

Axfood company presentation

2022

Axfood

This is Axfood

Axfood is a leader 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 600 collaborating franchise stores.

In total, Axfood has more than 12,000 employees (FTEs), net sales of approximately SEK 58 billion and an operating margin of 4.7%.

Axfood aspires to be, and to be recognised as, a strong force in society and to work together with stakeholders and decision-makers in society to drive development toward more sustainable consumption.

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

All data from 2021.



Axfood



Axfood in figures 2021

Net sales

SEK 57,891 m

Store sales

SEK 47,835 m

Operating profit

SEK 2,704 m

Operating margin

4.7%

Earnings per share
before dilution

SEK 10.28

Cash flow from
operating activities

SEK 4,590 m

Axfood

A family of distinctive concepts in collaboration

WILLY:S

Willys, with Sweden's cheapest bag of groceries, is the leading discount grocery chain, featuring a wide assortment in Group-owned stores and online.



Handlar'n comprises retailer-owned mini-marts offering accessibility and proximity to groceries and services.

Snabbgross

Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés.

*Partly owned by Axfood.

Hemköp

Hemköp offers an attractively priced, wide assortment with a rich offering of fresh products in Group-owned stores, franchise stores and online.



Middagsfrid is the weekday hero, offering pre-planned meal kits with online recipes.



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



Tempo is a mini-mart format of franchise stores where customers are greeted in familiar environment.

apohem

Apothem* is a full-scale online retail pharmacy with OTC and prescription drugs.

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.



Eurocash* is one of the leading grocery chains along the Norwegian border.



Urban Deli is a combination of restaurant and market hall with own food production.

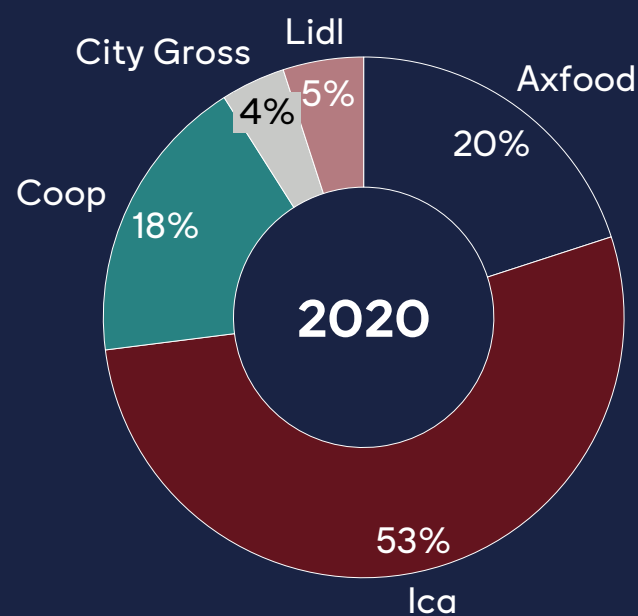
Mathem

Mathem* is the online grocery store offering groceries, kitchen products, home decoration and pharmacy products.

Axfood

Strong presence in Swedish food retail

Market shares



Market segmentation

Discount							
Hard discount	Soft discount	Hypermarkets		Traditional grocery		Mini-marts	Online
5%	11%	25%		46%		8%	5%
Items:	3,000–4,000	5,000–12,000	12,000–20,000	10,000–15,000	1,000–5,000	10,000–15,000	
Brands:	Lidl	Willys, Willys Hemma, Eurocash	City Gross, ICA Maxi, Stora Coop,	Hemköp, Coop, ICA Supermarket, ICA Kvantum, and others	Tempo, Handlar'n, Direkten, ICA Nära, 7-Eleven, Pressbyrå, Coop, and others	Willys, Mat.se, Hemköp, ICA, Mathem, Coop, and others	
Locations:	Residential and external	Residential and external	External	City centres and residential	Roadside and residential		

Source: Axfood's estimates for full-year 2020. The full year 2020 is used as complete public information is missing for 2021.

20 years as a positive force for change

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**.

