 2021 ICA Gruppen has also been working on developing its risk-based approach according to the principles of HRDD (Human Rights Due Diligence). In 2023 ICA Gruppen participated in several partnerships focused on improving conditions in the supply chain. These efforts were established and decided upon



by the ICA Gruppen Management Team and are monitored continually.

Efforts were under way during the year to also apply due diligence principles to environmental impact assessment to enable a risk-based process to be used throughout the sustainability agenda. The due diligence principles are based on the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD's Guidelines for Multinational Enterprises. They guide companies in their risk management processes regarding human rights and the environment throughout the value chain. Companies are to apply due diligence to identify, act on and prevent adverse impacts on human rights and the environment based on the size of their business and the nature and context of their operations.

Human rights in the supply chain

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 failure to respect the right to freedom of association and collective bargaining, child labour, forced labour, young workers being exposed to risky tasks or any other failure to comply with human rights.

ICA Gruppen's requirements for the prevention of child labour are based on ILO's fundamental conventions, and state 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.

Human rights are an integral part of ICA Gruppen's Sustainability Policy and the separate sustainability annex attached 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, the supplier 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 2023 ICA Gruppen decided to terminate agreements with 4 suppliers because they did not adequately meet the Group's requirements on human rights or they had not made the necessary improvements since the first audit.

Cooperation for good conditions in the supply chain

Since 2022 ICA has been working with ETI Sweden (Ethical Trading Initiative). This partnership within the framework of ETI Sweden's working group for food and beverages addresses issues such as those relating to working conditions and human rights in Swedish food and beverage supply chains. As part of the ETI partnership, the Swedish platform for high-risk crops – of which ICA Sweden is a member – was launched in 2023. ICA also took part in a project on working conditions in citrus cultivation in Morocco and engaged in dialogue about working conditions in the berry industry.

Through ICA Global Sourcing, ICA has also engaged in cooperation for better working conditions in Asia. In 2023 ICA signed the Pakistan Accord, which builds on the Bangladesh Accord to improve safety in the textile industry.

High-risk ingredients in focus

Certain raw materials are associated with very substantial challenges in terms of the impact of their production on people, the environment and animal welfare. For several years now ICA has required only certified soy (in food and animal feed) and palm oil (in food) to be used. The Group has also worked towards the target of certifying all high-risk ingredients (in addition to palm oil and soy, also coffee, tea, cocoa, seafood and cotton) found in ICA Gruppen's corporate brands no later than 2025. This requirement is based on third-party labelling for certified cultivation and sustainable sourcing, such as KRAV, EU organic, Fairtrade, MSC,



ASC, Rainforest Alliance, RTRS, RSPO and GOTS. This goal has already been reached for coffee, tea, soy and palm oil, and a more precise status report for the other ingredients will be provided in 2024.

During the year Rimi Baltic became the first grocery retail chain in the Baltics to be able to offer MSC- and ASC-certified corporate brand products in the seafood category.

ICA's Sweden's undertakings within the framework of the Swedish platform for high-risk crops involve palm oil in animal feed also being certified as more sustainable by 2025.

Working conditions in berry forests under scrutiny

Since ICA Sweden's analysis of the impact on human rights in the value chain showed significant risks within the Swedish berry industry, ICA has been working for several years in a structured way to prevent and act on these risks. This has included the problem of guest worker debt to employers, which can be classified as a form of forced labour. Among other things, ICA requires berry pickers to have collective agreements and guaranteed wages, holiday benefits and insurance policies. This is monitored through audits carried out by external parties in which the social conditions are examined.

During the summer Kiwa was tasked by ICA Sweden with auditing Polarica, one of ICA's two main suppliers of wild berries. ICA has also cooperated with other actors in the industry for many years to manage the conditions for berry pickers. For example, within the framework of the ETI partnership efforts are being made to introduce the Employer Pays Principle (EPP), whereby employers are to pay all costs associated with travel and accommodation etc.

Activities to prevent food fraud

ICA Gruppen works actively to prevent food fraud. The main initiatives include work on quality certificates,

analysis and unannounced audits, along with industry collaboration. ICA Gruppen is also engaged in 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.

Välvald 3.0 labelling criteria launched at all Sweden's pharmacies

In 2017 Apotek Hjärtat launched an initiative called "Välj med Hjärtat" (Choose with your Heart), which subsequently formed the basis for the common industry sustainability guide for pharmaceuticals that is now available at all Swedish pharmacies. The criteria for labelling have gradually become more strict and in May 2023, even more so. Under these stricter criteria, pharmaceutical companies now need to prove that they have required responsible manufacturing in their supply chains for the projects to be included in the Välvald assortment.

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 is controlled by Swedish laws, is audited based on a risk assessment carried out by ICA Sweden. These audits may, for example, check 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.



Focus on better animal welfare in chicken production

In autumn 2023 there were media reports of irregularities among multiple actors upstream in the meat chicken industry. ICA is taking the reports seriously and immediately contacted all of its chicken suppliers to make sure that they are in turn ensuring good animal welfare practices upstream. This is something that is already required in ICA's agreements with its suppliers.

In November and December ICA Sweden convened and took part in several meetings

with suppliers and industry associations. At these meetings ICA expressed its requirement for transparency and insight in order to ensure compliance with Swedish animal welfare legislation. In addition to dialogue on how ICA's suppliers are requiring and monitoring good animal welfare practices upstream, ICA held discussions with its chicken suppliers regarding their position on slow-growing breeds.



ICA Gruppen's suppliers

ICA Gruppen has a global network of suppliers. Continuous dialogue and monitoring take place 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. Compared with the previous year, ICA Gruppen had slightly more suppliers in 2023, with an increased share in the Group's home markets and in Europe.



Approximate number of production sites around the world producing ICA Gruppen's corporate brand products. The number of production units is not static; it depends on the product 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 2023 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, prepares guidelines for how the Group is to act in society. The Board's tasks have included preparing policies on business ethics and sustainability, producing 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. During the year ICA Gruppen's Board of Directors decided to reinstate a Sustainability Committee to support work in this area.

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 ICA Management Team, under the leadership of the Chief Corporate Responsibility Officer, is tasked with developing and, if need be, monitoring the Group's application of the Sustainability Policy. To support 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, inclusion and diversity, health, 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 the Group's 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 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 (PRB)



How ICA Gruppen sets its sustainability objectives

Sustainability is integrated into ICA Gruppen's strategy for the Group and into Ambition 2030. 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 the area of sustainability, 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	2023	2022	2021
Direct greenhouse gas (GHG) emissions according to Scope 1	9,577	13,924	14,428
of which			
Refrigerants in warehouses and at stores owned by ICA Gruppen	8,250	13,455	13,273
Business travel using leased company cars and cars provided as a fringe benefit	567	469	1,155
Goods transport owned vehicles	760		
Indirect greenhouse gas (GHG) emissions according to Scope 2	2,879	2,293	2,919
of which			
Energy in warehouses	712	782	985
Energy in stores, pharmacies and offices owned by ICA Gruppen	2,167	1,511	1,934
Indirect greenhouse gas (GHG) emissions according to Scope 3	80,431	76,358	61,444
of which			
Business travel	4,497	2,367	605
Goods transport between warehouses and stores/pharmacies as well as central e-commerce	63,106	58,380	41,640
Swedish ICA stores not owned by ICA Gruppen (energy and refrigerants)	12,828	15,611	19,199
TOTAL	92,887	92,575	78,791
Change in carbon emissions/m² compared with 2006			
Total reduction in CO₂e per m², %	-77	-77	-81

Distribution of carbon dioxide emissions according to the GHG Protocol, 2023, %



Comment: GHG emissions from ICA Gruppen's own operations (incl. Scope 1, 2 and parts of Scope 3 as above) amounted to 92,887 tonnes in 2023, a minor increase compared with 2022. Decreases can be seen in emissions from refrigerants and energy, while emissions

Distribution of carbon dioxide emissions, 2023, %



from goods transport continue to increase due to a reduced share of renewable fuels. All emissions from ICA Gruppen's own operations for 2023 are carbon offset (see page 84).

Goods transport between warehouses and stores/pharmacies as well as central e-commerce

	2023	2022	2021
Carbon emissions, tonnes	63,866	58,380	41,640
of which			
Sweden	49,722	45,770	27,887
Baltics	14,144	12,610	13,753
Fuel consumption, thousands of litres	35,266	35,853	35,640
of which			
Sweden	30,566	31,045	30,408
Baltics	4,690	4,808	5,232

Percentage of fossil-free road transport

	2023	2022	2021
Percentage of fossil-free road transport within ICA Gruppen's Swedish operations, %	58	59	71

Comment: GHG emissions from goods transport have increased by more than 9% since 2022 to 63,866 tonnes, following a sharp increase of 40% between 2021 and 2022. Meanwhile, fuel consumption has decreased slightly in both Sweden and the Baltics. In Sweden both renewable fuels (mainly biogas and HVO) and diesel are used. Diesel blended with a small amount of biofuel is the main fuel used in the Baltic countries, although a small amount of renewable fuels is also used.

In Sweden emissions from goods transport increased by just under 9%. The increase in emissions is mainly due to a continued lower percentage of renewable fuels, with HVO largely being replaced by diesel.

Rimi Baltic's emissions from goods transport increased by 12% during the year. This is mainly due to updated emission factors rather than a change in the fuel mix.

Investments have at the same time continued in technologies considered to be sustainable for the longer term, such as increased use of biogas, vehicles and infrastructure for electrified transport, and agreements for pilot projects involving hydrogen-powered transport (see page 82). These investments will make it possible to accelerate emissions reductions going forward, in line with ICA Gruppen's fuel strategy.

Apotek Hjärtat and Rimi Baltic only use leased transport solutions or third party service providers. The majority of ICA Sweden's lorries are leased, other than for ICA Sweden's e-commerce transport and a small number of lorries owned by the Group. In sustainability reporting no distinction is made between leased transport solutions and the Group's own transport operations.

ENVIRONMENT

Refrigerants

	2023	2022	2021
Carbon emissions, tonnes	16,966	21,945	25,056
of which			
Sweden	9,203	9,110	12,459
Baltics	7,763	12,835	12,597

Comment: ICA Gruppen's emissions from refrigerants were significantly reduced during the year, primarily due to considerable emissions reductions in the Baltics. Rimi Baltic's emissions from refrigerants decreased by 40% thanks to the remodeling of units and the use of refrigerants with a lower climate impact. There were no significant refrigerant leaks during the year and this also contributed to the decrease.

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.

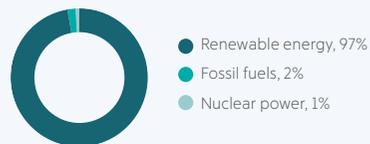
Energy use in stores and pharmacies

	2023	2022	2021
Carbon emissions, tonnes	6,198	8,508	9,271
of which			
Sweden	4,469	7,676	8,364
Baltics	1,729	832	907

Energy use in stores and pharmacies, MWh	884,239	969,065	1,020,017
of which			
Sweden	729,736	802,632	838,588
Baltics	154,503	166,433	181,429

Average energy use in stores and pharmacies, kWh/m²			
Sweden	294	327	343
Baltics	259	276	303

Distribution of energy sources, 2023, % (electricity consumption in warehouses, offices, stores and pharmacies)



Comment: The total GHG emissions from energy use are constantly decreasing thanks to continual energy efficiency improvements and an increased share of renewable energy in Sweden. In Sweden both renewable and non-renewable energy are used, and the share of renewable energy is increasing. The supply of renewable energy is lower in the Baltics, and Rimi Baltic has therefore purchased renewable energy certificates (RECs) in the past. In 2023 a decision was

Energy use in warehouses and offices

	2023	2022	2021
Carbon emissions, tonnes	756	848	1,063
of which			
Sweden	592	766	985
Baltics	164	82	78

Energy use in warehouses and offices, MWh	96,497	97,361	100,812
of which			
Sweden	81,340	81,058	85,261
Baltics	15,158	16,302	15,552

Average energy use in warehouses and offices, kWh/m²			
Sweden	159	171	154
Baltics	113	121	117

made to instead purchase certificates for fossil-free energy. This resulted in the climate impact more than doubling, despite lower average and total energy use in stores, warehouses and offices.

