

Affordable, good and sustainable food

Axfood company presentation 2023



Business review

This is Axfood

The Axfood Group 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. Customer meetings take place through more than 300 Group-owned stores, e-commerce and over 700 collaborating retailer-owned stores. In total, Axfood has more than 12,000 employees (FTEs) and net sales of more than 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 food production and consumption.

Axfood's 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.

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.

CITY GROSS

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

HANDLARN

Through its retailer-owned mini-marts, Handlar'n offers accessibility and proximity to groceries and services, 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

The online pharmacy Apohem* is an e-commerce challenger, featuring a full-scale retail pharmacy where customers can OTC products as well as prescription drugs.

Mathem

With a well-developed e-commerce platform and a wide assortment, Mathem* is one of Sweden's leading pure-play online grocery retailers with home delivery.

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, convenient 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

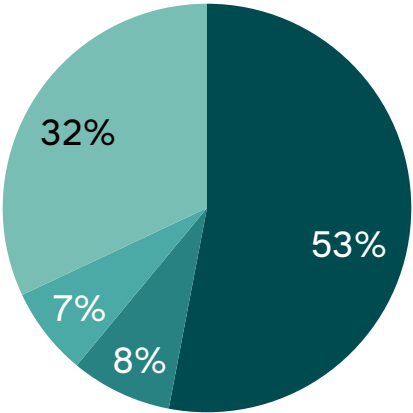
Dagab runs and develops the Group's assortment, purchasing and logistics. Dagab plays a key role in Axfood's efforts to continuously streamline the product flow.

*Partly owned by Axfood.

Net sales and operating profit breakdown in 2022

Operating segments' share of external net sales

Operating segments' share of operating profit



Million customers/week

4.5

Employees (FTEs)

12,772

Group-owned stores

325

Net sales (SEK bn)

73

Operating profit (SEK bn)

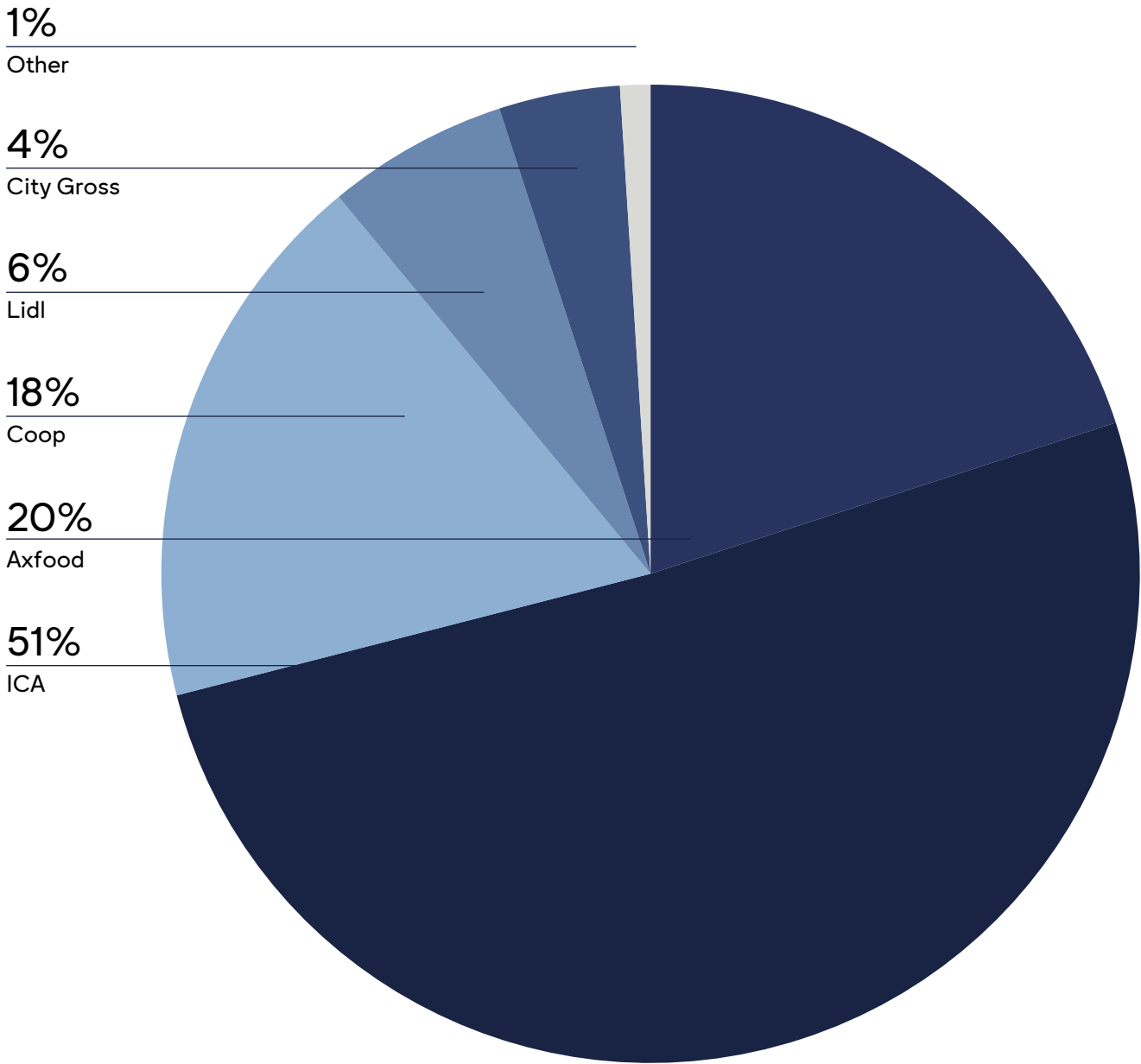
3.1

Operating margin

4.2%

Strong presence in Swedish food retail

Market shares in 2021



Source: Axfood's estimates. Full-year 2021 is used since complete public information is not available for 2022.

Strong presence in Swedish food retail

Market segments in 2021



Source: Axfood's estimates. Full-year 2021 is used since complete public information is not available for 2022.

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

Operations in 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.



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. First inbound deliveries to the new logistics centre in Bålsta. 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. Agreements signed for expanding and automating the existing high-bay warehouse in Backa, and the establishment of a new, large-scale and partly automated nationwide warehouse for fruits and vegetables in Landskrona.



Strategy

Clear direction for the future

With a strategic framework, concrete focus areas, a purpose-driven company culture and deep-rooted core values, Axfood offers affordable, good and sustainable food and creates a greater quality of life for everyone.