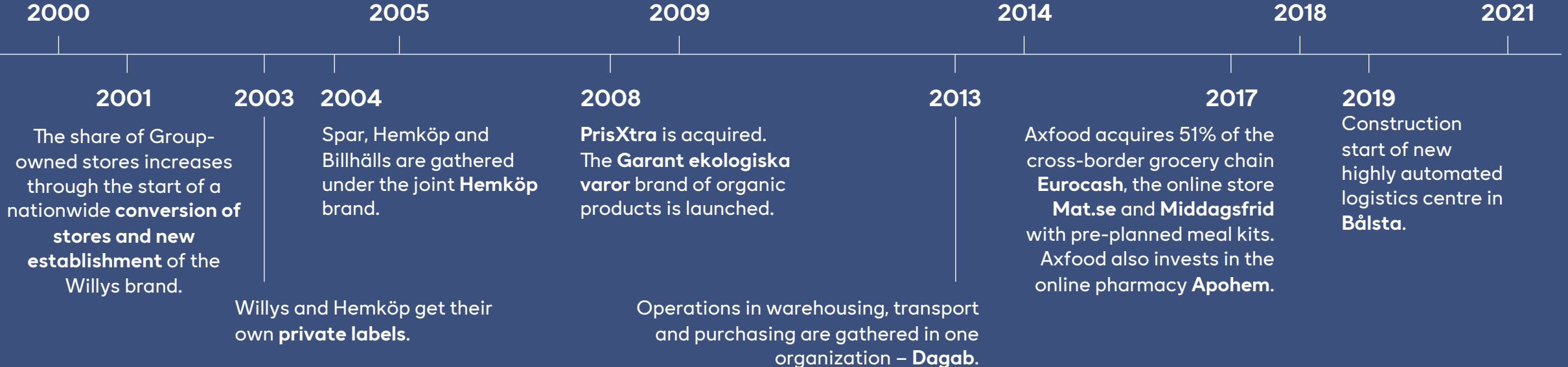
Axfood sells its holding in **Spar Finland** and leaves the Finnish market.

Implementation of new **SAP business system**. Axfood acquires 50% of the restaurant chain **Urban Deli**.

The **Garant** private label brand is launched.

Acquisition of **Bergendahls Food** and minority stake in **City Gross**. Agreement to merge Mat.se with **Mathem** that was completed on 1 March 2022. Agreements signed for a new, automated **e-commerce warehouse** in Backa in Gothenburg, 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.

Inauguration of new automated perishable warehouse in **Jönköping**. Axfood's ownership in **Urban Deli** increases from 50% to 90%.



Clear direction for the future

With a strategic framework, concrete focus areas, a purpose-driven company culture and deep-rooted core values, we can offer affordable, good and sustainable food, make a difference and create value for our stakeholders.

Vision

A leader in affordable, good and sustainable food.

Core values

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

Purpose

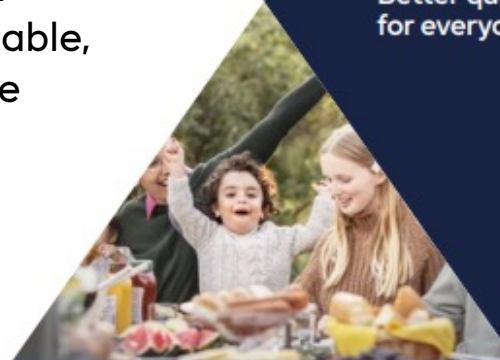
Better quality of life for everyone.

Strategy

- Customer offering
- Customer meeting
- Expansion
- Supply chain
- Work approach
- Our people

Business concept

A family of different concepts in collaboration.



Axfood

Objectives that set the direction

Axfood's purpose is to create a better quality of life for everyone. This means that we can contribute to making people's lives better. We work to improve and simplify life around food for everyone we impact through our different concepts, operations and brands. The purpose consists of four objectives that set the direction toward 2030.

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

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

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

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

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

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

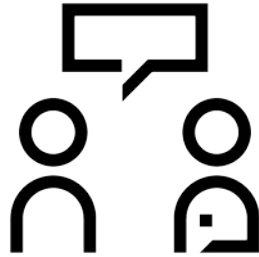
Axfood

Strategic focus areas



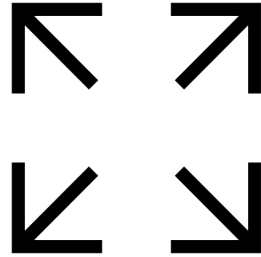
Customer offering

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



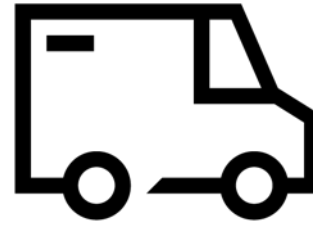
Customer meeting

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.



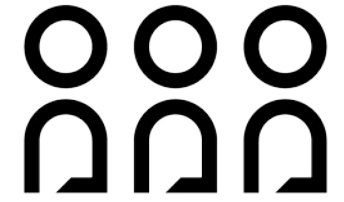
Supply chain

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.

