

CEO's comments

It is clear that 2023 was a challenging year in many ways, but also a year when we were successful in a number of key areas. We achieved strong earnings for the full year in Apotek Hjärtat and ICA Bank while Rimi Baltic had its second-best year ever. During the year in a difficult market we completed a number of major real estate transactions and bond issues which, combined with a really strong cash flow, significantly improved our financial position. We are also pleased to note that at the end of the year for the first time in a long while we achieved positive volume growth in our grocery retail operations and took market shares in both Sweden and the Baltic region.



ICA Sweden – stable year-end with good growth and positive volume development. Strong year for Rimi Baltic

It has undeniably been a challenging market where continuing – although falling – food price inflation has resulted in declining volumes and a significantly greater focus on price. During the year we have worked intensively to meet customers' needs and strengthen our price position. It is therefore extremely gratifying to see higher sales and volume growth in the fourth quarter with a good inflow of customers in all our store formats, especially the Maxi stores. For the first time since the third quarter of 2021, ICA's store sales are also growing faster than the market with a 1 percentage point growth over the market. At the same time, food price inflation thankfully continues to fall and ended up for the quarter at just over 6%, significantly lower than the 12% which was the outcome for the full year 2023.

We now move forward and, as recently announced, are making additional investments totalling SEK 1 billion in regular prices during 2024. This is a major initiative which we are carrying out together with the ICA retailers to ensure continued good growth and to meet customers' price expectations, where price reductions will be made continually during the year starting in March. During the quarter we also took the restructuring costs for the previously announced organisational changes and the closure of Arendal, measures that release funds for carrying out the price investments, among other things. For the full year 2023 earnings are at the same level as 2022 which was achieved through strong sales and positive volume development in the fourth quarter not least due to a strong December.

2023 was the second-best year ever for Rimi Baltic (record earnings in Swedish kronor) – but with an expected weaker finish to the year due to very strong fourth quarter in the previous year. Following major price investments, sales growth has gradually strengthened during the year and in the fourth quarter we outgrew the total market. We outperformed the market by far in Estonia and Lithuania but did not quite make it in Latvia even though the gap to market growth continued to shrink. Food price inflation has also fallen significantly in the Baltic region and we showed positive volume growth during the fourth quarter. We have also successfully divested our warehouse in Riga.

Strong earnings for Apotek Hjärtat, improvement for ICA Bank and an intensive transaction year for ICA Real Estate

Apotek Hjärtat reported its best-ever full-year earnings by a wide margin and also reached an all-time-high market share of over 32%. A really strong year with good opportunities for a continued favourable performance with a highly competitive pharmacy network and an e-commerce platform with good development potential. Min Doktor also delivered significantly better earnings than the previous year.

ICA Bank's earnings strengthened during the fourth quarter despite a weak volume development and the year can be summed up with a record for the bank's operating profit. However, future earnings will obviously be affected by interest rate developments during 2024. Several large claims resulted in a somewhat weaker end to the year for ICA Insurance despite continued good sales development. At the beginning of 2024, ICA Bank launched a food insurance for the bank's card customers. An exciting example of the strength of ICA's ecosystem where combined offerings contribute to increased customer benefit.

ICA Real Estate successfully completed a number of major transactions during the year in a difficult market. These released over SEK 5 billion which has been used to reduce the Group's debt.

Continued uncertainty in our business environment

I recently had the opportunity in conjunction with the Folk och Försvar (Society and Defence) Annual National Conference to speak about the business environment situation, the climate crisis and uncertainty in our immediate surroundings and how these heighten the need for crisis preparedness. ICA wants and is able to accept considerable responsibility but at the same time is part of a global chain where we all have the same dependencies. It is together with our industry and through collaboration with the public sector that we can be really strong and more robust throughout our entire value chain. There are a number of areas where, in dialogue with the public sector, we need to move forward so that with our joint resources and planning we can secure in the long term the distribution of goods to consumers even in a crisis. A key area that demands increased attention in the years ahead.

