

Year-end report 2020

Strong close to the year with continued pandemic impacts

Fourth quarter 2020

- Consolidated net sales increased by 5.6% to SEK 32,593 million (30,850)
- Operating profit excluding items affecting comparability increased to SEK 1,371 million (1,267). Overall, non-recurring items in operating profit are considered to be insignificant. In operating profit for 2019, these were calculated at SEK -50 million net.
- Consolidated sales and operating profit were affected by the continuing Covid-19 pandemic, where ICA Sweden and ICA Real Estate benefited, while other segments were negatively impacted. The estimated, overall effect on consolidated operating profit for the fourth quarter is approximately SEK +25 million
- Profit for the period was SEK 919 million (915). This includes the net result of divestments and impairment losses, totalling SEK -47 million (-18)
- Earnings per share were SEK 4.54 (4.52)
- Cash flow from operating activities, excluding ICA Bank, was SEK 3,772 million (2,925)
- ICA Gruppen's board of directors proposes a dividend for 2020 of SEK 13.00 per share (12.00), corresponding to 63% (70%) of profit for the year

January-December 2020

- Consolidated net sales amounted to SEK 126,283 million (119,295), an increase of 5.9%
- Operating profit excluding items affecting comparability increased to SEK 5,831 million (5,356)
- The estimated impact of the Covid-19 pandemic on operating profit for the year is approximately SEK -10 million
- Profit for the year was SEK 4,173 million (3,450). This includes the net result of divestments and impairment losses, totalling SEK -57 million (-422). Profit for the preceding year included a capital loss of SEK 382 million on the sale of Hemtex
- Earnings per share were SEK 20.65 (17.06)
- Cash flow from operating activities, excluding ICA Bank, was SEK 10,444 million (9,923)

Events after the end of the quarter

- Apotek Hjärtat's CEO Anders Nyberg announced on 12 January that he will be retiring in 2021. Recruitment of his successor has begun

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Group				
Net sales	32,593	30,850	126,283	119,295
Operating profit before depreciation/ amortisation (EBITDA)	2,716	2,576	11,141	10,193
Operating profit (EBIT) excluding items affecting comparability	1,371	1,267	5,831	5,356
Operating profit (EBIT)	1,325	1,249	5,774	4,934
Profit before tax	1,215	1,122	5,308	4,402
Profit for the period	919	915	4,173	3,450
Cash flow from operating activities	3,911	3,096	11,641	9,748
Cash flow from operating activities excluding ICA Bank	3,772	2,925	10,444	9,923
Operating margin excluding items affecting comparability, %	4.2	4.1	4.6	4.5
Operating margin, %	4.1	4.0	4.6	4.1
Return on capital employed, %	—	—	9.2	7.9
Return on equity, %	—	—	11.7	10.1
Earnings per share, SEK	4.54	4.52	20.65	17.06

CEO's comments

The year's final quarter followed a familiar pattern for the year with continued impacts from the Covid-19 pandemic – volume growth for ICA Sweden, while Rimi Baltic and especially Apotek Hjärtat had weaker performance. At the same time, e-commerce continues to show very strong growth. In terms of earnings, we had favourable development on the whole, and we achieved our margin target for 2020. Despite the challenges brought by the pandemic we have maintained continued good momentum in important development projects.

The grocery retail market in Sweden continued to grow at a fast rate during the fourth quarter, and growth for the full year ended up at 7.6%. Our performance was slightly weaker than the market during the fourth quarter and full year 2020, but the outcome varied during the year depending on how the spread of the coronavirus impacted travel patterns. We are clearly growing faster than the market online, but the exceptionally high online growth also means that total growth is relatively lower, all else equal. Overall we believe that the pandemic will continue to impact performance for the grocery retail market – at least during the first half of 2021.

ICA Sweden – continued strong e-commerce growth

The strong sales growth during the fourth quarter included, as earlier in the year, sharp growth in demand for our e-commerce business. E-commerce accounted for roughly 45% of growth in store sales during the quarter and more than 30% for the entire year. We will now soon be initiating the migration to Ocado's e-commerce platform, which will be fully implemented by year-end 2021. This will lead to better functionality both for retailers and customers, and is an important step towards more efficient e-commerce for us. We will also shortly be starting up our dark store in Gothenburg, and in 2022 we will take the next important step with the start-up of our new, automated dark store in Stockholm.

We will also be intensifying the work on developing our range and private label product offering – something that we consider to be an important part of being able to continue offering our customers attractively priced products that meet high demands for health, sustainability, inspiration and simplicity. Price value, in particular, will be one of the most central areas of focus in the market we face once the pandemic has ebbed out.

Rimi Baltic – tough market with hard restrictions. Apotek Hjärtat – continued weak volume development

New restrictions in the Baltic countries marked the end of the year for Rimi Baltic. In Lithuania, however, we noted continued favourable performance during the fourth quarter. Otherwise, the big event during the quarter is that our new warehouse in Riga is now in operation. A few finishing touches remain, but for the most part we are up and running, which creates good conditions going forward to be even more efficient in our logistics in the Baltics.

It was the sharp rise in online sales that can be credited for the growth in the pharmacy market during the fourth quarter. Our e-commerce continues to grow faster than the market, but overall we are growing a bit more slowly than the market given that our market share is lower online. However, the e-commerce contribution is steadily improving, and continuing that trend is an important part of the puzzle for restoring profitability over the long term. We are now carrying out certain structural measures to further increase efficiency and strengthen competence.

ICA Bank acquires customer portfolio from Forex. ICA Real Estate – strong close to a good year

Just before Christmas we reached an agreement with Forex to acquire its customer portfolios for deposits and consumer lending. We see this as a good opportunity to profitably grow the bank's business and at the same time create synergies with existing operations and achieve economies of scale in development of the bank's own platform. In addition, during 2021 the new mortgage company will be launched, which is another important venture for us.

ICA Real Estate can put a good year on record with a strong, partly acquisition-driven, earnings improvement and good cost control.

New health ambition launched; climate target reached, and historically high earnings premium for employees

At the start of 2021 we adopted a new health ambition. The ambition covers three focus areas and applies for all companies in Sweden: physical well-being, mental well-being, and safe and sound use of antibiotics. We can now also definitively say that we reached our "old" climate target, having achieved a reduction in greenhouse gas emissions by 76% from the base year 2006. The remainder will be offset through carbon credits.

2020 was in many ways a tough year, so I am extra happy that on the basis of our strong earnings we can distribute an historically high earnings premium of SEK 10,000 per employee. The earnings premium is paid out to all employees who are not included in any other variable remuneration programme and is calculated based on the number of hours worked during the past year.

In summary – a good quarter and a good year, under very special circumstances

Following this very special year, we have now moved in to 2021, and we do so with strong self-confidence. We have managed the year's challenges, delivered good earnings and maintained high momentum in the development projects that will be extra important for us going forward. These include, for example, digitalisation, implementation of important e-commerce projects, competence-strengthening and new ambitions and goals in the areas of health and sustainability. With a clear strategy and high level of energy we stand well-prepared to take on 2021.

Per Strömberg
CEO ICA Gruppen



Group performance

Net sales and earnings

Fourth quarter 2020

Consolidated net sales increased by 5.6% during the quarter compared with 2019. The increase in local currency was 6.2%. This performance is explained by continued positive volume effects, especially in ICA Sweden's wholesale operation, and positive price and mix effects. In contrast to ICA Sweden, the Covid-19 volume effect continued to be negative for Apotek Hjärtat, Rimi Baltic and ICA Bank.

Operating profit excluding items affecting comparability increased by SEK 104 million to SEK 1,371 million (1,267). Operating profit improved for ICA Sweden and ICA Real Estate, while it decreased for other businesses. Taken together, the price and volume impact was positive, while Apotek Hjärtat, in particular, had continued negative volume effects. The total estimated earnings impact of the continuing Covid-19 situation was approximately SEK 25 million and was more favourable than in the preceding quarter. Profit distribution from ICA stores was higher due to the positive volume development in 2020. One-off effects during the fourth quarter were deemed to be neutral overall, as structural costs of approximately SEK -50 million and a higher provision for the earnings premium for employees, totalling SEK -25 million, were fully offset by the dissolution of a retroactive salary increase reserve coupled to the agreement reached in the collective bargaining negotiations during the fourth quarter. The fourth quarter of 2019 included structural costs of SEK -50 million, and no significant changes in payroll-related provisions were reported. The operating margin excluding items affecting comparability increased slightly to 4.2% (4.1%). Profit for the period was SEK 919 million (915) and includes the result of divestments and impairment losses totalling SEK -47 million (-18), mainly related to project write-downs, and impact from higher accrued tax cost of SEK 97 million linked to tax on dividends from Rimi Baltic. Earnings per share increased somewhat to SEK 4.54 (4.52).

January-December 2020

Consolidated net sales increased by 5.9% compared with 2019. In local currency and adjusted for the sale of Hemtex, the increase was 6.3%. The currency effect during the period was -0.1%. Operating profit excluding items affecting comparability increased to SEK 5,831 million (5,356), which is SEK 439 million higher than a year ago, excluding Hemtex. Apart from strong earnings in ICA Sweden and ICA Real Estate, the increase is largely due to the fact that the segments that had negative Covid-19 effects were able to compensate for these through various measures. The operating margin excluding items affecting comparability grew to 4.6% (4.5%). Profit for the period was SEK 4,173 million (3,450). Profit includes the result of divestments and impairment losses totalling SEK -58 million (-422). Operating profit for the preceding year included a capital loss of SEK -382 million on the sale of Hemtex. Earnings per share were SEK 20.65 (17.06).

Effect of IFRS 16

The segments are reported excluding IFRS 16. The total effect of IFRS 16 is reported only at the consolidated level in ICA Gruppen. The effect of IFRS 16 on consolidated operating profit excluding items affecting comparability was SEK 46 million (42) during the fourth quarter and SEK 175 million (166) for the entire period.

Estimated effects of the Covid-19 pandemic

It is estimated that Covid-19 affected consolidated sales growth during the fourth quarter by +2.2% and consolidated operating profit by approximately SEK +25 million. For the full year 2020 it is estimated that sales were affected by +1.9%, with an earnings impact of approximately SEK -10 million. Included in the Covid-19 effects are certain, general government assistance payments, mainly compensation for sick pay, of approximately SEK 25 million during the fourth quarter and approximately SEK 125 million during the full year.