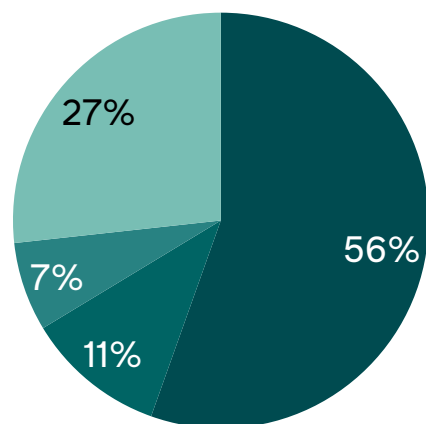


Our people

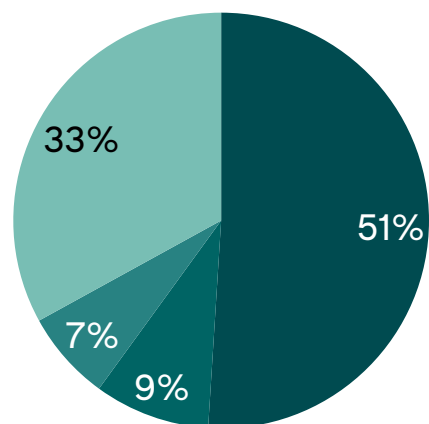
Axfood aspires to be the market's most attractive employer and to engage and help its employees to develop the right skills and work approach.

Net sales and operating profit 2021

External net sales per operating segment



Operating profit per operating segment



Axfood

Business model – three processes

1 Purchasing and assortment

Choice of suppliers, price negotiations and purchasing

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

2 Logistics

Modern and efficient logistics

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

3 Sales channels and concepts

Stores, customers and passion for food

- 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



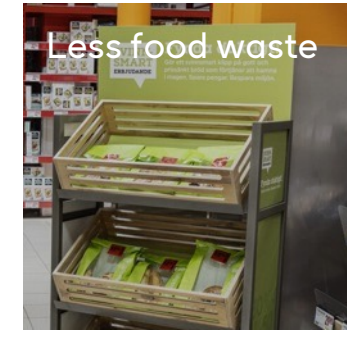
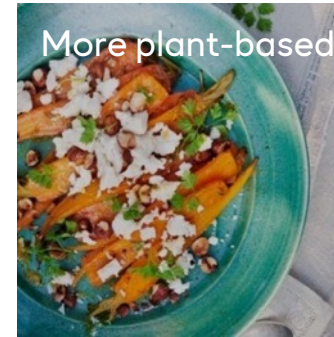
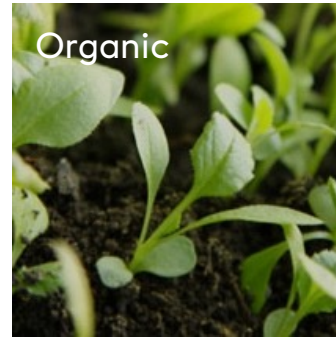
Price value



Meal solutions

Good and sustainable food

Good food
Good for me



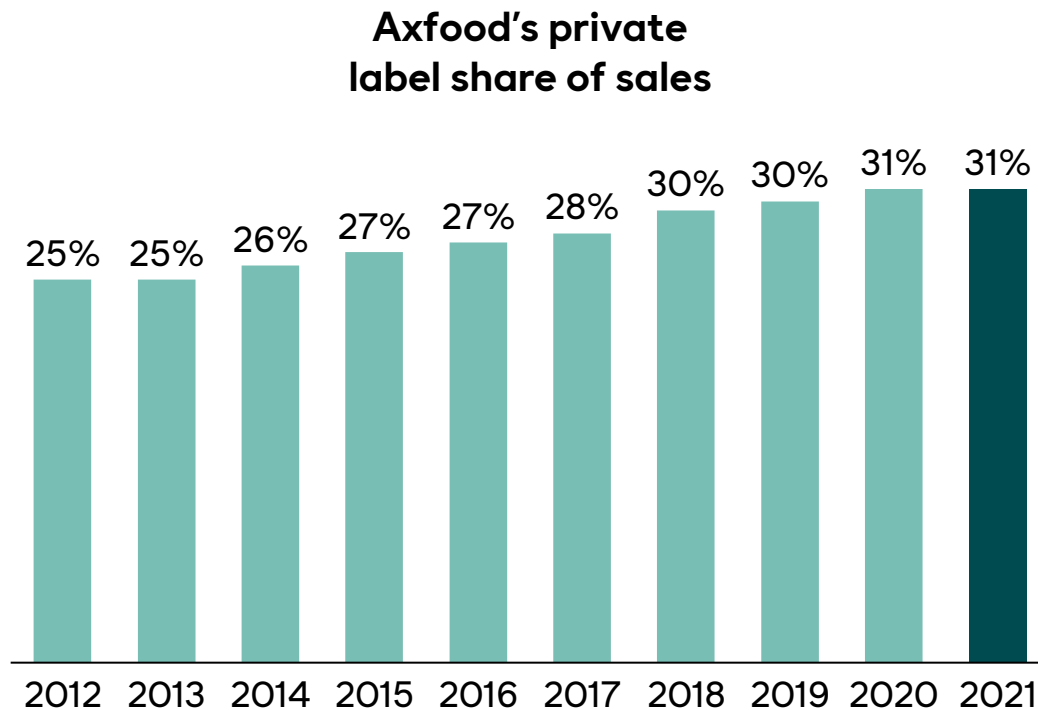
Sustainable food
Good for the
environment



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Differentiated private labels

Private label products ensure a distinctive and efficient assortment.



