

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

## **Supplement 2018:2 to base prospectus regarding ICA Gruppen Aktiebolag's (publ) MTN-program**

Supplement to the base prospectus regarding ICA Gruppen Aktiebolag's (publ) (“**ICA Gruppen**”) MTN-program, approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) on 13 June 2017 (SFSA ref. no. 17-7970) (the “**Base Prospectus**”).

This supplement has been prepared in accordance with Chapter 2 Section 34 in the Swedish Financial Instruments Trading Act (1991:980) and approved and registered by the Swedish Financial Supervisory Authority on 8 May 2018 (SFSA ref. no. 18-8224) and published on ICA Gruppen's website on 8 May 2018.

According to Chapter 2 Section 34 of the Swedish Financial Instruments Trading Act, rights for investors who have agreed to purchase or subscribe for transferable securities under the Base Prospectus to withdraw their acceptances by reason of the publication of this supplement shall be exercised no later than two (2) business days from the publication, *i.e.*, no later than on 11 May 2018.

This supplement is a part of, and shall be read together with, the Base Prospectus.

### **Publishing of ICA Gruppen's interim report and annual report**

On 27 April 2018, ICA Gruppen published its interim report for the period 1 January – 31 March 2018 (the “**Interim Report**”) and on 8 March 2018, ICA Gruppen published its annual report for 2017 (the “**Annual Report**”). By this supplement, certain parts of the Interim Report and the Annual Report are implemented into, and made part of, the Base Prospectus.

### **Updates of the Base Prospectus caused by the Interim Report and the Annual Report**

The publishing of the Interim Report and the Annual Report causes updates of the sections “Summary”, “Information about ICA Gruppen”, “Selected historical financial information” and “Other information” of the Base Prospectus as stated below.

#### *Summary*

The section “Summary” of the Base Prospectus is updated under “Section B – Issuer” (items B.12 and B.13) as set forth below.

In sub-section “Income statement”, the column “Jan-Dec 2017” is replaced with the columns “First quarter 2018” and “First quarter 2017” of the section “Consolidated statement of comprehensive income” on page 15 of the Interim Report, and the column “Full year 2015” is replaced with the column “2017” of the section “Consolidated statement of comprehensive income” on page 79 of the Annual Report. In sub-section “Balance sheet”, the column “2017-12-31” is replaced with the columns “31 March 2018” and “31 March 2017” of the section “Condensed consolidated statement of financial position” on page 16 of the Interim Report, and the column “2015-12-31” is replaced with the column “2017-12-31” of the section “Consolidated statement of financial position” on pages 80–81 of the Annual Report. In sub-section “Statement of cash flows”, the column

“Jan-Dec 2017” is replaced with the corresponding information in the columns “First quarter 2018” and “First quarter 2017” of the section “Condensed consolidated statement of cash flows” on page 17 of the Interim Report, and the column “full year 2015” is replaced with the corresponding information in the column “2017” of the section “Consolidated statement of cash flows” on page 83 of the Annual Report. In sub-section “Key figures not defined in IFRS (alternative performance measures)”, the column “Jan-Dec 2017” is replaced with the corresponding information in the columns “First quarter 2018” and “First quarter 2017” of the section “Key figures ICA Gruppen” on page 28 of the Interim Report, and the column “Full year 2015” is replaced with the corresponding information in the column “Actual 2017” of the section “Five-year financial summary” on page 78 of the Annual Report. The updates above are set forth in [Appendix 1](#).

The section “Events to a material extent relevant to solvency” is updated as set forth in Appendix 1.

#### *Information about ICA Gruppen*

The sections “Recent events affecting the solvency of the issuer”, “Investments”, “Organisation”, “Independence”, “Board of directors”, “Management” and “Work of the board of directors” on pages 46–51 the Base Prospectus are updated as set forth in [Appendix 2](#).

#### *Selected historical financial information*

In section “Condensed statement of comprehensive income, group” on page 55 of the Base Prospectus, the column “Jan-Dec 2017” is replaced with the columns “First quarter 2018” and “First quarter 2017” of the section “Consolidated statement of comprehensive income” on page 15 of the Interim Report, and the column “Full year 2015” is replaced with the column “2017” of the section “Consolidated statement of comprehensive income” on page 79 of the Annual Report. In section “Condensed statement of financial position, group” on page 56 of the Base Prospectus, the column “2017-12-31” is replaced with the columns “31 March 2018” and “31 March 2017” of the section “Condensed consolidated statement of financial position” on page 16 of the Interim Report, and the column “2015-12-31” is replaced with the column “2017-12-31” of the section “Consolidated statement of financial position” on pages 80–81 of the Annual Report. In section “Statement of cash flow, group” on page 57 of the Base Prospectus, the column “Jan-Dec 2017” is replaced with the corresponding information in the columns “First quarter 2018” and “First quarter 2017” of the section “Condensed consolidated statement of cash flows” on page 17 of the Interim Report, and the column “Full year 2015” is replaced with the corresponding information in the column “2017” of the section “Consolidated statement of cash flows” on page 83 of the Annual Report. In section “Key figures, group” on page 57 of the Base Prospectus, the column “Jan-Dec 2017” is replaced with the corresponding information in the columns “First quarter 2018” and “First quarter 2017” of the section “Key figures ICA Gruppen” on page 28 of the Interim Report, and the column “Full year 2015” is replaced with the corresponding information in the column “Actual 2017” of the section “Five-year financial summary” on page 78 of the Annual Report. The updates above are set forth in [Appendix 3](#).

