

Affordable, good and sustainable food

Axfood company presentation 2024



Business review

This is Axfood

Axfood is one of the leading players in food retail in Sweden and a family of different concepts working in collaboration. Each week 4.5 million customers are reached, and customer meetings take place through more than 300 Group-owned stores, e-commerce and over 700 collaborating retailer-owned stores. Axfood has a total of more than 13,000 employees (FTEs) and net sales of just over SEK 80 billion.

Axfood aspires to be a strong force in society that works together with stakeholders and decision-makers in society to drive development toward more sustainable and healthier food production and consumption.

Axfood shares are listed on Nasdaq Stockholm and the principal owner is Axel Johnson.



A family of different concepts in collaboration

WILLYS

Willys is Sweden's leading discount grocery chain, featuring a wide assortment in Group-owned stores and online. With the business concept of offering Sweden's cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail.

Hemköp

Hemköp offers an inspiring, broad and attractively priced assortment with a rich offering of fresh products. Hemköp's Group-owned stores, retailer-owned stores and online business aim to inspire good meals in a simple way.

Tempo

Tempo is a mini-mart format of retailer-owned stores. At Tempo, store customers are greeted by a familiar environment offering good food and personal service.

Part ownership

eurocash

Eurocash is one of the leading grocery chains along the Norwegian border. Specialising in cross-border shopping, Eurocash aims to make it easy for customers to shop for good food at the lowest prices.

Minority ownership

CITY GROSS

City Gross operates hypermarkets and online shopping and has a wide and affordable assortment with a rich offering of fresh products.

HANDLARN

Handlar'n offers accessibility and proximity to groceries and services through retailer-owned mini-marts, mainly in the countryside but also in city centres.

MATÖPPET

Matöppet aims to be a personal grocery store, and the retailer-owned mini-marts focus heavily on service and offering a wide range of fresh products.

Middagsfrid

Middagsfrid offers pre-planned meal kits for consumers who want help to develop healthier food habits. Middagsfrid wants to make it easier to eat healthier more often.

apohem

Apothem is a full-scale retail pharmacy online with over-the-counter and prescription drugs. Apothem wants to make health and skincare accessible to everyone and offers a wide product range as well as personal advisory services.

UP URBAN DELI

Urban Deli, with stores and online sales in Stockholm, is a combination of restaurant, store and market hall with its own production of innovative, sustainable and healthy food.

Snabbgross

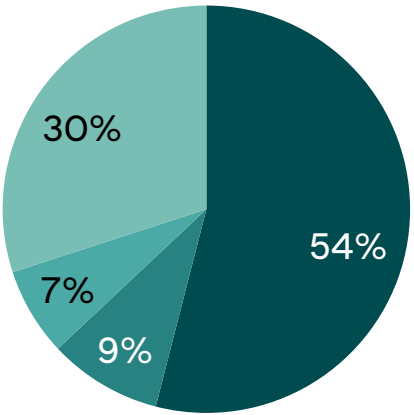
Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Snabbgross offers personal service, accessibility and quality at its stores and online. Sales to consumers take place through Snabbgross Club.

DAGAB

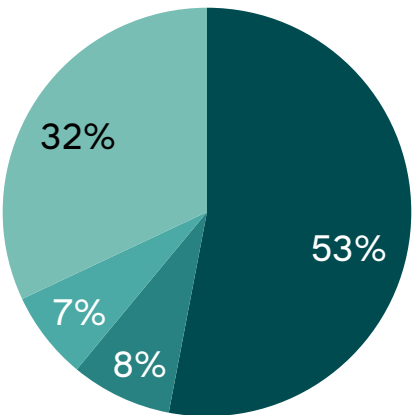
Dagab runs and develops the Group's assortment, purchasing and logistics. Dagab plays a key role in Axfood's efforts to streamline the product flow.

Net sales and operating profit breakdown in 2023

Operating segments' share of external net sales



Operating segments' share of operating profit



■ Willys ■ Hemköp
■ Snabbgross ■ Dagab

All figures from 2023.

Million customers/week

4.5

Employees (FTEs)

13 185

Group-owned stores

337

Net sales (SEK bn)

81

Operating profit (SEK bn)