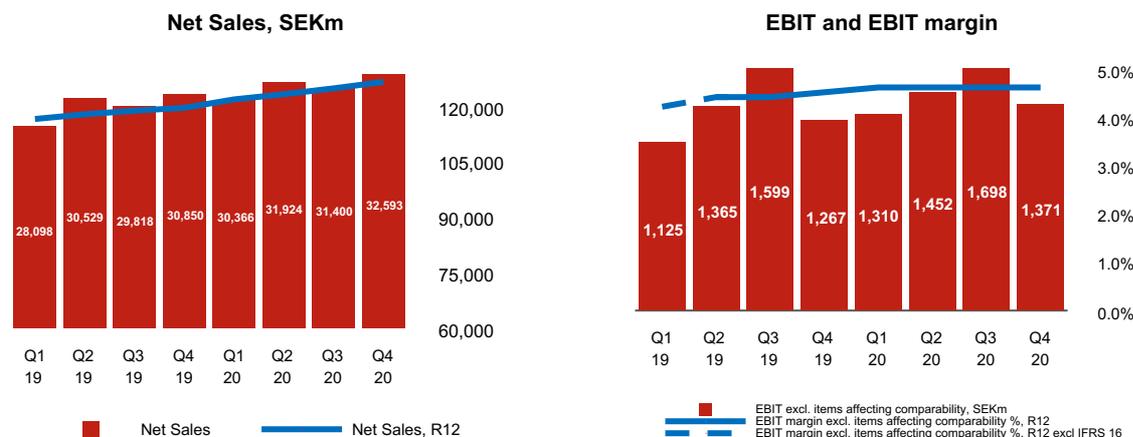
Net sales per segment

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
ICA Sweden	23,723	22,020	91,684	85,187
Rimi Baltic	4,278	4,279	16,373	16,168
Apotek Hjärtat	3,805	3,813	15,178	14,778
ICA Real Estate	745	688	2,840	2,731
ICA Bank	440	410	1,699	1,570
Hemtex ¹⁾	—	—	—	306
Other	318	309	1,282	1,197
Intra-Group sales	-715	-668	-2,773	-2,640
Net sales	32,593	30,850	126,283	119,295

Operating profit excluding items affecting comparability per segment

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
ICA Sweden	1,003	827	4,240	3,712
Rimi Baltic	177	213	703	744
Apotek Hjärtat	86	117	383	464
ICA Real Estate	164	126	603	504
ICA Bank	60	74	174	244
Hemtex ¹⁾	—	—	—	-36
Other	-163	-133	-446	-443
Operating profit excluding items affecting comparability by segment	1,326	1,223	5,657	5,189
IFRS 16 Leases	46	42	175	166
Operating profit excluding items affecting comparability	1,371	1,267	5,831	5,356

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



Net financial items and tax

Net financial items for the quarter totalled SEK -110 million (-127). Interest expenses excluding IFRS 16 were lower than a year ago, mainly owing to lower interest expenses for pension liabilities and refinancing of Långeberga. Interest expenses related to IFRS 16 are included in net financial items in the amount of SEK -77 million (-82) for the fourth quarter and SEK -321 million (-342) for the full year. Net financial items for 2020 improved by SEK 66 million to SEK -466 million (-532). In addition to other fourth quarter effects, interest on the Group's bonds was lower than a year ago.

The tax cost for the quarter was SEK -296 million (-207), corresponding to a tax rate of 24.3% (18.5%). The difference between the years is due to a new estimation for reporting tax on dividends from Rimi Baltic, which are now reported as deferred tax already in 2020. The tax cost for the full year 2020 was SEK -1,135 million (-951), corresponding to a tax rate of 21.4% (21.6%). The tax cost for the preceding year was affected by the non-deductible capital loss that arose upon the sale of Hemtex.

Paid tax during the quarter totalled SEK -166 million (-80) and was SEK 86 million higher than in 2019 due to higher paid preliminary tax. Paid tax for 2020 was SEK -1,078 million (-584). The increase of SEK 494 million includes an extra payment of tax for 2019 of SEK 214 million during the first quarter and higher paid preliminary tax in 2020 of SEK 262 million.

Cash flow

Cash flow from operating activities during the quarter (excluding ICA Bank) was SEK 3,772 million (2,925), an improvement of SEK 847 million owing to higher earnings and a favourable change in working capital. This was countered by higher paid tax and slightly lower dividends from joint ventures. The corresponding cash flow for the full year increased by SEK 521 million. Approximately SEK 350 million was freed up in 2020 in the Supply Chain Financing (SCF) programme. This means that the SCF programme has freed up approximately SEK 2.1 billion since the project's start in 2016.

Cash flow from investing activities was affected by a higher level of investments in 2020. Cash flow from financing activities for the full year was affected by the issue of new bonds in February.

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

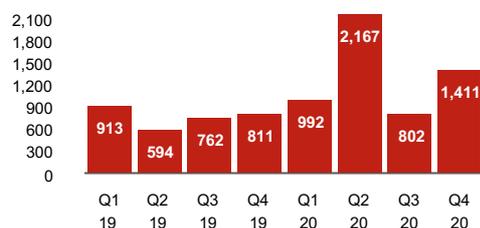
IFRS 16 cash flow items

Lease payments (interest and principal) during the fourth quarter of 2020 totalled SEK -856 million (-877). The corresponding amount for the full year 2020 was SEK -3,577 million (-3,599).

Consolidated statement of cash flows, excluding ICA Bank

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Cash flow				
From operating activities before change in working capital	2,631	2,599	10,133	9,959
Change in working capital	1,140	327	310	-35
From operating activities	3,772	2,925	10,444	9,923
Investing activities, net	-1,413	-837	-5,184	-2,811
Before financing activities	2,359	2,089	5,259	7,113
Financing activities, net	-1,872	-1,578	-4,802	-7,044
Cash flow for the period	487	512	457	69

Capex (cash flow), SEKm



Investments and divestments

The Group's investments amounted to SEK 1,411 million (811) during the quarter. The increase is mainly attributable to a higher level of investment in ICA Real Estate driven by large logistics projects, including dark stores in Stockholm and Gothenburg and the purchase of a property in Norrköping. Of total investments, SEK 829 million (171) is attributable to ICA Real Estate. Investments for the full year 2020 increased by SEK 2,292 million. A large share of this increase pertains to the purchase of a logistics property in Västerås for approximately SEK 1 billion during the second quarter as well as a number of larger real estate projects coupled to e-commerce. Added to this is Rimi Baltic's new warehouse in Riga, a project that was completed in 2020.

Total investments for 2021 are expected to amount to approximately SEK 3.5 billion, including SEK 1.5 billion in ICA Real Estate. Major capex projects include purchases of future store locations, investments in the Group's e-commerce, IT investments and new stores.

Investments (cash flow) by segment

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
ICA Sweden	258	195	825	656
Rimi Baltic	189	308	1,068	985
Apotek Hjärtat	52	71	212	226
ICA Real Estate	829	171	3,005	992
ICA Bank	32	23	88	37
Hemtex	—	—	—	4
Other	50	42	174	179
Investments	1,411	811	5,372	3,080

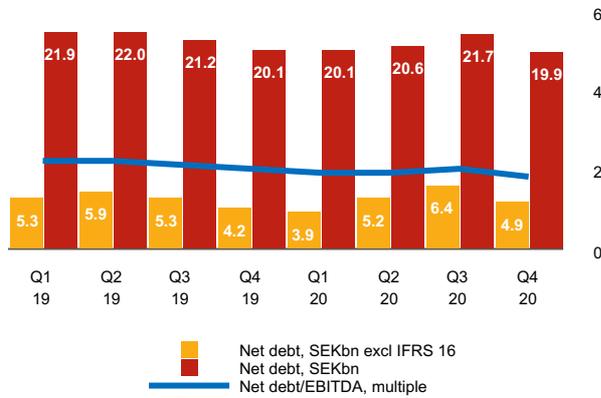
Depreciation/amortisation by segment

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
ICA Sweden	162	154	611	565
Rimi Baltic	107	93	405	352
Apotek Hjärtat	46	35	167	147
ICA Real Estate	141	122	533	501
ICA Bank	5	7	24	28
Hemtex	—	—	—	7
Other	39	42	144	137
Depreciation/amortisation by segment	500	452	1,884	1,736
IFRS 16 Leases	846	859	3,421	3,483
Depreciation/amortisation	1,345	1,311	5,305	5,219

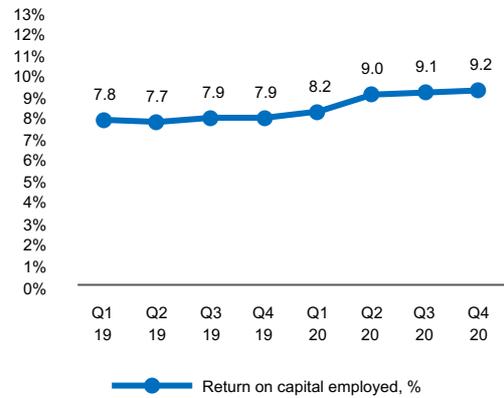
Financial position

The Group's net debt excluding IFRS 16 (i.e., excluding lease liabilities, ICA Bank and pension liabilities) amounted to SEK 4.9 billion (4.2) at the end of the quarter. The higher level of net debt is mainly attributable to a higher level of investment than a year ago. The Group's net debt including IFRS 16 (excluding ICA Bank and pension liabilities) amounted to SEK 19.9 billion (20.1) at the end of the quarter. At 31 December 2020 net debt in relation to EBITDA was 1.8 (2.0), which is well in line with the Group's long-term target of <3.0. Return on capital employed was 9.2% (7.9%) on a rolling 12-month basis.

Net debt and Net debt/EBITDA



Return on capital employed, R12



Important events during the quarter

22 December – ICA Bank signed an agreement to acquire Forex's customer portfolios for deposits and consumer lending, with combined business volume of approximately SEK 15 billion and approximately 235,000 customers. The deal is expected to close during the second quarter of 2021. See also the ICA Gruppen press release of 22 December 2020 at www.icagruppen.se.

Important events after the end of the quarter

12 January – Apotek Hjärtat's CEO Anders Nyberg announced that he will be retiring in 2021. Recruitment of his successor has begun.

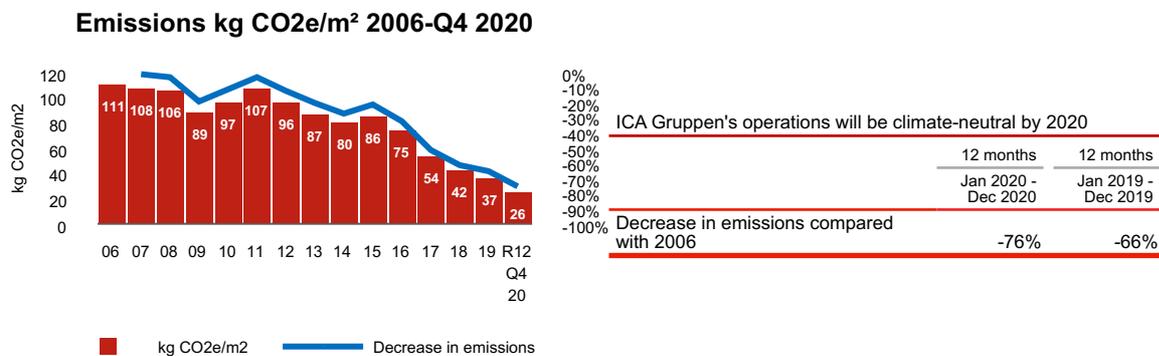
Sustainability Report

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

Outcome – sustainability targets

- ICA Gruppen's greenhouse gas emissions have decreased by 76% on a rolling 12-month basis compared with the base year 2006, which means approximately 228,000 tonnes of CO₂e less were emitted in 2020 than in 2006. All emissions in 2020, totalling 92,121 tonnes, are offset through carbon credits, which makes ICA Gruppen's operations climate neutral. Emissions decreased during the reporting period owing to a gradual increase in the use of refrigerants with a lower climate impact in stores and a switch to renewable electricity by Rimi Baltic. ICA Gruppen's work to reduce its own emissions in line with the Paris Agreement will continue, with the goal to achieve net zero emissions in own operations by 2030, and to cut the climate impact of customers' grocery purchases in half by the same year. ICA Gruppen also requires suppliers to adopted science-based climate targets.
- With a 91% share of quality certified suppliers, ICA Gruppen has reached the target that 90% of suppliers will be certified by year-end. However, the target for social audits and follow-up audits has not been reached, partly because suppliers and the opportunities to conduct audits of them have been strongly affected by the pandemic. After year-end ICA Gruppen will continue to follow up and report on the share of quality certified and – in high-risk countries – socially audited suppliers of ICA Gruppen's corporate brands. New, central supplier targets are currently being formulated and will be decided on in 2021.