The sections “Historical financial information”, “Auditing of the annual historical financial information”, “Age of the most recent financial information” and “Documents incorporated by reference” on pages 52–54 of the Base Prospectus are updated as set forth in Appendix 4.

*Other information*

The sections “Material changes in the issuer’s financial position” and “Documents available for inspection” on pages 59–60 of the Base Prospectus are replaced with the corresponding sections as set forth in Appendix 5.

Solna on 8 May 2018

**APPENDIX 1**

B.12	Selected historical financial information:	<b><u>Income statement</u></b>		
		<b>CONDENSED STATEMENT OF COMPREHENSIVE INCOME, GROUP</b>		
			Jan-Mar 2018	Jan-Mar 2017
		<b>SEKm</b>		
		Net sales	27,181	25,703
		Cost of goods sold	-22,758	-21,395
		<b>Gross profit</b>	<b>4,423</b>	<b>4,308</b>
		Selling expenses	-2,782	-2,718
		Administrative expenses	-762	-678
		Other operating income	86	83
		Other operating expenses	-9	-12
		Share of profits of associates and joint ventures	15	13
		<b>Operating profit (EBIT) excl items affecting comparability</b>	<b>972</b>	<b>996</b>
		Capital gains/losses net on sale of non-current assets (net)	1	404
		Impairment (net)	-1	-5
		<b>Operating profit</b>	<b>972</b>	<b>1,395</b>
		Financial income	2	4
		Financial expenses	-85	-86
		<b>Net finance</b>	<b>-83</b>	<b>-82</b>
		<b>Profit before tax</b>	<b>888</b>	<b>1,313</b>
		Tax	-188	-181
		<b>Profit for the period</b>	<b>700</b>	<b>1,132</b>
		<b>Other comprehensive income, items that may not be reclassified to profit or loss, net after tax</b>		
		Remeasurement defined benefit pensions	-	-
		<b>Other comprehensive income, items that may be reclassified to profit or loss, net after tax</b>		
		Change in translation reserve	137	105
		Change in hedging reserve	65	-41
		Share of other comprehensive income of joint ventures	3	6
		<b>Total items that may be reclassified to profit or loss</b>	<b>205</b>	<b>70</b>
		<b>Comprehensive income for the period</b>	<b>905</b>	<b>1,202</b>

	<b>Profit for the period attributable to:</b>		
	Owners of the parent	696	1,129
	Non-controlling interests	4	3
	<b>Comprehensive income for the period attributable to:</b>		
	Owners of the parent	900	1,197
	Non-controlling interests	5	5
	<b>Earnings per share, SEK</b>		
	Earnings per share	3.46	5.61
	<b>CONDENSED STATEMENT OF COMPREHENSIVE INCOME, GROUP</b>		
		<b>Full year</b>	<b>Full year</b>
	<b>SEKm</b>	<b>2017</b>	<b>2016</b>
	<b>Net sales</b>	106,455	103,655
	Cost of goods sold	-92,211	-89,687
	<b>Gross profit</b>	<b>14,244</b>	<b>13,968</b>
	Selling expenses	-7,064	-6,965
	Administrative expenses	-2,834	-2,763
	Other operating income	879	462
	Other operating expenses	-67	-219
	Share of profits of associates and joint ventures	62	35
	<b>Operating profit</b>	<b>5,220</b>	<b>4,518</b>
	Financial income	7	26
	Financial expenses	-374	-390
	<b>Net finance</b>	<b>-367</b>	<b>-364</b>
	<b>Profit before tax</b>	<b>4,853</b>	<b>4,154</b>
	Tax	-708	-757
	<b>Profit from continuing operations</b>	<b>4,145</b>	<b>3,397</b>
	Profit/loss from discontinued operations	-	21
	<b>Profit for the year</b>	<b>4,145</b>	<b>3,418</b>
	<b>Other comprehensive income, items that may not be reclassified to profit or loss, net after tax</b>		
	Remeasurement defined benefit pensions	-158	-37
	<b>Other comprehensive income, items that may be reclassified to profit or loss</b>		
	Change in translation reserve, net after tax	188	173