ENVIRONMENT

Business travel by air, rail and road

	2023	2022	2021
Carbon emissions, tonnes	5,064	2,837	1,760
of which			
Sweden	3,681	1,978	999
Baltics	1,383	859	760
Business travel by air, 000 km	5,841	4,839	1,123
of which			
Sweden	5,452	4,556	1,080
Baltics	389	284	43
Business travel by road, 000 km	15,664	14,897	12,563
of which			
Sweden	8,630	7,952	6,237
Baltics	7,034	6,878	6,327
Business travel by rail, 000 km	2,958	2,797	935
of which			
Sweden	2,958	2,797	935
Baltics	n.d.	n.d.	n.d.

Comment: Emissions from business travel have continued to increase and are now at about the same level as before the pandemic. Business travel by road in 2023 was at the same level as before the pandemic, while air travel was still significantly lower than in 2019 (12,501,000 km), as was business travel by rail. This is a positive effect of updated guidelines for business travel,

as well as digital tools developed for virtual meetings that have reduced the need for business trips.

During 2023, emission factors have been updated for both train and air travel, which leads to higher reported emissions despite a decrease in the distance travelled.

Food waste

	2023	2022	2021
Total food waste, % by weight	1.35	1.54	1.67
Sweden	1.31	1.46	1.58
Baltics	1.57	2.00	2.20
Total food waste from warehouses, % by weight			
Sweden	0.27	0.28	0.36
Baltics	0.06	0.09	0.17
Total food waste from stores, % by weight			
Sweden	1.05	1.18	1.22
Baltics	1.51	1.91	2.03

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 decreased by 26% (16) since the base year. The percentage of food waste in 2023 was lower than the previous year in both Sweden and the Baltic countries, in both warehouses and stores.

In Sweden, food waste in stores and within e-commerce continued to decrease in 2023 compared with the previous year. The reasons for this include improved forecasting, which results in less surplus food, and that the stores have increased clearance sales on goods that might otherwise be thrown away. Waste has been reduced the most compared with the previous year in the perishables category. The amount of waste generated in the logistics operations was about the same in 2023 as in 2022, although a positive trend was noted in the fourth quarter when waste decreased significantly.

Both the online sales and logistics operations donate a large amount of short-dated or imperfect food that is still fully edible to charitable organisations, thereby reducing food waste.

Significant initiatives implemented within Rimi Baltic during the year to reduce food waste in stores were a clear success. This involved both preventative measures, including clearance sales on short-dated items, as well as donations through Rimi's well-established partnerships with food banks.

See page 80–81 for more information on initiatives and partnerships that helped to reduce food waste during the year.

ENVIRONMENT

Waste¹, tonnes

	2023	2022	2021
Recycling/recycled	24,483	25,120	43,130
of which			
Sweden	5,041	4,861	4,465
Baltics	19,442	20,259	38,665
Incinerated	7,998	8,932	10,722
of which			
Sweden	2,375	2,822	3,119
Baltics	5,622	6,110	7,603
Composted	8,378	6,785	9,194
of which			
Sweden	3,978	4,693	5,371
Baltics	4,400	2,092	3,823
To landfill	12,614	13,173	14,132
of which			
Sweden	36	43	105
Baltics	12,578	13,130	14,027
TOTAL	53,473	54,010	77,178
of which			
Sweden	11,431	12,420	13,059
Baltics	42,042	41,590	64,119

¹ Data for Sweden refers to waste from logistics within ICA Sweden. The Baltics data refers to waste from logistics and stores.

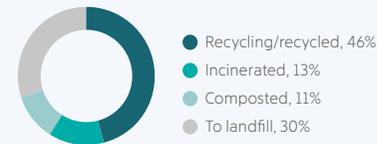
	2023	2022	2021
Recycling rate¹, %			
Sweden	100	100	99
Baltics	70	68	78

¹ Includes recycling/recycled, composted and incinerated waste.

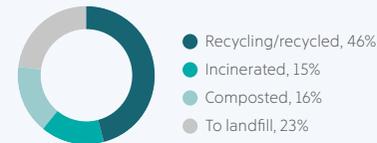
Distribution of fractions Sweden, 2023, %



Distribution of fractions Baltics, 2023, %



Distribution of fractions ICA Gruppen total, 2023, %



Comment: ICA Gruppen is working to minimise waste and maintain high recycling rates in warehouses and stores. Different waste management systems in different geographical markets affect the extent to which it is possible to increase the recycling rate.

The recycling rate increased slightly in the Baltic countries to 70% (68) in 2023, following a significant decrease in 2022. The decrease was mainly due to significantly lower volumes of registered recycled waste. The reason for this is that Rimi Baltic's registered waste previously also included waste that was covered by producer responsibility, in the form of consumer packaging. This has now been corrected in line with defined accounting principles.

The recycling rate in Sweden has been rounded off to the nearest whole number, which is 100%. Waste data does not include waste from the Swedish ICA stores or Apotek Hjärtat.

ENVIRONMENT

Environmental work in stores, ICA Sweden, number

	2023	2022	2021
Swan ecolabelled ICA stores	38	80	119
ICA stores approved according to Miljösmart Butik	195	111	111

Comment: In 2022 it was decided that all ICA Maxi stores would implement ICA's internal environmental support tool for stores called Miljösmart Butik. Several stores therefore switched from Swan certification to Miljösmart Butik in 2022 and 2023. Miljösmart Butik is helping stores to improve their environmental

programmes and further reduce their environmental impact. A total of 195 ICA stores had implemented the support tool by the end of 2023, while 38 ICA stores apply the Swan ecolabel. The Swan ecolabel involves tough criteria in areas such as waste management and energy efficiency.

Environmental tools and standards

The environmental standard ISO 14001 is used to certify operations. 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 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 actively engage in their own internal environmental work, including establishing an environmental policy, environmental targets and plans to reduce environmental impact from production, and other

activities. Suppliers must regularly monitor the environmental impact of their business. ICA Gruppen ensures its requirements are met through agreements, follow-up and by recommending established systems of environmental certification. In 2016 the ICA Social Audit, ICA Gruppen's own tool for social auditing of suppliers, was supplemented with additional sections relating to the suppliers' environmental work. The aim was to be able to monitor the suppliers' environmental performance even more effectively. The new parts focus on waste disposal, chemicals and water treatment, among other things.

	ISO 14001
ICA Sweden, logistics operations ¹	1998
ICA Real Estate ¹	1999
ICA Sweden, sourcing operations ¹	2012
ICA Special, sourcing operations ¹	2012
Rimi Baltic, sourcing operations ¹	2015

¹ Year first certified.

Employees

Average number of employees (FTE)

	2023	2022	2021
Sweden	12,704	12,904	12,729
Baltic countries	10,981	10,893	11,175
Asia	77	80	90
ICA Gruppen total	23,763	23,877	23,994

Employee turnover¹, %

	2023	2022	2021
ICA Gruppen AB	11	11	8
ICA Sweden	12	11	14
Rimi Baltic	43	43	42
Apotek Hjärtat	14	15	10
ICA Real Estate	9	16	8
ICA Bank (incl. ICA Insurance)	15	19	9
ICA Global Sourcing	18	32	53
ICA Gruppen total	25	26	26

¹ Total employee turnover includes all those leaving their employment regardless of the reason.

Comment: In 2023 ICA Gruppen had 26,650 employees, mainly in Sweden and the Baltic countries. Converted to full-time staff on an annual basis, this corresponds to 23,763 (23,877) full-time equivalents (FTEs). Of the Group's employees, 55% (54) worked in stores and pharmacies, 20% (21) in warehouses and 25% (25) 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 ques-

tion. In 2023 ICA Gruppen generally had a lower level of sickness-related absence. At the beginning of 2022 this absence was mainly related to Covid-19.

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 2023 and is slightly 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, %

	2023	2022	2021
ICA Gruppen AB	2.5	3.6	3.4
ICA Sweden	6.1	6.9	6.3
Rimi Baltic	4.7	7.1	8.0
Apotek Hjärtat	6.2	7.1	6.4
ICA Real Estate	1.0	1.4	1.4
ICA Bank (incl. ICA Insurance)	3.4	4.7	3.7
ICA Global Sourcing	1.2	1.1	1.6
ICA Gruppen total	5.4	6.9	6.9

Gender distribution, %

	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
Total ¹	66	34	66	34	66	34
All management levels	73	27	72	28	72	28
Business-critical positions	53	47	48	52	51	49
Board of Directors and ICA Management Team	35	65	36	64	43	57

¹ Outcome based on full-time equivalents (FTEs).

Swedish and foreign background¹, %

	2023		2022	
	Foreign background	Swedish background	Foreign background	Swedish background
Total	32	68	31	69
All management levels	21	79	21	79

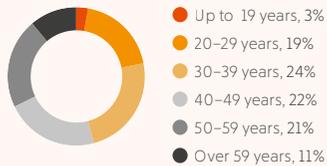
¹ Outcome obtained with the help of Statistics Sweden and based on employees who worked in Sweden during the year.

EMPLOYEES

Employment by type, region and gender, number

	2023			2022			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Sweden									
Permanent	6,680	6,082	12,762	7,092	6,435	13,527	7,201	6,499	13,700
Temporary	1,528	543	2,071	1,131	401	1,532	1,424	568	1,992
Baltic countries									
Permanent	9,202	2,342	11,544	9,834	1,941	11,775	9,755	1,909	11,664
Temporary	141	57	198	144	54	198	429	170	599
Asia									
Permanent	38	37	75	40	39	79	39	47	86
Temporary	0	0	0	0	0	0	0	0	0
ICA Gruppen total									
Permanent	15,920	8,461	24,381	16,966	8,415	25,381	16,995	8,455	25,450
Temporary	1,669	600	2,269	1,275	455	1,730	1,853	738	2,591

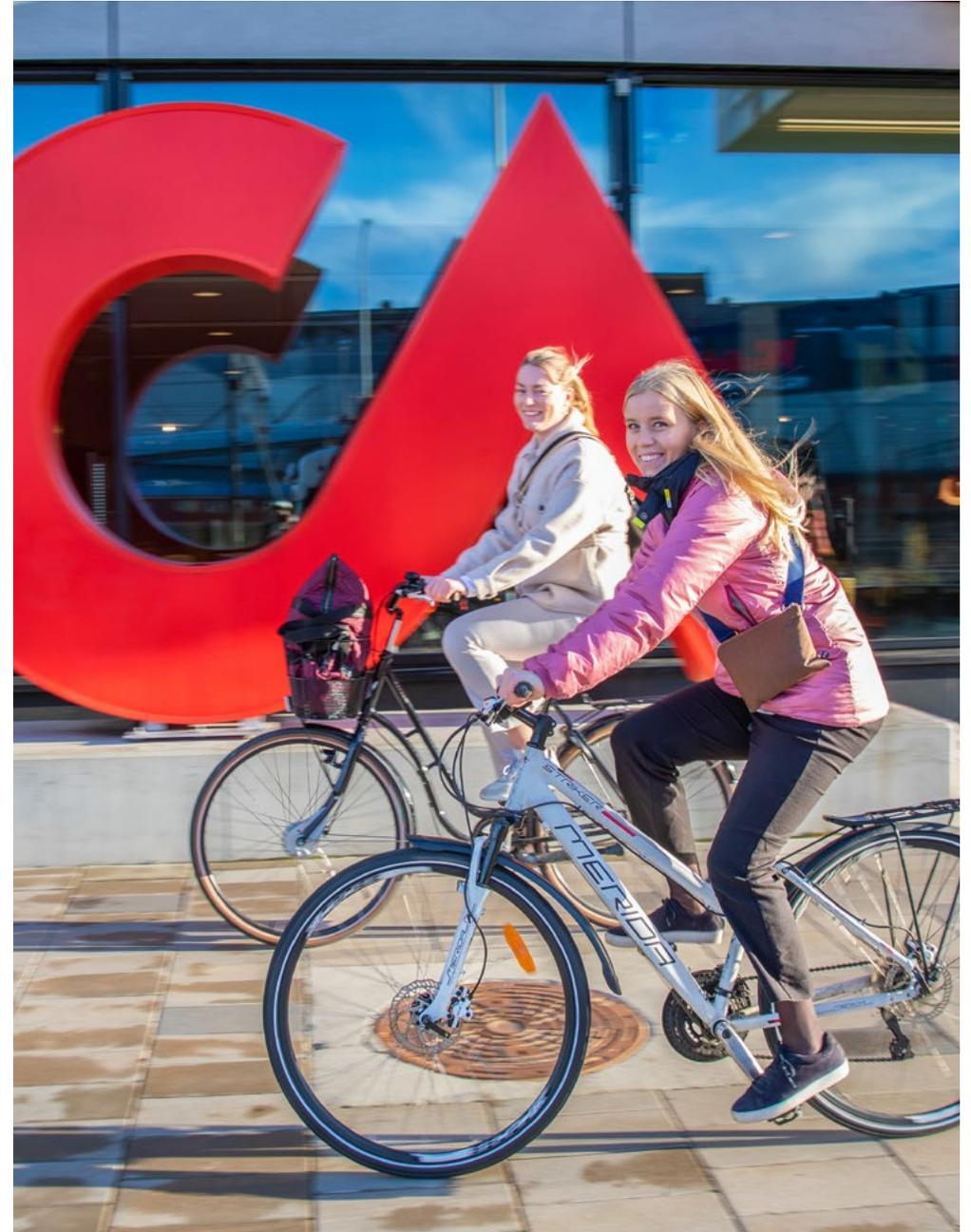
Age distribution all employees, 2023, %



Type of employment, 2023, %



Age distribution, Board and ICA Management Team, 2023, %



Quality

Quality-certified suppliers, %

	2023	2022	2021
Percentage of quality-certified ICA Gruppen corporate brand suppliers	94	93	93