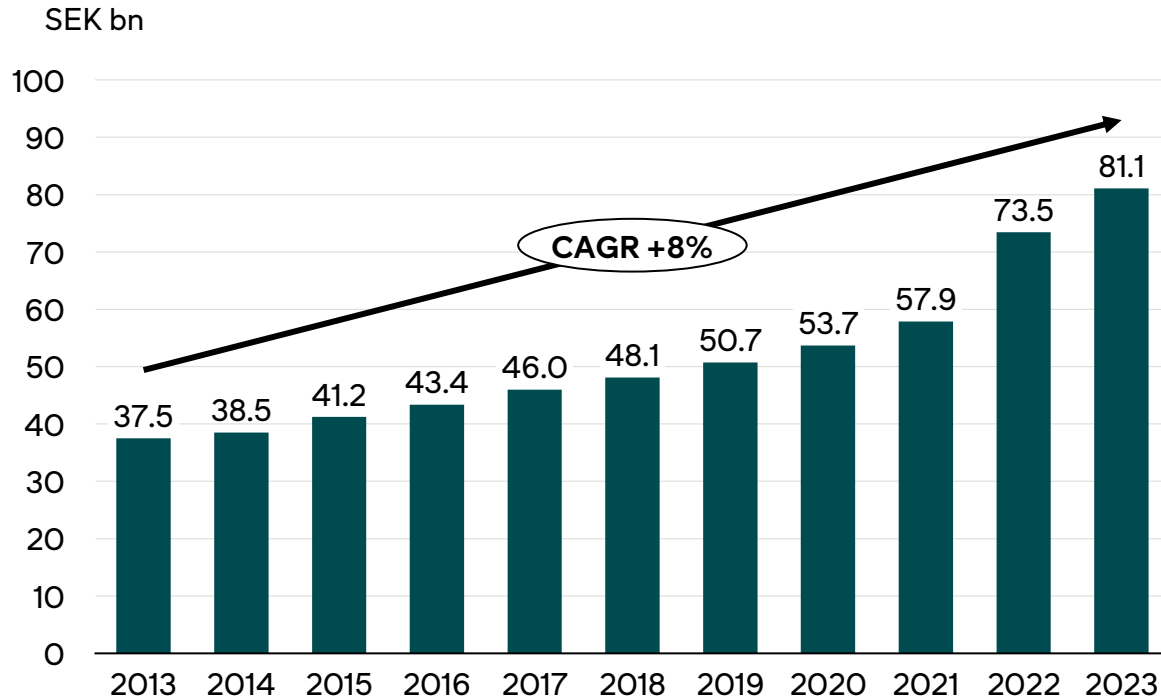
3.4

Operating margin

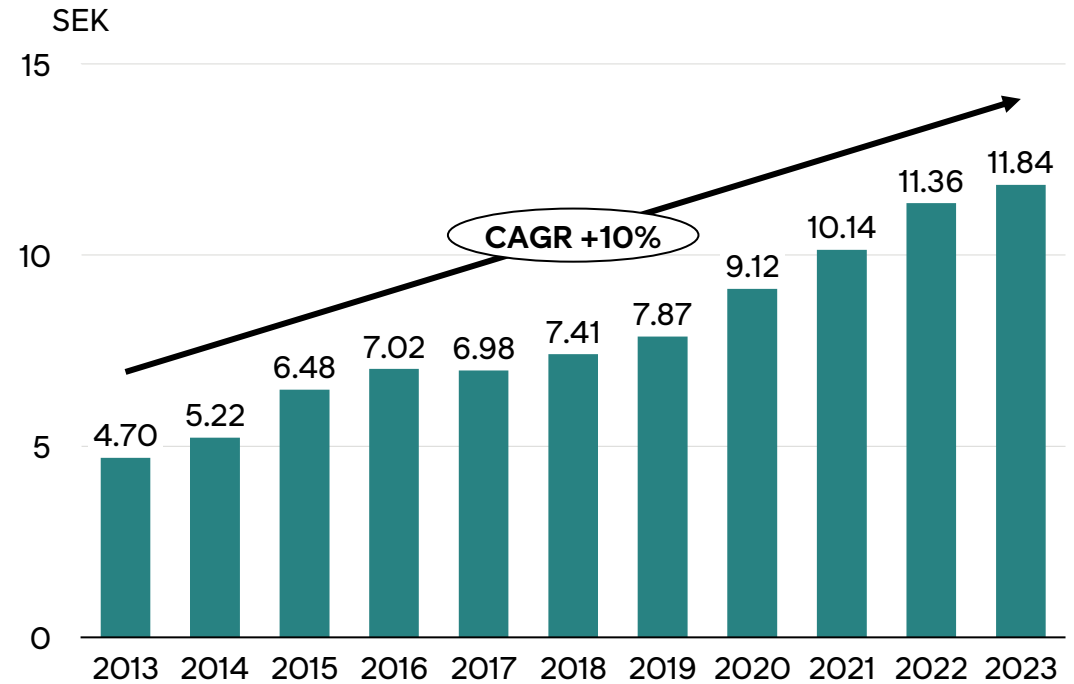
4.1%

Net sales and profit development

Net sales



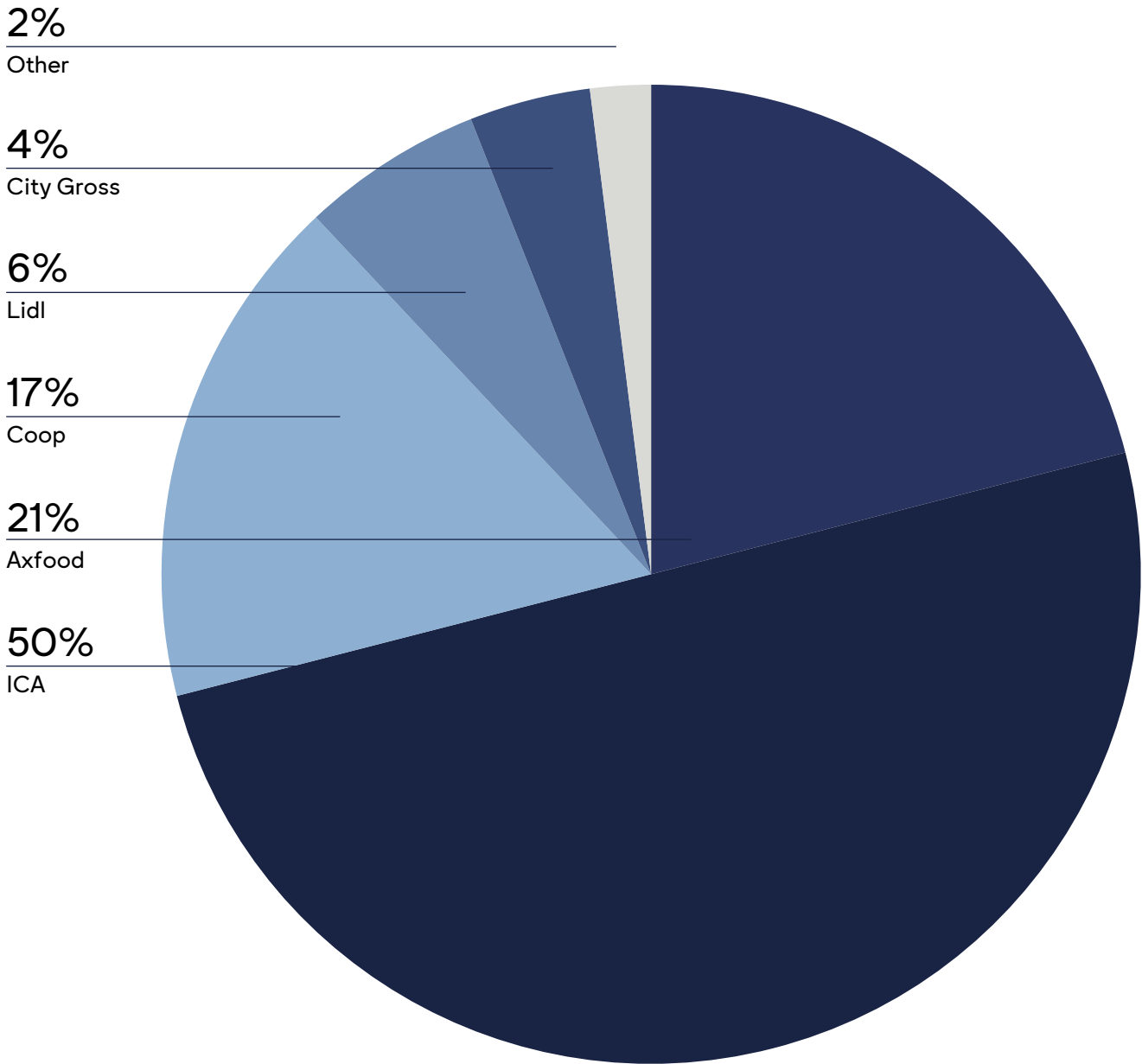
Earnings per share*



*Earnings per share before dilution. Excluding items affecting comparability in 2021, 2022 and 2023.

Strong presence in Swedish food retail

Market shares in 2022



Source: Axfood's estimates. Full-year 2022 is used since complete public information is not available for 2023.

Strong presence in Swedish food retail

Market segments in 2022



Source: Axfood's estimates. Full-year 2022 is used since complete public information is not available for 2023.

Key trends in food retail

Price value and discount



Price value and low prices have become increasingly important for consumers, and the discount trend is strong.

Digitalisation and automation



Digitalisation and automation is accelerating to increase efficiency and enhance the customer value proposition.

Health and sustainability



Growing awareness about the impact of food on the climate and health, especially among young people.

More than 20 years as a positive force for change

2000

Axfood is formed through the combination of D&D Dagligvaror (which included Dagab) and the listed company Hemköp. At the same time, Spar Sverige, Spar Inn Snabbgross and a voting majority in Spar Finland are acquired.



2004

Spar, Hemköp and Billhalls are gathered under the joint Hemköp brand.

2008

PrisXtra is acquired.



2013

Warehousing, transport and purchasing are gathered in one organisation – Dagab.

2001

The share of Group-owned stores increases through the start of a nationwide conversion of stores and new establishment of the Willys brand.

2003

Willys and Hemköp get their own private labels.



2005

Axfood divests its holding in Spar Finland and leaves the Finnish market.

2009

The Garant private label brand is launched.



More than 20 years as a positive force for change

2014
New SAP business system.
Acquisition of 50% of the restaurant chain Urban Deli. Conversion of PrisXtra to Willys and Hemköp.



2018
Inauguration of new automated perishable warehouse in Jönköping. Ownership in Urban Deli increases from 50% to 90%.

2019
Construction start of new highly automated logistics centre in Bålsta outside Stockholm.

2022
Integration of Bergendahls Food and system conversion of City Gross' stores. Axfood new partner to Mathem through divestment of Mat.se. New fruit and vegetables warehouse in Landskrona in operations.

2017
Acquisition of 51% of the cross-border grocery chain Eurocash, the online store Mat.se, and Middagsfrid with pre-planned meal kits. Investment in the online pharmacy Apohem.



2021
Acquisition of Bergendahls Food and City Gross minority stake.



2023
New highly automated logistics centre in Bålsta in operations.



Strategy

Clear direction for the future

Axfood’s business concept is to serve as a family of different concepts in collaboration, and the vision is to be the leader in affordable, good and sustainable food. This is how Axfood creates a greater quality of life for everyone, which is the Group’s purpose. Four objectives guide the Group’s long-term development.