Key Performance Indicators



Outcome other sustainability targets

	12 months Jan 2020 - Dec 2020	12 months Jan 2019 - Dec 2019
100% of suppliers of ICA Gruppen's corporate brands in high-risk countries will be socially audited	92 %	95 %
At least 90% of suppliers of ICA Gruppen's corporate brands in high-risk countries will have a valid follow-up social audit by year-end 2020	86 %	87 %
90% of suppliers of ICA Gruppen's corporate brands will be quality certified by year-end 2020	91 %	87 %

Sustainability activities during the quarter

New sustainability strategy for ICA Real Estate

During the quarter ICA Real Estate adopted a new sustainability strategy based on the ambition to develop green, healthy and safe communities with buildings where people meet and innovations are created. The strategy includes, for all focus areas of "For a Good Tomorrow", overarching targets for 2030 and sub-targets for 2021–2023 together with activities (see examples under the respective areas).

Environment

Single-use plastic articles replaced with biological alternatives

In line with ICA Gruppen's plastics strategy, single-use articles made of plastic in ICA Sweden's and Rimi Baltic's central assortment as well as cotton swabs in Apotek Hjärtat's assortment were removed or replaced with biological alternatives. Only disposable wine and beer glasses have been exempt, since no other alternatives are currently available. Apotek Hjärtat has also reduced the use of plastics in its e-commerce deliveries by replacing bubble wrap and air-filled plastic cushions with tape, thereby reducing purchases of bubble wrap by 70% and plastic cushions by 100%.

Five new sustainable funds

ICA Bank has expanded its offering with five new sustainable funds, which among other things make active choices to invest in companies based on sustainability and health, and/or exclude companies engaged in fossil fuels. Two of the five funds have received the highest possible sustainability score from Morningstar (five out of five globes), and one is Nordic Swan–certified.

Initiatives for fossil-free transports

ICA Sweden has taken several initiatives in the transport area. ICA Sweden and Volvo Trucks have entered into a collaboration to electrify transports. ICA Sweden has also begun transporting goods by rail between Borlänge and Luleå, cutting CO₂ emissions by an estimated 400 tonnes per year.

Opening of first grocery store built entirely of wood

ICA's first grocery store built entirely of solid wood and classified as "Environmental Class Gold" opened in Lindvallen in Sälen. The frame is constructed of wood from Swedish forests to reduce the carbon footprint, and a refrigeration unit in the store produces 100% renewable heat and cooling, which together with a geothermal energy system ensures that the building has efficient heating with minimal electricity consumption year-round.

Health

New health ambition

ICA Gruppen has adopted a new health ambition that applies for all companies active in Sweden. The ambition comprises three distinct focus areas in which ICA Gruppen can contribute to improved public health: physical well-being, mental well-being, and safe and sound use of antibiotics. In the Baltic countries, Rimi Baltic also works to promote better public health, among other things through cooperation with schools and preschools, dietitians and local authorities to promote healthy food habits among children.

New target to increase consumption of fruits and vegetables

One of the focus areas in ICA Gruppen's new health ambition is physical well-being and making it easier to live healthier every day. To contribute to better public health through healthier food habits, ICA Sweden has set the target that customers' purchases of fruits and vegetables should correspond to a consumption of 500 grams a day per person by 2025. Other initiatives for healthier food habits include reducing the sugar content in ICA's private label products.

Loan protection for improved mental well-being

ICA Gruppen's ambition to contribute to improved mental well-being entails creating security and harmony through all stages of life. In December ICA Insurance launched loan protection for home mortgages, which provides assistance with monthly payments of interest and instalments regardless of which bank holds the customer's mortgage. The protection is paid out in the event of unemployment due to lack of work or an illness/accident that prevents the customer from working at all.

SEK 55.5 million donated to cancer research through Pink Ribbons

ICA Gruppen has been a main partner to the Swedish Cancer Society's Pink Ribbon campaign since its inception in 2003. In addition to sales of pink ribbons in stores and pharmacies, in October ICA switched to pink packaging for more than a hundred of its own products and also pre-packed pink grocery bags, with part of the proceeds going to cancer research. On ICA Bank's website and app/internet bank, customers could contribute through a "donate" button. In total ICA Gruppen together with its customers donated SEK 55.5 million to this year's campaign.

Local

New meeting places through the Folke cheese

Together with Sweden's 1,500 ICA retailers, the ICA Foundation started the Folke projects – an initiative in which a share of the profit from every Folke-brand cheese product is donated to establishing new meeting places in Sweden. In 2020 a total of SEK 1,370,000 was granted to non-profit organisations, resulting in the construction of for example beach volleyball courts, an obstacle course and a skate park in communities throughout Sweden.

A happier Christmas for the benefit of the Red Cross

In the run up to Christmas in 2020, a fundraising campaign was carried out for the benefit of the Swedish Red Cross, where some 60 products were marked with the Red Cross symbol for the benefit of the organisation's work on promoting health and establishing meeting places throughout Sweden. Approximately SEK 7 million was collected through the year's Christmas campaign.

Inclusion and diversity

New ambition for Inclusion and Diversity

During the fourth quarter ICA Gruppen adopted a new Diversity and Inclusion ambition, which replaces the previous Diversity ambition. ICA Gruppen's CEO Per Strömberg was also the keynote speaker at the year's LEAD conference, a network that works to attract, retain and advance women in retail companies in Europe.

ICA Real Estate to create 200 internships by 2030

ICA Real Estate has set an ambition to contribute to a more inclusive society through internships and summer jobs. As part of its new sustainability strategy the company has set a goal to create 200 new internships by 2030. The internships will among other things create opportunities for young and unemployed people, and be distributed equally between genders.

Quality

Pilot project for human rights risk analysis

During the year a pilot project was started in the area of risk analysis in line with Human Rights Due Diligence (HRDD) to identify and handle ICA Sweden's impacts on human rights based on the UN Guiding Principles on Business and Human Rights (UNGPR). The goal in the next step is to develop a risk analysis model that can be used by all ICA Gruppen companies.

Criticism, media debates and dialogues

The issue of how the EU's Unfair Trade Practices (UTP) directive will be implemented in Sweden has led to heightened media focus on ICA Sweden's relations with its suppliers. During the fourth quarter, ICA's negotiation methods and contractual terms were scrutinised in an article series published by the Swedish daily newspaper DN. During the quarter Apotek Hjärtat participated in a number of dialogue talks and debates to promote safe and sound use of antibiotics, including with Axfoundation and the PAR Foundation, among others.

Awards and distinctions

In the study "Framtidens Hållbaraste Varumärken" ("The Future's Most Sustainable Brands") conducted by Ungdomsbarometern and Jung Relations, ICA Sweden and Apotek Hjärtat were ranked as being the most sustainable brands in the grocery and pharmacy sectors, respectively, and ICA Bank was ranked as one of the five most sustainable brands in banking and finance.

About this report

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

ICA Sweden

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

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

Net sales and earnings

Fourth quarter 2020

ICA Sweden's net sales increased by 7.7% compared with a year ago. The increase is mainly attributable to continued strong volume growth in the wholesale operations, but price effects were also positive. The estimated Covid-19 effect on sales was 4.6%.

Operating profit excluding items affecting comparability increased to SEK 1,003 million (827). The positive earnings effects of the volume increase were partly countered by higher costs particularly coupled to e-commerce, marketing and IT. The gross margin for the wholesale operations was at the same level as a year ago, where a continued higher private label share made a positive contribution. Profit distribution from ICA stores was SEK 43 million higher than a year ago. One-off items had an insignificant earnings impact overall during the quarter, as structural costs for organisational changes and a higher earnings premium for employees was offset by the dissolution of a retroactive salary increase reserve. The fourth quarter 2019 included structural costs of SEK -50 million.

The estimated overall impact of Covid-19 on operating profit for the quarter was approximately SEK +135 million. The operating margin increased to 4.2% (3.8%).

January-December 2020

ICA Sweden's net sales increased by 7.6% compared with a year ago, of which estimated Covid-19 effects were 3.7%.

Operating profit excluding items affecting comparability increased by SEK 528 million to SEK 4,240 million (3,712). Apart from favourable Covid-19 effects on sales volume, profit distribution from ICA stores increased by SEK 62 million, and operating profit from non-food sales and subsidiary stores improved. The estimated earnings impact of the leap year day in February was approximately SEK +15 million. Estimated Covid-19 effects for the full year 2020 were approximately SEK +385 million. The operating margin rose to 4.6% (4.4%).

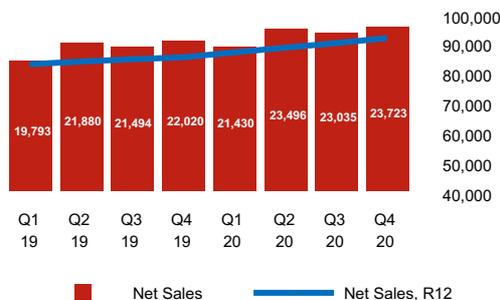
Estimated effects of the Covid-19 pandemic

The effects on sales and operating profit are described above. Covid-19 effects include certain, general government assistance payments – mainly compensation for sick pay – totalling approximately SEK 97 million, of which approximately SEK 22 million was received during the fourth quarter.

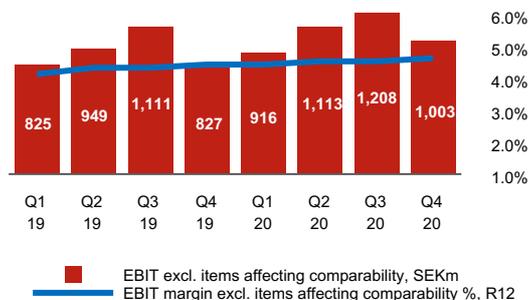
ICA Sweden

	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Net sales, SEKm	23,723	22,020	91,684	85,187
Operating profit before depreciation/amortisation (EBITDA), SEKm	1,165	980	4,851	4,277
Operating profit excl. items affecting comparability, SEKm	1,003	827	4,240	3,712
Operating margin excl. items affecting comparability, %	4.2	3.8	4.6	4.4
Investments, SEKm	258	195	825	656
Depreciation/amortisation, SEKm	162	154	611	565
Average number of employees	—	—	8,412	8,292
Private label share of store sales, %	—	—	26.9	25.8

Net Sales, SEKm



EBIT and EBIT margin



The market and ICA store sales

Sales (excluding VAT) for Swedish ICA stores increased by 7.1% during the quarter and by 7.2% on a like-for-like basis. According to the Food Retail Index (DVI), market growth was 7.5% during the fourth quarter of the year. Sales growth for ICA stores during the quarter was thus slightly lower than the market growth.