Change in hedging reserve, net after tax	-12	77		
Share of joint ventures' other comprehensive income	23	6		
<b>Total items that may be reclassified to profit or loss</b>	<b>199</b>	<b>256</b>		
<b>Comprehensive income for the year</b>	<b>4,186</b>	<b>3,637</b>		
<b>Profit for the year attributable to:</b>				
Owners of the parent	4,130	3,413		
Non-controlling interests	15	5		
<b>Comprehensive income for the period attributable to:</b>				
Owners of the parent	4,166	3,634		
Non-controlling interests	20	3		
<b>Earnings per share, SEK</b>				
Earnings per share	20.53	16.97		
<b><u>Balance sheet</u></b>				
<b>CONDENSED STATEMENT OF FINANCIAL POSITION, GROUP</b>				
<b>SEKm</b>	<b>2018-03-31</b>	<b>2017-03-31</b>	<b>2017-12-31</b>	<b>2016-12-31</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	16,301	16,301	16,301	16,301
Trademarks	13,414	13,351	13,377	13,353
Other intangible assets	1,279	958	1,180	903
Interest in joint ventures and associates	814	759	766	740
Deferred tax assets	436	458	437	456
Lending and investments in ICA Bank	11,325	9,419	10,971	8,880
Land, buildings and investment properties	14,072	13,245	13,445	13,120
Other non-current assets	2,221	2,154	2,234	2,188
<b>Total non-current assets</b>	<b>59,862</b>	<b>56,645</b>	<b>58,711</b>	<b>55,941</b>
<b>Current assets</b>				
Inventories	4,694	4,532	4,488	4,455
Lending and investments in ICA Bank	3,009	2,879	2,890	2,600
Other current assets	7,806	6,483	7,403	6,834
Cash and cash equivalents in ICA Bank	1,923	2,724	2,209	3,269
Cash and cash equivalents	2,275	455	2,290	705
Assets held for sale	9	684	9	2,319
<b>Total current assets</b>	<b>19,716</b>	<b>17,757</b>	<b>19,289</b>	<b>20,182</b>
<b>TOTAL ASSETS</b>	<b>79,578</b>	<b>74,402</b>	<b>78,000</b>	<b>76,123</b>

<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>32,825</b>	<b>31,169</b>	<b>32,017</b>	<b>29,688</b>
<b>Non-current liabilities</b>				
Provisions	2,674	2,343	2,638	2,320
Deferred tax liabilities	4,514	4,638	4,533	4,673
Non-current interest-bearing liabilities	3,917	7,404	3,913	7,406
Other non-current liabilities	86	122	56	139
<b>Total non-current liabilities</b>	<b>11,191</b>	<b>14,507</b>	<b>11,140</b>	<b>14,538</b>
<b>Current liabilities</b>				
Deposits ICA Bank	14,445	13,190	14,061	12,897
Current interest-bearing liabilities	4,029	736	3,975	3,057
Other current liabilities	17,088	14,800	16,807	15,703
Liabilities held for sale	-	-	-	240
<b>Total current liabilities</b>	<b>35,562</b>	<b>28,726</b>	<b>34,843</b>	<b>31,897</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>79,578</b>	<b>74,402</b>	<b>78,000</b>	<b>76,123</b>
<b><u>Statement of cash flow</u></b>				
<b>STATEMENT OF CASH FLOW, GROUP</b>				
	<b>Jan-Mar 2018</b>	<b>Jan-Mar 2017</b>	<b>Full year 2017</b>	<b>Full year 2016</b>
Cash flow from operating activities	732	-51	4,601	5,422
Cash flow from investing activities	-1,140	1,323	632	-1,694
Cash flow from financing activities	80	-2,073	-4,693	-4,251
Cash flow for the period	-329	-801	540	-523
Cash and cash equivalents at start of period	4,499	3,974	3,974	4,611
Exchange difference in cash and cash equivalents	28	6	-15	-114
Cash and cash equivalents at end of period	4,198	3,179	4,499	3,974
<b><u>Key Figures not defined in IFRS (alternative performance measures)</u></b>				
<b>KEY FIGURES, GROUP</b>				
	<b>Jan-Mar 2018</b>	<b>Jan-Mar 2017</b>	<b>Full year 2017</b>	<b>Full year 2016</b>
Operating margin, %	3.6%	5.4%	4.9%	4.4%
Net margin, %	2.6%	4.4%	3.9%	3.3%