Finally a big thank you to our employees, ICA retailers and partners for a year that has been challenging but turned out well in the end. An exciting new year awaits.

Nina Jönsson
CEO ICA Gruppen

Group performance – fourth quarter

Net sales

Consolidated net sales increased by 7.6% compared with 2022. In local currencies, the increase was 6.9%. A continued comparatively high inflation rate and higher interest rate levels contributed to the sales increase. The price effects for Rimi Baltic, however, were negative. Volume effects in sales were positive in the quarter for all businesses except for ICA Bank and ICA Real Estate. For ICA Real Estate, this is linked to divestments carried out in 2023.

Net sales per segment

SEKm	Fourth quarter			Jan-Dec		
	2023	2022	%	2023	2022	%
ICA Sweden	26,737	25,129	6.4	103,493	97,252	6.4
Rimi Baltic	5,545	5,088	9.0	21,039	18,482	13.8
Apotek Hjärtat	4,917	4,362	12.7	18,964	16,963	11.8
ICA Real Estate	846	743	13.9	3,179	2,893	9.9
ICA Bank	726	662	9.7	2,797	2,338	19.7
Other	324	331	-2.1	1,334	1,303	2.4
Internal sales	-821	-756	8.6	-3,161	-2,941	7.5
Net sales	38,273	35,558	7.6	147,645	136,288	8.3

Earnings performance

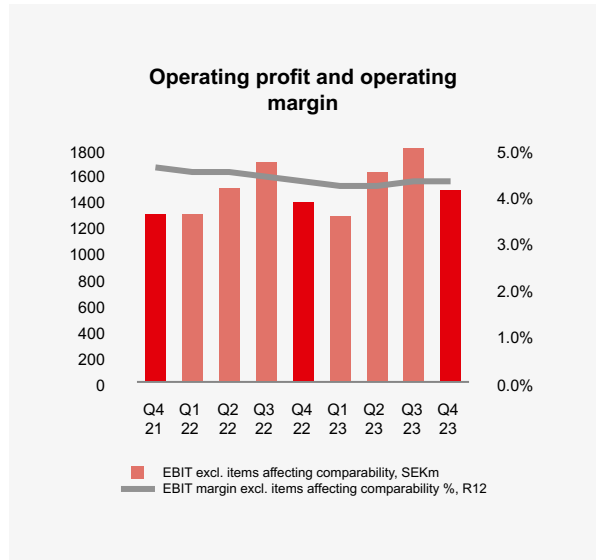
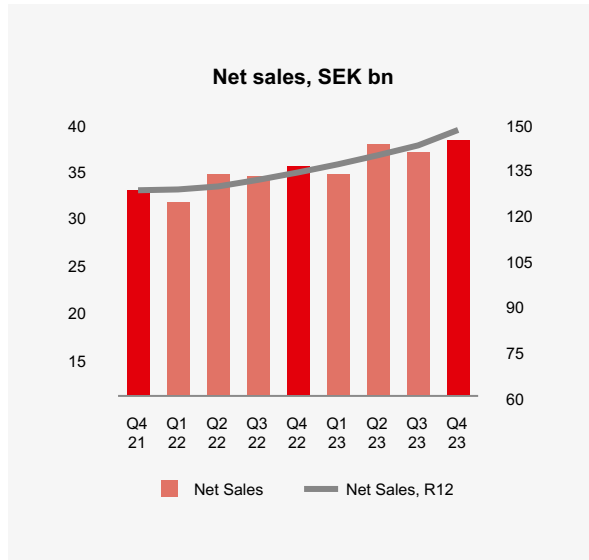
Operating profit excluding items affecting comparability and excluding IFRS 16 effects was SEK 21 million higher than in the same period last year. ICA Sweden, Apotek Hjärtat and ICA Bank had a higher operating profit than in the previous year while the earnings level in Rimi Baltic and ICA Real Estate was lower. ICA Sweden's earnings were charged with restructuring costs of approximately SEK 170 million. Joint-Group costs were lower. During the quarter, higher volumes in both ICA Sweden and Rimi Baltic had a positive earnings impact for the first time in long while. Otherwise, Rimi Baltic's earnings development during the quarter was affected by the price investments made in 2023. ICA Real Estate's earnings decreased as a result of completed divestments as well as non-recurring costs for discontinued projects of approximately SEK 55 million. The Group's gross profit increased overall while the gross margin was slightly lower than in the same period last year. IFRS 16 effects were more positive than in 2022, SEK +76 million, which is linked to the formation of the new joint venture company Delcore but also to higher interest rates. The operating margin excluding items affecting comparability amounted to 3.9% (3.9). Profit for the period includes capital gains from sales of properties including IFRS 16 leases of SEK 88 million (29) and the earnings impact from impairment losses of SEK -154 million (-221). Net financial items were significantly more positive than in the previous year, SEK -490 million (-1,013), since net financial items for 2022 were charged with interest expenses as a result of the merger with Murgröna Holding AB (1 November 2022) totalling approximately SEK 700 million. The effective tax rate was slightly lower than in the previous year and overall profit for the period increased by SEK 612 million to SEK 828 million (216).