The estimated calendar effect for the fourth quarter was 0.6%. Food price inflation was 1.5% (3.1%) during the fourth quarter and 1.9% during the preceding quarter. Adjusted for inflation and the calendar effect, estimated volume growth for ICA stores during the quarter was 5.0% both in total and on a like-for-like basis.

Sales growth and customer behaviours during the quarter continued to be affected by the Covid-19 pandemic and were driven exclusively by a sharply higher average spend of nearly 13% and a higher number of items purchased per customer visit at the same time that customer visits were fewer. The share of promotional sales was higher during the quarter than a year ago, while for the full year it was lower than in 2019. Product categories that performed strongly during the period were dry goods, fruits & vegetables, frozen products and meat. The lower rate of inflation during the quarter pertained to several product categories, especially fruits & vegetables, while prices of meat, coffee, cacao and sweets had a higher rate of increase.

Private label products as a share of accumulated sales amounted to 26.9% (25.8%).

Two new stores were opened during the fourth quarter and five were closed. A total of eight to twelve new stores are planned to be established during 2021.

E-commerce

Online sales grew sharply during the fourth quarter to SEK 1,663 million (650), an increase of 156% over the same period a year ago. The e-commerce share for the ICA stores that offer food online was 6.3% for the full year (3.1%) and 7.9% for the fourth quarter (3.3%). According to the Food Retail Index (DVI), the e-commerce market for food in Sweden grew by 136% during the fourth quarter.

Online sales totalled SEK 4,975 million (2,294) in 2020, an increase of 117%. The online market grew by 94.5% during the same period.

At the end of the period, 374 ICA stores (302) were active with e-commerce (food online), and 632 stores (632) offered the ICA Matkassen meal kit concept.

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

ICA store sales, incl. retailer-owned stores

Store sales in Sweden

Store sales excl. VAT	Fourth quarter 2020			January-December 2020		
	SEKm	All stores %	Like-for-like %	SEKm	All stores %	Like-for-like %
Maxi ICA Stormarknad	11,152	9.8	8.9	42,092	10.5	9.3
ICA Kvantum	8,235	6.0	6.2	31,719	7.4	7.0
ICA Supermarket	9,408	4.3	4.8	37,454	3.6	4.6
ICA Nära	4,790	8.5	9.6	19,419	6.9	7.2
Total	33,585	7.1	7.2	130,684	7.2	7.0

Number of stores in Sweden

Format	December 2019	New	Converted	Closed	December 2020
Maxi ICA Stormarknad	86	1	0	0	87
ICA Kvantum	129	1	0	-1	129
ICA Supermarket	423	2	0	-3	422
ICA Nära	632	4	0	-8	628
Total	1,270	8	0	-12	1,266

Rimi Baltic

Rimi Baltic conducts grocery retail business via 283 wholly owned stores in Estonia, Latvia and Lithuania. Store formats include Rimi Hyper, Rimi Super, Rimi Mini and Rimi Express. Rimi Baltic also includes the properties owned by the Group in the three Baltic countries.

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

Net sales and earnings

Fourth quarter 2020

Rimi Baltic's net sales increased by 3.6% during the quarter (in SEK net sales were unchanged). The sales increase was both price- and volume-driven, but the rate of increase was dampened by a return to stricter measures to slow the spread of the coronavirus, which reduced customer traffic as a consequence. The estimated Covid-19 effect on sales overall was approximately -2.3%.

Operating profit excluding items affecting comparability decreased by SEK 36 million SEK 177 million (213). The gross margin was slightly lower owing to a higher share of promotional campaigns, greater shrinkage and higher logistics costs. The latter mainly pertained to temporary costs associated with the move to the new warehouse in Riga. Store costs also increased, pertaining to investments in the store network and wage inflation. Added to this were higher costs for e-commerce. The estimated Covid-19 effect on operating profit for the fourth quarter was approximately SEK -35 million. The operating margin decreased to 4.1% (5.0%)

January-December 2020

Rimi Baltic's net sales increased by 2.3% during the period (in SEK the increase was 1.3%). The estimated Covid-19 effect on sales for the year was approximately -2.2%.

Operating profit excluding items affecting comparability decreased by SEK 41 million to SEK 703 million (744), and the operating margin decreased to 4.3% (4.6%). The estimated accumulated Covid-19 effect on operating profit was approximately SEK -130 million.

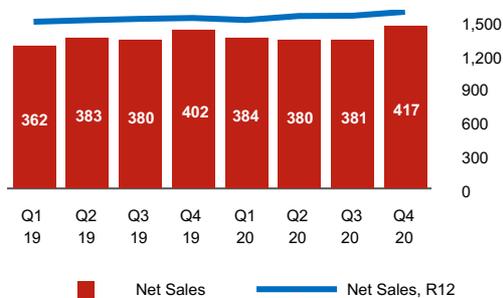
Other

Operating profit includes a net result of SEK -3 million (-4) from property sales/impairment losses of properties during the fourth quarter and SEK -9 million (-23) for the full year.

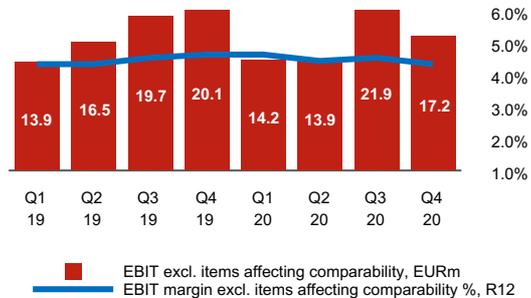
Rimi Baltic

	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Net sales, SEKm	4,278	4,279	16,373	16,168
Operating profit before depreciation/amortisation (EBITDA), SEKm	284	306	1,111	1,097
Operating profit excl. items affecting comparability, SEKm	177	213	703	744
Operating margin excl. items affecting comparability, %	4.1	5.0	4.3	4.6
Investments, SEKm	189	308	1,068	985
Depreciation/amortisation, SEKm	107	93	405	352
Average number of employees	—	—	10,647	10,494
Private label share of sales, %	—	—	23.4	23.9
EUR/SEK exchange rate, average	10,27	10.64	10,48	10.59

Net Sales, EURm



EBIT and EBIT margin



The market, store sales and e-commerce

The region's market growth for the fourth quarter was 4.7%, and growth in the respective countries was: Estonia 4.2%, Latvia 6.1%, and Lithuania 4.0%.

Food price inflation during the quarter was preliminarily 1.1% (2.7%), which is lower than during the preceding quarter, when it was 1.7%. Food price inflation in the respective countries was: Estonia 0.5%, Latvia 1.2% and Lithuania 1.4%. Inflation has decreased in all three countries.

The Covid-19 pandemic has continued to affect performance, where the number of customer visits has declined dramatically, while the average spend has increased sharply.

Rimi Baltic had a slightly lower market share in 2020 than in 2019, approximately 14%, which was affected in part by the conversion of Supernetto stores in Latvia. The level of promotional activity in Rimi Baltic was higher during the quarter than in the preceding year.

Rimi Baltic launched e-commerce in Latvia during the fourth quarter of 2019. Due to the Covid-19 pandemic, demand online has grown dramatically, and therefore the launches in Lithuania and Estonia were brought forward. Rimi Baltic has been offering online shopping in all three countries since April 2020 and currently has 21 pick-up locations. Home delivery is also offered in larger cities. Online sales as a share of total sales are still relatively low, but they increased sharply during the year and amounted to approximately 2.2% during the fourth quarter.

Rimi Baltic opened six stores during the quarter and closed two. A total of 22 to 25 store openings are planned for 2021.

Store sales in the Baltic countries

Store sales excl. VAT	Fourth quarter 2020			January-December 2020		
	EURm	All stores %	Like-for-like %	EURm	All stores %	Like-for-like %
Estonia	101.7	-1.5	-3.6	382.4	-2.1	-4.4
Latvia	211.0	3.5	-3.6	805.0	2.5	-1.4
Lithuania	99.9	9.5	2.7	360.0	6.9	2.6
Total	412.6	3.6	-2.1	1,547.4	2.3	-1.3

Number of stores in Baltic countries

Country	December 2019	New	Closed	December 2020
Estonia	86	1	-3	84
Latvia	130	4	-3	131
Lithuania	61	8	-1	68
Total	277	13	-7	283

Apotek Hjärtat

Apotek Hjärtat is the second-largest actor in the Swedish pharmacy market, with 391 pharmacies. Apotek Hjärtat is also a part owner of the digital healthcare company Min Doktor.

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

Net sales and earnings

Fourth quarter 2020

Net sales for the quarter amounted to SEK 3,805 million (3,813), a decrease of 0.2%. Owing to higher average prices for prescription drugs and the mix in the general product range, price effects in sales overall were positive. As in the preceding quarter, volume growth was negative due to Covid-19 effects, which are estimated to have impacted sales by -6.5%.

Operating profit excluding items affecting comparability decreased by SEK 31 million to SEK 86 million (117). Earnings performance can in all essential respects be attributed to negative Covid-19 volume effects as well as margin effects from a higher share of e-commerce and a lower share of private label products. However, the contribution from e-commerce improved compared with a year ago. Structural costs of SEK -17 million were booked for organisational changes, competence-sharing and efficiency-enhancing measures, which will result in estimated annual savings of approximately SEK 20 million. Dissolution of a retroactive salary increase reserve affected profit for the quarter by approximately SEK +20 million. The estimated Covid-19 effect on operating profit for the quarter was approximately SEK -85 million. The operating margin was 2.2% (3.1%). Operating profit for the quarter includes SEK -12 million (-25) for Min Doktor.

January-December 2020

Net sales for the period amounted to SEK 15,178 million (14,778), an increase of 2.7%. The estimated Covid-19 effect on sales was -3.9%. Operating profit excluding items affecting comparability was SEK 383 million (464). Operating profit included non-recurring structural costs of SEK -17 million, described above. Operating profit for the preceding year included an earnings effect of approximately SEK -40 million related to problems with the start-up of the new, automated warehouse in Norrköping. The estimated Covid-19 effect on operating profit for the period was approximately SEK -200 million. The operating margin was 2.5% (3.1%). Operating profit for the period includes SEK -43 million (-53) for Min Doktor.