Purpose

Better quality of life
for everyone



Objectives

By 2030, we will be Sweden’s
most inclusive food company

By 2030, we will be the
strongest driving force
for sustainable food in Sweden

By 2030, we will have
created a healthier Sweden

By 2030, we will lead the
development of the simplest
and best food experiences

Vision

Leading in affordable,
good and sustainable food



Business concept

A family of different
concepts in collaboration



Clear direction for the future

Purpose

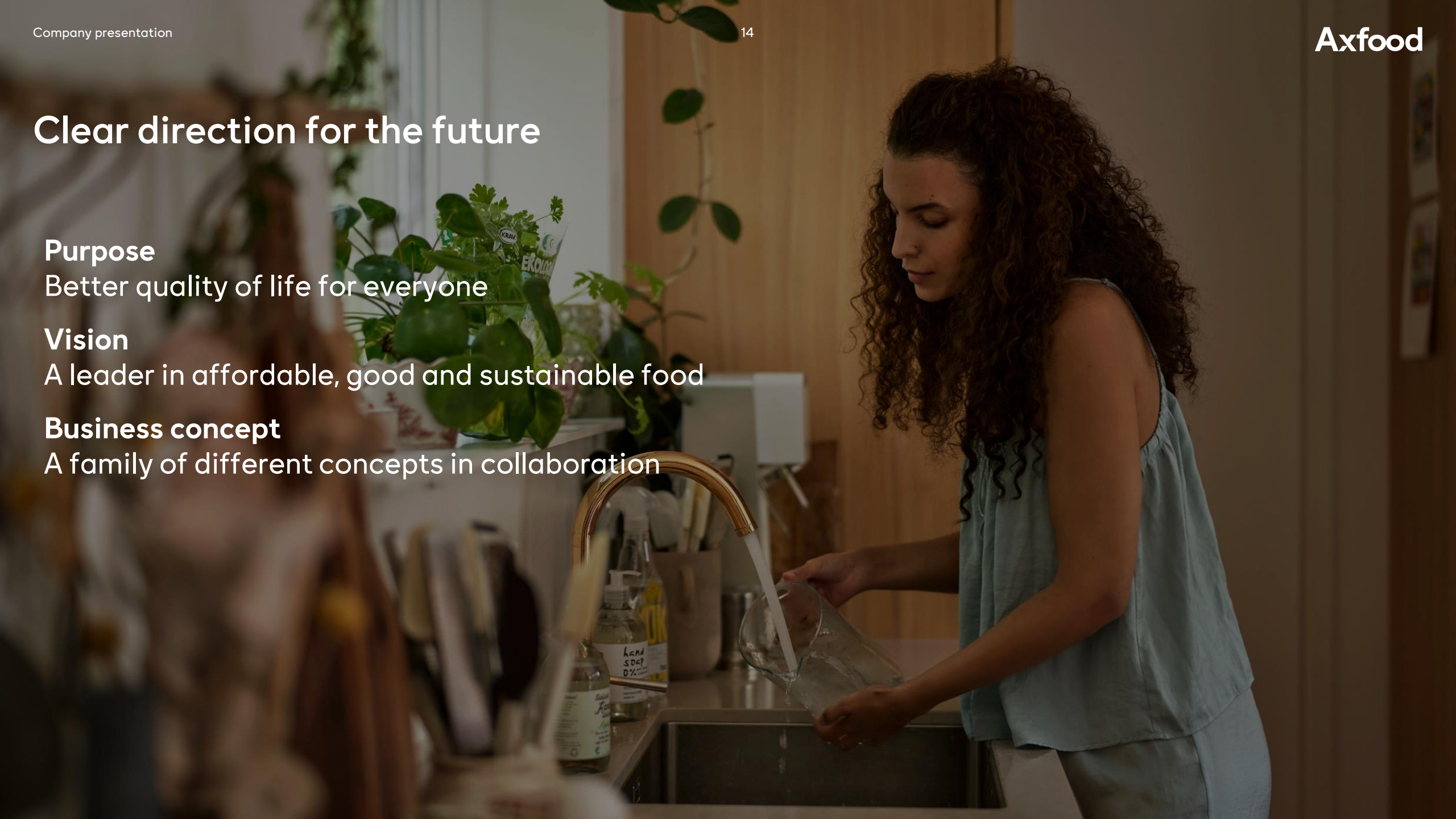
Better quality of life for everyone

Vision

A leader in affordable, good and sustainable food

Business concept

A family of different concepts in collaboration



Ambitious objectives for the future

AXFOOD'S OBJECTIVES

By 2030, we will be Sweden's most inclusive food company

We grow by investing in the opportunities presented by people's increasingly different needs, meeting these needs with our distinctive concepts.

By 2030, we will be the strongest driving force for sustainable food in Sweden

We challenge and lead the way when it comes to reducing the environmental impact of food in the value chain that we are part of.

By 2030, we will have created a healthier Sweden

We contribute to better public health and good food habits for everyone by increasing knowledge and facilitating healthy choices.

By 2030, we will be a leader in the development of the simplest and best food experiences

We challenge ingrained habits through innovative, efficient solutions that create value for us and the world around us.

Axfood's employee promise

Our differences in the Axfood family serve as the underpinnings of a strong team and enable us to have an influence in our work today and tomorrow. Our passion for food and people, commitment and pride enable us to work together to create a better quality of life for everyone we meet and have an impact on. Together, we have the power to improve, develop and make a difference – for real.

Five reasons to work at Axfood

01

Development opportunities – we grow together

02

Part of the team – welcome to the family

03

Community engagement – we make a difference on matters big and small

04

Passion for food and people – together we create better quality of life

05

Different concepts, one family – strength in our differences





Core values

Axfood's core values make it easier to make the right decisions and have the right priorities in day-to-day operations. Through knowledge exchange, development and dialogue within the Group, the core values are translated into action. Axfood's core values are:

- The store is our stage
- Together we are stronger
- We challenge
- We are aware

Strategic focus areas



Customer offering

Axfood will offer an attractive assortment that is relevant, sustainable and affordable.



Customer meeting

With relevant concepts and high accessibility, Axfood is meeting customers' various and changing needs.



Expansion

Axfood will grow in new and existing areas by establishing stores and e-commerce as well as developing new offerings.



Supply chain

Axfood will develop a sustainable product supply with high efficiency and quality.



Work approach

Axfood is to be a customer-oriented, dynamic and sustainable organisation with a focus on efficiency and development.



Employees

Axfood aspires to be the market's most attractive employer and to engage and help its employees to develop the right skills and work approach.

Three processes from selection to customers

Axfood's business model covers purchasing and assortment, product flow and logistics as well as sales channels and concepts. The customer is always in focus and value is created for Axfood and the Group's stakeholders in every step.

1. Purchasing and assortment

- An attractive, efficient, wide and affordable assortment
- Long-term supplier agreements
- Purchasing, product development and assortment development through Dagab
- Private label products

2. Product flow and logistics

- Work with optimising the product flow
- Higher level of automation
- Efficient logistics with route optimisation and high capacity utilisation in transports
- Diversification of delivery fleet with greater share of renewable fuels

3. Sales channels and concepts

- Easily accessible, effective and attractive sales channels and concepts
- Distinctive food concepts
- Inspiring stores, rich selection of fresh products and innovative digital solutions

Wide and affordable customer offering

Axfood will offer its customers an attractive, efficient, wide and affordable assortment.

Good and sustainable food



Private label products



Affordability



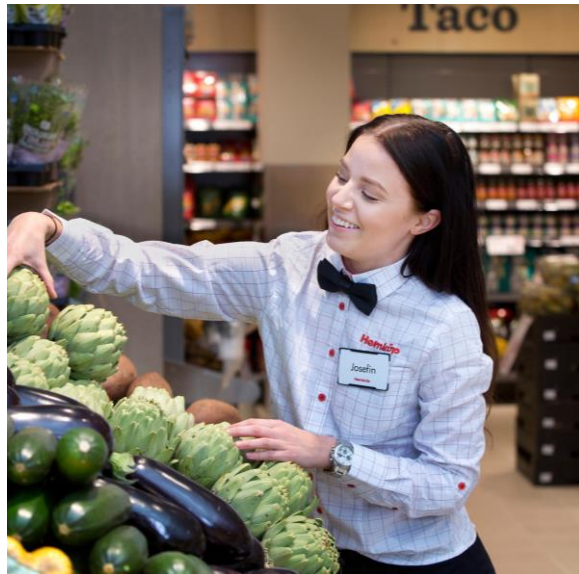
Meal solutions



Modern and attractive stores

Axfood's stores must be accessible to customers so that it is convenient and easy to shop.

The customer in focus where employees are the front-line ambassadors



Continuous work to update and modernise existing stores



Improved customer experience and more efficient operations with digital tools



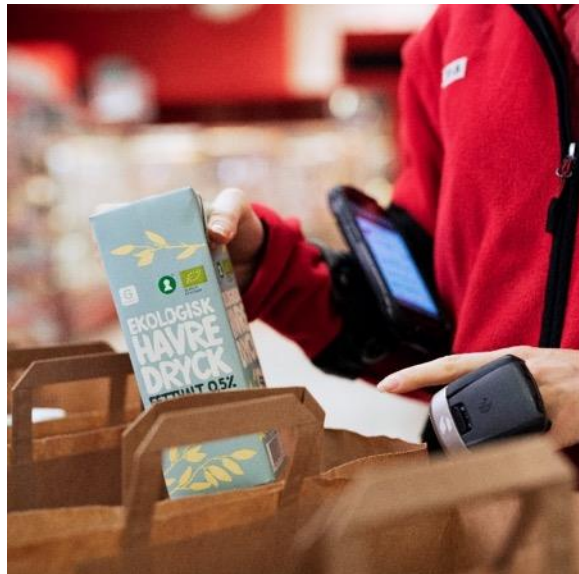
Broad contact network and advanced analysis to identify new store locations



A competitive e-commerce offering

Axfood has a strong digital presence with a mix of omnichannel players and pure-play e-commerce retailers.