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Efficient and modern logistics



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



Efficient logistics with route optimization and high capacity utilization in transports



Through greater automation, warehousing efficiency can be significantly increased

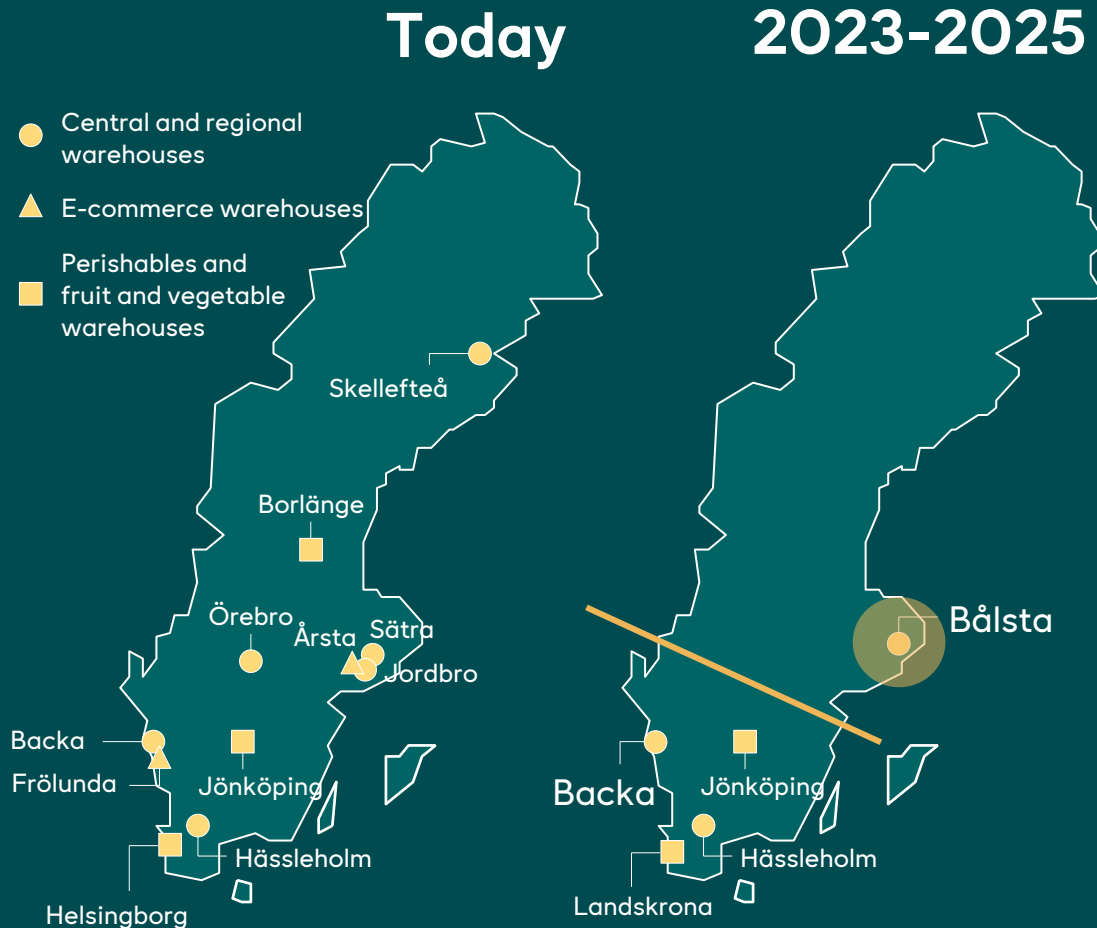


Green transition of the delivery fleet – all trucks can be driven on alternatives to fossil fuels



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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.
- New and automated e-commerce warehouse in Backa, Gothenburg.
- Automation in existing high bay warehouse in Backa, Gothenburg.
- 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

- Planned to be fully operational in 2023
- Deliveries to stores and e-commerce customers
- Strengthens customer offering and improves delivery quality and service through modern and more efficient warehousing processes



Willys

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. Willys also includes the partly owned cross-border grocery chain Eurocash and a minority stake in City Gross.