Socially audited suppliers, %

	2023	2022	2021
Percentage of socially audited ICA Gruppen corporate brand suppliers in high-risk countries	95	93	94
Percentage of ICA Gruppen corporate brand suppliers in high-risk countries that have had an approved social re-audit	91	91	89

Comment: The number of suppliers increased significantly during the year, by a total of around 7%, mainly for fruit, vegetables and flowers, and for food in the Baltics. The increased number of suppliers is in part related to efforts to reduce and manage the risk of supply disruptions due to extreme weather, and in part due to the focus on ensuring high value for money and attractive prices.

Despite having more suppliers, the percentage of certified and audited suppliers is higher than in the past few years. At the end of 2023 a total of 95% (93) of suppliers of ICA Gruppen's corporate brand products in high-risk countries had undergone a social audit and 91% (91) had an approved social re-audit. 94% (93) of ICA Gruppen's corporate brand suppliers were quality-certified.

Product recalls, number

	2023	2022	2021
Total	80	77	91
Corporate brands	24	11	25

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 the checkout and is no longer available for sale. A recall is always followed up with the supplier through a visit and/or documented feedback on the measures the supplier has taken to prevent any reoccurrence.

Quality-certified stores and stores that have implemented the Swedish standard for food handling in stores, ICA Sweden, number

	2023	2022	2021
Accepted by inspection body	581	604	616
Adopted the standard	1,105	1,093	1,105

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 been significantly impacted by the pandemic in recent years, 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. Although pandemic restrictions have now been lifted, the challenging external environment still requires some reprioritising in store operations and this is affecting smaller stores in particular.

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 products. This system promotes local production and

facilitates ICA Gruppen's local adaptation.

Suppliers of corporate brand cosmetics and hygiene products are required to be certified to BRC Global Standard Consumer Products (BRC CP) or an equivalent standard. For other suppliers of corporate brand non-food products to ICA Gruppen, the goal is to be certified to BRC CP, ISO 9001 or an equivalent standard.

Quality assurance of products

Quality tests and follow-up inspections are carried out regularly by ICA Gruppen's suppliers as part of their quality programmes. In addition, ICA Gruppen takes random samples based on a risk assessment that is updated annually by product category. All corporate brand products are 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 of the entire food handling process in the stores. The goal is for 100% of ICA stores to be internally audited each year. In 2023 ICA Sweden achieved 94%. 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 directives 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. All pharmaceuticals in Sweden are subject to quality assurance carried out by the Swedish Medical products Agency, and pharmacies have an obligation to provide approved prescription drugs. Other products go through quality control performed by Apotek Hjärtat before they are added to the assortment.

	ISO 9001	ISO 22000	BRC S&D
ICA Sweden, logistics operations ^{1,2}	-	2017	2012
ICA Real Estate ¹	-	-	-
ICA Sweden, sourcing operations ¹	2012	-	-
ICA Special, sourcing operations ¹	2012	-	-
Rimi Baltic, sourcing operations ¹	2015	-	-
Rimi Baltic, Rimi-owned warehouses ¹	-	-	2014

¹ Year first certified.

² ICA Sweden's logistics operations were certified to BRC S&D in the years 2012–2016.

The EU Taxonomy

Comment: ICA Gruppen's core business is retail and wholesale, which is not an eligible economic activity under the EU Taxonomy for environmentally sustainable activities. Of the 90 or so Taxonomy-eligible economic activities, 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 constitute the only economic activity that ICA Gruppen is engaged in that falls within the Taxonomy for turnover, CapEx and OpEx. ICA Gruppen's total costs, excluding the cost of goods, make up 1% of the denominator's share of the OpEx component, and are therefore not considered material enough to report. In terms of 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. Investments in road transport vehicles are therefore only 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.

Based on the above, on the next pages ICA Gruppen reports the following information in the tables required by the EU Taxonomy:

Turnover:

7.7 Acquisition and ownership of buildings: Shows what proportion of ICA Gruppen's turnover constitutes turnover from real estate activities relating to retail stores in Sweden.

CapEx:

6.6 Services for goods transport by road: Shows the proportion of ICA Gruppen's CapEx that is for the purchase and lease of vehicles for goods transport by road. At this time the link between financial data and the vehicle information needed to assess taxonomy alignment is not available and consequently the entire amount is reported as not Taxonomy-aligned.

7.7 Acquisitions and ownership of buildings: Shows the percentage of ICA Gruppen's CapEx (on the balance sheet) occurring within real estate operations relating to stores, warehouses and offices in Sweden.

OpEx:

Table not reported as the disclosure is considered non-material.

Nuclear energy and fossil gas related activities:

Table not reported as ICA Gruppen does not carry out or finance, and is not exposed to, nuclear energy or fossil gas related activities.

To avoid items being counted twice, only separate cost components have been included in the totals for the relevant operations.

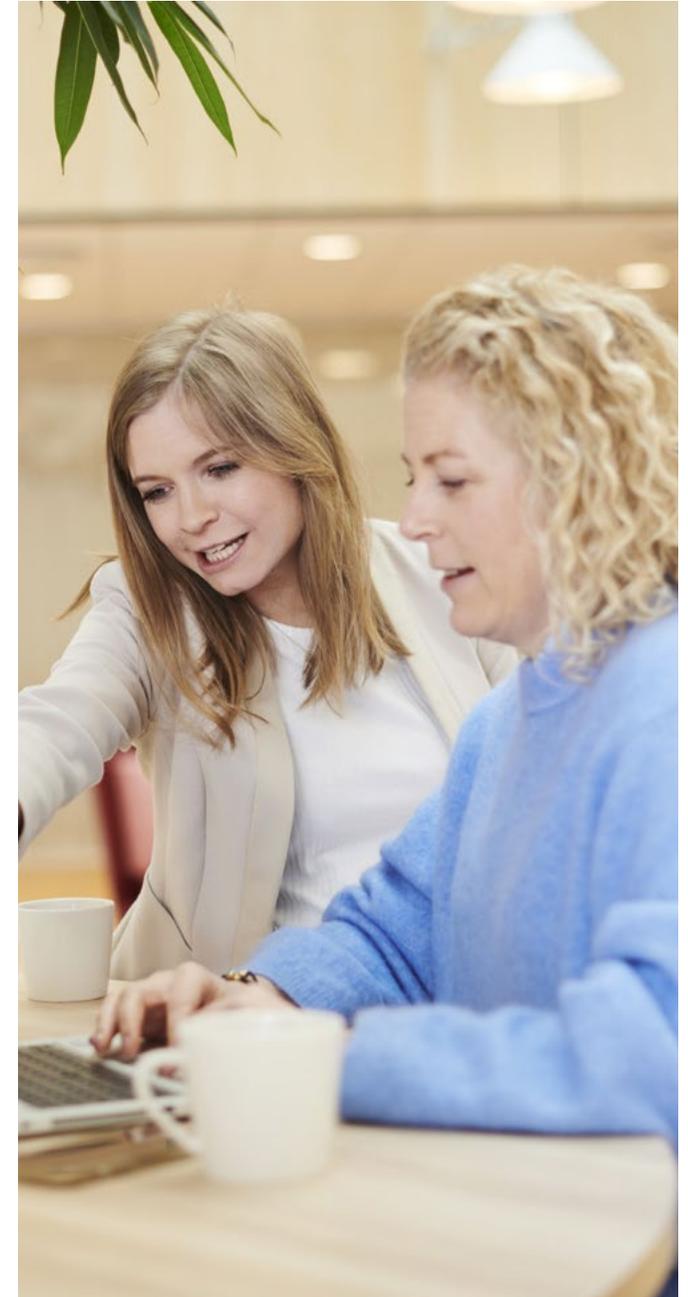
On 21 December 2022 the European Commission published a new draft notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation. This clarifies that groups of companies with various operations are to report on these in full. Once they have entered into force in the EU in 2024, ICA Gruppen will consider introducing reporting according to these notices.

DNSH (Do No Significant Harm) criteria

There is a risk that ICA Gruppen's economic activities within real estate will be negatively impacted by several of the climate-related risks listed in the European Commission's annex containing a list of technical screening criteria in relation to the Taxonomy. Above all, acute hazards such as storms, flooding or landslides could expose properties to negative impacts. There are also chronic hazards such as heat stress in the form of, for example, urban heat islands, that could impact properties during their lifespan. In light of this, when building and acquiring properties climate risk analysis is carried out as part of the risk analysis performed at the planning stage and in the municipal permit process with respect to requirements for new production. ICA Gruppen is also developing a more in-depth climate risk analysis process in line with TCFD principles (see pages 128–129). Among other activities, during the year ICA Real Estate carried out a process to identify climate risks throughout the property portfolio where operations take place.

Minimum safeguards with respect to human rights, anticorruption, responsible fiscal management and competition:

ICA Gruppen's Sustainability Policy, Business Ethics Policy, HR Policy and Tax Policy (see page 113) form the basis for ensuring the Group's compliance with minimum safeguards as defined in relation to the EU Taxonomy. The Group has also undertaken to follow the OECD Guidelines for Multinational Enterprises (see page 92) and to perform Human Rights Due Diligence (HRDD) in line with the UN Guiding Principles on Business and Human Rights (see page 89).



THE EU TAXONOMY | TURNOVER

Proportion of **turnover** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code(s) (2)	Absolute turnover (3) SEK m	Proportion of turnover (4) %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards (17) Yes/No	Taxonomy-aligned proportion of turnover, year N-1 (18) %	Category (enabling activity) (19) m	Category (transitional activity) (20) 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) Yes/No	Climate change adaptation (12) Yes/No	Water and marine resources (13) Yes/No	Circular economy (14) Yes/No	Pollution (15) Yes/No	Biodiversity and ecosystems (16) Yes/No				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	107	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	0%	–	–
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		107	0%	0%	–	–	–	–	–								0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	3,558	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,558	2%	2%	–	–	–	–	–										
Total (A.1+A.2)		3,665	2%	2%	–	–	–	–	–								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		143,980	98%																
Total (A+B)		147,645	100%																

THE EU TAXONOMY | CAPEX

Proportion of **CapEx** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) SEK m	Proportion of CapEx (4) %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards (17) Yes/No	Taxonomy-aligned proportion of CapEx, year N-1 (18) %	Category (enabling activity) € (19)	Category (transitional activity) € (20)
				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) Yes/No	Climate change adaptation (12) Yes/No	Water and marine resources (13) Yes/No	Circular economy (14) Yes/No	Pollution (15) Yes/No	Biodiversity and ecosystems (16) Yes/No				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	537	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	0%	–	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		537	4%	4%	–	–	–	–	–								0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Services for goods transport by road	CCM 6.6	145	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Acquisition and ownership of buildings	CCM 7.7	6,208	48%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		6,353	49%	49%	–	–	–	–	–										
Total (A.1+A.2)		6,891	53%	53%	–	–	–	–	–								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		6,012	47%																
Total (A+B)		12,903	100%																



About the Sustainability Report

The Sustainability Report follows ICA Gruppen's financial year and as such covers the period 1 January 2023 to 31 December 2023. 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 internal environmental support tool for 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 reporting where appropriate.