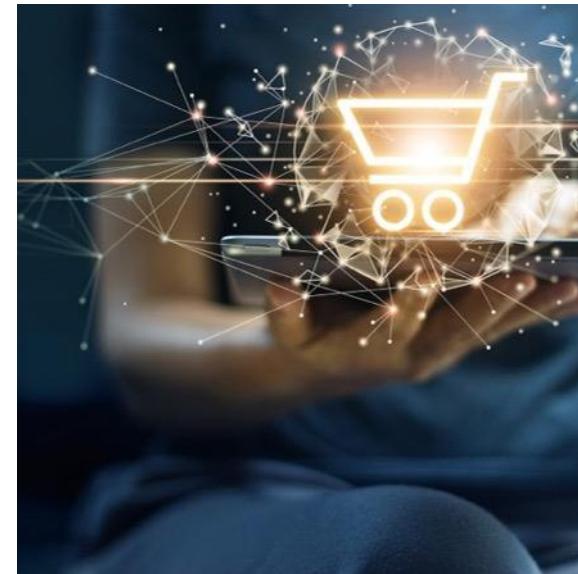
Five consumer brands, unique customer experiences



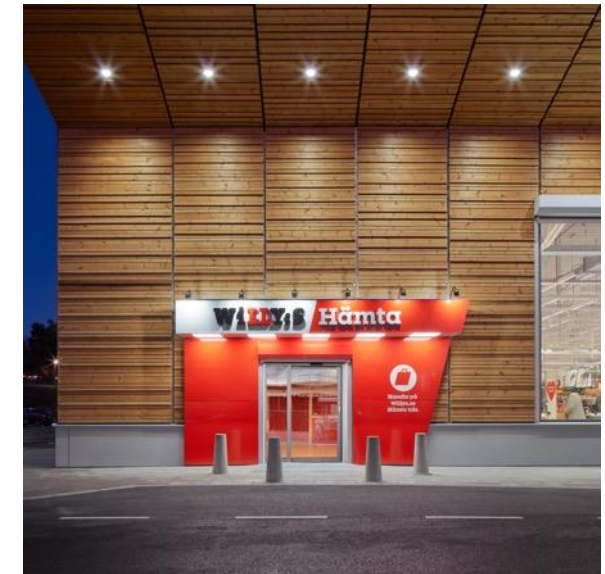
Differentiated business models, same market positions as in physical stores



Collaboration in logistics, IT and business development



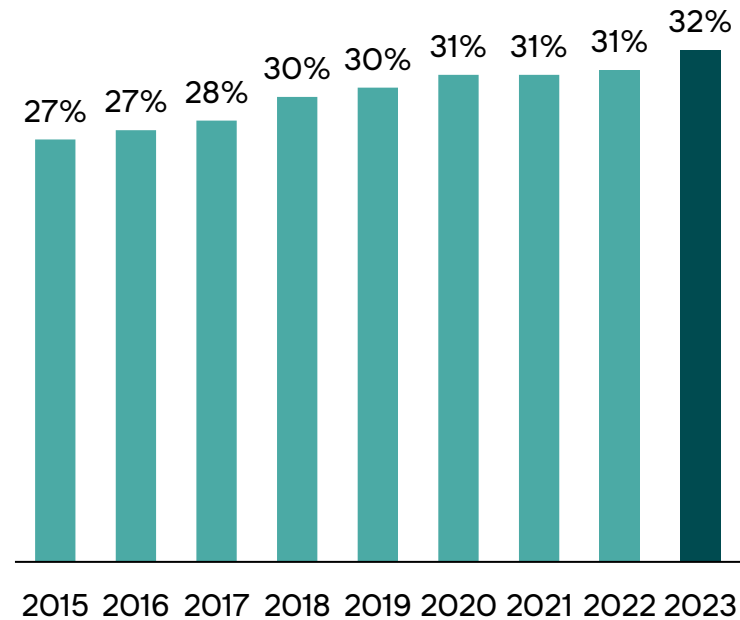
Innovative and customer-friendly functions, multiple delivery options



Differentiated private label products

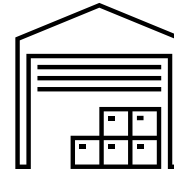
Private label products ensure a distinctive and efficient assortment.

Axfood's private label share of sales





Efficient and modern logistics



With own warehouses and a well-developed own fleet, Axfood supplies stores and e-commerce



Efficient logistics with route optimisation and high capacity utilisation in transports



Through greater automation, warehousing efficiency can be significantly increased



Green transition of the delivery fleet – all trucks can be driven on alternatives to fossil fuels

Operating segments

Willys – leader in the discount segment

Willys is the country's leading discount grocery chain, offering a broad range of products in both Group-owned stores and online. With the ambitions to offer Sweden's cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail. The operating segment Willys also includes partly owned cross-border grocery chain Eurocash and a minority stake in City Gross.

WILLY:S**WILLY:S** Hemma

eurocash

CITY
GROSS

Willys in brief

Sweden's leading discount grocery chain

- Willys is the country's leading discount grocery chain, offering a broad range of products in both Group-owned stores and online. With the ambitions to offer Sweden's cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail.
- The operating segment Willys also includes partly owned cross-border grocery chain Eurocash and a minority stake in City Gross
- 241 stores, of which 180 Willys, 54 Willys Hemma and 7 Eurocash
- Average retail area: Willys 2,200–2,500 sq. m., Willys Hemma 600–800 sq. m., Eurocash 3,000–3,500 sq. m.
- Assortment: Willys approx. 10,000 items, Willys Hemma approx. 6,000 items, Eurocash approx. 10,000–15,000 items
- E-commerce through 158 stores
- Closer to 3.6 million members in the customer loyalty programme Willys Plus

All figures from 2023.

Net sales (SEK m)

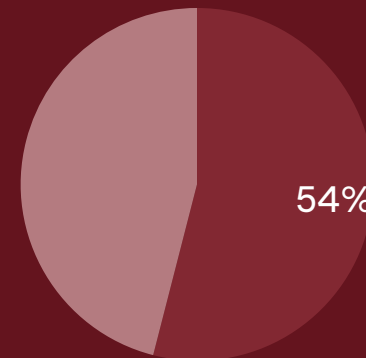
43,757

Operating profit (SEK m)

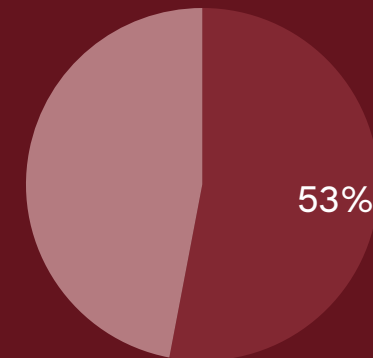
2,077

Willys' share of Axfood

Net sales*



Operating profit



*As share of external net sales.

Hemköp – affordable passion for food

Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Group-owned stores, retailer-owned stores and e-commerce aim to inspire good meals in a simple and well thought-out manner. The operating segment Hemköp also includes Tempo, a mini-mart format comprising retailer-owned stores.

Hemköp tempo



Hemköp in brief

Affordable passion for food

- Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Group-owned stores, retailer-owned stores and e-commerce aim to inspire good meals in a simple and well thought-out manner.
- The operating segment Hemköp also includes Tempo, a mini-mart format comprising retailer-owned stores
- 202 Hemköp stores, of which 66 group-owned and 136 franchise, as well as 130 franchise stores in Tempo
- Average retail area: Hemköp 1,000–1,500 sq. m., Tempo 300–500 sq. m.
- Assortment: Hemköp approx. 10,000–12,000 items, Tempo approx. 4,500 items
- E-commerce through 67 stores
- Just over 2.0 million members in the customer loyalty programme Klubb Hemköp

Net sales (SEK m)

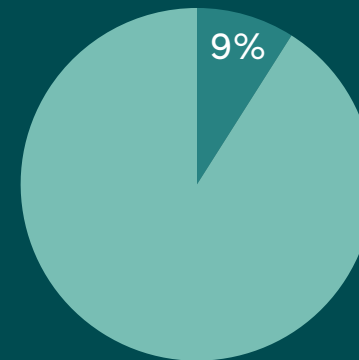
7,432

Operating profit (SEK m)

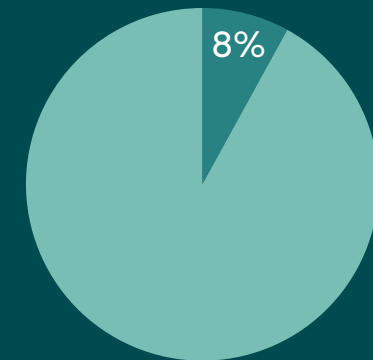
300

Hemköp's share of Axfood

Net sales*



Operating profit



Snabbgross – restaurant wholesaler with a strong position

Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Snabbgross offers personal service, accessibility and quality at its stores and online. The Snabbgross operating segment also includes the Snabbgross Club concept, which targets consumers.