	Return on equity, %	11.7%	13.1%	13.4%	11.9%
	Return on capital employed, %	11.2%	11.5%	12.3%	10.5%
	Equity/assets ratio, %	41.2%	41.9%	41.0%	39.0%
	<p>The key figures defined below are not defined pursuant to IFRS, and are presented to facilitate an investor's evaluation of the Company's financial performance and position. The key figures are audited only to the extent they refer to full year figures for 2016 and 2017. <i>I.e.</i>, the key figures that refer to the periods January – March 2017 and 2018 have not been reviewed by the Company's auditors.</p> <ul style="list-style-type: none"> <li>• <i>Equity/assets ratio</i> – Equity including non-controlling interests in relation to total assets. The key figure is presented to show the share of the total assets financed by the owners' equity.</li> <li>• <i>Net margin</i> – Profit for the period as a percentage of net sales. The key figure is presented to show the profit after all costs including tax in relation to net sales.</li> <li>• <i>Operating margin</i> – Operating profit as a percentage of net sales. The key figure is presented to show the Company's value creation and ability to pay interest and taxes as well as make dividends.</li> <li>• <i>Return on capital employed</i> – Operating profit plus financial income on a rolling 12 months basis,<sup>1</sup> in relation to average capital employed during the period.<sup>2</sup> ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed.<sup>3</sup> The key figure is presented to show the return generated on the capital employed and the key figure is used by the Company to monitor the business' profitability and capital efficiency.</li> <li>• <i>Return on equity</i> – Profit for the period, on a rolling 12 months basis,<sup>4</sup> in relation to average equity during the period.<sup>5</sup> ICA Bank's operations are excluded from the income statement when calculating return on equity.<sup>6</sup> The key figure is presented to give a view on the Company's return on equity.</li> </ul>				

<sup>1</sup> For the periods 1 January – 31 March 2018 and 2017 the operating profit plus financial income on a rolling 12 months basis is 4,802 SEKm and 4,954 SEKm respectively.

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

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Average capital employed	55,850	55,576	55,466	55,438

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

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Operating profit plus financial income	90	35	70	43
Average capital employed	13,826	12,630	13,528	12,388

<sup>4</sup> For the periods 1 January – 31 March 2018 and 2017 respectively the profit for the period on a rolling 12 months basis is 3,713 SEKm and 3,815 SEKm respectively.

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

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Average equity	31,124	28,945	30,619	28,394

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

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Profit for the period	65	30	50	35

		<p>The financial information is derived from the Company's group accounts for 2016 and 2017 and has been audited by the Company's auditors. The Company's group accounts for 2016 and 2017 give a complete picture over the Group's assets, liabilities and financial position. The financial information is, where applicable, derived from the Company's interim report for the period January 1 – March 31, 2018. The interim report has not been reviewed by the Company's auditors.</p> <p>The Company's group accounts for 2016 and 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups.</p> <p>The same accounting principles and calculation methods are applied in the interim report for the period January 1 – March 31, 2018 and the annual report for 2017, except for IFRS9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which have both been applied since January 1, 2018. The reported figures for the period January 1 – March 31, 2017 are recomputed in accordance with the accounting principles and calculation methods applicable as of January 1, 2018.</p> <p>The Company's annual reports for 2016 and 2017 have been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR2 Reporting for Legal Entities.</p> <p>The Company's interim report for the period January 1 – March 31, 2018 has been prepared in accordance with IAS 34 Interim Financial Reporting.</p> <p>No material adverse changes in the Company's prospects, financial position or position in the market have occurred since the last audited financial statements was published.</p>
<b>B.13</b>	<b>Events to a material extent relevant to solvency:</b>	No significant events that have a material impact on the Company's solvency have taken place since the last audited financial statement was published.

## **APPENDIX 2**

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

No significant events that have a material impact on the Company's solvency have taken place since the last audited financial statement was published.

### **INVESTMENTS**

No major investments have been made since the annual report for the 2017 fiscal year was published.

The Group's planned gross investments for 2018 amount to approximately SEK 3.5 billion. Final outcome will be dependent on access to financial means and access to resources to practically execute the different investment projects. Of the investments, approximately SEK 1.9 billion are intended to be made in the Group's retail operations and approximately SEK 1.6 billion in ICA Fastigheter.

During 2018, the Group intends to divest real estate of just over SEK 100 million and the cash flow from these divestments is estimated at approximately SEK 100 million.

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

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

### **ORGANISATION**

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

Alongside Per Strömberg, the group's executive management comprises Tony Holmberg (CEO of ICA Special), Lena Boberg (CEO of ICA Real Estate), Liv Forhaug (SVP Strategy & Business Development), Petra Albuschus (SVP HR), Björn Olsson (SVP Corporate Communications), Sven Lindskog (CFO), Edgar Sesemann (CEO of Rimi Baltic), Marie Halling (CEO of ICA Bank), Anders Svensson (Deputy CEO of ICA Gruppen and CEO of ICA Sweden), Anders Nyberg (CEO of Apotek Hjärtat), Kerstin Lindvall (SVP Corporate Responsibility) and Maria Lundberg (Chief Information Officer). Executive management meets regularly to discuss the development of the Company and make decisions about matters of importance to the day-to-day management of the business.