An annual environmental and sustainability report has been published since 1995. The last report was published in February 2022. 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.

For further information, please contact:
Kerstin Lindvall, Chief Corporate Responsibility Officer,
ICA Gruppen, tel. +46 8 561 500 00, kerstin.lindvall@ica.se

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.

ICA Gruppen's 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 ongoing monitoring of and reporting on sustainability work. Each company reports data according to the Group's definitions and procedures for sustainability reporting.

The accounting principles are explained in detail below.

Climate impact of the Group's own operations

ICA has a policy of recalculation against the base year whereby, in the event of significant changes that could involve an increase or decrease in emissions, a retroactive recalculation against the base year is carried out. The significance threshold has been adjusted to 5% in line with SBTi.

Activities that could trigger a recalculation:

- changed corporate structure due to acquisitions or divestments
- outsourcing of activities
- adjusted calculation models, changed emission factors or changed inputs

By 2030 ICA Gruppen intends to have net zero climate emissions from its own operations. This means continuing to reduce emissions in line with the Paris Agreement, while gradually replacing carbon offsetting with balancing measures. Since 2020 all emissions from ICA Gruppen's own operations have been carbon offset in full by investing in carbon offsets for the corresponding amount of carbon dioxide equivalents (CO₂e). ICA Gruppen has

submitted its commitment to the Science Based Targets initiative (SBTi) to adopt climate targets in line with the organisation's Corporate Net-Zero Standard. This commitment involves ICA Gruppen aiming to reach the 1.5°C goal in the Paris Agreement and to reach net zero emissions throughout the value chain no later than 2050. In 2024 the accounting principles for ICA Gruppen's climate targets will be further defined 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, as well as from goods transport between warehouses and stores/pharmacies and deliveries from central e-commerce warehouses, and from business travel (Scope 1, Scope 2 and parts of Scope 3). Operations in Sweden, the Baltics and Asia are all covered. This includes ICA Sweden as well as ICA Global Sourcing, ICA Real Estate, ICA Bank, Apotek Hjärtat and 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 emission factors.

Emissions according to the GHG Protocol include the following in each scope:

- Scope 1: Emissions from refrigerants in warehouses and in ICA Gruppen-owned stores, emissions from business travel using leased company cars and cars provided as a fringe benefit, and emissions from goods transport using ICA's own vehicles.
- Scope 2: Emissions from energy in warehouses and in ICA Gruppen-owned stores, pharmacies and offices.
- Scope 3: Emissions from business travel, refrigerant and energy emissions from Swedish ICA stores not owned by ICA Gruppen and emissions from transport between warehouses and stores/pharmacies, plus deliveries from central e-commerce warehouses.

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, and nuclear energy.

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: 91% renewable and 9% non-renewable energy, ICA Supermarket: 92% renewable and 8% non-renewable energy, and ICA Nära: 92% renewable and 8% non-renewable energy. This breakdown was established and updated following a review in 2022.
- 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's contracting party. Total consumption is extrapolated using the number of pharmacies at the end of the reporting period. For the pharmacies with no central electricity agreement with a contracting party, the following standard amounts apply: 84% renewable and 16% non-renewable energy.

Emissions of CO₂ from energy have been calculated on the following basis:

- The Nordic residual mix is used to calculate carbon emissions from the use of non-renewable energy in Sweden: 0.00007600 tonnes of CO₂/kWh (source: Grexel/Swedish Energy Markets Inspectorate 2022). When calculating carbon emissions for renewable energy in Sweden the emission factor of 0 tonnes of CO₂/kWh is used (source: Bixia 2023). When calculating carbon emissions from electricity from renewable sources in the Baltic countries, a global emission factor is used: 0.00013 tonnes of CO₂/kWh (source: IPCC). When calculating electricity from nuclear power in the Baltic countries, the following emission factor is used: 0.00012 tonnes of CO₂/kWh (source: IPCC).
- The energy mix in the share of non-renewable electricity within Sweden is based on the Swedish Energy Markets Inspectorate's residual mix (<https://www.ei.se/bransch/ursprungsmarkning-av-el/residualmix>). The mix is broken down into energy from nuclear power, renewable and fossil sources. Within the Baltics the exact amount of electricity per type of energy is reported.
- When calculating carbon emissions from district heating in Sweden a calculated Swedish average of 0.056 kg CO₂/kWh is used. (Source: Swedish Environmental Protection Agency).

ACCOUNTING PRINCIPLES

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 transport solutions from third party service providers to transport goods between warehouse and store, but owns all its e-commerce transport vehicles.

ICA Sweden reports fuel consumption per fuel type as well as emission factors for each type of fuel for all distances driven by a haulage supplier.

Emissions of CO₂ from goods transport within ICA Sweden have been calculated on the following basis:

- As of 1 January 2022 diesel and HVO that are less than 98% fossil-free are considered as diesel subject to the reduction obligation with an emission factor of 2.33 kg CO₂/litre, regardless of which emission factors are reported by the haulage companies. The emission factor for diesel subject to the reduction obligation is calculated based on the Swedish Energy Agency's emission factor for reference diesel. For other types of fuel the calculation is based on the same emission factors as those reported by haulage companies (based on data from the respective fuel supplier).

For 2023, diesel subject to the reduction obligation has been calculated with a fossil-free percentage of 33.4%, which is included in reporting of the share of fossil-free road transport. This share was calculated from estimates based on the fossil-free share in 2021 according to the Swedish Energy Agency report "Drivmedel 2021" (Fuel 2021) published in September 2022. The calculation takes into account the emission factors of the various fuels included according to the same report, and what is required to comply with the statutory reduction obligation. (Source: emission factors and energy mix from the Swedish Energy Agency).

The haulage companies working with Apotek Hjärtat report a mix of actual consumption and standard

amounts based on distances driven and emission factors for each fuel.

Emissions of CO₂ from goods transport within Apotek Hjärtat have been calculated on the following basis:

- Haulage companies report emission factors for each type of fuel based on information from the respective fuel supplier.

Emissions of CO₂ from goods transport within Rimi Baltic have been calculated on the following basis:

- Fuel consumption for transport vehicles from third party service providers to 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.
- Emission factor for diesel from NTM (Network for Transport Measures) (2022).
- Renewable fuels from the Swedish Transport Administration (2022).

For Rimi Baltic the reporting period December previous year, to November reporting year is used for e-commerce transports.

ICA Sweden and Apotek Hjärtat check and register emission factors annually against reference emission factors from NTM (Network for Transport Measures), which were produced in 2020 for all types of fuel. The emission factors are based on WTW (Well to Wheel).

Refrigerants

Comprises refrigerant refilling in all warehouses and stores. Data for ICA Sweden's warehouses is based on official refrigerant reports and is reported for the current year. Data on refrigerants in ICA Sweden's stores refers to the previous year's consumption. Data on Rimi Baltic's consumption of refrigerants, in warehouses and stores, refers to the current year's consumption. For ICA Gruppen's interim reports standard quarterly data is used for refrigerants based on annual data. At the end of the year data comes in for ICA Sweden's warehouses and for Rimi Baltic's stores and warehouses, and this annual data for that year 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. In the case of Apotek Hjärtat, data for the previous year is reported in April and this is then used as a standard amount in subsequent quarters.

Emissions of CO₂ from refrigerants have been calculated on the following basis:

- In accordance with current legislation GWP (Global Warming Potential) values are used based on the greenhouse gas impact refrigerants have had during a 100-year period. Tables with GWP values are available in Appendix I and II to EU 517/2014, these are based on the fourth report of the IPCC.

Business travel

Comprises business travel by air booked through the central travel agency for ICA Gruppen in Sweden and Rimi Baltic's central travel agency, and flights booked at 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 CO₂ from business travel have been calculated on the following basis:

- Carbon dioxide emissions from air and rail travel are provided by the travel provider. For ICA Global Sourcing air travel is calculated using the ICAO (UN) carbon emissions calculator.
- Emission factor for business travel by road from NTM (Network for Transport Measures) (2022).
- For Rimi Baltic the reporting period December previous year, to November reporting year is used for business travel by car.

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: Supplier data including sales data are updated every year. For 2023 the data from 2023 is used. The climate impact from suppliers

has been calculated based on ICA Gruppen's in-store sales of the central assortment in 2023 and emission factors from Mistra Sustainable Consumption 2019 (kgCO₂e/SEK). Rimi's sales have been translated from EUR to SEK (EUR rate 11.4765 taken from Riksbanken, average for 2023).

Suppliers with climate targets approved by the Science Based Targets initiative (targets set) are updated based on data from the Science Based Targets website. The estimated climate footprint of ICA Gruppen's suppliers that have approved climate targets is then established in relation to the total climate footprint of ICA Gruppen's suppliers to determine the extent to which targets have been met. Target achievement (percentage of the suppliers' total climate footprint that suppliers with Science Based Targets account for) 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 comprises incinerated waste fractions 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 conditions to facilitate sorting and recycling of waste.

ACCOUNTING PRINCIPLES

Food waste

ICA Gruppen intends to reduce its food waste by half by 2025, with 2016 as the base year. Food waste is measured according to the FLW Protocol (Food Loss & Waste Protocol). 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:

- Food waste from stores
- Food returned from stores
- Food waste from warehouses
- 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 of total food waste (tonnes) is based on the actual food waste from a selection of stores (around 85% are included in the selection). For other stores the amount is extrapolated at the end of the reporting period using a standard formula. For ICA Sweden's warehouses and customer fulfilment centres as well as Rimi Baltic's warehouses and stores, the actual data for total food waste is used. From the end of 2019, food that the Swedish ICA stores report as a charitable donation for human consumption is excluded from total food waste (tonnes). Food that the Swedish ICA stores report as clearance is excluded from total food waste (tonnes). As of 2021 food that goes for repurposing is also excluded. For Rimi Baltic food that is donated to charity has been excluded since the base year 2016.

Climate impact of customers' food purchases

ICA Gruppen intends to cut the climate impact of customers' food 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 CO₂e per kg of food sold, and is calculated by dividing the total climate impact from store food sales (measured in CO₂e) by the total store food sales (measured in kg).

The calculations for ICA Sweden are based on the following:

- 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 CO₂e 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 CO₂e value in the climate database are assigned the CO₂e 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.

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 time-frame for approval, by ICA Gruppen's governing documents. Furthermore, 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 category 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 AGM-elected board members 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

Translation from the Swedish original

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 2023. 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 106 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 ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of ICA Gruppen AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the

examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

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

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 21 February 2024

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant

Torbjörn Westman
Expert Member of FAR

Corporate Governance Report 2023

Good corporate governance – a foundation for continued long-term profitable growth

It is in times of great challenges that leadership, the ability to act and willingness to change are put to the test. This was absolutely the case in 2023. An economy in recession, increasing interest rates, high inflation and continuing turmoil in parts of the world resulted in significant changes in demand and a greater focus on price in general. This in turn resulted in significant challenges for ICA Sweden, the independent ICA retailers and Rimi Baltic.

The Board's main tasks in this situation include supporting the ICA Management Team (IMT) and maintaining a long-term perspective. To succeed in this work, open and constructive dialogue between the Board and the IMT is essential. From the Board's perspective, we believe that this was indeed the case. During the year we have been in regular contact and, without mixing up our different roles, looked at every angle of multiple key issues relating to the situation in the world as well as the development of our various operations. The emphasis has been on key, long-term issues regarding investments, financing and our overall focus, but also on how to address the effects of high inflation and its impact right here and now.