Operating profit excluding items affecting comparability per segment

SEKm	Fourth quarter			Jan-Dec		
	2023	2022	%	2023	2022	%
ICA Sweden	971	767	26.6	3,731	3,769	-1.0
Rimi Baltic	138	292	-52.6	810	682	18.8
Apotek Hjärtat	171	98	73.8	689	543	26.9
ICA Real Estate	90	182	-50.4	554	690	-19.8
ICA Bank	99	93	7.3	458	367	24.9
Other	-143	-126	13.8	-400	-439	-8.8
Operating profit excluding items affecting comparability, excl. IFRS 16 Leases	1,327	1,306	1.6	5,841	5,611	4.1
IFRS 16 Leases	159	83	92.7	522	294	77.6
Operating profit excluding items affecting comparability, incl. IFRS 16 Leases	1,487	1,389	7.0	6,363	5,905	7.8

IFRS 16

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



Net financial items and tax

The difference in net financial items between the years of SEK -523 million is mainly attributable to the merger with Murgröna in November 2022, which resulted in interest expenses of approximately SEK 700 million charged against the fourth quarter last year. Net financial items also include IFRS 16 lease interest of SEK -200 million (-108), an increase of SEK 92 million compared with the previous year. Excluding merger effects (plus charges) and IFRS 16, the underlying development represents some improvement in net financial items of approximately SEK 30 million. The improvement was attributable to repayment of a bridge loan and amortisation of loans which reduced the total level of debt. This was offset by sharp interest rate increases in 2023. Interest on loans for the quarter amounted to SEK -256 million (-295). Interest expenses for pension liabilities were also somewhat higher.

The effective tax rate was lower than the nominal level in the quarter due to tax-free capital gains from property divestments as well as a tax reduction in Rimi Baltic linked to earlier investments. The tax expense in the previous year was affected by positive tax effects derived from the merger with Murgröna. Paid tax was higher than last year which was essentially due to the difference in paid preliminary tax between the years.

Net financial items and tax	Fourth quarter			Jan-Dec		
	2023	2022	%	2023	2022	%
Net financial items, SEKm	-490	-1,013	-51.6	-2,014	-1,372	46.8
Of which, interest expenses, SEKm	-517	-1,014	-49.0	-2,120	-1,410	50.4
Tax cost, SEKm	-103	31	>200	-443	-585	-24.4
Effective tax rate, %	11.1	-18.4	—	9.4	11.5	—
Paid tax, SEKm	-177	-114	55.3	-845	-822	2.9

Cash flow (excluding ICA Bank)

Cash flow from operating activities (excluding ICA Bank) increased by approximately SEK 1.8 billion during the quarter compared with the preceding year. In addition to a higher level of earnings, this development is explained by a positive change in operating capital of approximately SEK +1.4 billion. This change was partly due to a non-recurring effect with a lasting impact of approximately SEK +900 million and partly by favourable development of stock levels and accounts payable.