Willys at a glance

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. Willys also includes the partly owned cross-border grocery chain Eurocash and a minority stake in City Gross.
- 226 stores, of which 168 Willys, 51 Willys Hemma and 7 Eurocash
 - Retail area: Willys 1,100–4,700 sq. m., Willys Hemma 300–1,200 sq. m., Eurocash 1,200–4,500 sq. m.
 - Assortment: Willys approx. 9,000 items, Willys Hemma approx. 5,000 items, Eurocash approx. 10,000–15,000 items
- Online shopping via 126 stores in 77 cities
- Approximately 3 million members in the Willys Plus customer programme

All data from 2021.

Net sales 2021

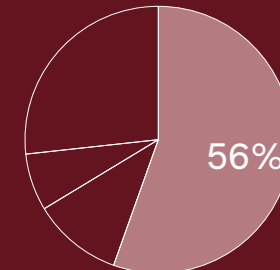
SEK 32,424 m

Operating profit 2021

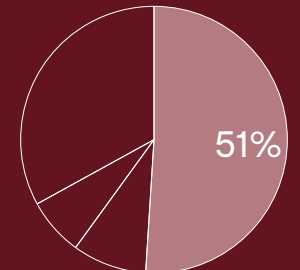
SEK 1,512 m

Segment's share of Axfood Group 2021

Net sales*



Operating profit



* Refers to external net sales.

Axfood

Hemköp

Passion for food and inspiration

Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. The chain's Group-owned stores, franchise stores and online business aim to inspire good meals in a simple and well thought-out manner. Hemköp also includes Tempo, a mini-mart format comprising franchise stores.



Hemköp at a glance

Passion for food and inspiration

- Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. The chain's Group-owned stores, franchise stores and online business aim to inspire good meals in a simple and well-thought-out manner. Hemköp also includes Tempo, a mini-mart format comprising franchise stores.
- 197 Hemköp stores, of which 63 are Group-owned and 134 are franchises, and 130 franchise stores in Tempo
 - Retail area: Hemköp 400–4,000 sq. m., Tempo 300–500 sq. m.
 - Assortment: Hemköp approx. 10,000–12,000 items, Tempo approx. 4,500 items
- Online shopping via 70 stores in 42 cities
- More than 1.7 million members in Klubb Hemköp customer programme

All data from 2021.

Net sales 2021

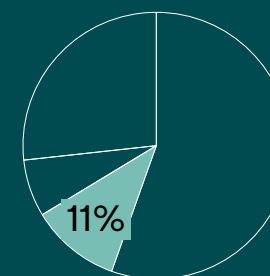
SEK 6,202 m

Operating profit 2021

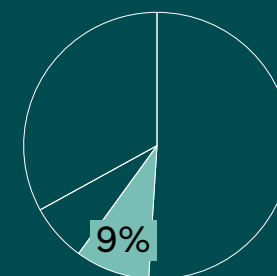
SEK 271 m

Segment's share of Axfood Group 2021

Net sales*



Operating profit



* Refers to external net sales.

Snabbgross

A leading restaurant wholesaler

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.



Axfood

Snabbgross at a glance

A leading restaurant wholesaler

- 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.
- 27 Group-owned cash-and-carry stores, of which two Snabbgross Club
 - Locally adapted units
 - Retail area: 800–4,000 sq. m.
 - Assortment: approx. 12,000 items
- E-commerce for B2B customers through all stores

All data from 2021.

Net sales 2021

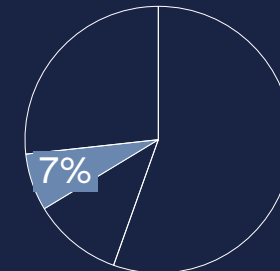
SEK 3,825 m

Operating profit 2021

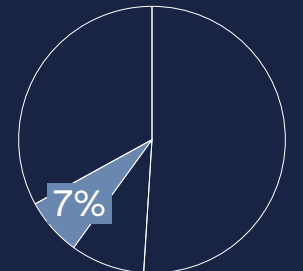
SEK 193 m

Segment's share of Axfood Group 2021

Net sales*



Operating profit



* Refers to external net sales.

Axfood

Dagab

Efficient, sustainable product supply

Dagab handles the assortment, purchasing and logistics for the entire Axfood family as well as for external B2B customers. The Dagab segment also includes Middagsfrid with its pre-planned meal kits, the online pharmacy Apohem, and the Urban Deli restaurant chain.