Specifically regarding ICA Gruppen's development during the year, it has been my experience that cooperation between the Board, the IMT, ICA Sweden, the Association of ICA Retailers and the independent retailers themselves has been good. From my perspective I have witnessed a high degree of unity and a shared vision around decisions that have been made as well as the way forward. In highly turbulent times it is more important than ever to maintain a long-term perspective.

New times, new issues

While we have been managing challenges relating to high inflation, the war in our vicinity and increased insecurity in the world have brought into focus a number of things we have up to now largely taken for granted. These include access to groceries, food and medicines. Developments in recent years have shown us the importance of being prepared and planning for different situations. Cooperation between different actors is absolutely essential in this type of work. As a major actor with operations in 286 of the 290 municipalities in Sweden, the Group through both ICA Sweden and Apotek Hjärtat has important roles to fill. We are fully prepared to fulfil our responsibilities and we welcome both a broader and deeper discussion within the industry and with government agencies about these issues.

Strong commitment and participation

The challenges around the world naturally had a significant impact on the Board's work in 2023. The level of commitment has remained high. As in the past, the Board 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.

Our strategy stands firm

Our development during the year can be seen as clear proof of how robust the ICA model is and the opportunities that exist when we combine our strengths and really leverage the potential of the Group's structure. In close cooperation with the independent ICA retailers and with the whole ICA system to support us, we will become even stronger – in both the short and the long term. Our long-term strategy stands firm. We will continue to develop and grow both our core business and our complementary operations. In doing so, the retailer perspective, entrepreneurship and local market knowledge will continue to provide important guidance and form a natural foundation for the Board's work.

I would like to express the Board's appreciation for the commitment and spirit of cooperation



we have witnessed – and continue to witness – throughout the entire organisation. We live and work in rapidly changing times where success depends on the ability to combine a long-term perspective with the courage to think along new lines. What we have achieved together in the past year stands us in good stead as we now look to the future.

After over 20 years as chairman of the ICA Group, it is now time for me to pass on the chairmanship. These have been fantastic years and it has been a privilege to lead the ICA Group as Chairman of the Board. I wish Magnus Moberg, the nomination committee's proposal for new chairman of the board in ICA Gruppen, all the best and will continue to follow the development with great interest.

Stockholm, February 2024

Claes-Göran Sylvé
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 2023 unless otherwise stated.

ICA Gruppen's model for value-creating governance

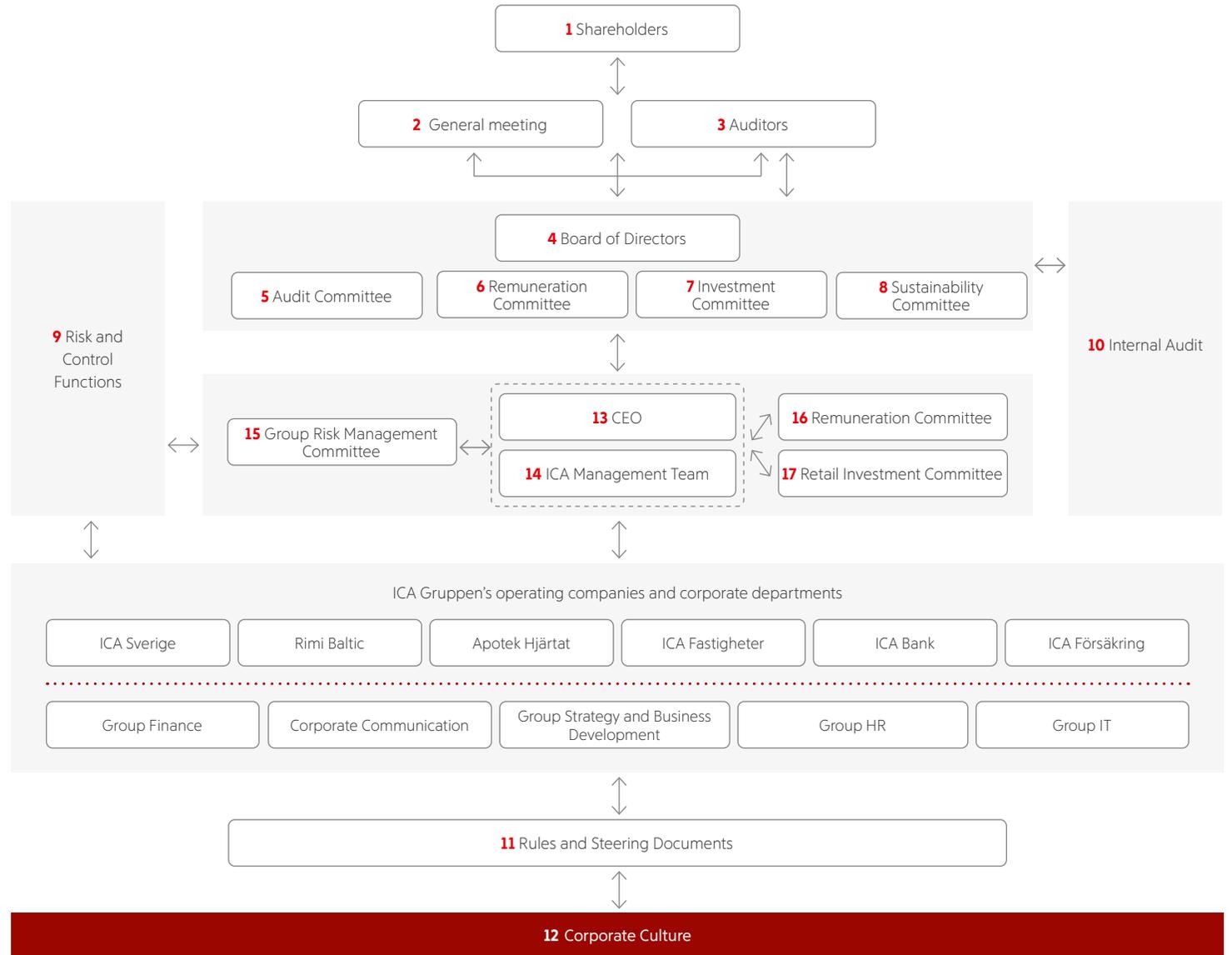
Good corporate governance is about ensuring that ICA Gruppen's business is conducted in a sustainable, responsible and efficient manner. This governance is a crucial foundation for achieving long-term goals, increasing value for shareholders and maintaining trust among the Company's stakeholders.

ICA Gruppen's corporate governance is based on laws, self-regulation in the capital market and established practice. The most central regulatory frameworks include Sweden's Companies Act and Annual Accounts Act, the Global Reporting Initiatives (GRI), International Financial Reporting Standards (IFRS), Nasdaq Stockholm – Fixed Income – Rulebook, the Swedish Corporate Governance Code, the Articles of Association, the rules of procedure for the Board of Directors and its committees, the CEO instructions, instructions for financial reporting and the group-wide policies established by the Board each year.

Shareholders exercise their influence in ICA Gruppen AB, the parent company of the Group, by voting at the general meeting of shareholders. The meeting decides, among other things, on the composition of the Board of Directors and the election of auditors. Preparations for the election of the Board and auditors are carried out by the Nomination Committee. The Board of Directors is responsible for the organisational structure and the administration of the Company's affairs. The CEO is responsible for day-to-day administration in accordance with the guidelines and instructions issued by the Board. In dialogue with the Chair of the Board, the CEO compiles an agenda for board meetings and is also responsible for providing the Board with information documents and material as a basis for decisions. The CEOs of the operating subsidiaries within the Group have corresponding responsibilities for maintaining good governance within their respective companies. Sustainable, responsible and efficient governance is thereby established. Organisation and governance principles are described further below.

Corporate governance reporting requirements

ICA Gruppen is not subject to the Swedish Corporate Governance Code ("the Code") and thus is not subject to the Code's more extensive requirements concerning the content of the corporate governance report. The Company has, however, issued bonds that are listed on Nasdaq Stockholm. To maintain transparency regarding the governance of the Company, we have chosen to provide more extensive reporting than is required of issuers of such securities under the Swedish Annual Accounts Act.



1 Shares and shareholders

As of 31 December 2023 the shareholders were ICA-hand-larnas Förbund (IHF) with 87.3% of the shares and votes, and occupational pensions company AMF Tjänstepension (AMF) with 12.7% of the shares and votes. IHF holds Class A ordinary shares and AMF holds Class E ordinary shares. Class E ordinary shares carry a preferential right to dividends in the event that the general meeting decides that a dividend will be distributed. The difference between Class A and Class E shares is described in more detail in Note 12 to the financial statements for the Parent Company on page 66.

2 General meeting

The highest decision-making body is the general meeting of shareholders. The most recent Annual General Meeting was held in Solna on 20 April 2023 and related to the 2022 financial year.

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 2023 AGM for a term of one year. KPMG AB has therefore audited the Company's financial statements for 2023. 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 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 their objectivity and independence cannot be called into question. The auditor confirm their independence annually in the auditor's report.

4 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. The Board currently has the following members elected by the general meeting:

- Claes-Göran Sylvén (chair),
- Jan Amethier,
- Göran Blomberg,
- Tomas Emanuelz,
- Bengt Kjell,
- Magnus Moberg,
- Fredrik Persson,

- Katarina Romberg,
- Per Strömberg,
- Charlotte Svensson and
- Anette Wiotti.

In addition to the members elected by the general meeting of shareholders the Board has two employee representatives, each with a deputy. ICA Gruppen's CEO makes presentations at board meetings and the General Counsel is the secretary to the Board.

The Board has adopted rules of procedure that regulate the Board's working methods and tasks, as well as instructions for the CEO, including instructions for financial reporting. In addition, the Board has adopted steering documents for significant aspects of the operations, such as the Communication Policy and Business Ethics Policy. All significant governing documents are evaluated as needed and at least once a year.

Within the Board, there is no specific distribution of tasks other than the preparation of certain matters in committees. The Board has established four committees: an Audit Committee, a Remuneration Committee, an Investment Committee and a Sustainability Committee. The Sustainability Committee was newly established during the year. The committees' work is regulated by the annually approved committee instructions. The committees have a preparatory and administrative role. The matters discussed at committee meetings are recorded in minutes and reported at the subsequent board meeting.

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.

The remuneration and fees approved by the Annual General Meeting in 2023 as well as the attendance of board members at meetings during the 2023 financial year are detailed in the presentation on pages 116–117 and in Note 4 to the financial statements for the Group.

5 Audit Committee

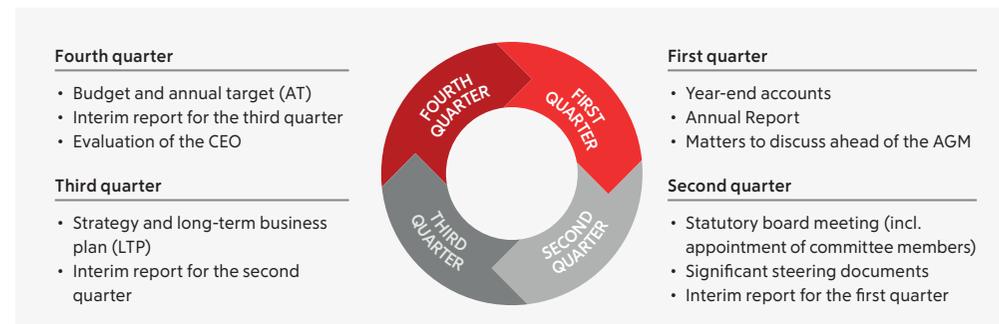
The main task of the Audit Committee is to ensure the quality of ICA Gruppen's financial reporting and risk management, the effectiveness of internal control and regulatory compliance. The Audit Committee also checks that the internal and external audit work is carried out in an effective, impartial and satisfactory manner.

The committee currently has the following four members: Göran Blomberg (chair), Bengt Kjell, Katarina Romberg and Anette Wiotti. ICA Gruppen's CFO is responsible for presenting information and the head of Internal Audit serves as the committee's secretary.

6 Remuneration Committee

The Remuneration Committee's main task is to review and provide recommendations to the Board regarding principles for remuneration and other employment conditions for the ICA Management Team (including long-term incentive programmes). The Remuneration Committee also monitors and evaluates variable remuneration programmes for senior executives, guidelines for remuneration to senior executives as well as remuneration structures and levels within ICA Gruppen.