The year-on-year strong positive difference in cash flow from investing activities, approximately SEK +2 billion, is linked to sales of warehouse properties and offices in ICA Real Estate and Rimi Baltic (Latvia). This development was counteracted by a slightly higher level of investment in ICA Real Estate and Rimi Baltic.

Cash flow from financing activities was characterised by the extensive changes in recent years in the Group's outstanding loans and refinancing of these. In addition, interests payments and lease payments were significantly higher. Overall, the Group's cash flow for the period excluding ICA Bank was approximately SEK 2 billion higher than in the same period in 2022.

Dividend 2024

ICA Gruppen's Board has proposed to the Annual General Meeting that a dividend to ICA Gruppen's two owners, ICA-handlarnas Förbund and AMF, should total SEK 540 million (559). The dividend is expected to be paid in the second quarter.

Effect of IFRS 16 on cash flow

During the fourth quarter of 2023, lease payments (interest and principal) totalled SEK -1,178 million (-989).

Cash flow, Group excl. ICA Bank	Fourth quarter			Jan-Dec		
	2023	2022	%	2023	2022	%
SEKm						
From operating activities before change in working capital	3,101	2,692	15.2	11,579	10,513	10.1
Change in working capital	1,592	153		1,159	-186	
From operating activities	4,692	2,845	64.9	12,738	10,327	23.3
Investing activities, net	1,272	-708		2,798	-744	
Before financing activities	5,965	2,137	179.1	15,536	9,583	62.1
Financing activities, net	-4,234	-2,651		-18,437	-6,696	
Cash flow for the period	1,730	-515	>200	-2,901	2,887	>200

Investments

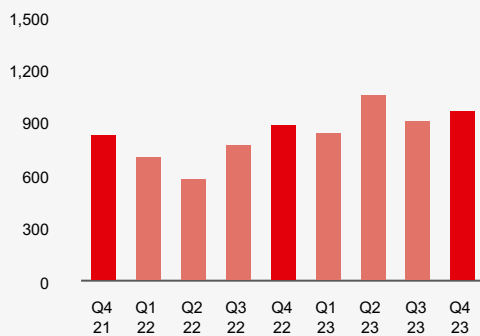
The Group's investments were approximately SEK 74 million higher than in the same period in 2022. The level of investment was slightly higher in ICA Real Estate and in Rimi Baltic, mainly attributable to investments in warehouse properties as well as a number of major store projects.

For 2024 the Group's investments are expected to amount to approximately SEK 4.0 billion, of which approximately SEK 2.0 billion in ICA Real Estate.

Investments (cash flow) by segment

SEKm	Fourth quarter		Jan-Dec	
	2023	2022	2023	2022
ICA Sweden	209	334	943	1,110
Rimi Baltic	206	133	666	465
Apotek Hjärtat	44	46	202	178
ICA Real Estate	413	317	1,734	960
ICA Bank	58	13	96	84
Other	31	46	119	146
Investments	962	888	3,759	2,942

Investments (cash flow), SEKm



Depreciation/amortisation by segment

SEKm	Fourth quarter		Jan-Dec	
	2023	2022	2023	2022
ICA Sweden	207	192	767	754
Rimi Baltic	117	118	462	458
Apotek Hjärtat	49	50	195	198
ICA Real Estate	116	123	448	563
ICA Bank	18	12	59	38
Other	40	39	154	146
Depreciation/amortisation by segment	547	534	2,084	2,158
IFRS 16 Leases	1,078	931	4,212	3,665
Depreciation/amortisation	1,625	1,465	6,296	5,822