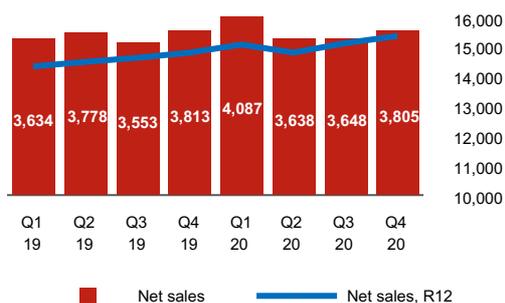
Estimated effects of the Covid-19 pandemic

The impact on sales and earnings is described above. Covid-19 effects include certain, general government assistance payments – mainly compensation for sick pay – totalling approximately SEK 3 million during the fourth quarter and approximately SEK 22 million for the full year 2020.

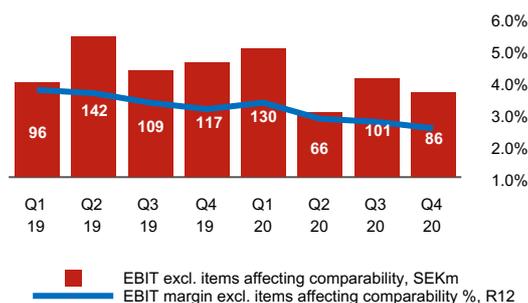
Apotek Hjärtat

	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Net sales, SEKm	3,805	3,813	15,178	14,778
Of which, prescription drugs	2,881	2,882	11,384	11,119
Of which, OTC drugs	313	358	1,389	1,453
Of which, other products and services	611	573	2,405	2,206
Operating profit before depreciation/amortisation (EBITDA), SEKm	131	152	550	611
Operating profit excl. items affecting comparability, SEKm	86	117	383	464
Operating margin excl. items affecting comparability, %	2.2	3.1	2.5	3.1
Investments, SEKm	52	71	212	226
Depreciation/amortisation, SEKm	46	35	167	147
Average number of employees	—	—	3,067	3,132
Private label share of other products, %	—	—	18.5	19.8

Net sales, SEKm



EBIT and EBIT margin



Market trend and e-commerce

Growth in the pharmacy market during the fourth quarter was 4.5%. Apotek Hjärtat's pharmacy sales grew by 1.5% during the quarter. Market growth for traded goods was 16.8%, while Apotek Hjärtat's sales of traded goods increased by 7.4%. The pharmacy market grew by 4.6% in 2020, while Apotek Hjärtat's pharmacy sales increased by 3.2%. Apotek Hjärtat's market shares grew online and in the physical pharmacy market, but decreased overall given its under-representation in the e-commerce market. Growth in the pharmacy market was driven by the e-commerce channel during the fourth quarter as well as the full year, as sales performance for physical pharmacies was negative. Overall Apotek Hjärtat's market share in 2020 was 30.5%, which is down slightly from the preceding year. Despite the slightly lower market share, Apotek Hjärtat took a market-leading position in 2020.

The strong shift to the e-commerce channel is continuing, and e-commerce market growth for pharmacy products was 66% during the fourth quarter and 59% for the full year. Apotek Hjärtat's e-commerce sales (incl. click & collect) grew by 92% during the fourth quarter as well as for the full year 2020. E-commerce sales as a share of the total pharmacy market were approximately 16.2% in 2020. Apotek Hjärtat's e-commerce share for the same period was 8%.

Two pharmacies were opened during the quarter and one was closed. During 2021, six to eight new openings are planned, all at locations near ICA stores.

Number of pharmacies

	December 2019	New	Closed	December 2020
Apotek Hjärtat	390	6	-5	391

ICA Real Estate

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

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

Net sales and earnings

Fourth quarter 2020

Net sales during the quarter totalled SEK 745 million (688), an increase of SEK 57 million. The sales increase is mainly attributable to volume, completed investments and price effects through higher sales-based rents.

Operating profit excluding items affecting comparability increased by SEK 38 million to SEK 164 million (126). The sales increase was countered by higher costs during the quarter for maintenance, project costs and IT, and higher depreciation. The acquisition of the warehouse in Västerås that was carried out during the second quarter affected operating profit by just under SEK +13 million. Revenue from joint ventures was also slightly higher than a year ago. Covid-19 effects during the quarter were approximately SEK +26 million, owing to higher revenue from sales-based rents that were settled at the end of the year.

January-December 2020

Net sales for the period totalled SEK 2,840 million (2,731), and operating profit excluding items affecting comparability increased to SEK 603 million (504). The effect on operating profit of the acquisition of the logistics property in April was SEK +34 million. Covid-19 effects for the full year were approximately SEK +19 million. Operating profit for the year also included non-recurring costs of SEK -12 million associated with disputes and settlements.

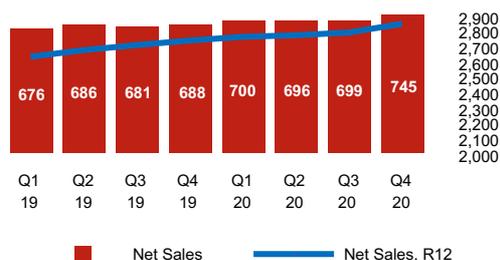
Other and investments

Operating profit includes a net earnings effect of SEK 0 million (-13) from property sales/impairment losses on properties for the fourth quarter and SEK -5 million (-18) for the full year. Investments during the quarter were higher than a year ago and amounted to SEK 829 million (171). The difference is mainly attributable to investments in dark stores and properties in Norrköping and Upplands Bro. Investments during 2020 increased by SEK 2,013 million, where a large share of the increase is attributable to the acquisition of a logistics property in Västerås for approximately SEK 1 billion. Divestments in 2020, mainly of building rights, amounted to SEK 29 million (-1).

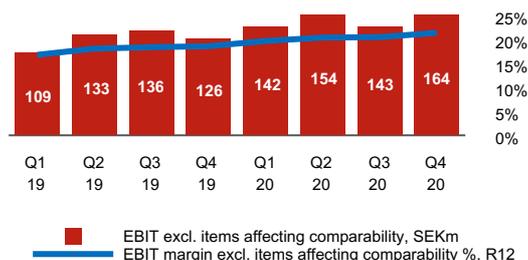
ICA Real Estate

	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Net sales, SEKm	745	688	2,840	2,731
Of which, rental income from owned properties, SEKm	334	277	1,213	1,080
Operating profit before depreciation/amortisation (EBITDA), SEKm	305	248	1,138	1,003
Operating profit excl. items affecting comparability, SEKm	164	126	603	504
Operating margin excl. items affecting comparability, %	22.1	18.3	21.2	18.4
Investments, SEKm	829	171	3,005	992
Divestments, SEKm	0	0	29	-1
Depreciation/amortisation, SEKm	141	122	533	501
Yield, %	—	—	7.0	6.8
Occupancy rate, %	—	—	98.5	98.6
Number of owned properties	—	—	136	123
Number of owned square metres, 000 sq. m.	—	—	822	668
Average number of employees	—	—	111	110

Net Sales, SEKm



EBIT and EBIT margin



ICA Bank

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

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

Revenue and earnings

Fourth quarter 2020

ICA Bank's revenue, including ICA Insurance, increased to SEK 440 million (410) compared with the same period a year ago. The increase is attributable to higher lending volume, a higher repo rate and continued higher sales by ICA Insurance. The positive volume and margin effects of this were countered to some extent by lower commission income from home mortgages and cash management.

Operating profit excluding items affecting comparability was SEK 60 million (74). Profit for the banking business before loan losses continued to improve in pace with revenue growth, which was partly countered by higher costs. In addition, loan losses were SEK 17 million higher than in the same period a year ago and totalled SEK -40 million (-23), mainly owing to a lower price received under a new forward flow contract coupled to the bank's credit portfolio. The estimated earnings effect of Covid-19 during the quarter was approximately SEK -23 million in total and includes lower lending volume, fewer card transactions and to some extent a negative effect from loan losses.

Operating profit for ICA Insurance was SEK 1 million (2), mainly owing to slightly poorer claims experience.

January-December 2020

ICA Bank's revenue, including ICA Insurance, increased compared with the preceding year to SEK 1,699 million (1,570).

Operating profit excluding items affecting comparability amounted to SEK 174 million (244). Operating profit for the preceding year included positive one-off effects of SEK +18 million in ICA Insurance from dissolution of a claims reserve and SEK +10 million from the dissolution of a credit reserve in ICA Bank. Loan losses for the full year amounted to SEK -203 million (-93), where approximately SEK 40 million of the increase is attributable to changed risk assessments related to Covid-19, and approximately SEK 30 million is attributable to higher realised losses (partly owing to a new forward flow contract). The estimated combined Covid-19 effect on operating profit for the year was SEK -83 million.

Operating profit for ICA Insurance was SEK 1 million (3), where the preceding year's result included one-off items of SEK +18 million.

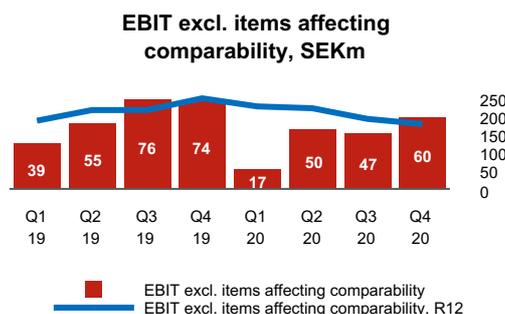
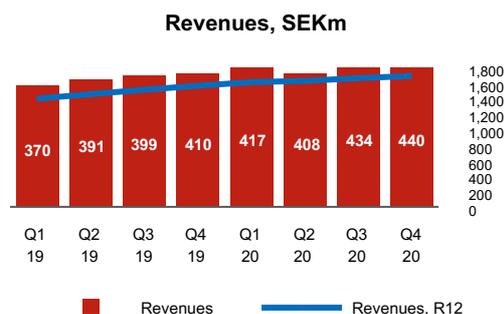
Other

On 22 December ICA Bank signed an agreement to acquire Forex's customer portfolios for deposits and consumer lending, with combined business volume of approximately SEK 15 billion and approximately 235,000 customers. The deal is expected to close during the second quarter of 2021. See also the ICA Gruppen press release of 22 December 2020 at www.icagruppen.se.

ICA Bank

	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Revenues, SEKm	440	410	1,699	1,570
Of which, net interest income, SEKm	180	160	700	602
Operating profit before depreciation/amortisation (EBITDA), SEKm	64	81	197	272
Operating profit excl. items affecting comparability, SEKm	60	74	174	244
C/I ratio, %	—	—	78.5	78.5
Return on equity, % ¹⁾	—	—	5.2	9.0
Loan loss ratio, %	—	—	-1.3	-0.7
Common Equity Tier I ratio, % (ICA Banken AB)	—	—	14.0	14.9
Business volume, SEKm	—	—	38,722	50,515
Average number of employees	—	—	440	423

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



Other, Group

Seasonal variations

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

Risks and uncertainties

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

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

Related party transactions

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

Parent Company

Fourth quarter 2020

The Parent Company's net sales amounted to SEK 294 million (283). Profit after financial items totalled SEK -81 million (-68).

January-December 2020

The Parent Company's net sales amounted to SEK 1,192 million (1,106). Profit after financial items totalled SEK 3,283 million (8,026). The change compared with the corresponding period a year ago is mainly attributable to lower profit distributions from subsidiaries.

Share information

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

During 2020 through 31 December the share price decreased by 6.0% to SEK 410.90. The OMX Stockholm Index was +12.9% during the same period.