The committee currently consists of Claes-Göran Sylvén (chair), Jan Amethier, Magnus Moberg and Per Strömberg.



7 Investment Committee

The main task of the Investment Committee is to review and quality-assure decision materials in investment and divestment matters for decisions within the committee or before decisions are made by the Board, all in accordance with the mandate outlined in ICA Gruppen's delegation of authority.

The committee currently consists of Claes-Göran Sylvén (chair), Tomas Emanuelz, Charlotte Svensson and Fredrik Persson.

8 Sustainability Committee

The main task of the Sustainability Committee is to prepare for strategic matters to be addressed relating to ICA Gruppen's efforts for responsible enterprise, to quality-assure ICA Gruppen's sustainability reporting and governing documents within the area of sustainability, and to follow up on efforts within business ethics and sustainability.

The committee currently consists of Anette Wiotti (chair), Charlotte Svensson and Per Strömberg.

9 Risk and control units

ICA Gruppen's risk and control functions consist of the Internal Control department and the Risk department. These departments support other group functions and the Group's operating companies, and also provide information to management.

Internal Control department

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.

Risk department

The role of the Risk department is to create good conditions for long-term and efficient risk management and security activities within ICA Gruppen. The Risk department 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 Internal Audit

Internal Audit is a department for independent review and control that has been mandated by the Board of Directors to examine the efficiency and reliability of the Group's internal governance and control.

Internal Audit's tasks encompass corporate governance and risk management, as well as governance and control in business processes within the Group's operations in Sweden and the Baltic countries. Twice a year the Audit Committee draws up a risk-based plan for Internal Audit, with the aim of focusing on the areas of most value to ICA Gruppen. In 2023 Internal Audit's reviews covered ongoing projects and transformation as well as core processes within ICA Gruppen. 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 the Group'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 holds separate meetings with the ICA Management Team each quarter. At these meetings the results of audits completed during the quarter are reviewed, action plans relating to audits completed previously are followed up and future audits are discussed. Internal Audit also reports quarterly to ICA Gruppen's Audit Committee, which in turn reports to the Board. The reporting mirrors that carried out within the ICA Management Team. Internal Audit also prepares a report annually which is presented to the Board.

11 Rules and steering documents

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 and for the CEO, and steering documents. The Company's internal steering documents are issued 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 CEO or 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 or corporate department and cover employees in that company or area.
4. Routines may be established by a department, business area or function for employees in that area.

The Company has the following policies:

Business Ethics Policy

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

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 legislation 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.

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.

12 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.

13 CEO

ICA Gruppen's CEO is responsible for ongoing management and day-to-day operations. The distribution of responsibilities between the Board and the CEO is specified in the rules of procedure for the Board and in the CEO's instructions. The CEO reports to the Board and ensures that the Board receives the information necessary to make well-informed decisions. The CEO is required to keep the Board continuously informed about the development of the business, its results and financial position, significant business events and any other occurrence, circumstance or relationship that may be assumed to be of material importance to the business.

The Board has approved Nina Jönsson's significant assignments and financial commitments outside of ICA Gruppen, such as her positions as a board member of The Consumer Goods Forum and Svensk Handel (Swedish Commerce). The CEO has no significant shareholdings or proprietary involvement in companies with which ICA Gruppen has significant business ties.

In 2023 the Board carried out an evaluation of the CEO.

14 ICA Management Team

ICA Gruppen's CEO leads the work of the ICA Management Team and makes decisions regarding the operations in consultation with other senior executives in the



Group. As of the end of the 2023 financial year the ICA Management Team consisted of 12 individuals, each member (other than the CEO) being responsible for one of the operating companies or corporate departments. The ICA Management Team meets regularly and as needed. Its meetings primarily focus on strategic and operational follow-up and development, as well as monitoring of results. In addition to these meetings, the members of the ICA Management Team collaborate closely on a daily basis. The members of the ICA Management Team are presented below.

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

15 Group Risk Management Committee

The Group Risk Management Committee is responsible for ensuring that the ICA Management Team and the Board have a good overview of the Group's risk exposure and of significant changes in the risk profile. The Committee is chaired by ICA Gruppen's CFO.

16 Remuneration Committee

The Remuneration Group, which is headed by ICA Gruppen's Chief HR Officer, prepares for matters to be addressed relating to employment terms.

17 Retail Investment Committee

The Retail Investment Committee is responsible for preparing investment-related matters. The Committee is chaired by ICA Gruppen's CEO.

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

Internal and external framework for business ethics

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

The Business Ethics Policy describes ICA Gruppen's anti-corruption stance and guidelines, including how to approach gifts and benefits, conflicts of interest and fair competition. In addition to the Business Ethics Policy and associated guidelines, there are also internal guidelines regarding corporate hospitality, meetings and travel. ICA Gruppen's Business Ethics Policy specifies that the Group is to act and be perceived as a responsible and progressive actor. The policy includes guidelines and principles relating to business ethics, and these are to be followed by all employees. The basis for good business with and within ICA Gruppen is defined in the Business Ethics Policy and the Sustainability Policy. The Group's suppliers and partners are expected to follow the intentions of these and act ethically and responsibly. Suppliers and partners undertake to meet ICA Gruppen's requirements set out in agreements.

Responsibility and governance

ICA Gruppen's Board of Directors sets the Business Ethics Policy and makes revisions to it. In 2023 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 imple-

mented 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 or rules applicable to the business.

The whistleblower service has clear procedures and processes for how to handle any issues reported. The service is available – via separate channels – for ICA Gruppen's operations in Sweden, the Baltic states and Asia.



Board of Directors



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	2022	2008
Other significant assignments	Chair of the Board MQ MarQet AB and Centrum Fastigheter i Norrtälje AB. ICA retailer, ICA Kvantum Flygfyrén in Norrtälje.	Chair of the Board Cinder Invest AB and Infrakraft AB. Board member Jump Yard AB and Hermes Medical.	CEO ICA-handlarnas Förbund, Chair of the Board Catena Media Ltd.	–	Board member and CEO iTE Invest AB. Board member ICA handlarnas Förbund. ICA retailer, ICA Maxi Sundsvall.	Deputy Chair Pandox. Board member Industrivärden and Dunker Foundations.	Chair of the Board Nya Ulfmag AB and ICA-handlarnas Förbund. Board member Jomag AB. ICA retailer, Maxi iCA Stormarknad Falköping.
Previous significant positions	Chair of the Board ICA AB. Board member Svensk Handel (Swedish Commerce), CEO Hakon Invest AB and ICA-handlarnas Förbund.	Various management positions within JP Morgan, Svenska Handelsbanken and SEB.	Board member ICA AB. CFO Hakon Invest AB and RNB Retail and Brands AB.	Employee representative Handelsanställdas Förbund.	Board member ICA-handlarnas Förbund and ICA Maxi Lindhagen. CEO and ICA retailer, ICA Supermarket Esplanad.	Chair of the Board Hemfosa, Nyfosa, Amasten, Kungsleden and SSAB. Deputy Chair Indutrade and Logistea. Deputy CEO Industrivärden, CEO Handel och Industri. Acting CEO Industrivärden.	Chair of the Board Köpet i Sandared AB. Board member Moberg & Svensson i Sandared AB and Ulfmag AB.
Total remuneration for the period from Annual General Meeting 2023 until the subsequent Annual General Meeting, SEK	1,380,000	645,000	–	–	645,000	695,000	645,000
Committees	Remuneration Committee (chair), Investment Committee (chair)	Remuneration Committee	Audit Committee (chair)	–	Investment Committee	Audit Committee	Remuneration Committee
Board meetings	11/11	10/11	10/11	10/11	11/11	11/11	10/11
Audit Committee	–	–	4/4	–	–	4/4	–
Remuneration Committee	5/5	4/5	–	–	–	–	5/5
Investment Committee	10/11	–	–	–	11/11	–	–
Sustainability Committee	–	–	–	–	–	–	–

Board of Directors, cont.



Fredrik Persson



Magnus Rehn



Katarina Romberg



Per Strömberg



Charlotte Svensson



Anette Wiotti

Marcus Strandberg
Deputy member
Employee representative
Handelsanställdas Förbund

	1968	1966	1979	1963	1967	1966	
Born	1968	1966	1979	1963	1967	1966	Born: 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.	Education: Upper secondary education Appointed: 2013 Previous significant positions: Board member ICA AB (employee representative)
Elected	2018	2013	2022	2023	2021	2017	Total remuneration 2022/2023, SEK: – Attendance at meetings: Board meetings 9/11 Audit Committee meetings – Investment Committee meetings – Reward Committee –
Other significant assignments	Chair of the Board Business-Europe, JM AB and Ellevio AB. Board member AB Electrolox, Holmen AB, AB Hufvudstaden, A. Ahlström OY and Interogo Holding AG.	–	Head of Alternative Investments and Property AMF. Chair of the Board AMF Fastigheter. Board member Bergvik Skog Öst and Rikshem intressenter.	Board member Nordea Bank Abp and Lekolar Group AB.	Executive Vice President and CIO at SAS AB. Incoming COO Sanoma Learning as of 11 March 2024.	Deputy 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 at SEB.	CEO ICA Gruppen AB, Lantmännen and Sardus AB. Various managerial positions within the Kraft Foods group.	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 for the period from Annual General Meeting 2023 until the subsequent Annual General Meeting, SEK	645,000	–	–	560,000	695,000	770,000	Daniela Fagernäs Deputy member Employee representative Unionen
Committees	Investment Committee	–	Audit Committee	Remuneration Committee Sustainability Committee	Investment Committee Sustainability Committee	Audit Committee Sustainability Committee (chair)	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 10/11 Audit Committee meetings – Investment Committee meetings – Reward Committee –
Attendance at meetings	Board meetings	11/11	10/11	10/11	11/11	11/11	10/11
	Audit Committee	–	–	4/4	–	–	4/4
	Remuneration Committee	–	–	–	3/5	–	–
	Investment Committee	11/11	–	–	–	10/11	–
	Sustainability Committee	–	–	–	3/3	3/3	3/3

ICA Management Team



Nina Jönsson

CEO ICA Gruppen. Employed at ICA 2010–2016. CEO from 2023.



Karin Andréén¹

Chief HR Officer (CHRO) ICA Gruppen. Incoming



Jan-Erik Hellman²

CEO ICA Real Estate. Employed at ICA and member of ICA Management Team since 2024.



Anders Bärlund³

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.



Fredrik Lagercrantz⁴

CFO ICA Gruppen. Employed at ICA and member of ICA Management Team since 2023.

Born	1965	1981	1975	1979	1963	1977
Education	Bachelor of Business Administration and Economics.	Human Resources and Working Life.	MSc in Engineering Physics.	MSc in Engineering.	Master of Laws.	MSc in Business and Economics.
Other assignments	Board member Svensk Handel (Swedish Commerce) and The Consumer Goods Forum.	—	Board member Ancore Fastigheter AB.	—	Board member Svenska Bankföreningen (Swedish Bankers' Association).	Board member MVB, family-owned construction company engaged in contracting, construction services, facilities and project development.
Experience	President and CEO Plantasjen Group 2020–2022. President and CEO HL-Display 2016–2020. Head of Assortment and Sourcing 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.	Hennes & Mauritz 2011–2024, including as Head of HR Global Sales, Change Lead Region North, Head of Talent Management & Leadership, Global HR Manager Expansion. Electrolux 2007–2011, as HRBP. Länsförsäkringar 2005–2007, as HR Specialist.	Various roles at Vasakronan AB (2010–2023). Head of Investments & Projects, SVP Property Development, Regional Manager, Business Area Manager, SVP Real Estate and member of executive management team (2017–2023). Associate Director Jones Lang-Lasalle 2008–2009. ICA Fastigheter 2002–2008.	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 Attendo (2018–2023). Various positions within Business Control at Swedish Match (2009–2018). Project Manager at McKinsey & Company (2004–2009).

¹ Karin Andréén will take up the position of Chief HR Officer (CHRO) by 1 April 2024, at the latest. Petra Albuschus was CHRO until 3 November 2023. Viva Fahlén is serving as Acting CHRO since 2 November 2023.