Vision

A leader in affordable, good and sustainable food

Business concept

A family of different concepts in collaboration

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 be a leader in the development of the simplest and best food experiences

Core values

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

Five reasons to work at Axfood

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.

Development opportunities

Our success begins with you. We embrace talent and ideas in an environment where it is appreciated when you dare to think in new ways. We encourage learning: if there's something you can't do, you can learn how. Growing and developing together with you enables us to lead the way and challenge an entire industry.

Part of the team

The team spirit is strong in every company, and as members of the Axfood family we are always helpful and responsive to each other. Our family affiliation is a key reason why we go to work with passion and energy.

Community engagement

With us, you have great opportunities to make an impact on the society we live in today and tomorrow. Initiative after initiative shows that we can make a big difference. We are looking for positive, innovative thinkers who together with us are driven to work with a sense of curiosity and engagement, with food, the environment and people in mind.

Passion for food and people

We serve a vital function in society and are proud to be part of everyone's daily lives. Together with you, we want to create better quality of life for all we meet and have an impact on.

Different concepts, one family

We are a unique group with different concepts in collaboration. With us, you have security and great development opportunities. With us, you can cooperate and develop both on your own and with other companies in the family. Thanks to our many backgrounds, competencies and experiences, we are stronger together.



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

Core values

The store is our stage

The customer's experience determines our future, and therefore we must all create a good customer experience – in every meeting and in every channel. We always put the customer first regardless of our role or function in the company. We listen to our customers to develop better business.

Here's what we do:

- Always prioritize the customer
- Embrace and drive change to meet the customer's needs
- Act fast

Together we are stronger

Our business is built on the entirety, and to achieve our goals we must work together. You are important, and our differences are needed to form a stronger team. Together we achieve results that benefit our customers.

Here's what we do:

- Help each other
- Show appreciation for others' contributions
- Respect each other and rely on others' competence

We challenge

By setting high goals and challenging established routines, we can create long-term value for ourselves and our customers. To live up to our vision we go our own way, take smart risks and focus on what we believe can make us stronger – whether it's small improvements in our daily work or big changes for the world around us.

Here's what we do:

- Strive for constant improvement
- Lead the way
- Take initiative

We are aware

It's in the details where we see the whole, which help us do better business. To prioritize right and make smart economic choices, we base our decisions on how they will impact our customers. This keeps it simple.

Here's what we do:

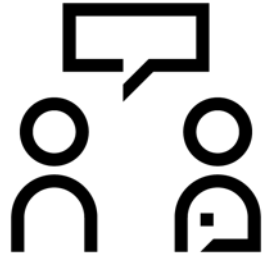
- Prioritize to maintain high quality
- Make things easy
- Follow decisions and are prudent with our resources

Strategic focus areas



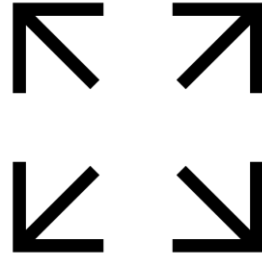
Customer offering

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



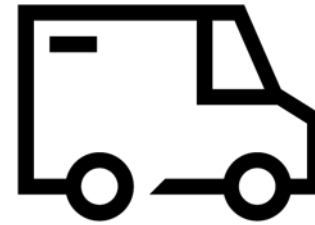
Customer meeting

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.



Our people

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 product 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 optimizing 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



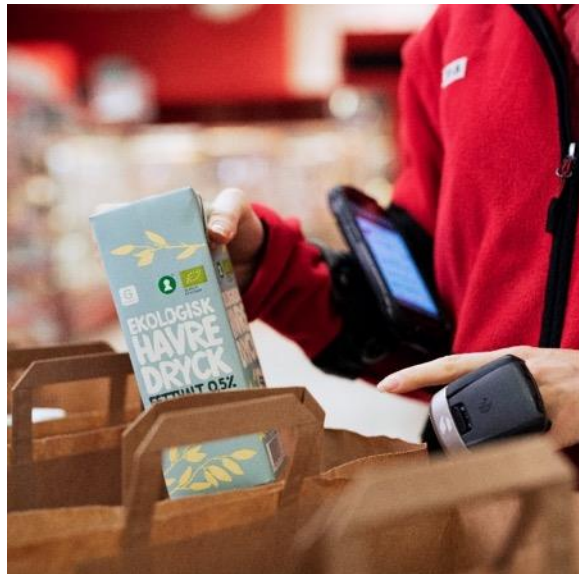
Broad contact network and advanced analysis to identify new store locations



A competitive e-commerce offering

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

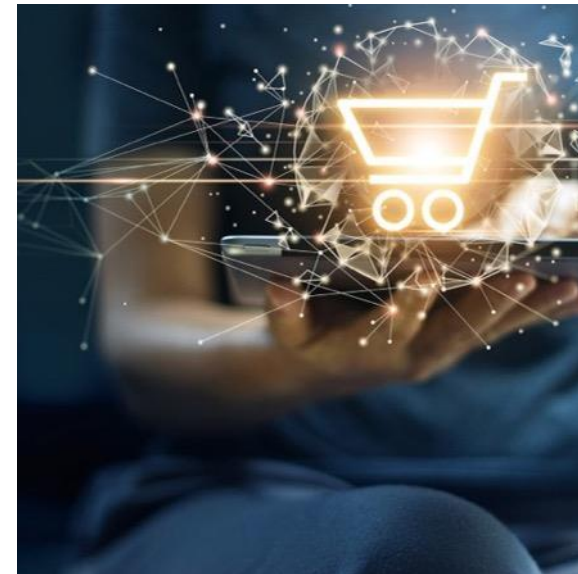
Five consumer brands, unique customer experiences



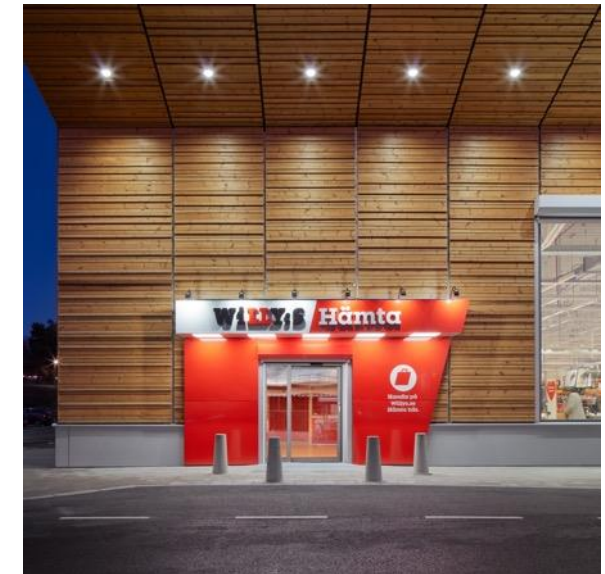
Differentiated business models, same market positions as in physical stores