Net debt and return on capital employed

The Group's net debt (excluding IFRS 16 Leases, ICA Bank and pension liabilities) was approximately SEK 20.7 billion (29.5) at the end of the quarter. Strong operating cash flows and sale of properties have enabled a comparatively large reduction in debt compared with 2022. In addition, the remaining debt has been refinanced through bond issues carried out during the year which among other things resulted in a considerably improved maturity profile. The Group's net debt including IFRS 16 (excluding ICA Bank and pension liabilities) amounted to approximately SEK 43.4 billion (47.1) at the end of the quarter. As per 31 December 2023, net debt in relation to EBITDA was 3.3 (3.8). Calculated on net debt excluding IFRS 16 Leases, ICA Bank and pension liabilities, and EBITDA excluding IFRS 16 Leases, the debt metric was 2.2 (3.3). According to the Group's long-term target for the level of debt, the latter metric is to be <2. Return on capital employed amounted to 9.2% (9.1) on a rolling 12-month basis.

In the fourth quarter, ICA Gruppen carried out a bond issue of SEK 500 million on 2 October. Thus, bond issues totalling SEK 11 billion were carried out in 2023.

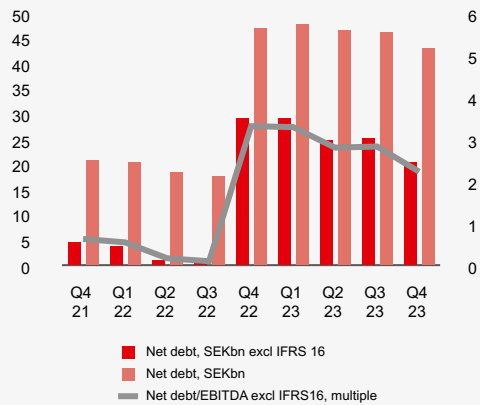
Both refinancing and amortisation of debt have taken place during the year which has affected maturities and the breakdown between non-current and current liabilities. A summary of the changes in interest-bearing liabilities during the year is provided in the table below. The average maturity for outstanding interest-bearing liabilities in the table was 21 months as per 31 December 2022 and 31 months as per 31 December 2023.

Interest-bearing liabilities excl. lease liabilities and ICA Bank	
SEKm	
Opening debt, 1/1/2023	
Non-current interest-bearing liabilities	16,943
Current interest-bearing liabilities	18,057
Total	35,000
Change	
Amortisation of bridge loan	-15,000
Amortisation of syndicated loan	-5,936
Bond issue	10,000
Maturity of bonds	-1,726
Bond raised with Svensk Exportkredit	1,000
Other changes in loans	-97
Closing debt, 31/12/2023	
Non-current interest-bearing liabilities	21,053
Current interest-bearing liabilities	2,188
Total	23,241
Maturity profile (excl unutilised facilities)	
2024	2,234
2025	4,814
2026	10,000
2027	2,000
2028	4,250
2029 and later	0

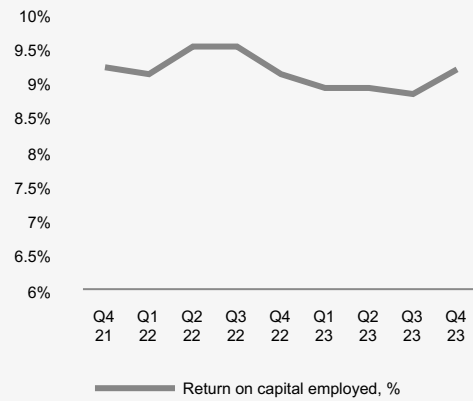
The difference in closing debt from the sum in the maturity profile is attributable to capitalised loan fees.

ICA Gruppen has financial covenants to meet. As per 31 December 2023 these were met.