### **INDEPENDENCE**

Four of the Board's members, Cecilia Daun Wennborg, Andrea Gisle Joosen, Fredrik Persson and Jeanette Jäger are independent in relation to ICA Gruppen, its management and the principal shareholders. Bengt Kjell is independent in relation to ICA Gruppen and its management but not in relation to the principal shareholders as he is a member of the board of AB Industrivärden. Fredrik Hägglund and Göran Blomberg are independent in relation to ICA Gruppen and its management but not in relation to the principal shareholders since they are employed by ICA-handlarnas Förbund. Anette Wiotti and Magnus Moberg are ICA retailers and members on the board of the Association of ICA Retailers and regarded as independent in relation to ICA Gruppen and the Company's management, but not in relation to the principal shareholder ICA-handlarnas Förbund. Claes-Göran Sylvén was CEO for the

Company up to 20 May 2013. Accordingly, under the Code, he was not considered independent in relation to the Company and its management until 21 May 2018. Furthermore, in his capacity as an ICA retailer and member of ICA-handlarnas Förbund, he is not regarded as independent in relation to ICA-handlarnas Förbund.

#### **Board of directors**

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

Chairman of the board since 2013.

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

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

Board member since 2013.

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

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

Board member since 2005.

**Other assignments:** Member of the board of Getinge AB, Loomis AB, Hoist Finance AB, Sophiahemmet, Atvexa AB and others.

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

Board member since 2010.

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

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

Board member since 2013.

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

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

Board member since 2015.

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

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

Board member since 2013.

**Other assignments:** Chairman of the board of Hemfosa Fastigheter AB, SSAB AB and others. Member of the board of AB Industrivärden, Indutrade AB, Pandox AB and others.

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

Board member since 2008.

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

**Fredrik Persson (born 1968) – board member**

Board member since 2018.

**Other assignments:** Chairman of the board of Svenskt Näringsliv (Confederation of Swedish Enterprise), JM AB and Svenska ICC Service AB (ICC Sweden). Member of the board of AB Electrolux, AB Hufvudstaden, Ahlström Capital OY, Beijerinvest AB and Nalka Invest AB.

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

Board member since 2017.

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

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

Employee representative since 2013.

**Other assignments:** –

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

Employee representative since 2013.

**Other assignments:** –

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

Deputy employee representative since 2013.

**Other assignments:** –

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

Deputy employee representative since 2013.

**Other assignments:** –

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

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

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

**Other assignments:** Member of the board of Rikshem AB.

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

**Other assignments:** Member of the board of Hufvudstaden AB, Thule Group AB, HUI Research AB.

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

**Other assignments:** –

**Tony Holmberg (born 1971) – CEO of ICA Special**

**Other assignments:** –

**Sven Lindskog (born 1963) – CFO**

**Other assignments:** –

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

**Other assignments:** Member of the board of KRAV and member of the monitoring board

of the Swedish Chemicals Agency.

**Maria Lundberg** (born 1968) – **Chief Information Officer**

**Other assignments:** –

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

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

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

**Other assignments:** –

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

**Other assignments:** Board member Stockholm School of Economics in Riga Foundation (SSE Riga).

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

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

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

**Other assignments:** Chairman of the board of Svensk Dagligvaruhandel Ekonomisk Förening (Grocery Retailers' Association) and Svensk Handel AB. Member of the board of Svenskt Näringsliv (Confederation of Swedish Enterprise). Member of AMS Sourcing B.V. supervisory board.

**Work of the board of directors**

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

The main mission of the board of directors is to establish the Company's overall goals and strategy. The key issues for the board to address are strategy work, monitoring and control of the Company's operations and risks, value creation and monitoring the Company's compliance with external and internal rules and regulations. The board is guided in its work by the chairman of the Board. The work is regulated by the rules of procedure established by the board each year, and by applicable laws and regulations. Every year the board decides on instructions for the CEO and for the working committees, as well as other policy documents that provide guidance for ICA Gruppen's employees. The rules of procedure and instructions now in place were addressed and formally adopted at the board meeting on 22 May 2018. In 2017, the board of directors held 14 meetings. As of the date of this Base Prospectus, the board has held five meetings in 2018.

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

**Audit committee**

The audit committee is to supervise the Company's accounting and financial reporting and to monitor the effectiveness of the Company's internal control, internal audit, risk management and compliance with rules and regulations. The audit committee is also to keep itself informed concerning the audit of ICA Gruppen and to review and monitor the

impartiality and independence of the audit. The audit committee assists with the preparation of proposals to the annual general meeting concerning the election of auditors. In 2017 the audit committee conducted an evaluation of the auditing of the Company. The audit committee consists of Cecilia Daun Wennborg (Chairman), Bengt Kjell, Göran Blomberg and Anette Wiotti. The Company's CFO (Sven Lindskog) is responsible for presenting information.

#### ***Reward Group***

The reward group is responsible for the preparation and evaluation of issues regarding remuneration and other terms of employment for ICA Gruppen's executive management, including pay structures, pension plans, incentive programmes and other terms of employment. The Reward Group also monitors and evaluates remuneration programmes for the executive management, both those that are ongoing and those that were concluded during the year, and monitors and assesses the implementation of guidelines for remuneration to senior executives as well as remuneration structures and levels within the Company. The reward group consists of Claes Göran Sylvén (Chairman), Andrea Gisle Joosen and Fredrik Hägglund.