Collaboration in logistics, IT and business development



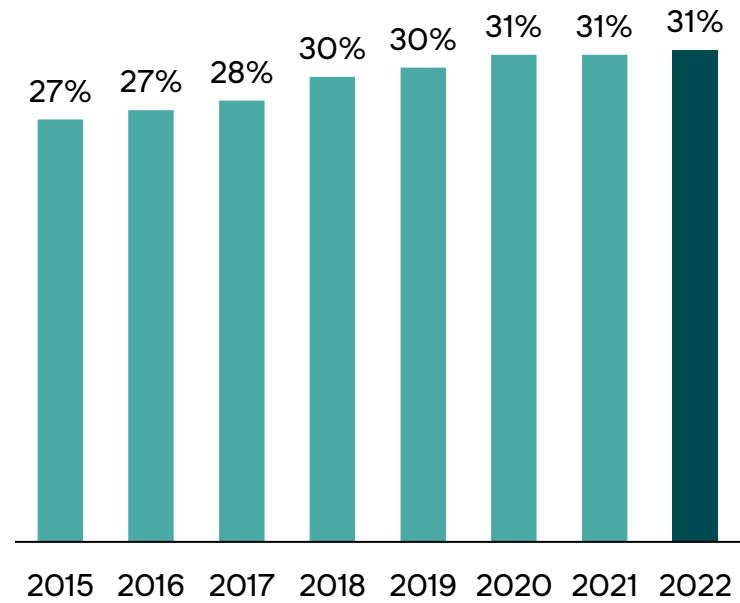
Innovative and customer-friendly functions, multiple delivery options



Differentiated private label products

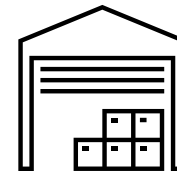
Private label products ensure a distinctive and efficient assortment.

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 Sweden's leading discount grocery chain, offering a broad range of products in both Group-owned stores and online. With 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

euromash

CITY
GROSS



Willys in brief

Sweden's leading discount grocery chain

- Willys is Sweden's leading discount grocery chain, offering a broad range of products in both Group-owned stores and online. With 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
- 232 stores, of which 173 Willys, 52 Willys Hemma and 7 Eurocash
- Average retail area: Willys 2,000–2,500 sq. m., Willys Hemma 600–800 sq. m., Eurocash 3,000–3,500 sq. m.
- Assortment: Willys approx. 9,000 items, Willys Hemma approx. 5,000 items, Eurocash approx. 10,000–15,000 items
- E-commerce through 149 stores
- Approx. 3.2 million members in the customer loyalty programme Willys Plus

All figures from 2022.

Net sales (SEK m)

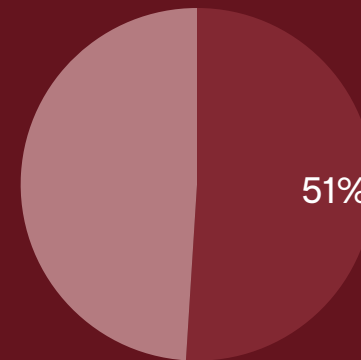
37,451

Operating profit (SEK m)

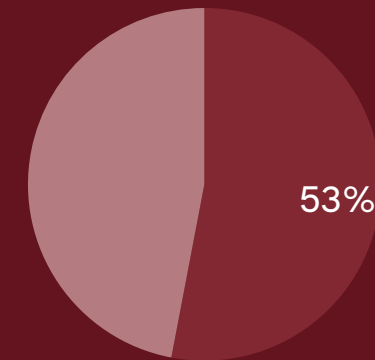
1,859

Willys' share of Axfood

Net sales*



Operating profit



*As share of external net sales.

Hemköp – passion for food and inspiration

Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Group-owned stores, retailer-owned stores and online business 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

Passion for food and inspiration

- Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Group-owned stores, retailer-owned stores and online business 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
- 201 Hemköp stores, of which 64 group-owned and 137 franchise, as well as 131 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 68 stores
- Approx. 1.8 million members in the customer loyalty programme Klubb Hemköp

Net sales (SEK m)

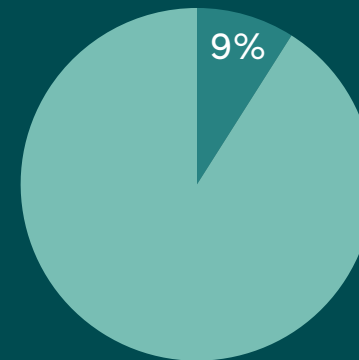
6,650

Operating profit (SEK m)

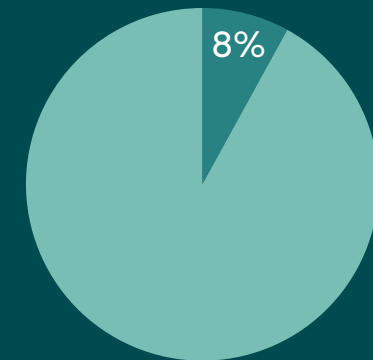
283

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
- 29 group-owned cash-and-carry stores, of which five Snabbgross Club
- Locally adapted units
- Average retail area: 2,000–2,500 sq. m.
- Assortment: approx. 12,000 items
- E-commerce to B2B customers through all stores

Net sales (SEK m)

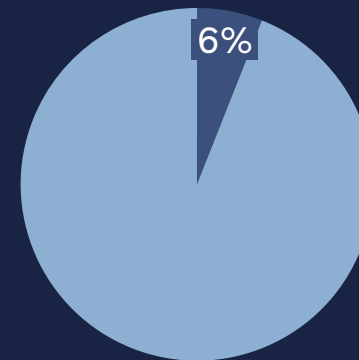
4,727

Operating profit (SEK m)

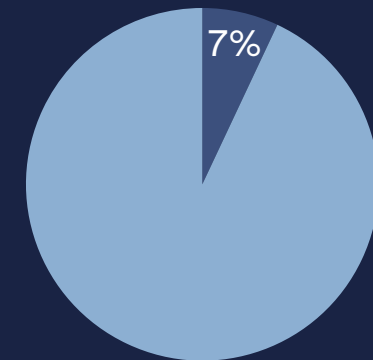
252

Snabbgross' share of Axfood

Net sales*



Operating profit



Dagab – sustainable product supply and more

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.