Net debt and net debt/EBITDA



Return on capital employed, R12



Net debt and net debt/EBITDA ratio

SEKm	31 December	
	2023	2022
Net debt excl. ICA Bank	-43,424	-47,084
Net debt excl. ICA Bank and IFRS16 Leases	-20,659	-29,520
Net debt excl. ICA Bank and IFRS 16 Leases/EBITDA excl. IFRS 16 Leases	2.2	3.3
Net debt excl. ICA Bank/EBITDA	3.3	3.8

Performance for the period January–December 2023

ICA Gruppen's net sales increased by 8.3% during the year to SEK 147,645 million (136,288). The increase in local currencies was 7.2%. The sales increase in the grocery business was driven during the year by high inflation at the same time as volume development was negative. In Apotek Hjärtat and ICA Insurance, however, the volume effects were positive.

Operating profit excluding items affecting comparability increased overall by SEK 458 million to SEK 6,363 million (5,905) while the operating margin was unchanged at 4.3%. The increase includes an IFRS 16 effect of SEK +228 million, mainly driven by the formation of a new real estate joint venture company and a higher interest rate level. The operational earnings improvement of SEK +230 million was driven by a significantly improved operating profit in Apotek Hjärtat, Rimi Baltic and ICA Bank as well as lower joint-Group costs. ICA Sweden's earnings were slightly lower than in the previous year and affected by restructuring costs totalling approximately SEK -245 million and lower profit distribution from ICA stores of SEK 109 million. ICA Real Estate's earnings were also lower which was due to completed divestments and therefore lower revenues from owned properties as non-recurring costs, primarily linked to discontinued projects of approximately SEK 65 million. The higher interest rate level and the high rate of inflation during the year led to increased revenues in all the Group's operations and therefore positive earnings effects. Volume development, on the other hand, provided negative effects except in Apotek Hjärtat and ICA Insurance. The Group's gross profit increased while the gross margin fell.

Operating profit increased by SEK 232 million to SEK 6,707 million (6,475) and includes items affecting comparability from capital gains from property sales and net impairment losses of SEK 344 million (570).

Profit for the period decreased by SEK 268 million to SEK 4,250 million (4,518). In addition to the earnings changes described above, performance can be explained by a considerably more negative level of net financial items coupled to the higher level of debt after the merger with Murgröna, SEK -2,014 million (-1,372), a difference of SEK -642 million. This was partly countered by a lower effective tax rate than for 2022. The positive deviation in the tax rate is mainly due to year-on-year differences in tax effects from completed real estate transactions.

Important events during the quarter

16 October 2023 - ICA Gruppen announces that ICA Real Estate has sold the property that houses ICA's central warehouse in Västerås. At the same time, ICA Real Estate signed a 15-year lease agreement. The transaction releases approximately SEK 1.2 billion. See also ICA Gruppen's press release of 16 October 2023 at www.icagruppen.com.

17 October 2023 - ICA Gruppen announces the introduction of a new model for e-commerce in the Gothenburg region and that the e-commerce warehouse in Arendal will be closed down. See also ICA Gruppen's press release of 17 October 2023 at www.icagruppen.se.

7 December 2023 - Rimi Baltic sells its central logistics and office properties in Riga and thus releases approximately SEK 900 million. See also ICA Gruppen's press release of 7 December 2023 at www.icagruppen.se.

7 December 2023 - Karin Andrén is appointed as the new Chief HR Officer for ICA Gruppen. She will take up her position on 1 April 2024 at the latest.

19 December 2023 - Peter Muld is appointed as the new CIO of ICA Gruppen. He took up his position on 1 January 2024.

Important events after the end of the quarter

17 January 2024 - ICA Sweden and the ICA retailers are making a joint, long-term billion kronor investment to reduce regular prices in 2024.

7 February 2024 - ICA Gruppen's Chairman of the Board Claes-Göran Sylvén declines reelection ahead of the AGM on 26 April. The Nomination Committee proposes Magnus Moberg as new Chairman of the Board. See also ICA Gruppen press release of 7 February at www.icagruppen.se