² Anna Nyberg was CEO of ICA Real Estate until 19 June 2023. Mattias Lundgren has served as Acting CEO of ICA Real Estate during the period from 19 June 2023 until Jan-Erik Hellman took up his position.

³ Anders Bärlund is on parental leave from September 2023 until the end of April 2024. During this time Jan Prokopec has been Acting Chief Strategy and Business Development Officer.

⁴ Sven Lindskog was CFO of ICA Gruppen until 30 June 2023.

ICA Management Team, cont.



Kerstin Lindvall

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



Eric Lundberg

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



Monika Magnusson

CEO Apotek Hjärtat. Employed at ICA since 2015 and member of ICA Management Team since 2022.



Peter Muld¹

Chief Information Officer (CIO) ICA Gruppen. Employed at ICA since 2016 and member of ICA Management Team since 2024.



Björn Olsson

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



Giedrius Bandzevičius

CEO Rimi Baltic. Employed at ICA since 2017 and member of ICA Management Team since 2022.

Born	1971	1978	1973	1975	1971	1974
Education	Agronomist.	Master of Media, polytechnic and Berghs School of Communications.	Pharmacist.	MSc in Business and Economics.	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 and deputy member to the Board of Svenskmärkning (From Sweden)	Chair of the Board Swedish Food Retailers Federation.	Board member Apoteksföreningen (Swedish Pharmacy Association), Min Doktor and Svensk Handel (Swedish Commerce).	Board member, GS1 Sweden AB.	—	—
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.	ICA Sweden: Director Strategy & Technology (2023), Director Strategy & Transformation (2019–2023), ICA Gruppen: Chief Digital Officer (2016–2019). Various leadership positions within IT & Business, for example CIO on SAS (2013–2016).	Head of Media Relations/Acting Head of Communications Svensk Handel (Swedish Commerce) (2000–2003).	Senior Vice President Circle K Poland (2015–2017). Vice President and Managing Director UAB Statoil Fuel and Retail Lietuva (2012–2015).

¹ Peter Muld took up the position of Chief Information Officer (CIO) on 1 January 2024. Until 31 December 2023 Benny Svensson was CIO.

BOLAGSSTYRNINGSRAPPORT

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 2023 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.

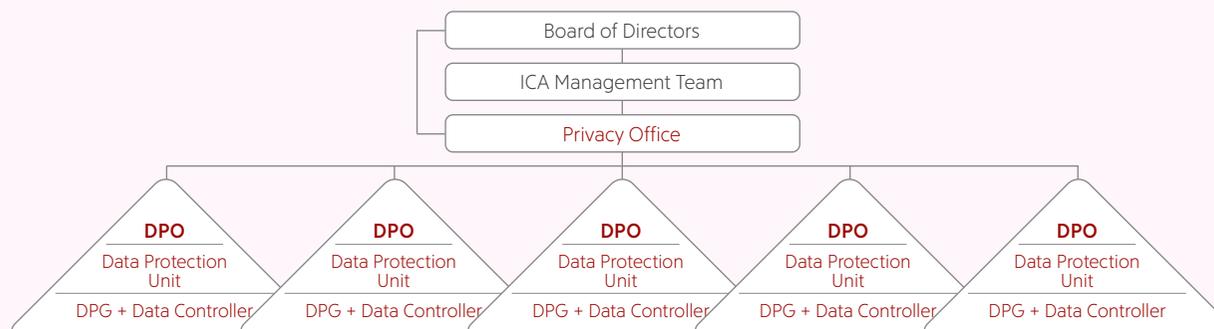
Corporate governance within ICA Bank

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.

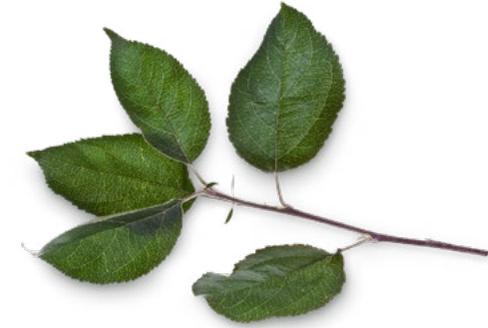
The second line of defence consists of the Risk Control unit and the Compliance unit which, among other things, oversee, control and report on the bank's risks and on the bank's compliance with internal and external rules. These units report to the bank's CEO and present reports on an ongoing basis to 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 operation in its risk management and in the implementation of risk management and risk control rules. The Compliance unit is an independent unit that is responsible for identifying areas where there is a risk that ICA Bank will not fulfil its obligations according to laws, regulations and other rules that govern the licensed operations, and to verify that this risk is managed by the departments concerned. Compliance also provides advice and support to the bank's business operations and Board, and verifies that the internal rules and compliance procedures are followed.

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



The Board's report on internal control over financial reporting

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



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

ICA Gruppen's work on internal governance and control over financial reporting is defined by the Group's "Framework for internal governance and 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).

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 122–127 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.

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 reduction 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.

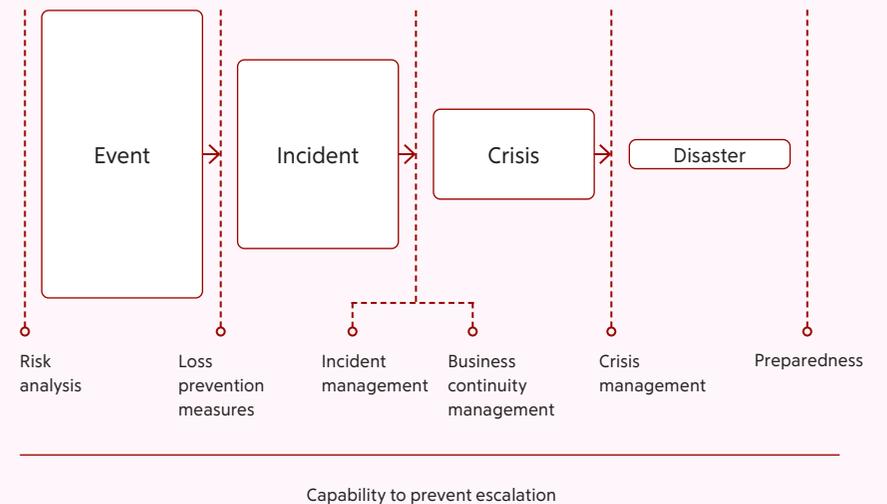
The Group has **insurance programmes** in place to provide financial compensation for losses, while **information security** is an integral aspect of the risk management strategy. For more information about work on information security, see page 125.

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

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



Resilience



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 Risk unit that coordinates the Group's risk work and monitors compliance with the framework. It also sup-

ports 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 the Risk unit 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 121.

On pages 124–127 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.

Deterioration in the security situation

In recent years society has increasingly been marked by heightened security threats. Over the past year the elevated level of terrorism threat and the increased prevalence of organised crime have been the primary examples of this. The worsened security situation in Sweden has been a tangible factor affecting the daily work of ICA Gruppen and our commitment to creating a safe and secure work environment. This development has necessitated an adaptation of risk and security efforts to effectively address these challenges.



Risk categorisation

ICA Gruppen has chosen to place risks in four categories

Strategic risks

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

Operational risks

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

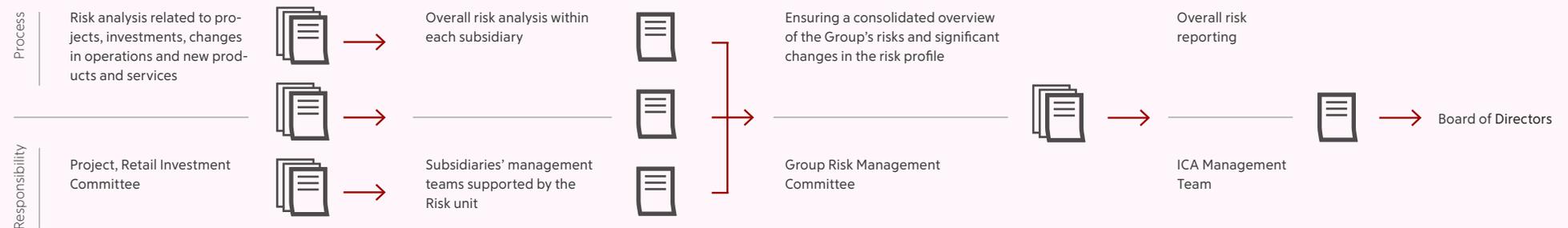
Compliance

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

Financial risks

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

Risk management – process and responsibility



Strategic risks

↗ Increased risk
→ Unchanged risk
↘ Decreased risk

Risk description	Trend	Management
<p>Ability to manage market fluctuations</p> <p>ICA Gruppen's business and products are heavily impacted by changes in the market. Major changes in consumption patterns and purchasing behaviour as a consequence of external factors could result in reduced market share, lower margins or greater pressure on prices.</p>	→	<p>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.</p> <p>There were continued efforts during the year to manage price increases linked to inflation and ICA's responsibility to balance price adjustments throughout the value chain, focusing on value for money, customer loyalty and costs. 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.</p>
<p>Sustainability risk</p> <p>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. European policy and legislation are driving greater transparency and responsibility for impacts on people and the environment throughout the value chain. Increased customer awareness about climate change, product origins, ethical positions and personal health is impacting purchasing behaviours. ICA Gruppen is expected to engage extensively in sustainability efforts and to be open about both the positive and negative impact of its operations. If the community's trust in ICA Gruppen's sustainability work were to decline due to shortcomings in the handling of products or dubious supplier working conditions, or failure to act on risks swiftly, confidence in ICA Gruppen as well as the Group's earnings and attractiveness as an employer could be negatively affected.</p>	→	<p>Sustainability is a core aspect of ICA Gruppen's operations. The Sustainability Policy and its guidelines provide a framework, and performance in relation to overall sustainability targets is monitored and the results published in ICA Gruppen's interim reports. A 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 makes proactive efforts to constantly improve its ability to identify and monitor risks in the value chain, in line with the principles of corporate sustainability due diligence. For example, ICA Gruppen's risk linked to raw materials has been defined based on the risk of negative impact on people or the environment, with sustainability certification being sought where such raw materials are used in ICA Gruppen's corporate brand products. 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.</p>
<p>Climate risk</p> <p>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 transformation 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 pages 128–129.</p>	→	<p>ICA Gruppen has been focused on reducing climate impact within its own operations for a long time; for example, through energy efficiency measures, transitioning to renewable electricity and refrigerants with a lower climate impact, and reducing emissions from transport and building materials, among other things.</p> <p>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 risks were carried out and strategies for managing these risks were identified. In many cases the 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.</p> <p>See more detailed information on climate risk and TCFD on pages 128–129.</p>

Operational risks

↗ Increased risk
→ Unchanged risk
↘ Decreased risk

Risk description	Trend	Management
<p>Property-related risks</p> <p>To ensure access to attractive and appropriate retail locations, ICA Gruppen is engaged in both property development and property management. Shortcomings in property development or insufficient maintenance could lead to violation of regulations and standards, could result in harm to people and/or buildings, could increase costs and could 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 risk analysis to identify and reduce risks associated with property development. During the year climate risks were identified in order to minimise the risk.</p>
<p>Logistics risks</p> <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 ICA Sweden's logistics facilities, aimed at strengthening the local capacity to manage serious incidents and crises that risk impacting deliveries.</p>
<p>Supply chain risks</p> <p>The supply chain is crucial for ICA, and navigating supply chain risks plays a vital role in achieving the Company's goals. Future disruptions and uncertainties present a risk of negative impacts on ICA's supply chain. Such disruptions could arise from geopolitical risks, raw material price risks and climate risks.</p>	↗	<p>ICA is continuously working to ensure an efficient and robust supply chain. Both the ongoing war in Ukraine and the Covid-19 pandemic have caused disruptions in the supply chain; something that has been effectively managed by ICA Sweden, Apotek Hjärtat and Rimi Baltic with minimal impact on the stores and pharmacies as a result.</p> <p>Proactive measures to identify, assess and manage potential risks, thereby ensuring the resilience of the supply chain in the face of future disruptions, are prioritised within ICA Gruppen.</p>
<p>IT-related risk</p> <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>ICA Gruppen has 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>