DAGAB**MATÖPPET**The logo for Urban Deli, featuring a stylized "UD" monogram above the words "URBAN DELI" in a sans-serif font.
URBAN DELI**Middagsfrid®****apohem**

Dagab in brief

Sustainable product supply and more

- 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 50,000 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 180 heavy-duty trucks and 90 light trucks
- Delivers to more than 7,000 stores and customers throughout all of Sweden

Net sales (SEK m)

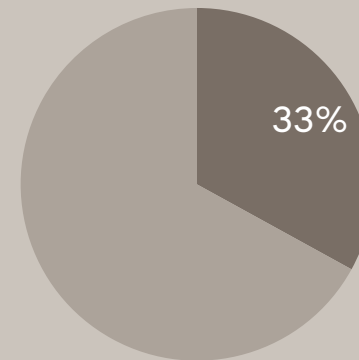
66,999

Operating profit (SEK m)

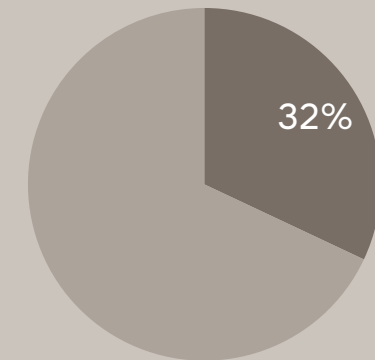
978

Dagab's share of Axfood

Net sales*



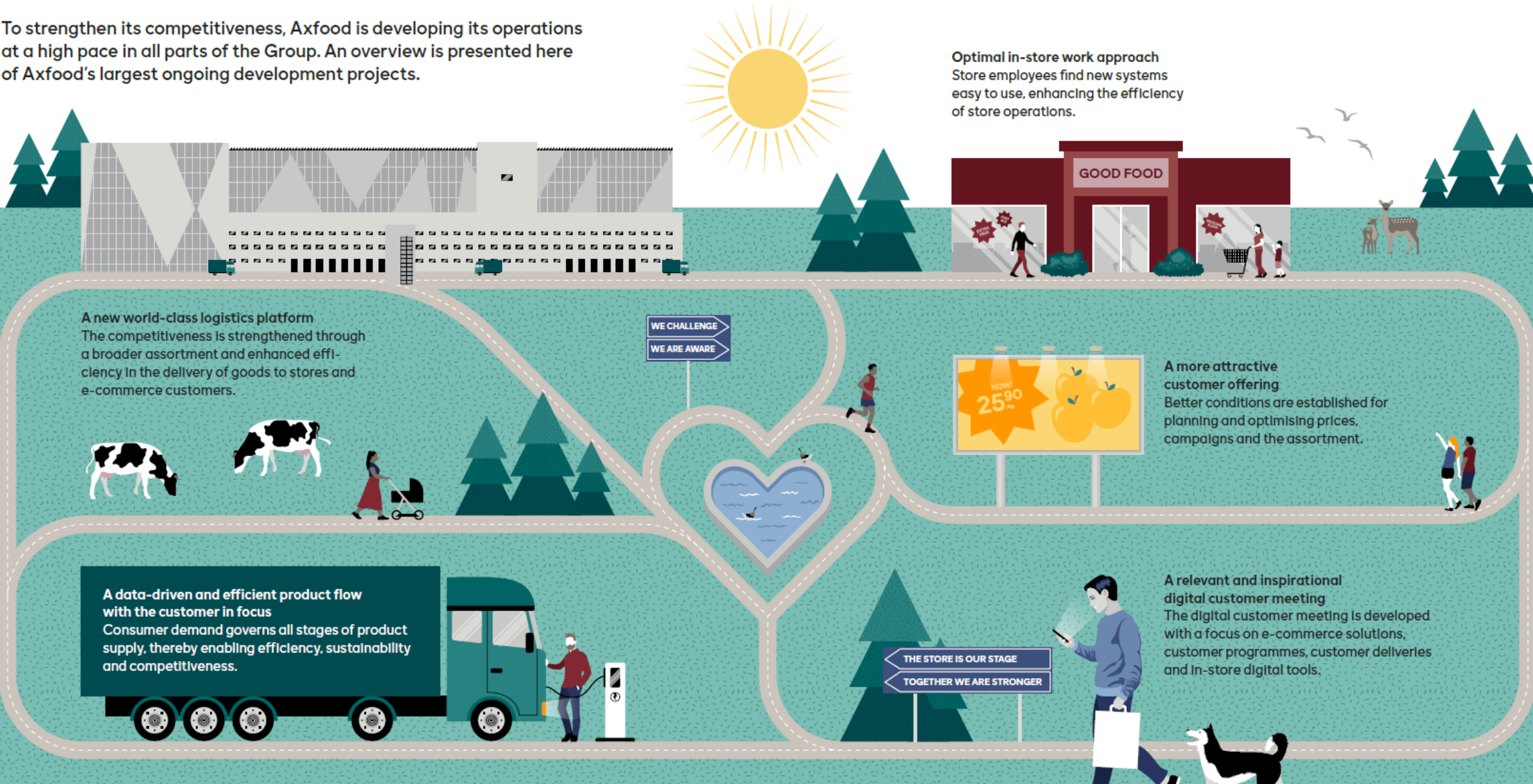
Operating profit



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 Axfood's largest ongoing development projects.



Establishing a new logistics platform

To create an 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 is building a new, highly automated logistics centre that will be 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 by the summer 2024



Bergendahls Food acquisition and City Gross partnership

On 1 October 2021, Axfood completed its acquisition of the wholesale business Bergendahls Food as well as a 9.9% minority position in City Gross which is part of a strategic partnership.

The acquisition creates economies of scale and synergies, and through greater efficiency and improvements in the assortment and logistics also benefits wholesale customers and consumers.



Partnership with Mathem

On 1 March 2022, Axfood entered a strategic partnership with Mathem, a pure-play online retailer with home delivery, with the divestment of Mat.se in exchange for Mathem shares corresponding to a total shareholding of 16.5%.