Dagab at a glance

Efficient, sustainable product supply

- Dagab handles the assortment, purchasing and logistics for the entire Axfood family as well as for external B2B customers. The Dagab segment also includes 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
 - Approx. 600,000 cases handled daily, plus approx. 6,000 daily deliveries with high level of delivery reliability
- The Dagab segment also includes Middagsfrid with pre-planned meal kits, the online pharmacy Apohem, and the restaurant chain Urban Deli

All data from 2021.

Net sales 2021

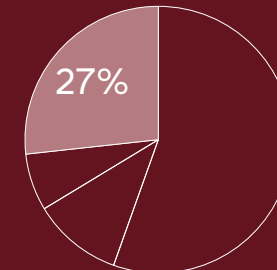
SEK 52,295 m

Operating profit 2021

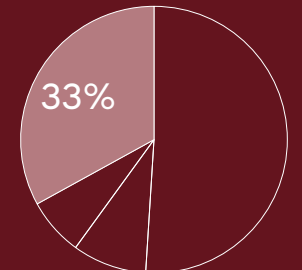
SEK 976 m

Segment's share of Axfood Group 2021

Net sales*



Operating profit



*Refers to external net sales.

Axfood

Growing e-commerce

**Strong digital presence
and broad offering**

Five B2C
brands

Differentiated
business models

Unique customer
experiences

Collaboration in
logistics, IT and
business
development

Innovative and
customer-friendly
functions

Multiple delivery
options

**Accessibility, range of
choices and flexibility**



**Same market positions
online as in physical stores**



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.



Axfood partner to Mathem

- On 1 March 2022, Axfood entered a **strategic partnership** with Mathem, a strong 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.



Axfood

Sustainability in everything

Axfood's vision is to be the leader in affordable, good and sustainable food. Sustainability work is therefore extensive and permeates the entire Group. Sustainability is described within the three areas of food, the environment and people.

Food

- Sustainable choices
- Food waste
- Good proteins

Environment

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

People

- Sustainable suppliers
- Diversity enriches
- Healthy habits

Sustainability targets and outcomes

Net zero

Axfood's target is to achieve net zero emissions from its own operations by 2030 at the latest

Food waste

Axfood's target is to cut food waste in its own operations in half by 2025 (base year 2015)

Sustainable products

Axfood's target is that sustainability-labelled products will account for 30% of total sales by 2025

Greenhouse gas emissions reduction* Scope 1 och 2, CO₂e

-7%

Share of food waste in own operations

1.19%

Share of sustainability-labelled products

28.1%

All data from 2021.

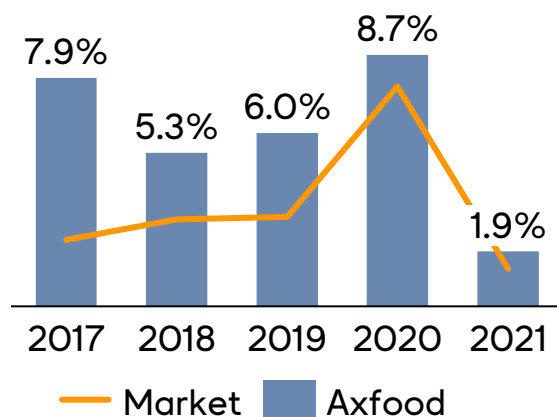
* In comparison with the prior year.

Axfood

Financial targets

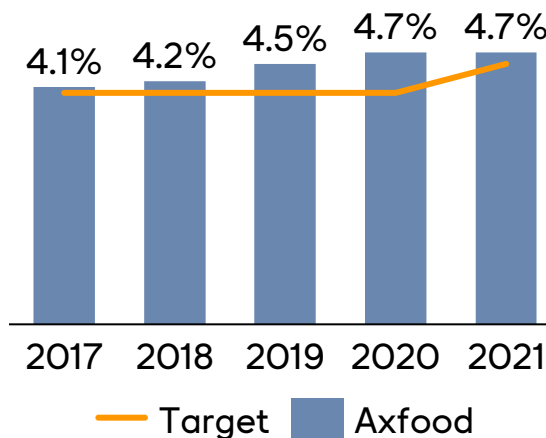
**Grow more than
the market**

Growth in store sales



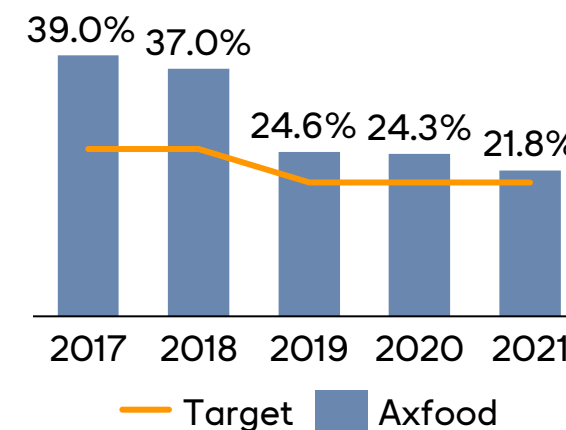
**Long-term operating
margin of at least 4.5%**