Snabbgross in brief

Restaurant wholesaler with a strong position

- Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Snabbgross offers personal service, accessibility and quality at its stores and online.
- The Snabbgross operating segment also includes the Snabbgross Club concept, which targets consumers
- 30 group-owned cash-and-carry stores, of which 7 Snabbgross Club
- Locally adapted units
- Average retail area: 2,000 sq. m.
- Assortment: approx. 12,000 items
- E-commerce to B2B customers through all stores

Net sales (SEK m)

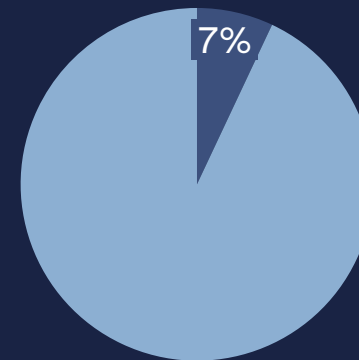
5,317

Operating profit (SEK m)

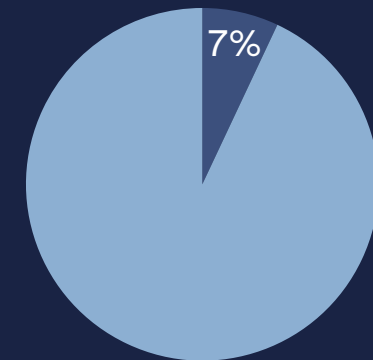
265

Snabbgross' share of Axfood

Net sales*



Operating profit



Dagab – sustainable and efficient product supply

Dagab handles the assortment, purchasing and logistics for all of Axfood as well as for external B2B customers. The Dagab operating segment includes the retailer concepts Handlar'n and Matöppet as well as Middagsfrid with its pre-planned meal kits, the partly owned online pharmacy Apohem, and the Urban Deli restaurant chain.

DAGAB



MATÖPPET

UD
URBAN DELI

Middagsfrid®

apohem



Dagab in brief

Sustainable and efficient product supply

- Dagab handles the assortment, purchasing and logistics for all of Axfood as well as for external B2B customers
- The Dagab operating segment includes the retailer concepts Handlar'n and Matöppet as well as Middagsfrid with its pre-planned meal kits, the online pharmacy Apohem, and the Urban Deli restaurant chain
- Handling of product flow from assortment and purchasing to warehousing and distribution
- More than 70,000 items in total, thousands of supplier negotiations every year
- 24 private labels, of which Garant and Eldorado are the most strongly positioned, 200-300 new private label products introduced every year
- Own fleet of 200 heavy-duty trucks and 86 light trucks
- Delivers to more than 7,000 stores and customers throughout all of Sweden

Net sales (SEK m)

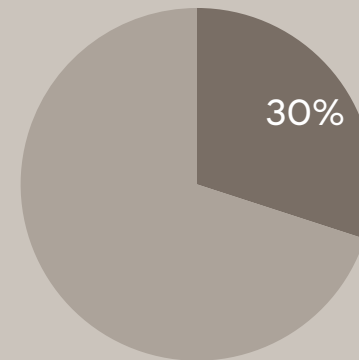
74,175

Operating profit (SEK m)

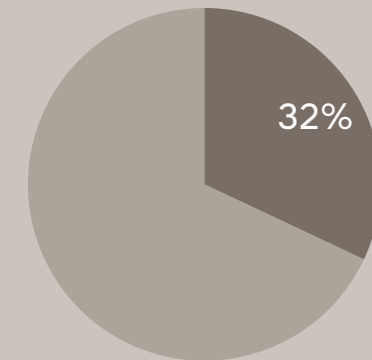
1,021

Dagab's share of Axfood

Net sales*



Operating profit



Development and sustainability

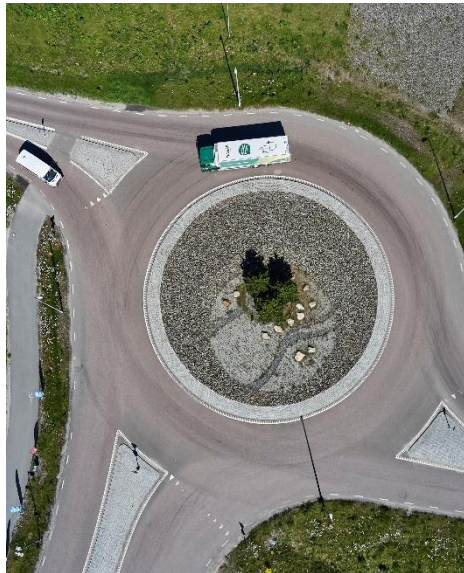
Axfood's largest development projects

To strengthen its competitiveness, Axfood is developing its operations at a high pace in all parts of the Group. An overview is presented here of the largest ongoing development projects.

A new world-class logistics structure



A data-driven and efficient product flow



Optimal in-store work approach



A more attractive customer offering



A relevant and inspirational digital customer meeting



Establishing a new logistics platform

To create even more sustainable, efficient and competitive product supply, Axfood is taking significant steps in the coming years in the development of a top-class nationwide logistics platform.

- New and automated logistics centre in Bålsta outside Stockholm
- Expansion of existing high bay warehouse in Backa, Gothenburg, with automation
- New and partially automated fruit and vegetable warehouse in Landskrona



Highly automated logistics for the future

- In Bålsta, outside Stockholm, Axfood has built a new, highly automated logistics centre that is one of the largest and most modern of its kind in Europe
- Deliveries to stores and e-commerce customers
- Strengthens customer offering and improves delivery quality and service through modern and more efficient warehousing processes
- Planned to be fully operational in 2024



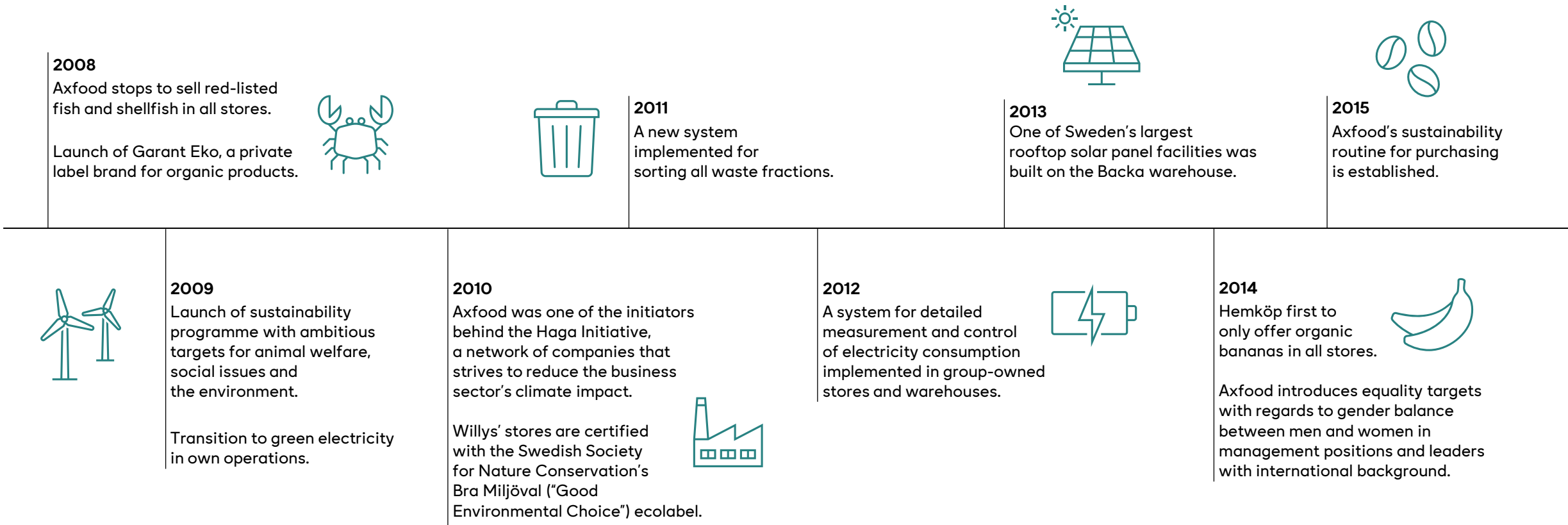
Taking the lead in promoting sustainable food in Sweden

Axfood is to take the lead in promoting sustainable food in Sweden by taking a stance, inspiring and offering guidance for affordable, good and sustainable food.