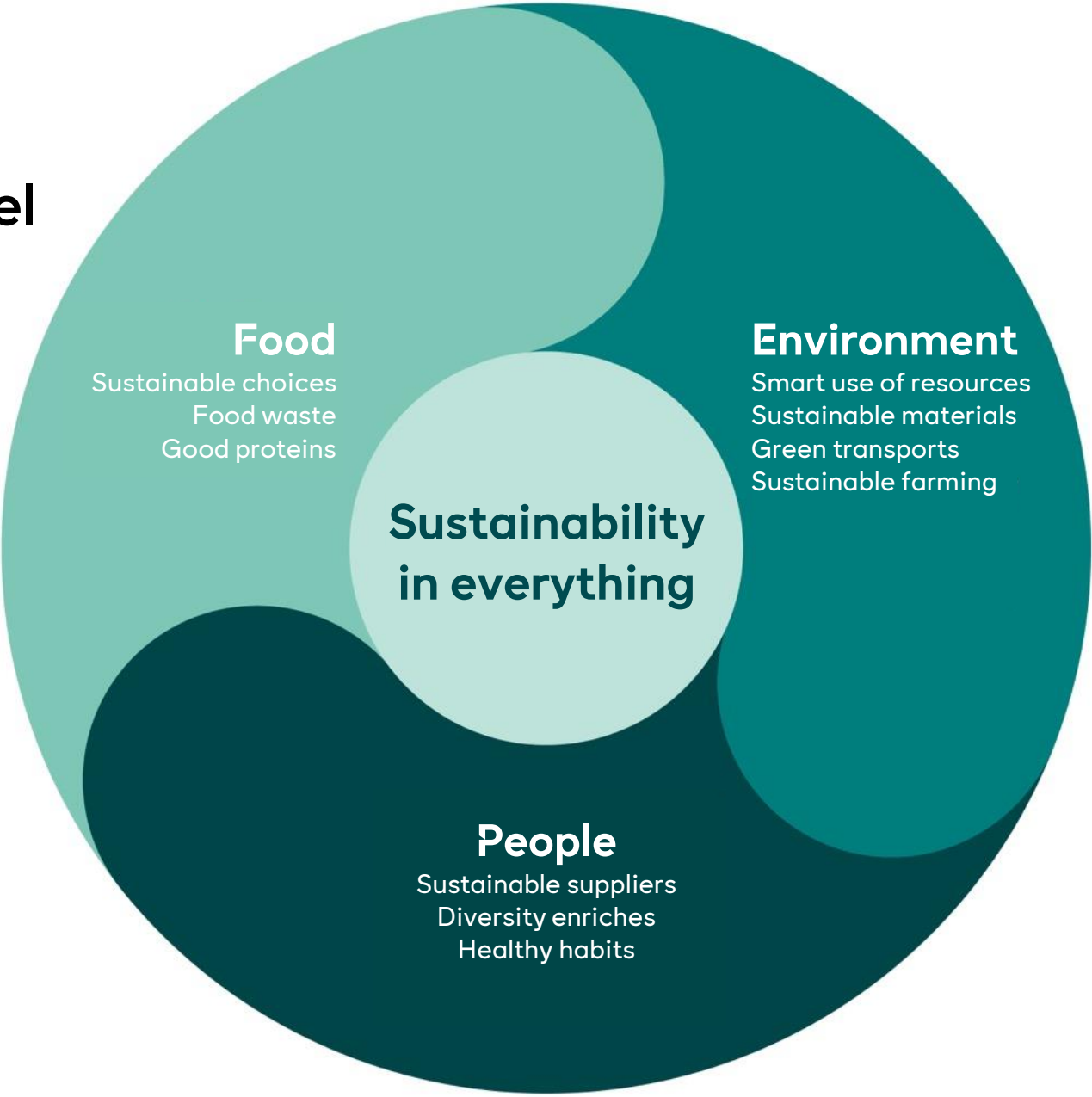
At the same time, Mathem entered a long-term delivery partnership with Dagab, Axfood's purchasing and logistics company.



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



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

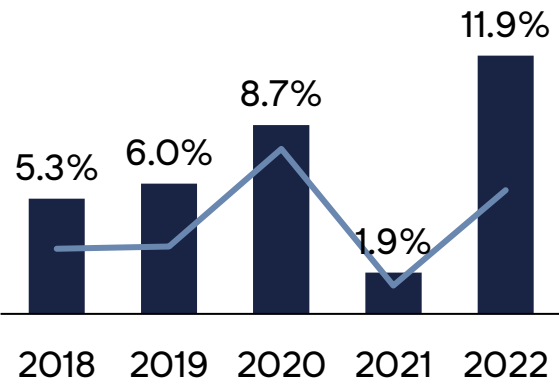
Sickness-related absences will not exceed **5.3%**

Financial position

Financial targets

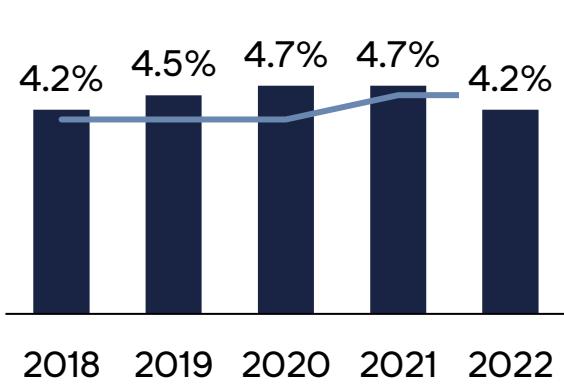
Grow more than the market

Growth in retail sales



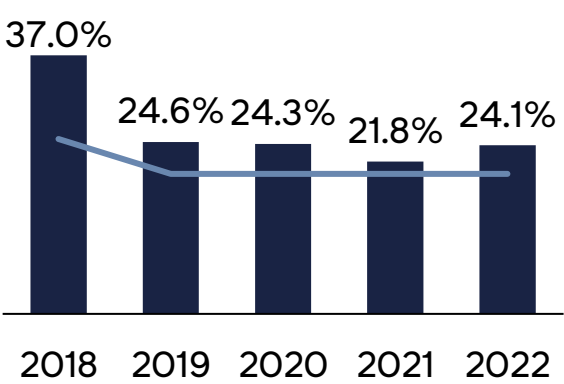
Long term operating margin of at least 4.5%

Operating margin*



Equity ratio of at least 20% percent at year-end

Equity ratio*



— Target
■ Outcome

*Including IFRS 16 from 2019.