Operating margin*



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

Equity ratio*



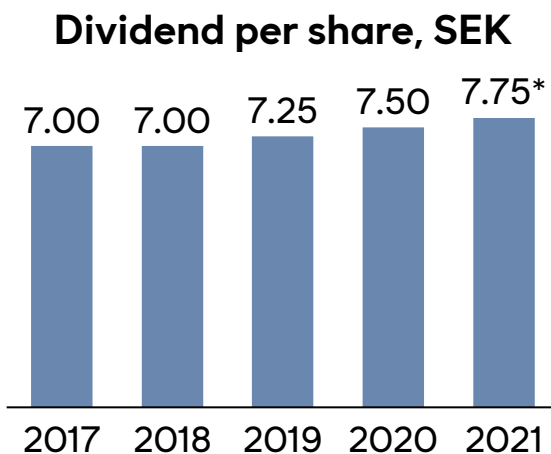
* Including IFRS 16 from 2019.

Axfood

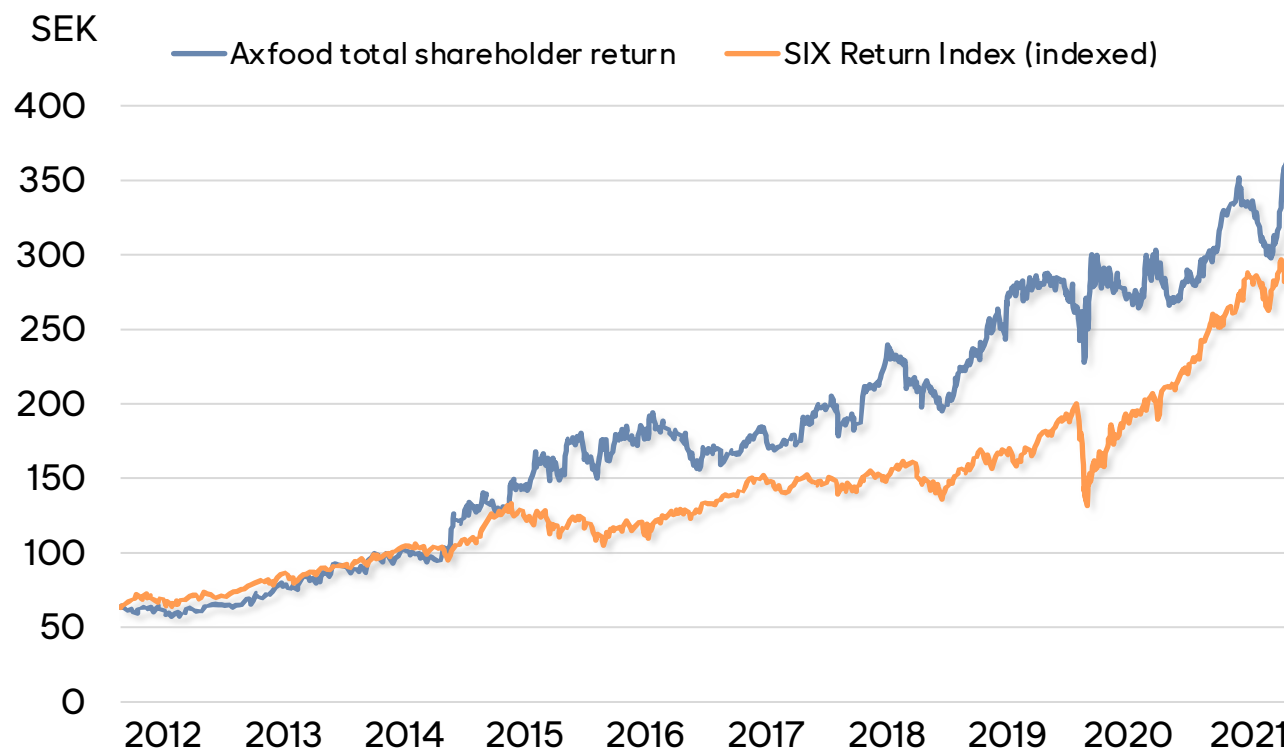
Dividend policy and total return

Dividend of at least 50% of profit after tax

Dividends are paid out
on two occasions



* Proposed by the Board of Directors.



Axfood

Strong financial position

-3.9%

Working capital as
share of net sales

1.5x

Net debt/
EBITDA

0.4x

Net debt/
EBITDA (excl. IFRS 16)

21.8%

Equity ratio

22.4%

Return on capital employed

46.3%

Return on shareholders' equity

All data from 2021.