Ownership structure – Largest identified shareholders in ICA Gruppen as per	31 December 2020	
	Number of shares	Share of capital and votes, %
ICA-handlarnas Förbund	108,643,330	54.0 %
BlackRock	4,162,685	2.1 %
Spiltan Fonder	2,921,923	1.5 %
AMF Försäkring & Fonder	2,432,490	1.2 %
Vanguard	2,322,422	1.2 %
Handelsbanken Fonder	1,912,825	1.0 %
Swedbank Robur Fonder	1,593,594	0.8 %
Folksam	1,341,316	0.7 %
Leif Jönsson	1,279,601	0.6 %
Livförsäkringsbolaget Skandia	1,249,186	0.6 %
Ten largest shareholders total	127,859,372	63.6 %
Other shareholders	73,287,423	36.4 %
Total	201,146,795	100.0 %
<i>Of which, foreign shareholders in total</i>	<i>36,311,013</i>	<i>18.1 %</i>

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

Annual General Meeting 2021

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

To minimise the risk of spreading the coronavirus, the Board of Directors has decided that the Annual General Meeting will be conducted without the physical presence of shareholders, proxies or external parties, and that shareholders shall have the opportunity to exercise their voting rights by post prior to the meeting.

To be able to participate in the Annual General Meeting, shareholders must:

- be registered in the shareholder register maintained by Euroclear Sweden AB as per 7 April 2021, and
- have submitted their postal votes in accordance with the instructions in the AGM notice so that the company has received them by 14 April 2021 at the latest.

Notice of the Annual General Meeting is planned to be made public on Tuesday, 9 March 2021 by press release and on the company's website. The notice will also be published in Post och Inrikes tidningar (the Official Swedish Gazette), and an advertisement informing that the notice has been issued will be published in Swedish daily newspapers, such as Svenska Dagbladet. The AGM notice and decision-making documentation for the items of business included on the AGM agenda will be available at www.icagruppen.se under the tab Corporate Governance.

Shareholders who wish to have a matter taken up for consideration at the Annual General Meeting must submit a request for such not later than 25 February 2021 to ensure that it will be taken up for consideration at the Annual General Meeting. Requests shall be addressed "To the Chairman of the Board" and be sent by email to arsstamma@ica.se or by post to ICA Gruppen AB, Attn. Per Behm, Box 4075, SE-169 04 Solna, Sweden.

Nomination Committee appointed

In accordance with a resolution by the 2020 Annual General Meeting, ICA Gruppen's nomination committee shall be composed of four members. The right to appoint a member of the Nomination Committee is held by the three shareholders that have the largest holdings as per the last trading day in August and that have notified their interest in appointing a member of the Nomination Committee. Of these shareholders, the one with the largest holding in terms of votes appoints two members of the Nomination Committee, and the next two-largest shareholders in terms of votes each appoints one member. Ahead of the 2021 Annual General Meeting, the Nomination Committee's members were appointed by ICA-handlarnas Förbund, SEB Investment Management and Spiltan Fonder. On 31 August 2020 these three shareholders together held approximately 56% of the capital and votes in ICA Gruppen (based on an ownership record provided by Euroclear Sweden AB). ICA-handlarnas Förbund has appointed Tomas Emanuelz and Anna-Karin Liljeholm, SEB Investment Management has appointed Tommi Saukkoriipi, and Spiltan Fonder has appointed Emma Englén as members of the Nomination Committee.

Annual Report 2020

ICA Gruppen's 2020 Annual Report will be published on the company's website, www.icagruppen.se, on Friday, 26 February 2021.

Dividend

The Board of Directors of ICA Gruppen recommends that the Annual General Meeting vote in favour of a dividend of SEK 13.00 per share (12.00), for a total dividend of SEK 2,615 million (2,414). The dividend amount corresponds to 63% (70%) of net profit for the year. The proposed dividend is in line with the ambition to pay a favourable and stable dividend over time. ICA Gruppen's dividend target is to pay, over time, a shareholder dividend of at least 50% of net profit for the year. The last day for trading in ICA shares including the right to dividends, provided that the Annual General Meeting votes in favour of the Board's proposal, is Thursday, 15 April 2021, with the record date set for Monday, 19 April 2021. The estimated payment date from Euroclear Sweden AB's system will thus be Thursday, 22 April 2021.

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	Fourth quarter		Jan-Dec	
		2020	2019	2020	2019
Net sales		32,593	30,850	126,283	119,295
Cost of goods and services sold		-27,100	-25,455	-104,739	-98,328
Gross profit		5,493	5,395	21,544	20,967
Selling expenses		-3,281	-3,339	-12,569	-12,703
Administration expenses		-979	-872	-3,635	-3,322
Other operating income		129	86	441	379
Other operating expenses		—	—	—	—
Share of profits of associates and joint ventures	2	10	-4	50	34
Operating profit (EBIT) excl items affecting comparability		1,371	1,267	5,831	5,356
Capital gains/losses from sale of subsidiaries and non-current assets	3, 4	0	-2	6	-382
Impairment and impairment reversals	3	-47	-15	-63	-39
Operating profit	7	1,325	1,249	5,774	4,934
Financial income		6	0	17	4
Financial expenses	7	-116	-127	-483	-536
Net financial items		-110	-127	-466	-532
Profit before tax		1,215	1,122	5,308	4,402
Tax		-296	-207	-1,135	-951
Profit for the period		919	915	4,173	3,450
Other comprehensive income, items that may not be reclassified to profit or loss, net after tax					
Remeasurement defined benefit pensions		332	-40	-99	-548
Other comprehensive income, items that may be reclassified to profit or loss, net after tax					
Change in translation reserve		-107	-66	-75	66
Change in hedging reserve		-70	-42	-157	-28
Share of other comprehensive income of joint ventures	2	12	12	4	18
Total items that may be reclassified to profit or loss		-175	-96	-228	56
Comprehensive income for the period		1,076	779	3,846	2,958
Profit for the period attributable to					
Owners of the parent		913	911	4,153	3,432
Non-controlling interests		6	5	20	19
Comprehensive income for the period attributable to					
Owners of the parent		1,070	773	3,823	2,934
Non-controlling interests		6	7	23	25
Earnings per share, SEK					
Earnings per share		4.54	4.52	20.65	17.06

Condensed consolidated statement of financial position

SEKm	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Goodwill		16,301	16,301
Trademarks		12,895	12,926
Other intangible assets		1,990	1,826
Land, buildings and investment properties		17,936	15,278
Right of use assets	7	15,054	16,142
Interests in joint ventures and associates	2	1,287	1,224
ICA Bank's lending and investments		15,591	13,474
Deferred tax assets		62	71
Other non-current assets		2,629	2,547
Total non-current assets		83,744	79,789
Current assets			
Inventories		4,731	4,611
ICA Bank's lending and investments		3,063	3,516
Other current assets		8,108	7,696
Assets held for sale	4	157	158
ICA Bank's cash and cash equivalents		3,276	2,311
Cash and cash equivalents		1,309	846
Total current assets		20,644	19,138
TOTAL ASSETS		104,388	98,927
EQUITY AND LIABILITIES			
Equity		35,226	33,844
Non-current liabilities			
Provisions		4,272	3,978
Deferred tax liabilities		3,970	3,882
Non-current interest-bearing liabilities		4,173	2,713
Non-current lease liabilities		11,903	12,521
Other non-current liabilities		183	87
Total non-current liabilities		24,500	23,182
Current liabilities			
Current interest-bearing liabilities		2,040	2,340
Deposits ICA Bank		19,293	16,698
Current lease liabilities		3,096	3,390
Other current liabilities		20,233	19,474
Total current liabilities		44,661	41,901
TOTAL EQUITY AND LIABILITIES		104,388	98,927

Condensed consolidated statement of cash flows

SEKm	Note	Fourth quarter		Jan-Dec	
		2020	2019	2020	2019
Operating profit		1,325	1,249	5,774	4,934
Depreciation, amortisation and impairment		1,392	1,327	5,368	5,259
Dividend from joint ventures		25	70	100	90
Other non-cash items		138	161	129	532
Income tax paid		-166	-80	-1,078	-584
Cash flow from operating activities before change in working capital		2,714	2,726	10,293	10,230
Change in working capital:					
Inventories		-182	-160	-199	-268
Current receivables		-661	-889	-544	-107
Current liabilities		1,919	1,467	1,143	431
ICA Bank's net of deposits, lending and investments		124	-48	950	-538
Cash flow from operating activities		3,911	3,096	11,641	9,748
Acquisitions of property, plant and equipment and intangible assets		-1,411	-811	-5,372	-3,080
Sale of property, plant and equipment and intangible assets		4	1	81	59
Change in financial assets		36	-56	85	-96
Interest received		1	0	5	1
Investments in joint ventures and associated companies		-97	-5	-108	-7
Divestment of subsidiaries	4	—	—	—	222
Cash flow from investing activities		-1,467	-870	-5,309	-2,900
Dividend paid to shareholders of ICA Gruppen AB		—	—	-2,414	-2,313
Change in loans		-949	-585	1,239	-803
Interest paid		-53	-54	-109	-126
Interest paid IFRS 16 Leases		-77	-84	-321	-342
Amortisation IFRS 16 Leases		-777	-793	-3,255	-3,257
Capital contributions, acquisitions, and dividends relating to non-controlling interests		-15	-10	-50	-53
Cash flow from financing activities		-1,873	-1,528	-4,911	-6,895
Cash flow for the period	5	572	697	1,422	-48
Cash and cash equivalents at beginning of period		4,017	2,459	3,157	3,206
Exchange differences in cash and cash equivalents		-5	1	5	-1
Cash and cash equivalents at end of period	5	4,584	3,157	4,584	3,157

Condensed consolidated statement of changes in equity

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2020	33,604	240	33,844
Change in non-controlling interests	—	—	—
Dividend	-2,414	-50	-2,464
Comprehensive income for the period	3,823	23	3,846
Closing equity, 31 December 2020	35,013	213	35,226

SEKm	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Opening equity, 1 January 2019	32,984	265	33,249
Change in non-controlling interests	—	—	—
Dividend	-2,313	-50	-2,363
Comprehensive income for the period	2,934	25	2,958
Closing equity, 31 December 2019	33,604	240	33,844

Supplementary disclosures – Group

NOTE 1, ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and calculation methods have been used as in the 2020 Annual Report.

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

IAS 12 Income Taxes

In Estonia and Latvia, the tax rate on continuing profits is zero, while paid dividends are taxed. ICA Gruppen has for many years had a consistently applied policy according to IAS 12 Income Taxes for cases where continuing profits are taxed in another way than taxation of dividends. In these cases, tax has been recognised for the dividend in connection with its payment.