Strong financial position

Net working capital as share of Group net sales

-3.5%

Equity ratio

24.1%

Net debt/EBITDA

1.6x

Return on capital employed

20.9%

Net debt/EBITDA (ex. IFRS 16)

0.0x

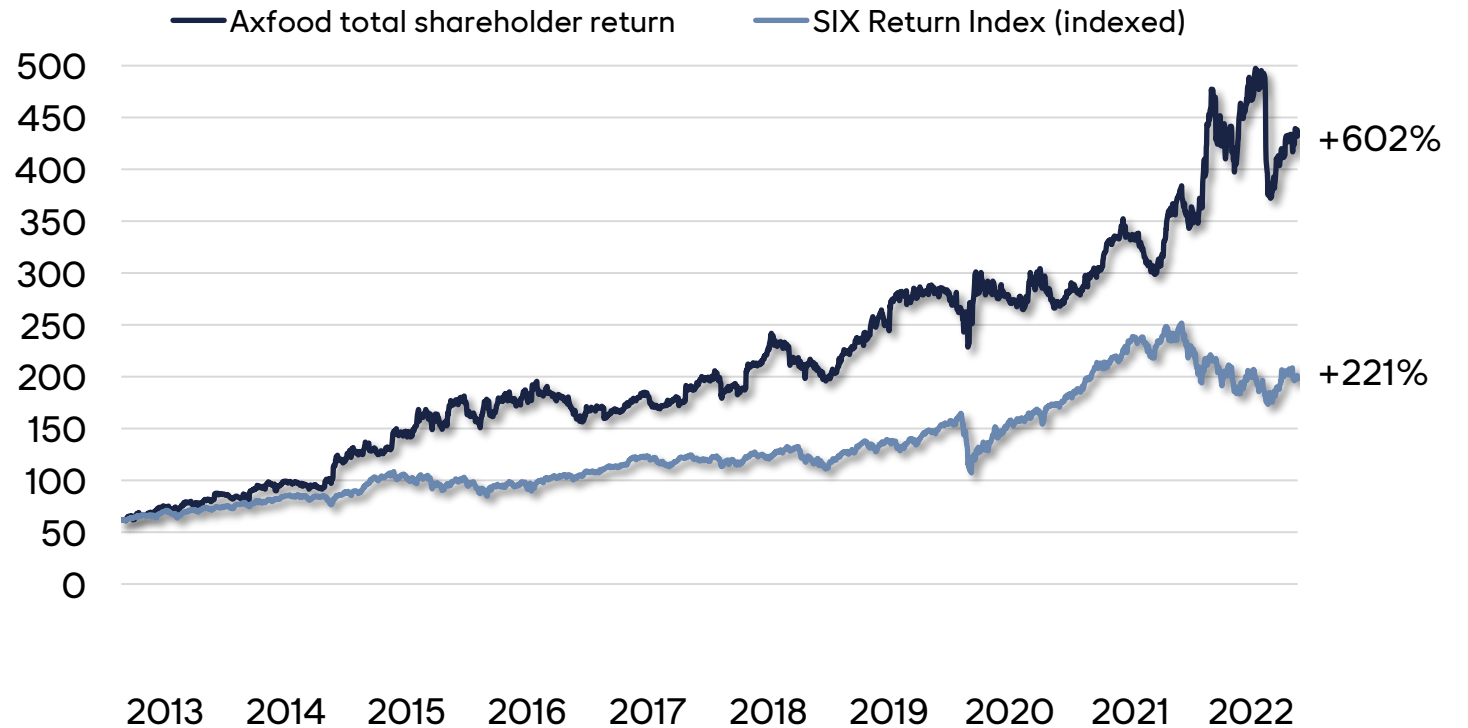
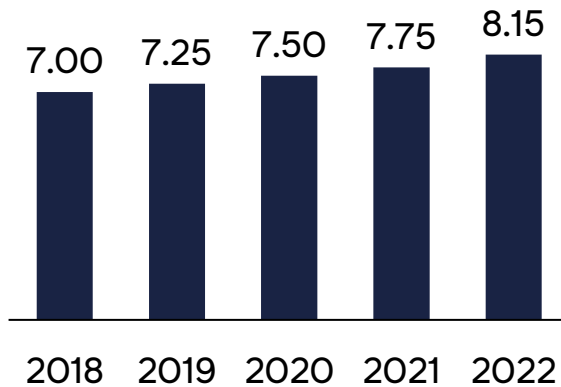
Return on shareholders' equity

40.8%

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



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
 - Instagram: @axfoodkoncernen
 - Twitter: @axfood
 - facebook.com/axfoodkoncernen



Appendix

Affordable, good
and sustainable
food for everyone

Net sales 2022
SEK 73.5 bn

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

URBAN DELI

Middagsfrid®

eurocash

apohem

Minority shareholding:

CITY GROSS

Mathem

Employees (FTEs)