Axfood's sustainability model



An ongoing journey...



...to drive sustainable development



2016
The report Food 2030, Axfood's proposal for a sustainable food strategy for Sweden, was published for the first time.



2018
First truck with liquefied biogas in operations.

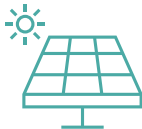
Axfood adopted a goal to cut food waste in half by 2025.



2019
Axfood sets ambitious targets to drive the development of plastic usage in a more sustainable direction.



2021
First fully electric heavy-duty truck in operations.



2023
Sweden's largest rooftop solar panel facility in operation on the Bålsta warehouse.

2017
Axfood was first to introduce deposits for plastic fruit drink and juice bottles.

Axfood launches a strategy to promote living wages in the supply chain.



2020
Garant was first to launch eggs from free-range hens raised outdoors and fed with a newly developed Swedish soy-free feed.

2022
Collaboration initiated with the non-profit organisation Generation Pep, working to give children and young people the opportunity and will to live active and healthy lives.

Hemköp the industry leader with regards to sales of organic products.



Sustainability in everything



Food

- Sustainable choices
- Food waste
- Good proteins

Targets:

Cut food waste in half by 2025
(base year 2015)

30% share of sustainability-labelled products sales by 2025



The environment

- Smart use of resources
- Sustainable materials
- Green transports
- Sustainable farming

Targets:

Net zero emissions from own operations
by 2030 the latest

10% reduction of electricity consumption per
sq. m. by 2025 (base 2020)



People

- Sustainable suppliers
- Diversity enriches
- Healthy habits

Targets:

At least 20% share of managers with
international background

40-60% share of women in management

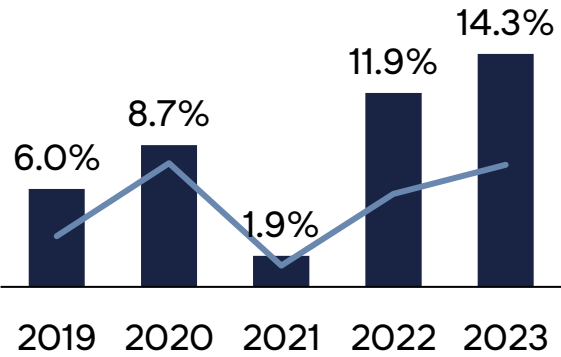
Sickness-related absences will not exceed **5.3%**

Financial position

Financial targets

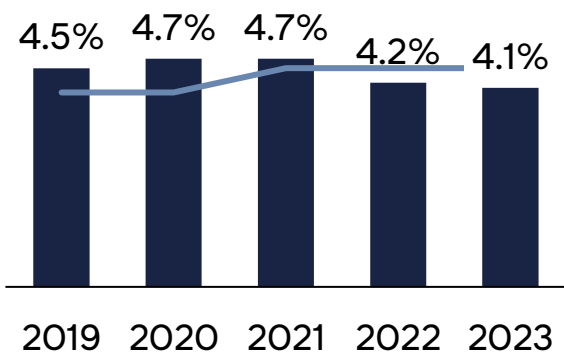
Grow more than the market

Growth in retail sales



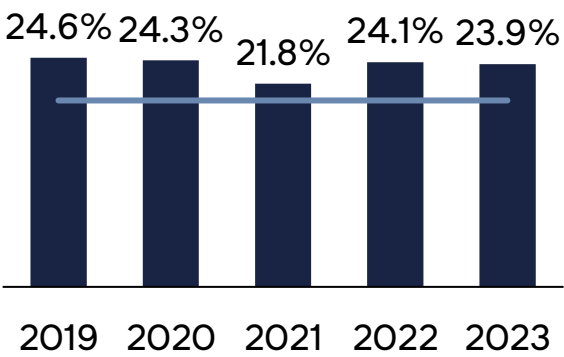
Long term operating margin at least 4.5%

Operating margin



Equity ratio at least 20% at year-end

Equity ratio



— Target
■ Outcome

Strong financial position

Net working capital as share of Group net sales

-3.2%

Equity ratio

23.9%

Net debt/EBITDA

1.5x

Return on capital employed

20.3%

Net debt/EBITDA (ex. IFRS 16)

0.0x

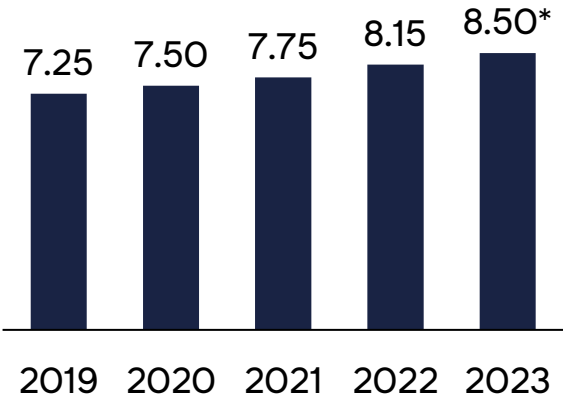
Return on shareholders' equity

35.0%

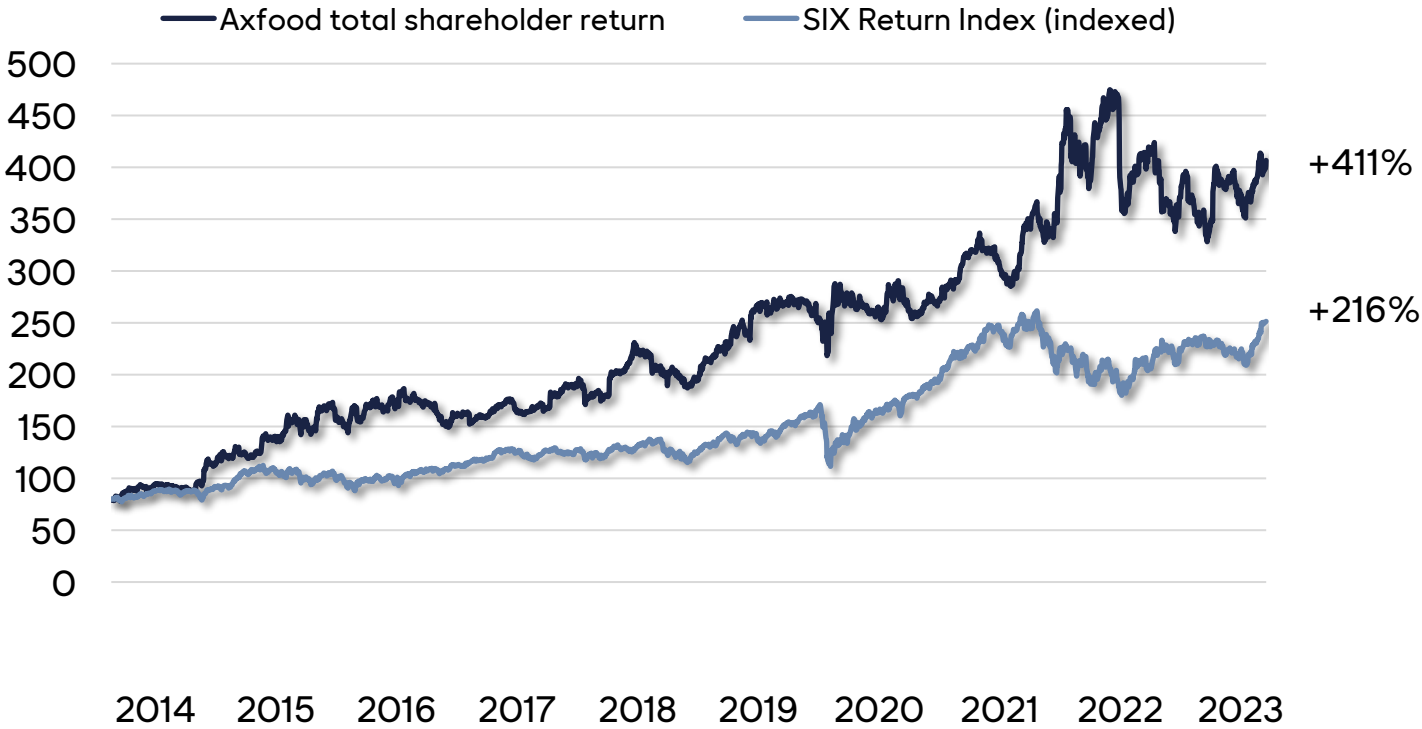
Dividend and total return

According to Axfood’s dividend policy, the shareholder dividend is to be at least 50% of profit after tax and is to be paid out on two occasions.