IASB's Interpretations Committee (IFRS IC) has stated in a tentative agenda decision that a deferred tax shall be recognised for amounts which in the foreseeable future are expected to be distributed in cases where the tax rate is different for dividends and continuing profits. IASB's Due Process Handbook was also amended in 2020 and now stipulates that tentative agenda decisions shall be followed. Neither tentative agenda decisions nor the Due Process Handbook are part of the IFRS rules endorsed for application by the EU. Despite this, observers are of the opinion that for a specific issue there can only be one approved IFRS interpretation, namely, the one stipulated in IFRS IC's tentative agenda decision. ICA Gruppen does not share that opinion, but will amend its reporting of tax on dividends from Estonia and Latvia. This means that deferred tax is reported on amounts that are expected to be distributed from Estonia and Latvia in the foreseeable future. For 2020 this has entailed an additional deferred tax cost of SEK 97 million, which pertains to tax on anticipated dividends.

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

IFRS 16 Leases has been amended with respect to rent concessions stemming from the Covid-19 pandemic. Such concessions may, as an alternative, be recognised through profit or loss when they are granted, instead of requiring that the lease be modified and recalculated when this change occurs. ICA Gruppen has not applied this amendment of IFRS 16, as concessions received as a result of the Covid-19 pandemic are small. The amendment of IFRS 16 does not cover leasing income.

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

No new IASB standards have been endorsed for application starting in 2021 and later. There are a few amendments of standards that have been endorsed for application as from 2021, but no amendments that are believed to affect ICA Gruppen's financial statements. The same applies for the interpretations issued by IFRS IC. IFRS 17 Insurance Contracts is to be applied as from 2023 provided it is endorsed by the EU. Upon implementation, the subsidiary ICA Försäkring AB will be affected by IFRS 17, but it is believed that the effect of IFRS 17 on ICA Gruppen's financial statements will be limited.

Effects of the Covid-19 pandemic on reported asset values

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

For estimated effects on earnings of the Covid-19 pandemic, see the performance report for ICA Gruppen and the respective segments.

Government assistance

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

Important assumptions and assessments

Preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect application of the accounting principles and the amounts reported in the income statement and carried on the balance sheet. Estimates and assumptions are based on historical experience and a number of factors that are considered reasonable based on the current circumstances. Effects of the Covid-19 pandemic have been taken into account. The results of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assessments.

NOTE 2, INTERESTS IN JOINT VENTURES AND ASSOCIATES

Share of profit	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
SEKm				
Ancore Fastigheter AB	18	13	64	54
Secore Fastigheter AB	5	8	30	32
MD International AB (Min Doktor)	-12	-25	-43	-53
Fastighetsaktiebolaget Postgården AB	0	—	0	0
Total	10	-4	50	34

Book value, SEKm	31 December 2020	31 December 2019
Ancore Fastigheter AB	725	731
Secore Fastigheter AB	138	134
MD International AB (Min Doktor)	391	346
Fastighetsaktiebolaget Postgården AB	7	7
Other	26	6
Total	1,287	1,224

Information regarding Ancore Fastigheter AB

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

Ancore Fastigheter AB	Fourth quarter		Jan-Dec	
SEKm	2020	2019	2020	2019
Income	123	114	492	448
Expenses	-56	-51	-211	-190
Operating profit	67	63	281	258
Net financial items	-20	-25	-107	-107
Tax	-12	-11	-44	-40
Profit for the period	35	26	129	111
Other comprehensive income	5	25	9	37
Comprehensive income for the period	40	51	138	148
Non-current assets			5,475	5,528
Current assets			188	140
Total assets			5,663	5,668
Equity			1,390	1,401
Non-current liabilities			4,120	2,843
Current liabilities			153	1,424
Total equity and liabilities			5,663	5,668

Information regarding Secore Fastigheter AB

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

Secore Fastigheter AB	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
SEKm				
Income	46	45	183	179
Expenses	-33	-24	-100	-89
Operating profit	14	22	84	90
Net financial items	-6	-8	-28	-29
Tax	-2	-3	-15	-16
Profit for the period	5	11	41	45
Other comprehensive income	—	—	—	—
Comprehensive income for the period	5	11	41	45
Non-current assets			2,365	2,349
Current assets			49	66
Total assets			2,414	2,415
Equity			788	797
Non-current liabilities			1,565	1,080
Current liabilities			61	537
Total equity and liabilities			2,414	2,415

Information regarding MD International AB (Min Doktor)

MD International AB (Min Doktor) is a joint arrangement between ICA Gruppen and a number of other parties, including EQT Ventures Fund. Up until 31 October 2020 ICA Gruppen owned 49.37% of the company through Apotek Hjärtat. In connection with a new issue of shares in which Swedbank Robur Fonder AB became a new part-owner, ICA Gruppen's ownership was reduced to 46.83%. All significant decisions pertaining to the operations of Min Doktor are made through joint agreement between the owners. Min Doktor is one of Sweden's largest actors in digital primary care services and operates a number of drop-in clinics located primarily adjacent to larger ICA stores. Based on all relevant information in the joint arrangement, Min Doktor is an associated company and is consolidated according to the equity method.

Information regarding IISÅ Holdco AB

In partnership with Ålandsbanken, Ikano Bank, Söderberg & Partners and Borgo, work continued in 2020 to establish a jointly owned mortgage company in the Swedish market. Start of operations of the new company, IISÅ Holdco AB is contingent on completion of permitting processes by the Swedish Financial Supervisory Authority. No operations were conducted by the company in 2020. The jointly owned company is an associated company in ICA Gruppen, and accounting is conducted according to the equity method.

NOTE 3, ITEMS AFFECTING COMPARABILITY

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Capital gains/losses net on sale of subsidiaries and non-current assets				
ICA Sweden	—	-2	—	0
Rimi Baltic	—	-1	3	1
ICA Real Estate	0	0	2	-2
Other	—	1	1	-381
Total	0	-2	6	-382
Impairment and impairment reversals				
Rimi Baltic	-3	-3	-12	-24
ICA Real Estate	—	-13	-7	-16
ICA Bank	-8	—	-8	—
Other	-37	1	-37	1
Total	-47	-15	-63	-39
Total items affecting comparability	-47	-18	-58	-422

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

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

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

NOTE 5, CONSOLIDATED CASH FLOW STATEMENT

January–December 2020, SEKm	Group 2020	ICA Bank 2020 ¹⁾	Group excl. ICA Bank 2020
Cash flow from operating activities before change in working capital	10,293	159	10,133
Change in working capital			
Inventories	-199	—	-199
Current receivables	-544	-131	-413
Current liabilities	1,143	220	922
ICA Bank's net of deposits, lending and investments	950	950	—
Cash flow from operating activities	11,641	1,198	10,444
Cash flow from investing activities	-5,309	-125	-5,184
Cash flow from financing activities	-4,911	-108	-4,802
Cash flow for the period	1,422	965	457
Cash and cash equivalents at the beginning of the period	3,157	2,311	846
Exchange differences in cash and cash equivalents	5	—	5
Cash and cash equivalents at the end of the period	4,584	3,276	1,309

January–December 2019, SEKm	Group 2019	ICA Bank 2019 ¹⁾	Group excl. ICA Bank 2019
Cash flow from operating activities before change in working capital	10,230	272	9,959
Change in working capital			
Inventories	-268	—	-268
Current receivables	-107	-12	-95
Current liabilities	431	103	328
ICA Bank's net of deposits, lending and investments	-538	-538	—
Cash flow from operating activities	9,748	-176	9,923
Cash flow from investing activities	-2,900	-90	-2,811
Cash flow from financing activities	-6,895	149	-7,044
Cash flow for the period	-48	-116	69
Cash and cash equivalents at the beginning of the period	3,206	2,427	779
Exchange differences in cash and cash equivalents	-1	—	-1
Cash and cash equivalents at the end of the period	3,157	2,311	846

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

NOTE 6, FINANCIAL INSTRUMENTS

As per 31 December 2020, financial assets measured at fair value in ICA Gruppen amounted to SEK 2,591 million (2,196). In the fair value hierarchy, the entire amount is attributable to Level 1. Financial liabilities measured at fair value amounted to SEK 304 million (100) as per 31 December 2020. The carrying amount corresponds to fair value for all assets and liabilities, except for bond issues, where the fair value is less than the carrying amount by SEK 10 million (higher than the carrying amount by 88).

For effects of the Covid-19 pandemic on loan losses, see the performance report for ICA Gruppen and the segments.

NOTE 7, LEASES

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Total lease revenue incl variable revenue	751	701	2,914	2,790
Variable lease payments	-32	-29	-115	-117
Interest expenses, lease liabilities	-77	-84	-321	-342

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

Total right-of-use assets, SEKm	2020	2019
At start of year	16,142	16,606
Changed and new contracts	2,438	2,970
Depreciation	-3,421	-3,483
Translation differences	-105	48
Book value	15,054	16,142

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

Condensed parent company income statement

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Net sales ¹⁾	294	283	1,192	1,106
Cost of services sold	-299	-268	-1,137	-1,048
Gross profit	-5	14	55	57
Administrative expenses	-140	-136	-460	-474
Operating profit/loss	-145	-122	-405	-417
Profit/loss from participations in Group companies	—	—	3,500	8,328
Financial income, Group companies	79	66	287	209
Financial income	5	11	12	20
Financial expenses, Group companies	0	0	0	0
Financial expenses	-20	-24	-112	-114
Profit/loss after financial items	-81	-68	3,283	8,026
Appropriations	211	1,214	211	1,214
Profit before tax	130	1,146	3,494	9,240
Tax	-29	-245	—	-196
Profit for the period	101	900	3,494	9,044

1) Of net sales for the fourth quarter, SEK 291 million (273) pertains to Group companies, and SEK 1,184 million accumulated (1,077).

Condensed parent company balance sheet

SEKm	31 December 2020	31 December 2019
ASSETS		
Non-current assets		
Investments in Group companies	29,702	29,703
Other intangible assets	143	136
Deferred tax assets	28	26
Non-current receivables from Group companies	1,357	1,118
Other non-current assets	223	205
Total non-current assets	31,452	31,190
Current assets		
Current receivables from Group companies	20,079	18,053
Other current assets	505	320
Cash and cash equivalents	877	326
Total current assets	21,461	18,699
TOTAL ASSETS	52,912	49,889
EQUITY AND LIABILITIES		
Equity	36,692	35,619
Provisions	456	440
Non-current liabilities		
Non-current interest-bearing liabilities	3,250	2,700
Other non-current liabilities	136	36
Total non-current liabilities	3,386	2,736
Current liabilities		
Current interest-bearing liabilities	2,040	1,427
Current liabilities to Group companies	9,824	9,261
Other current liabilities	514	405
Total current liabilities	12,379	11,093
TOTAL EQUITY AND LIABILITIES	52,912	49,889