12,772

Reach

~4.5 million customers every week

325 group-owned stores

137 franchise Hemköp

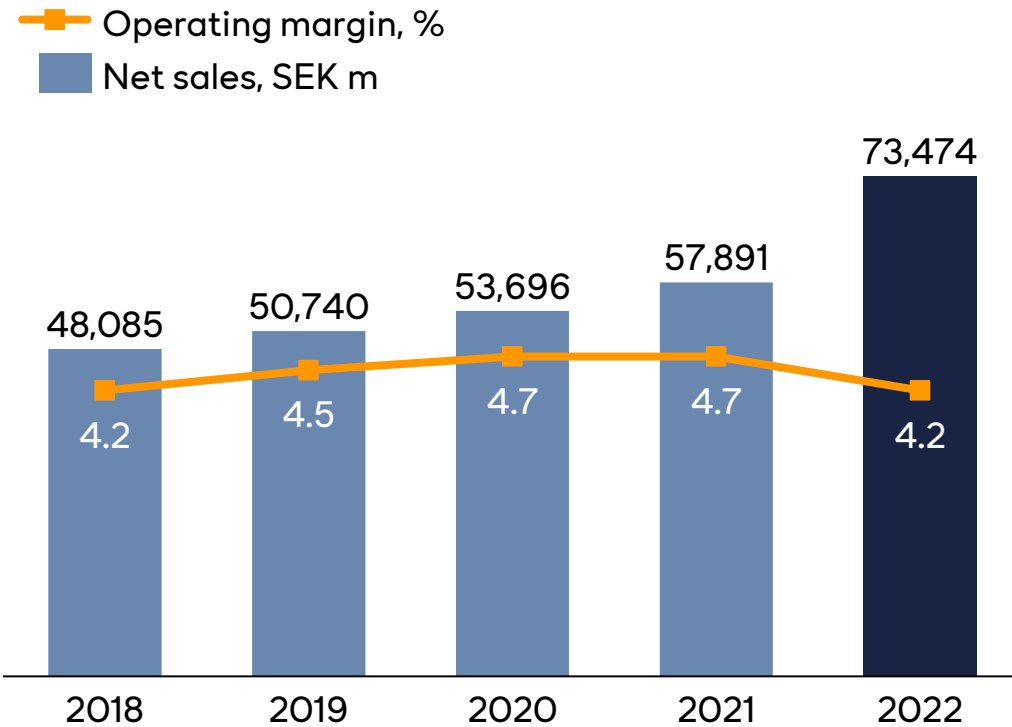
131 franchise Tempo

Collaboration with more than
1,200 stores in total

5 online brands

BUSINESS DEVELOPMENT

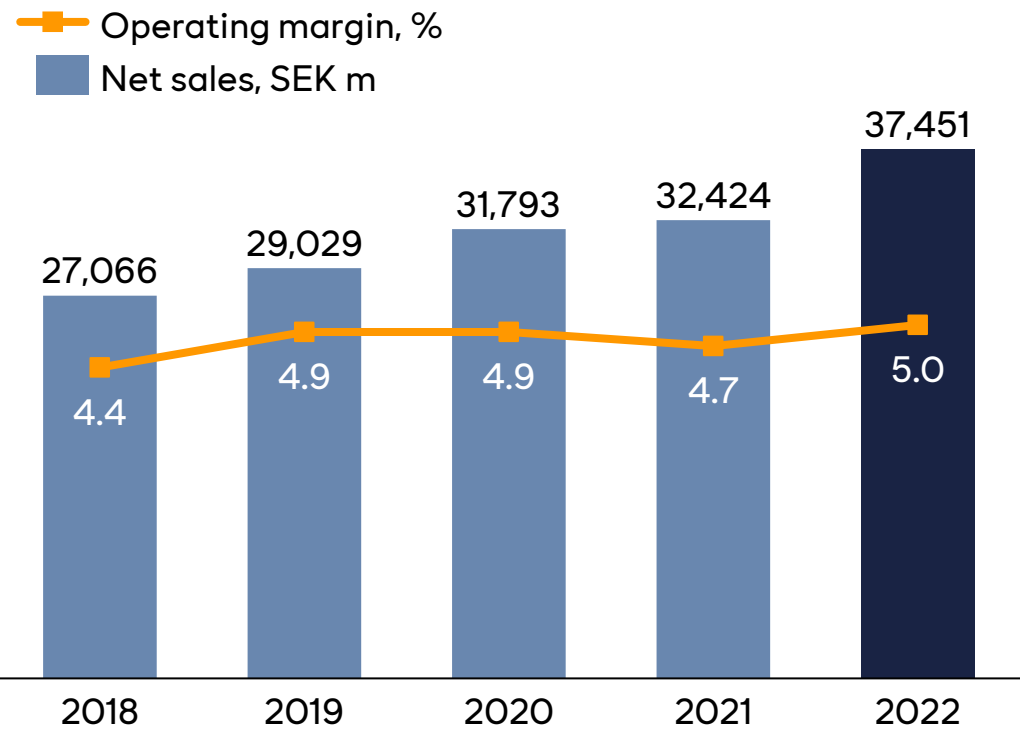
Axfood



*Refers to retail sales

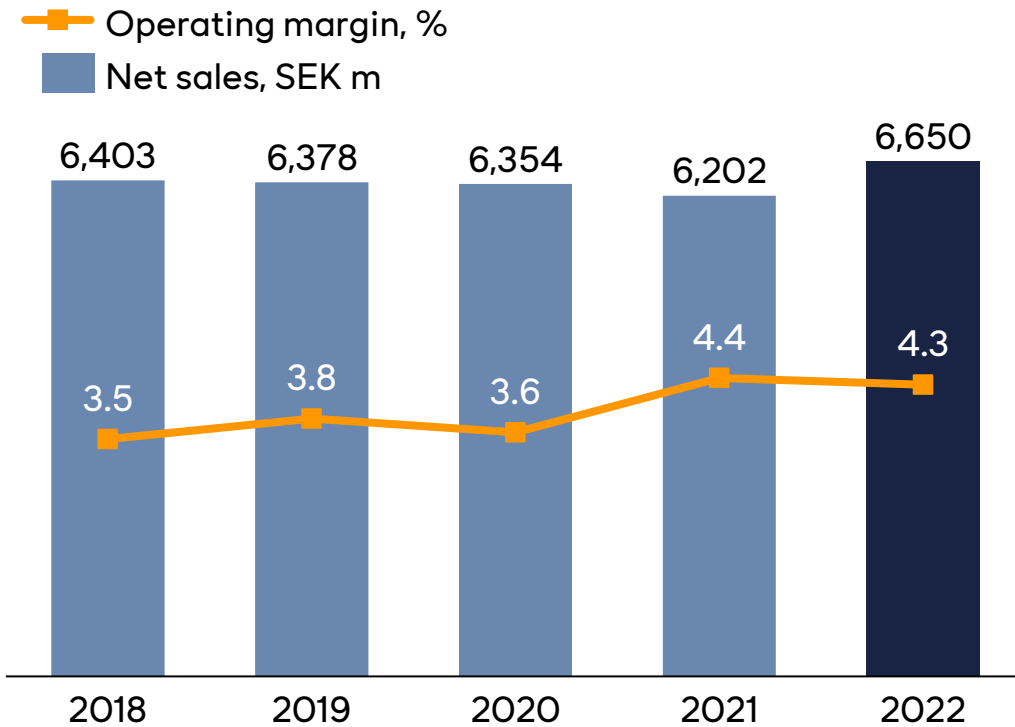
Key ratios, SEK m	2022	2021	Chg.
Net sales	73,474	57,891	26.9%
Change in like-for-like sales*	10.4%	0.3%	10.1
Operating profit	3,101	2,704	14.7%
Adjusted operating profit	3,229	2,690	20.1%
Operating margin	4.2%	4.7%	-0.5
Adjusted operating margin	4.4%	4.6%	-0.3
Number of stores:			
Egenägda	325	316	9
Handlarägda	268	264	4