Dividend per share, SEK



*Proposed by the Board of Directors.



Investment case

01

Clear strategy in a non-cyclical and growing market

02

Family of well-positioned concepts in attractive segments

03

Sustainable economies of scale and close collaboration

04

Strong financial position and stable cash flow

05

Positive force in society

Summary



Well positioned in growing and changing market

- Axfood is a family of different and well-positioned concepts in close collaboration, with strong positions in prioritised segments.
- Axfood's vision is to be the leader in affordable, good and sustainable food. The purpose is to create a better quality of life for everyone and contribute to making people's lives better.

Read more about Axfood

- Axfood's website axfood.com is the Group's primary information channel and provides a wealth of information that is relevant for the company's stakeholders. The website provides, for example, current and historical financial information and information about the Group's operations, vision, mission and strategy, corporate governance and sustainability work.
- Follow us in social media:
 - [linkedin.com/company/axfood](https://www.linkedin.com/company/axfood)
 - Instagram: [@axfoodkoncernen](https://www.instagram.com/axfoodkoncernen)
 - [facebook.com/axfoodkoncernen](https://www.facebook.com/axfoodkoncernen)



Appendix

Affordable, good
and sustainable
food for everyone

Net sales
81.1bn

Efficient sourcing and logistics
for all brands and channels
Innovative development
of private label products

DAGAB

GROUP COMMON IT SYSTEMS

WILLY:S

Hemköp

tempo

Snabbgross

HANDLARN

MATÖPPET

UP
URBAN DELI

Middagsfrid®

eurocash

apohem

Minority shareholding:

CITY GROSS

Employees (FTEs)

13,185

Customer reach

4.5 million customers a week

337 Group-owned stores

136 franchise Hemköp

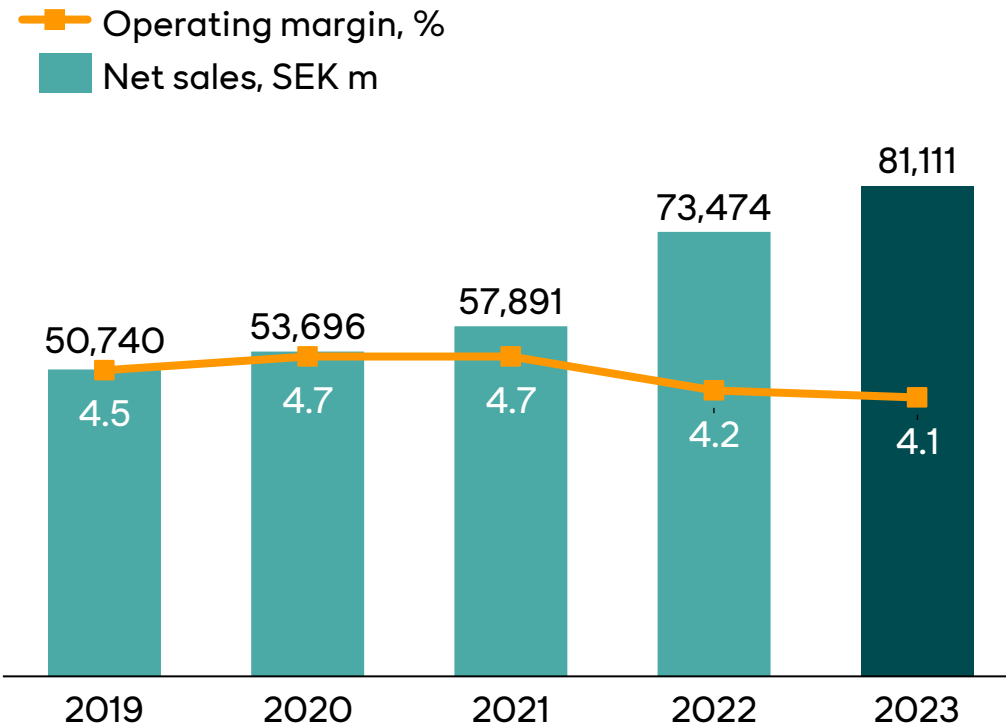
130 franchise Tempo

In total, collaborating with
more than **1,200** stores

5 online brands

BUSINESS DEVELOPMENT

Axfood

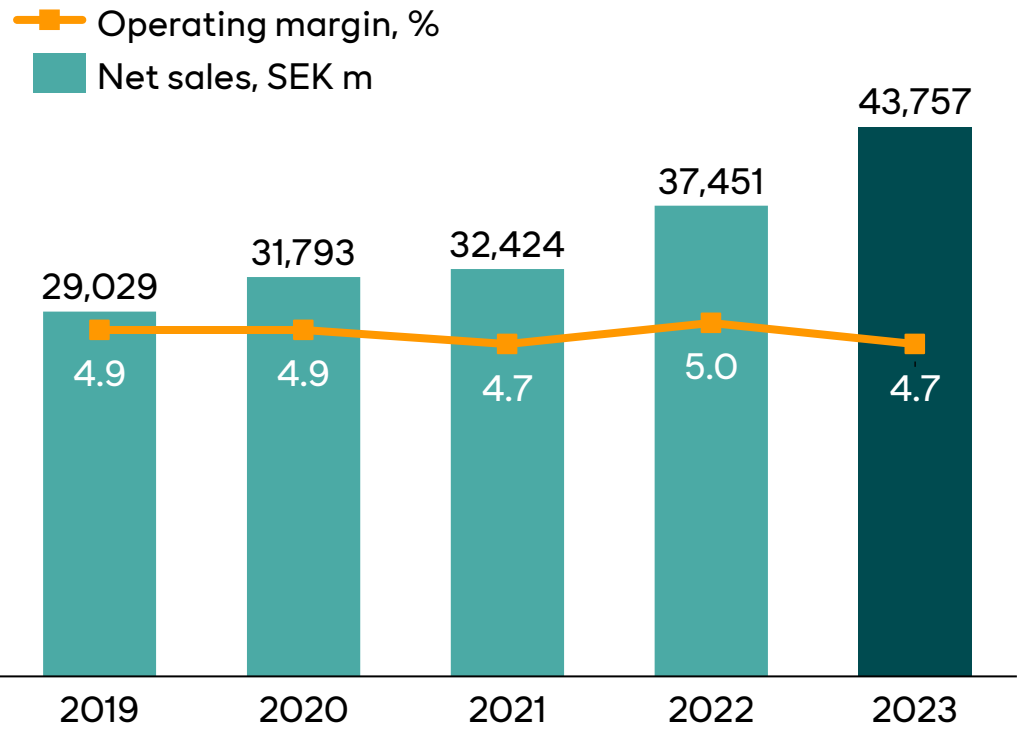


*Refers to store sales

**Excluding items affecting comparability.

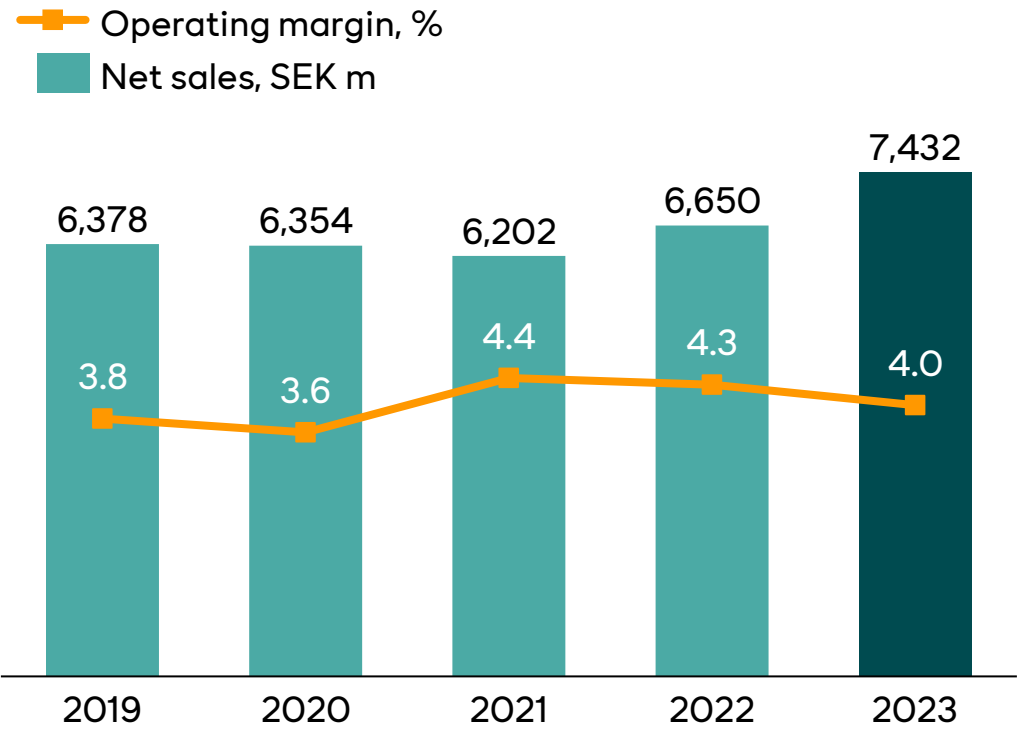
| Key ratios SEK m | 2023 | 2022 | Chg |
|--------------------------------|--------|--------|-------|
| Net sales | 81,111 | 73,474 | 10.4% |
| Change in like-for-like sales* | 12.0% | 10.4% | 1.6 |
| Operating profit | 3,353 | 3,101 | 8.1% |
| Adjusted operating profit** | 3,602 | 3,229 | 11.5% |
| Operating margin | 4.1% | 4.2% | -0.1 |
| Adjusted operating margin** | 4.4% | 4.4% | 0.0 |
| Number of stores: | | | |
| Group-owned | 337 | 325 | 12 |
| Franchise | 266 | 268 | -2 |