#### ***Retail investment committee***

The retail investment committee is responsible for the review and quality assurance of the documentary basis for decisions on acquisitions and divestments, including necessary risk analysis. In addition, the retail investment committee has an investment and divestment mandate as set out in the Company's bill of authority (Sw. *delegeringsordning*). The retail investment committee consists of Claes Göran Sylvén (chairman), Fredrik Persson, Jeanette Jäger and Magnus Moberg.

#### ***Sustainability committee***

The sustainability committee's mandate is based on the Code's rules on the responsibility of the board of directors to establish guidelines for how the Company should behave in society. The committee's duties include preparing policies on business ethics and sustainability, as well as sustainability reporting (annual and quarterly reports) and monitoring of business ethics and sustainability. The sustainability committee consists of Cecilia Daun Wennborg (Chairman), Andrea Gisle Joosen and Fredrik Hägglund.

**APPENDIX 3****CONDENSED STATEMENT OF COMPREHENSIVE INCOME, GROUP**

<b>SEKm</b>	<b>Jan-Mar 2018</b>	<b>Jan-Mar 2017</b>
<b>Net sales</b>	27,181	25,703
Cost of goods sold	-22,758	-21,395
<b>Gross profit</b>	<b>4,423</b>	<b>4,308</b>
Selling expenses	-2,782	-2,718
Administrative expenses	-762	-678
Other operating income	86	83
Other operating expenses	-9	-12
Share of profits of associates and joint ventures	15	13
<b>Operating profit (EBIT) excl items affecting comparability</b>	<b>972</b>	<b>996</b>
Capital gains/losses net on sale of non-current assets (net)	1	404
Impairment (net)	-1	-5
<b>Operating profit</b>	<b>972</b>	<b>1,395</b>
Financial income	2	4
Financial expenses	-85	-86
<b>Net finance</b>	<b>-83</b>	<b>-82</b>
<b>Profit before tax</b>	<b>888</b>	<b>1,313</b>
Tax	-188	-181
<b>Profit for the period</b>	<b>700</b>	<b>1,132</b>
<b>Other comprehensive income, items that may not be reclassified to profit or loss, net after tax</b>		
Remeasurement defined benefit pension	-	-
<b>Other comprehensive income, items that may be reclassified to profit or loss, net after tax</b>		
Change in translation reserve	137	105
Change in hedging reserve	65	-41
Share of other comprehensive income of joint ventures	3	6
<b>Total items that may be reclassified to profit or loss</b>	<b>205</b>	<b>70</b>
<b>Comprehensive income for the period</b>	<b>905</b>	<b>1,202</b>
<b>Profit for the period attributable to:</b>		
Owners of the parent	696	1,129
Non-controlling interests	4	3

**Comprehensive income for the period attributable to:**

Owners of the parent	900	1,197
Non-controlling interests	5	5

**Earnings per share, SEK**

Earnings per share	3.46	5.61
--------------------	------	------

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME, GROUP**

<b>SEKm</b>	<b>Full year 2017</b>	<b>Full year 2016</b>
<b>Net sales</b>	106,455	103,655
Cost of goods sold	-92,111	-89,687
<b>Gross profit</b>	<b>14,244</b>	<b>13,968</b>
Selling expenses	-7,064	-6,965
Administrative expenses	-2,834	-2,763
Other operating income	879	462
Other operating expenses	-67	-219
Share profits of associates and joint venture	62	35
<b>Operating profit</b>	<b>5,220</b>	<b>4,518</b>
Financial income	7	26
Financial expenses	-374	-390
<b>Net finance</b>	<b>-367</b>	<b>-364</b>
<b>Profit before tax</b>	<b>4,853</b>	<b>4,154</b>
Tax	-708	-757
<b>Profit from continuing operations</b>	<b>4,145</b>	<b>3,397</b>
Profit/loss from discontinued operations	-	21
<b>Profit for the year</b>	<b>4,145</b>	<b>3,418</b>
<b>Other comprehensive income, items that may not be reclassified to profit or loss</b>		
Remeasurement defined benefit pension, net after tax	-158	-37
<b>Other comprehensive income, items that may be reclassified to profit or loss</b>		

Change in translation reserve, net after tax	188	173
Change in hedging reserve, net after tax	-12	77
Share of other comprehensive income of joint ventures	23	6
<b>Total items that may be reclassified to profit or loss</b>	<b>199</b>	<b>256</b>
<b>Comprehensive income for the year</b>	<b>4,186</b>	<b>3,637</b>
<b>Profit for the period attributable to:</b>		
Owners of the parent	4,130	3,413
Non-controlling interests	15	5
<b>Comprehensive income for the period attributable to:</b>		
Owners of the parent	4,166	3,634
Non-controlling interests	20	3
<b>Earnings per share, SEK</b>		
Earnings per share	20.53	16.97