Cont. Operational risks

↗ Increased risk
→ Unchanged risk
↘ Decreased risk

Risk description	Trend	Management
<p>Critical competence</p>		
<p>ICA Gruppen's ability to attract talented employees is crucial if the Group is to develop in line with its strategic plans and shared ambition. The fast pace of change within the sectors in which ICA Gruppen does business and the extensive transformations continuously taking place within ICA's operations could affect the Group's employees as well as its capacity to attract and retain critical competence.</p>	→	<p>During the year ICA Gruppen continued its structured efforts aimed at continuous skills enhancement and increased opportunities for further development within the Group by means of targeted, relevant and customised learning solutions within critical areas. Additionally, work is being completed on the introduction of a new learning platform for all ICA Gruppen employees and the development of a future internal marketplace where talents can match their skills with the job opportunities available.</p>
<p>Risk related to threats and violence</p>		
<p>ICA's business and the employees in the stores are exposed to growing levels of threat and violence in some parts of society. This could have an indirect effect on ICA's personnel in terms of their wellbeing and security, but could also affect them directly in the event of violent incidents.</p>	↗	<p>ICA Gruppen has extensive security procedures and works in cooperation on this with Group companies and with ICA-handlarnas Förbund. Risk processes and security procedures are structured and include preventive measures and a number of initiatives to improve support in the event of incidents. For example, random drug tests and background checks of our own personnel have been introduced with the aim of further enhancing security. Although the number of store robberies is at a low level, the number of threatening situations has increased. ICA Gruppen is constantly working to further develop the support it provides to the stores in the form of new training programmes and advanced support when sudden incidents occur.</p>
<p>Brand risk</p>		
<p>A good reputation is a key factor in ICA Gruppen's success. A product that is harmful to health or otherwise inferior that is supplied by ICA Gruppen or sold through stores, pharmacies or ICA Bank could have a negative impact on ICA Gruppen's reputation. The same applies if ICA Gruppen, any of the Group's suppliers, distributors 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.</p>	→	<p>ICA Gruppen's framework includes various policies and guidelines to support the Group in its interactions with customers and suppliers, and in interactions between colleagues. Since ICA Gruppen's operations in Sweden consist of independent retailers who, to varying extents, also purchase products from suppliers other than ICA Sweden, the Group's ability to ensure adherence to ICA Gruppen's policies and guidelines can sometimes be limited. The continuous dialogue conducted between ICA Gruppen and ICA-handlarnas Förbund and the training offered to ICA retailers are resulting in increased understanding of and compliance with the values that ICA stands for.</p>

Compliance

↗ Increased risk
→ Unchanged risk
↘ Decreased risk

Risk description

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, could result in the loss of operating permits or have unforeseen costs, and could affect the Group's good reputation among customers and shareholders. The significantly increasing regulatory burden within the sustainability sector also risks leading to unforeseen costs in the form of fines and negative impact on reputation.

Trend



Management

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

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.

Trend

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Management

Financial risk such as interest rate risk, refinancing risk, liquidity risk, foreign currency risk, credit risk and commodity price risk are managed centrally by the Group's Treasury & Tax department in accordance with the policy set annually by the Board of Directors. For a more detailed description of established risk levels and how adherence to these is ensured, see Note 19 to the financial statements for the Group.

Climate risk – ICA Gruppen’s efforts in line with the TCFD framework

ICA Gruppen began applying TCFD (Task Force on Climate-related Financial Disclosures) principles for management and reporting of climate-related financial risks and opportunities in 2021. In 2023 the work on climate risk has been further developed and established, including through scenario analysis for the various operations and proactive efforts on climate-related risks within ICA Gruppen’s regular risk management process.

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 Chief Corporate Responsibility Officer, ICA Gruppen has established a management team for sustainability consisting of all the sustainability managers at the Group’s various companies. Climate and sustainability risks are also included in reg-

ular risk management and in the twice-yearly reporting of risks to the ICA Management Team and ICA Gruppen’s Board of Directors (see page 123).

Strategy

While the climate transition presents significant risks for ICA Gruppen’s businesses, strategies and financial planning, there are significant opportunities if ICA Gruppen takes an active role in the changes in areas such as consumer attitudes and consumption patterns that the climate transition is bringing about. The climate issue is therefore an integral part of ICA Gruppen’s long-term strategic direction and of the areas of ambition identified for responding to the changes and drivers in the world around us. ICA Gruppen’s ambition is that by 2030 it will be an industry-leader in the development towards reduced climate impact and towards a more modern and sustainable food supply, while also being the best in each market at helping and inspiring customers to make sustainable choices (see page 14). Strategically important initiatives to reduce ICA Gruppen’s contribution and vulnerability to the effects of climate change include ICA Gruppen’s climate ambition (see page 84), ICA Gruppen’s fuel strategy (applies to ICA Sweden and Apotek Hjärtat) and the energy strategies adopted for ICA Gruppen’s operations in Sweden and the Baltic region respectively (see page 83).

Climate risk analysis of the property portfolio

During the year ICA Real Estate commissioned a climate risk analysis of its entire property portfolio, including both wholly owned properties and those owned partially through the subsidiaries Ancore, Delcore and Trecore.

In a first step, the properties’ exposure to climate threats was analysed at a general level by assessing their location and vulnerability to climate change on a scale of low, medium or high risk.¹

	Low exposure	Medium exposure	High exposure
Wholly owned properties	60 properties	10 properties	23 properties
Partially owned properties	78 properties	12 properties	21 properties
Total	138 properties	22 properties	44 properties

ICA Real Estate’s climate risk analysis aligns with the Swedish Property Federation’s recommendations, which means that the next step is to conduct vulnerability analysis for properties assessed to have high

exposure to climate risk. For objects with high exposure and high vulnerability, preventive measures should then be identified.

¹ The assessment was based on data from MSB (the Swedish Civil Contingencies Agency), the County Administrative Board, the Swedish Environmental Protection Agency, the Swedish Forest Agency and the Swedish National Heritage Board, and includes: watercourses 100-year flow, watercourses calculated maximum flow, coastal floods 1.0 metre, coastal floods 3.0 metres, coastal floods 5.0 metres, as well as proximity to registered soil contamination, natural disasters and cultural & heritage sites.

TNFD – broader work on nature-related risks and opportunities

During the autumn the Taskforce on Nature-related Financial Disclosures (TNFD) framework was launched to assist companies in measuring and reporting nature-related risks, impacts and dependencies, such as biodiversity and ecosystem services.

ICA Gruppen views TNFD as a valuable complement to the TCFD framework and is examining how its principles can be used to advance the identification of risks and opportunities related to a broader sustainability agenda.

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 domestically produced foods reduce vulnerability to climate-caused disruption in global supply chains by reducing transport distances, 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 80).

Scenario analysis

To provide additional insights for long-term strategic work on climate-related risks and opportunities, five workshops on climate risk were conducted at ICA Sweden during the year. Based on the table of climate-related risks in grocery retail compiled in 2022, the assortment and sourcing organisation and the logistics operations were identified as those potentially most affected by climate change. The workshops were based on three possible paths for the development of climate change and society, based on the scenarios developed by the UN's Intergovernmental Panel on Climate Change (IPCC). Participants then identified risks and opportunities for ICA in relation to the different scenarios from a medium-term (up to around 2030) and long-term (up to around 2050) perspective.

The identified risks will be further assessed in 2024 based on potential financial impact on ICA Sweden's operations, while at the same time incorporating insights from the scenario analysis into ICA Sweden's strategic processes. In 2024 the work on scenario analysis will also be expanded to include more companies within ICA Gruppen.

Risk management

Climate and sustainability risks that may materialise in a more short-term perspective (within three years) already

form part of the overall risk management process for ICA Gruppen (see pages 122–123). 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).

However, a review of the risk process from a sustainability perspective has revealed that climate and sustainability risks are not always spontaneously identified by the Group's operations. From autumn 2023 onwards, therefore, work is underway to ensure that, as part of the regular process, the various operations are proactively asked each year to identify and assess any climate-related risks (physical and transition risks).

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. Today, ICA Gruppen's climate target is made up of three parts: to have net zero emissions from the Group's operations by 2030, to cut the climate impact of customers' grocery purchases in half by 2030 and for suppliers representing 70% of purchases to adopt science-based climate targets by 2025 (see page 84).

In 2022 ICA Gruppen submitted to the Science Based Targets initiative (SBTi) its commitment to adopt long-term climate targets for the entire value chain in line with the initiative's Corporate Net-Zero Standard. This commitment involves ICA Gruppen aiming to reach the 1.5°C 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 new targets were submitted to SBTi for validation, which is expected to take place in the first half of 2024.

A priority area for future development is to also define metrics and targets relating to climate-related risks and opportunities. This will follow when the risks identified in the short, medium and long term have been assessed based on their potential financial impact.

Climate scenarios from the UN Intergovernmental Panel on Climate Change (IPCC) were taken as a starting point for the analysis

- **Paris Agreement:** development in line with the IPCC's RCP¹ 2.6
- **If we do no more:** development in line with the IPCC's RCP 4.5
- **Without climate action:** development in line with the IPCC's RCP 8.5

¹ RCP = Representative Concentration Pathway.

Insights from climate scenario analysis within ICA Sweden

Physical risks up to 2030 are very similar, regardless of the scenario, but with more pronounced differences thereafter. Above all, without clear climate action the effects in the scenario become increasingly dramatic and also unpredictable.

Transition risks are strongly evident already today and in the period up to 2030, particularly in the scenario where the world approaches the transition required to meet the Paris Agreement.

A significant number of opportunities for ICA were also identified in the workshops.

Many of the identified risks and opportunities are similar for all actors in grocery retail in Sweden, especially related to the conditions for food production in the parts of the world on which we depend for our food supply. A number of risks and opportunities associated more specifically with ICA's operations were also identified.

For example, scenario analysis identified the following risks and opportunities, which are being taken into account in ICA's strategic efforts:

- Significant dependence on certain key regions leads to the risk of disruptions in the event of climate-related extreme weather, long-term changed conditions for production and/or transition-related trade barriers or unrest.

- Uncertain and varying access to certain raw materials and products reduces the ability to plan, and risks affecting the capacity to maintain a high service level to stores.
- There is a risk that increased regulation, price increases for inputs and reduced supply will drive increased costs for food production and distribution, with a simultaneous deterioration in consumers' financial position for the same reasons.
- Strong dependence on certain key raw materials demands supply chain traceability in order to map and mitigate risks at the supplier stage, such as distribution disruption, trade barriers or impaired access to raw materials.
- More uncertain flows of goods may impose new requirements on warehouse capacity, both in terms of volume and function (e.g. the ability to store refrigerated items).
- ICA's store and logistics network, with its strong local presence throughout the country and strong relationships with local food producers, provides opportunities to contribute to securing the food supply in more uncertain times.



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Photos: Simon Hellsten ICA Reklam, Katja Ragnstam ICA Reklam, Jennie Smith ICA Reklam, Gustav Wallhult ICA Reklam, Joakim Bergström, Jessica Gow among others

ICA Gruppen AB • Box 4075, 169 04 Solna, Sweden. Visiting address: Kolonnvägen 20. Tel.: +46 8 561 500 00. www.icagruppen.se. Corporate registration number 556048 837

ICA Sverige AB

Box 4075, 169 04 Solna, Sweden
Visiting address:
Kolonnvägen 20
Tel.: +46 8 561 500 00
ica.se

Rimi Baltic AB

A. Deglava Str 161, LV-1021
Riga, Latvia
Tel.: +37 1 800 001 80
rimibaltic.com

Apotek Hjärtat AB

169 04 Solna, Sweden
Visiting address:
Kolonnvägen 20
Tel.: +46 8 561 500 00
apotekhjartat.se

ICA Fastigheter AB

721 84 Västerås, Sweden
Visiting address:
Ingenjör Bååths gata 11, T2
Tel.: +46 21 19 30 00
icafastigheter.se

ICA Banken AB

169 04 Solna, Sweden
Visiting address:
Kolonnvägen 20
Tel.: +46 8 561 500 00
icabanken.se

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