Willys



| Key ratios SEK m | 2023 | 2022 | Chg |
|-------------------------------|--------|--------|-------|
| Net sales | 43,757 | 37,451 | 16.8% |
| Change in like-for-like sales | 13.9% | 13.5% | 0.4 |
| Operating profit | 2,077 | 1,859 | 11.8% |
| Operating margin | 4.7 | 5.0 | -0.2 |
| Number of stores: | | | |
| Willys | 180 | 173 | 7 |
| Willys Hemma | 54 | 52 | 2 |
| Eurocash | 7 | 7 | - |

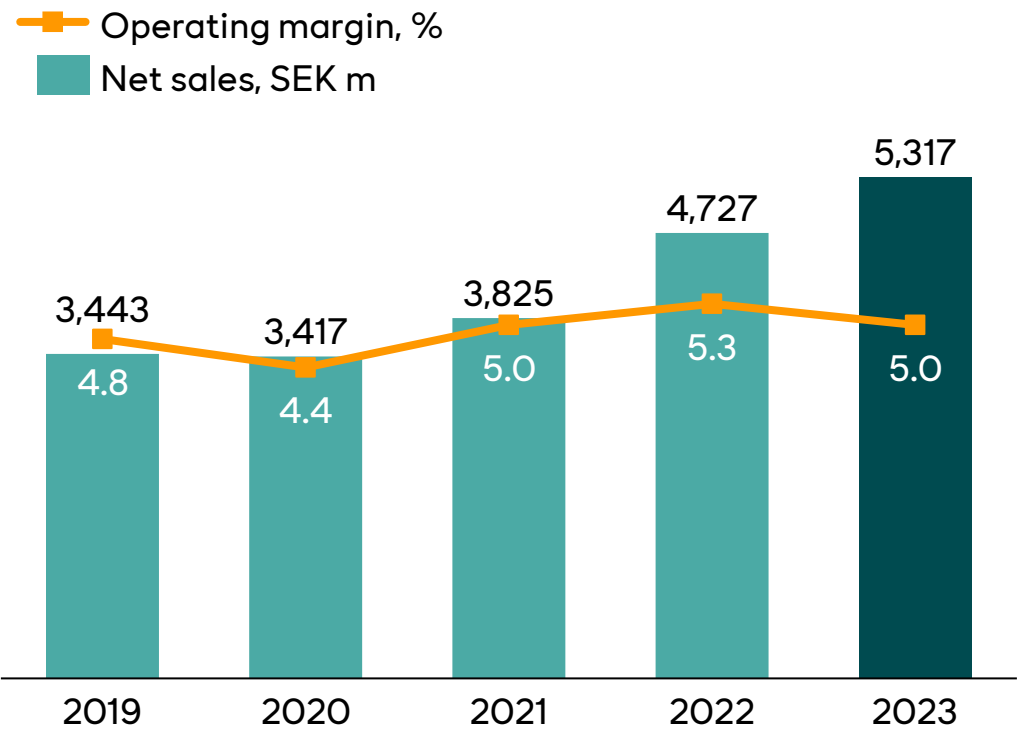
Hemköp



| Key ratios SEK m | 2023 | 2022 | Chg |
|--------------------------------|-------|-------|-------|
| Net sales | 7,432 | 6,650 | 11.8% |
| Change in like-for-like sales* | 7.9% | 4.5% | 3.4 |
| Operating profit | 300 | 283 | 5.9% |
| Operating margin | 4.0% | 4.3% | -0.2 |
| Number of stores: | | | |
| Group-owned | 66 | 64 | 2 |
| Hemköp, franchise | 136 | 137 | -1 |
| Tempo, franchise | 130 | 131 | -1 |

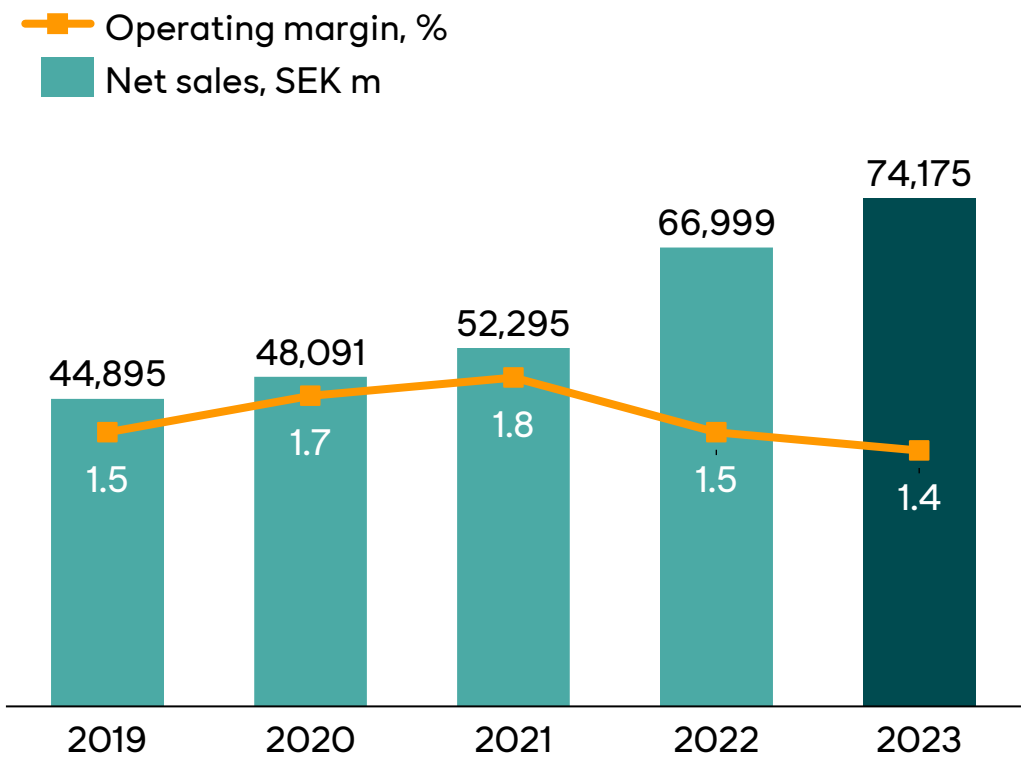
*Group-owned stores

Snabbgross



| Key ratios SEK m | 2023 | 2022 | Chg |
|-------------------------------|-------|-------|-------|
| Net sales | 5,317 | 4,727 | 12.5% |
| Change in like-for-like sales | 10.4% | 20.1% | -9.7 |
| Operating profit | 265 | 252 | 5.3% |
| Operating margin | 5.0% | 5.3% | -0.3 |
| Number of stores | 30 | 29 | 1 |

Dagab



| Key ratios SEK m | 2023 | 2022 | Chg |
|----------------------------|--------|--------|-------|
| Net sales | 74,175 | 66,999 | 10.7% |
| Operating profit | 1,021 | 978 | 4.5% |
| Adjusted operating profit* | 1,271 | 1,139 | 11.6% |
| Operating margin | 1.4% | 1.5% | -0.1 |
| Adjusted operating margin* | 1.7% | 1.7% | 0.0 |

*Excluding items affecting comparability.