Willys



Key ratios, SEK m	2022	2021	Chg.
Net sales	37,451	32,424	15.5%
Change in like-for-like sales	13.5%	0.0%	13.5
Operating profit	1,859	1,512	23.0%
Operating margin	5.0%	4.7%	0.3
Number of stores	232	226	6

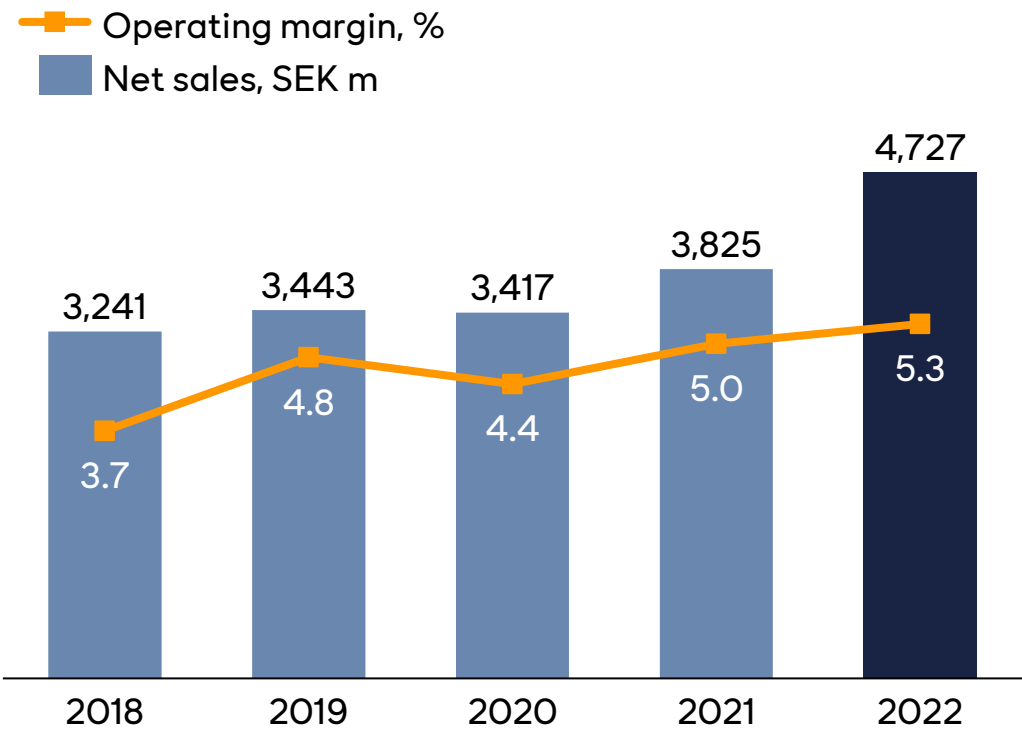
Hemköp



Key ratios, SEK m	2022	2021	Chg.
Net sales	6,650	6,202	7.2%
Change in like-for-like sales*	4.5%	1.1%	3.4
Operating profit	283	271	4.6%
Rörelsemarginal	4.3%	4.4%	-0.1
Number of stores:			
Egenägda	64	63	1
Hemköp, handlarägda	137	134	3
Tempo, handlarägda	131	130	1

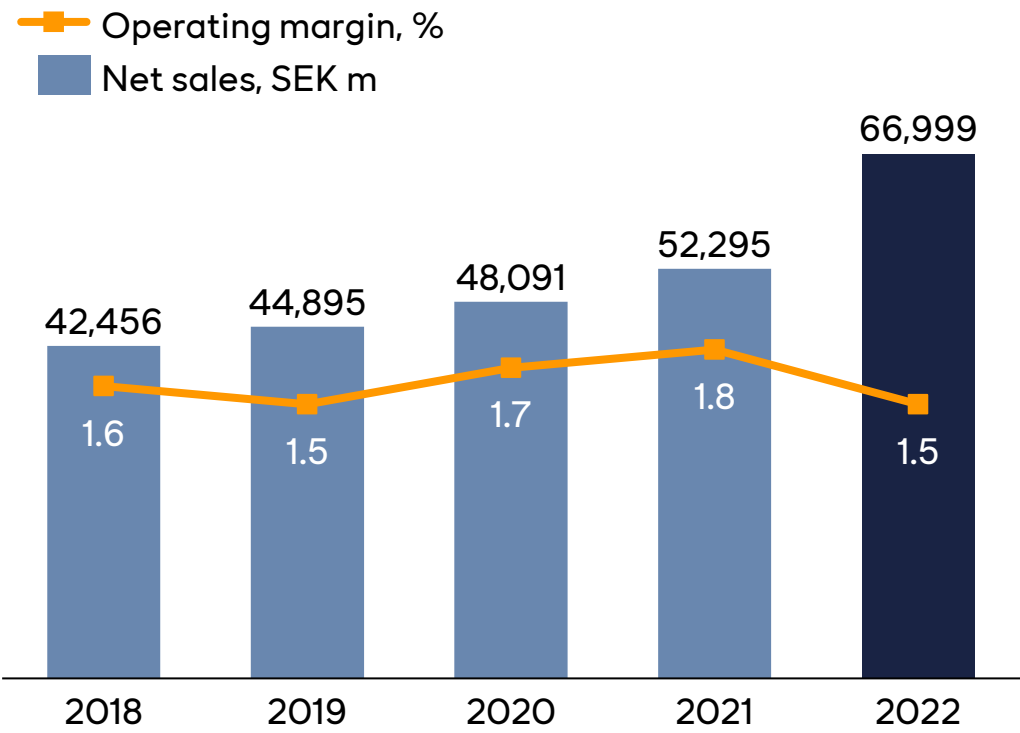
*Group-owned stores

Snabbgross



Key ratios, SEK m	2022	2021	Chg.
Net sales	4,727	3,825	23.6%
Change in like-for-like sales	20.1%	9.3%	10.8
Operating profit	252	193	30.5%
Operating margin	5.3%	5.0%	0.3
Number of stores	29	27	2

Dagab



Key ratios, SEK m	2022	2021	Chg.
Net sales	66,999	52,295	28.1%
Operating profit	978	932	4.9%
Adjusted operating profit	1,139	976	16.7%
Operating margin	1.5%	1.8%	-0.3
Adjusted operating margin	1.7%	1.9%	-0.2
Delivery reliability	90.6%	95.4%	-4.8