## CONDENSED STATEMENT OF FINANCIAL POSITION, GROUP

SEKm	2018-03-31	2017-03-31	2017-12-31	2016-12-31
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	16,301	16,301	16,301	16,301
Trademarks	13,414	13,351	13,377	13,353
Other intangible assets	1,279	958	1,180	903
Interest in joint ventures and associates	814	759	766	740
Deferred tax assets	436	458	437	456
Lending and investments in ICA Bank	11,325	9,419	10,971	8,880
Land, buildings and investment properties	14,072	13,245	13,445	13,120
Other non-current assets	2,221	2,154	2,234	2,188
<b>Total non-current assets</b>	<b>59,862</b>	<b>56,645</b>	<b>58,711</b>	<b>55,941</b>
<b>Current assets</b>				
Inventories	4,694	4,532	4,488	4,455
Lending and investments in ICA Bank	3,009	2,879	2,890	2,600
Other current assets	7,806	6,483	7,403	6,834
Cash and cash equivalents in ICA Bank	1,923	2,724	2,209	3,269
Cash and cash equivalents	2,275	455	2,290	705
Assets held for sale	9	684	9	2,319
<b>Total current assets</b>	<b>19,716</b>	<b>17,757</b>	<b>19,289</b>	<b>20,182</b>

<b>TOTAL ASSETS</b>	<b>79,578</b>	<b>74,402</b>	<b>78,000</b>	<b>76,123</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>32,825</b>	<b>31,169</b>	<b>32,017</b>	<b>29,688</b>
<b>Non-current liabilities</b>				
Provisions	2,674	2,343	2,638	2,320
Deferred tax liabilities	4,514	4,638	4,533	4,673
Non-current interest-bearing liabilities	3,917	7,404	3,913	7,406
Other non-current liabilities	86	122	56	139
<b>Total non-current liabilities</b>	<b>11,191</b>	<b>14,507</b>	<b>11,140</b>	<b>14,538</b>
<b>Current liabilities</b>				
Deposits ICA Bank	14,445	13,190	14,061	12,897
Current interest-bearing liabilities	4,029	736	3,975	3,057
Other current liabilities	17,088	14,800	16,807	15,703
Liabilities held for sale	-	-	-	240
<b>Total current liabilities</b>	<b>35,562</b>	<b>28,726</b>	<b>34,843</b>	<b>31,897</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>79,578</b>	<b>74,402</b>	<b>78,000</b>	<b>76,123</b>

#### STATEMENT OF CASH FLOW, GROUP

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Cash flow from operating activities	732	-51	4,601	5,422
Cash flow from investing activities	-1,140	1,323	632	-1,694
Cash flow from financing activities	80	-2,073	-4,693	-4,251
Cash flow for the period	-329	-801	540	-523
Cash and cash equivalents at the beginning of the period	4,499	3,974	3,974	4,611
Exchange difference in cash and cash equivalents	28	6	-15	-114
Cash and cash equivalents at the end of the period	4,198	3,179	4,499	3,974

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

##### KEY FIGURES, GROUP

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Operating margin, %	3.6%	5.4%	4.9%	4.4%
Net margin, %	2.6%	4.4%	3.9%	3.3%

Return on equity, %	11.7%	13.1%	13.4%	11.9%
Return on capital employed, %	11.2%	11.5%	12.3%	10.5%
Equity/assets ratio, %	41.2%	41.9%	41.0%	39.0%

The key figures defined below are not defined pursuant to IFRS, and are presented to facilitate an investor's evaluation of the Company's financial performance and position. The key figures are audited only to the extent they refer to full year figures for 2016 and 2017. *I.e.*, the key figures that refer to the periods January – March 2017 and 2018 have not been reviewed by the Company's auditors.

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

<sup>7</sup> For the periods 1 January – 31 March 2018 and 2017 the operating profit plus financial income on a rolling 12 months basis is 4,802 SEKm and 4,954 SEKm respectively.

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

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Average capital employed	55,850	55,576	55,466	55,438

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

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Operating profit plus financial income	90	35	70	43
Average capital employed	13,826	12,630	13,528	12,388

<sup>10</sup> For the periods 1 January – 31 March 2018 and 2017 respectively the profit for the period on a rolling 12 months basis is 3,713 SEKm and 3,815 SEKm respectively.