Quarterly overview

Quarterly overview key ratios

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Net sales, SEKm	28,098	30,529	29,818	30,850	30,366	31,924	31,400	32,593
Operating profit before depreciation/amortisation (EBITDA), SEKm	2,439	2,284	2,894	2,576	2,624	2,775	3,026	2,716
Operating profit (EBIT) excl. items affecting comparability, SEKm	1,125	1,365	1,599	1,267	1,310	1,452	1,698	1,371
Operating margin excl. items affecting comparability, %	4.0	4.5	5.4	4.1	4.3	4.5	5.4	4.2
Operating profit (EBIT), SEKm	1,115	975	1,595	1,249	1,309	1,454	1,686	1,325
Operating margin, %	4.0	3.2	5.3	4.0	4.3	4.6	5.4	4.1
Profit before tax, SEKm	974	837	1,469	1,122	1,183	1,338	1,572	1,215
Profit for the period, SEKm	813	520	1,202	915	976	976	1,302	919
Earnings per share, SEK	4.02	2.56	5.96	4.52	4.83	4.83	6.45	4.54
Equity per share, SEK	167.62	158.66	163.23	167.06	172.79	169.26	168.75	174.07
Share price at the end of period, SEK	373.00	399.20	454.80	437.20	417.90	441.80	455.30	410.90
Return on equity, %	10.9	9.7	10.0	10.1	10.6	11.8	12.0	11.7
Return on capital employed, %	7.8	7.7	7.9	7.9	8.2	9.0	9.1	9.2
Cash flow from operating activities, SEKm	1,669	3,068	1,915	3,096	2,381	4,021	1,328	3,911
Cash flow per share from operating activities, SEK	8.30	15.25	9.52	15.39	11.84	19.99	6.60	19.45
Investing activities (cash flow), SEKm	913	594	762	811	992	2,167	802	1,411
Capital employed excl. ICA Bank, average, SEKm	58,762	58,866	59,080	59,278	59,799	60,102	60,821	61,355
Net debt, SEKm	-21,939	-21,980	-21,233	-20,117	-20,134	-20,573	-21,734	-19,901
Net debt/EBITDA	2.2	2.2	2.1	2.0	1.9	1.9	2.0	1.8

Quarterly data by segment

Net sales by segment

SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
ICA Sweden	19,793	21,880	21,494	22,020	21,430	23,496	23,035	23,723
Rimi Baltic	3,774	4,071	4,044	4,279	4,098	4,051	3,946	4,278
Apotek Hjärtat	3,634	3,778	3,553	3,813	4,087	3,638	3,648	3,805
ICA Real Estate	676	686	681	688	700	696	699	745
ICA Bank	370	391	399	410	417	408	434	440
Hemtex	213	93	—	—	—	—	—	—
Other	301	299	288	309	319	322	323	318
Intra-Group sales	-662	-669	-641	-668	-684	-688	-686	-715
Net sales	28,098	30,529	29,818	30,850	30,366	31,924	31,400	32,593

Operating profit before depreciation/amortisation by segment (EBITDA)

SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
ICA Sweden	955	1,087	1,255	980	1,061	1,264	1,361	1,165
Rimi Baltic	229	262	300	306	249	250	328	284
Apotek Hjärtat	134	179	146	152	168	107	144	131
ICA Real Estate	237	258	260	248	266	285	282	305
ICA Bank	46	62	83	81	23	56	54	64
Hemtex	-15	-11	0	—	—	—	—	—
Other	-80	-469	-52	-91	-58	-84	-35	-125
Operating profit before depreciation/amortisation (EBITDA) by segment	1,506	1,369	1,993	1,674	1,709	1,878	2,134	1,825
IFRS 16	933	916	901	901	916	896	892	892
Operating profit before depreciation/amortisation (EBITDA)	2,439	2,284	2,894	2,576	2,624	2,775	3,026	2,716

Operating profit excluding items affecting comparability by segment

SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
ICA Sweden	825	949	1,111	827	916	1,113	1,208	1,003
Rimi Baltic	145	175	211	213	152	147	227	177
Apotek Hjärtat	96	142	109	117	130	66	101	86
ICA Real Estate	109	133	136	126	142	154	143	164
ICA Bank	39	55	76	74	17	50	47	60
Hemtex	-20	-16	0	—	—	—	—	—
Other	-110	-115	-85	-133	-92	-120	-71	-163
Operating profit excluding items affecting comparability by segment	1,085	1,323	1,558	1,223	1,266	1,409	1,656	1,326
IFRS 16	40	42	42	42	44	42	43	46
Operating profit excluding items affecting comparability	1,125	1,365	1,599	1,267	1,310	1,452	1,698	1,371

Depreciation/amortisation by segment

SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
ICA Sweden	130	137	144	154	144	151	154	162
Rimi Baltic	84	86	89	93	96	102	100	107
Apotek Hjärtat	38	37	37	35	38	41	42	46
ICA Real Estate	129	125	125	122	121	132	139	141
ICA Bank	7	7	7	7	6	6	7	5
Hemtex	5	2	0	—	—	—	—	—
Other	30	33	32	42	34	36	35	39
Depreciation/amortisation by segment	422	428	434	452	441	466	477	500
IFRS 16	892	873	859	859	872	854	849	846
Depreciation/amortisation	1,314	1,301	1,293	1,311	1,312	1,321	1,327	1,345

Key figures ICA Gruppen

	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Operating profit before depreciation/ amortisation (EBITDA), SEKm	2,716	2,576	11,141	10,193
Operating margin excl. items affecting comparability, %	4.2	4.1	4.6	4.5
Operating margin, %	4.1	4.0	4.6	4.1
Net margin, %	2.8	3.0	3.3	2.9
Return on capital employed, %	—	—	9.2	7.9
Return on equity, %	—	—	11.7	10.1
Equity/assets ratio, %	—	—	33.7	34.2
Net debt excl IFRS 16, SEKm	—	—	-4,904	-4,207
Net debt, SEKm	—	—	-19,901	-20,117
Net debt/EBITDA	—	—	1.8	2.0
Average number of employees	—	—	23,196	23,125
Share data				
Earnings per share, SEK	4.54	4.52	20.65	17.06
Share price at the end of period, SEK	—	—	410,90	437,20
Dividend per ordinary share, SEK	—	—	13,00	12,00
Dividend, SEKm	—	—	2,615	2,414
Dividend payout ratio, %	—	—	63	70
Equity per share, SEK	—	—	174.07	167.06
Cash flow from operating activities per share, SEK	19.45	15.39	57.88	48.46
Number of shares	201,146,795	201,146,795	201,146,795	201,146,795
Average number of shares	201,146,795	201,146,795	201,146,795	201,146,795
Average number of shares after dilution	201,146,795	201,146,795	201,146,795	201,146,795

Financial key ratios

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

Reconciliation EBITDA

SEKm	Fourth quarter		Jan-Dec	
	2020	2019	2020	2019
Operating profit (EBIT)	1,325	1,249	5,774	4,934
Depreciation/amortisation	1,345	1,311	5,305	5,219
Impairment and impairment reversals	47	15	63	39
Operating profit before depreciation/amortisation (EBITDA)	2,716	2,576	11,141	10,193

Reconciliation EBITDA

SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Operating profit (EBIT) excl IFRS 16	1,075	932	1,552	1,207	1,265	1,412	1,643	1,279
Depreciation/amortisation excl IFRS 16	422	428	434	452	441	466	477	500
Impairment and impairment reversals	10	8	6	15	3	0	13	47
Operating profit before depreciation/amortisation (EBITDA) excl IFRS 16	1,506	1,369	1,993	1,674	1,709	1,878	2,134	1,825
IFRS 16 Operating profit (EBIT)	40	43	42	42	43	42	43	46
IFRS 16 Depreciation/amortisation	892	873	859	859	872	854	849	846
Operating profit before depreciation/amortisation (EBITDA)	2,439	2,284	2,894	2,576	2,624	2,775	3,026	2,716

Reconciliation Net debt excluding ICA Bank

SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Non-current interest-bearing liabilities	-4,625	-4,625	-3,713	-2,713	-3,761	-4,673	-4,173	-4,173
Current interest-bearing liabilities	-1,956	-1,734	-1,926	-2,340	-3,414	-2,512	-3,021	-2,044
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Cash and cash equivalents	1,283	491	334	846	3,256	1,937	827	1,309
Net debt excl IFRS 16	-5,297	-5,869	-5,304	-4,207	-3,919	-5,248	-6,367	-4,904
Non-current lease liabilities	-13,176	-12,721	-12,527	-12,521	-12,790	-12,011	-12,063	-11,902
Current lease liabilities	-3,466	-3,390	-3,402	-3,389	-3,425	-3,314	-3,303	-3,095
Net debt	-21,939	-21,980	-21,233	-20,117	-20,134	-20,573	-21,734	-19,901

Reconciliation Capital employed excluding ICA Bank

SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Equity ¹⁾	33,988	32,170	33,075	33,844	35,001	34,277	34,165	35,226
Provisions for pensions	3,309	3,353	3,843	3,928	3,979	4,301	4,623	4,256
Other provisions	15	14	8	37	31	30	13	7
Non-current interest-bearing liabilities	4,625	4,625	3,713	2,713	3,761	4,673	4,173	4,173
Current interest-bearing liabilities	1,956	1,734	1,926	2,340	3,414	2,512	3,021	2,044
Current interest-bearing liabilities to ICA Bank	—	—	—	—	—	—	—	—
Other non-current liabilities	20	24	23	87	63	151	137	183
Non-current lease liabilities	13,176	12,721	12,527	12,521	12,790	12,011	12,063	11,902
Current lease liabilities	3,466	3,390	3,402	3,389	3,425	3,314	3,303	3,095
Capital employed	60,554	58,032	58,517	58,859	62,465	61,270	61,500	60,887
Average capital employed	58,762	58,866	59,080	59,278	59,799	60,102	60,821	61,355

Definitions of key ratios

Business volume (ICA Bank)

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

Capital employed

Equity plus interest-bearing liabilities.

Cash flow from operating activities per share

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

C/I ratio (ICA Bank)

Total costs in relation to total income.

Common Equity Tier I ratio (ICA Bank)

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

Divestments

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

Earnings per share

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

EBITDA

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

Equity/assets ratio

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

Equity per share

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

Gross profit

Net sales less cost of goods sold.

Investments

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

Items affecting comparability

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

Like-for-like store/pharmacy sales

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

Loan loss ratio (ICA Bank)

Loan losses in relation to average lending.

Net debt

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

Net debt excl. IFRS 16

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

Net debt/EBITDA

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

Net interest (ICA Bank)

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

Net margin

Profit for the period as a percentage of net sales.

Occupancy rate (ICA Real Estate)

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

Operating margin

Operating profit as a percentage of net sales.

Operating profit/loss

Profit/loss before net financial items and tax.

Return on capital employed

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

Return on equity

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

Yield (ICA Real Estate)

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

This year-end report and sustainability report has not been reviewed by the company's auditors.

Stockholm, 10 February 2021

Per Strömberg
CEO ICA Gruppen

Contacts and calendar

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Conference call for the media and financial market

ICA Gruppen will hold a webcast conference call at 10.00 CET on Wednesday, 10 February, during which CEO Per Strömberg and CFO Sven Lindskog will present the year-end report. The conference call will be conducted in English and can be followed at www.icagruppen.se/ investors. To participate, call tel. +46850558368 or +443333009267.

Calendar

15 April 2021	Annual General Meeting
29 April 2021	Q1 interim report
18 August 2021	Q2 interim report
28 October 2021	Q3 interim report

The information in this report is such that ICA Gruppen AB is obligated to disclose pursuant to EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted, by the agency of the contact person above, for publication at 07.00 CET on Wednesday, 10 February 2021.

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

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