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

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Average equity	31,124	28,945	30,619	28,394

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

	Jan-Mar 2018	Jan-Mar 2017	Full year 2017	Full year 2016
Profit for the period	65	30	50	35

## **APPENDIX 4**

### **HISTORICAL FINANCIAL INFORMATION**

The Company's annual reports and group accounts for 2016 and 2017 and also the Company's interim report for the period January 1 – March 31, 2018, but only with respect to the sections listed in the subsection *Place for certain sections incorporated by reference* below, are incorporated into the Base Prospectus by reference. The sections incorporated are to be read as part of the Base Prospectus. All the reports are available on the Company's website [www.icagruppen.se/en/](http://www.icagruppen.se/en/) and can also be obtained from the Company in hard copy. Other information, if not available in electronic format at [www.icagruppen.se/en/](http://www.icagruppen.se/en/), can be obtained from the Company as a hard copy.

The Company's group accounts for 2016 and 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

The same accounting principles and calculation methods are applied in the interim report for the period January 1 – March 31, 2018 and the annual report for 2017, except for IFRS9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, which have both been applied since January 1, 2018. The reported figures for the period January 1 – March 31, 2017 are recomputed in accordance with the accounting principles and calculation methods applicable as of January 1, 2018.

The Company's annual reports for 2016 and 2017 have been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for Legal Entities.

The Company's interim report for the period January 1 – March 31, 2018 has been prepared in accordance with IAS 34 Interim Financial Reporting.

### **AUDITING OF THE ANNUAL HISTORICAL FINANCIAL INFORMATION**

The financial information in the Company's group accounts and annual report for 2016 was reviewed by authorized public accountant Erik Åström. The financial information in the Company's group accounts and annual report for 2017 was reviewed by authorized public accountant Thomas Forslund. The auditing of the annual reports was conducted in accordance with generally accepted auditing practices in Sweden and the audit reports were submitted without comment. The Company's interim report for the period January 1 – March 31, 2018 has not been reviewed by the Company's auditors.

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

KPMG AB was re-elected as the Company's auditor at the annual general meeting held on April 12, 2018 and authorized public accountant Thomas Forslund (born 1965) was appointed auditor-in-charge. Thomas Forslund is a member of FAR, the professional institute for the accountancy sector in Sweden. The office address of KPMG AB and Thomas Forslund is: KPMG AB, Evenemangsgatan 17, P.O. Box 3018, SE-169 03 Solna, Sweden. Up and until the annual general meeting held on April 7, 2017, Ernst & Young AB was the Company's auditor and authorized public accountant Erik Åström (born 1957) was auditor-in-charge. Erik Åström is a member of FAR. The office address of Ernst & Young AB and Erik Åström is: Ernst & Young AB, Jakobsbergsgatan 24, P.O. Box 7850, SE-103 99 Stockholm, Sweden.

### **AGE OF THE MOST RECENT FINANCIAL INFORMATION**

The most recent financial information has been taken from the annual report for 2017, which was published on March 8, 2018, and from the interim report for the period

January 1 – March 31, 2018, which was published on April 27, 2018.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- The Company's audited annual reports and group accounts and auditors' reports for fiscal years 2016 and 2017;
- The Company's interim report for the period January 1 – March 31, 2018; and
- The Company's base prospectus dated May 26, 2014.

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

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

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

### Location of certain sections incorporated by reference

	<b>Page</b>
<b>Annual report 2016</b>	
Statement of income for the Group	77
Statement of financial position for the Group	78–79
Statement of cash flows for the Group	81
Description of accounting principles and other explanatory notes	82–104
Auditor's report	117–119
<b>Annual report 2017</b>	
Statement of income for the Group	79
Statement of financial position for the Group	80–81
Statement of cash flows for the Group	83
Description of accounting principles and other explanatory notes	84–104
Auditor's report	117–119
<b>Interim report for the period January 31 – March 31, 2018</b>	
Statement of income for the Group	15
Statement of financial position for the Group	16
Statement of cash flows for the Group	17
Description of accounting principles and other explanatory notes	19–24

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

General terms

23–34

Template for final terms

35–38

Solely with the purpose to issue additional tranches under the loans stated below issued under the Company's general terms dated April 24, 2014, the general terms dated April 24, 2014, and published in the Company's base prospectus dated May 26, 2014, as well as the final terms for such loans, are incorporated by reference:

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

**APPENDIX 5****MATERIAL CHANGES IN THE ISSUER'S FINANCIAL POSITION**

There has been no material change in the Group's financial position or position in the market that could affect the market's view of the Company since the publication of the interim report for the period January 1 – March 31, 2018.

---

**DOCUMENTS AVAILABLE FOR INSPECTION**

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

- The Company's articles of association;
- The Company's audited group accounts, annual reports and audit reports for the fiscal years 2016 and 2017;
- The Company's interim report for the period January 1 – March 31, 2018;
- The Company's subsidiaries audited annual reports and audit reports for the fiscal years 2016 and 2017 (where applicable);
- The Company's base prospectus dated May 26, 2014;
- The Company's general terms dated April 24, 2014;
- The Company's general terms dated May 31, 2017;
- The Company's final terms for loan 105 dated June 11, 2014;
- The Company's final terms for loan 106 dated June 11, 2014; and  
This Base Prospectus, including any supplements to the Base Prospectus.