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 prioritized 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.

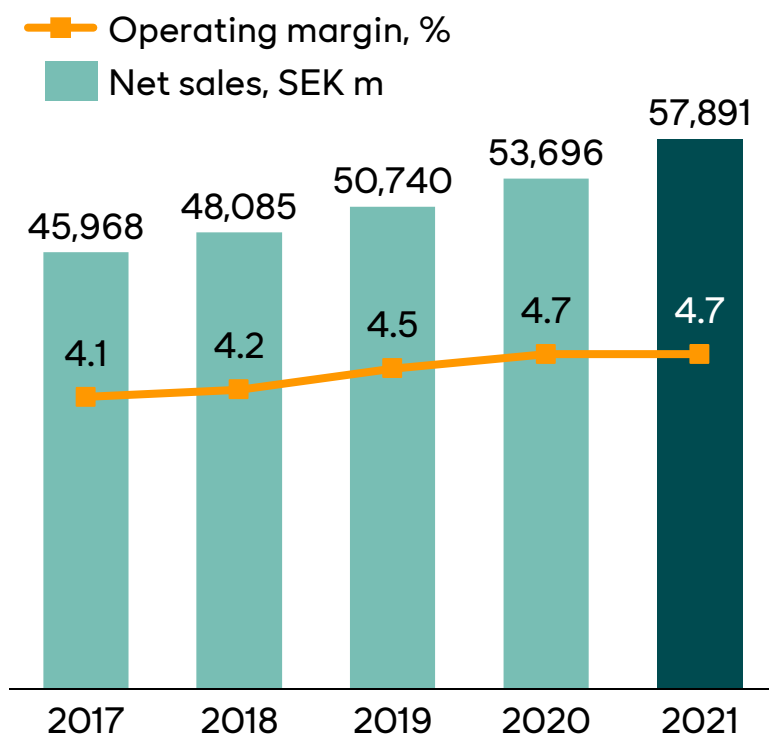
The website provides, for example, current and historical financial information and information about the Group's operations, vision, mission and strategy, corporate governance and sustainability work.



Axfood

Appendix

Axfood in figures

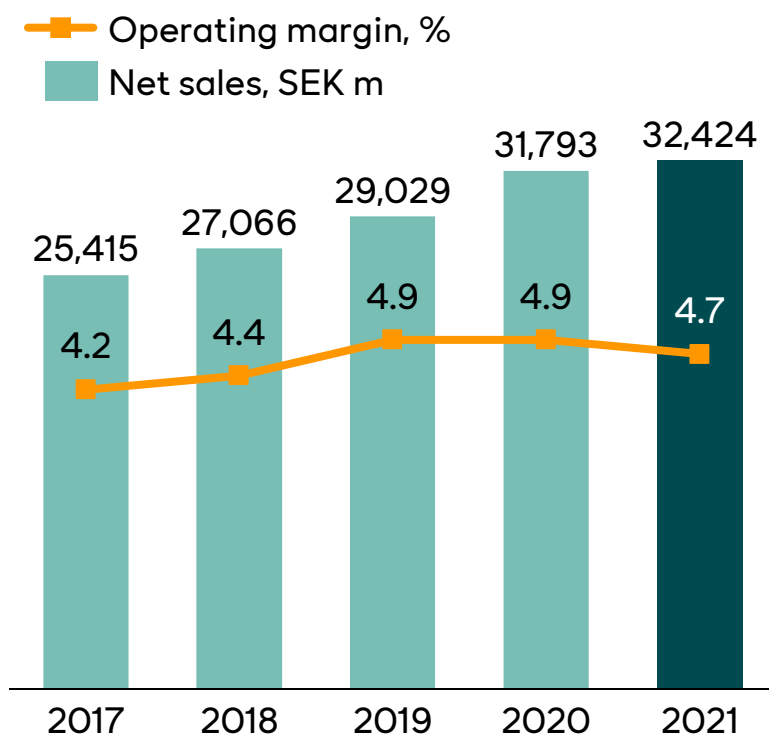


Including IFRS 16 from 2019. Comparison figures are not recalculated.

* Excluding items affecting comparability.

Key ratios Amounts in SEK m	2021	2020	Change
Net sales	57,891	53,696	7.8%
Change in sales, like-for-like stores	0.3%	6.9%	-6.6
Operating profit	2,704	2,510	7.7%
Adjusted operating profit*	2,690	2,510	7.2%
Operating margin	4.7%	4.7%	0.0
Adjusted operating margin*	4.6%	4.7%	0.0
Number of stores:			
Group-owned	316	310	6
Franchises	264	259	5

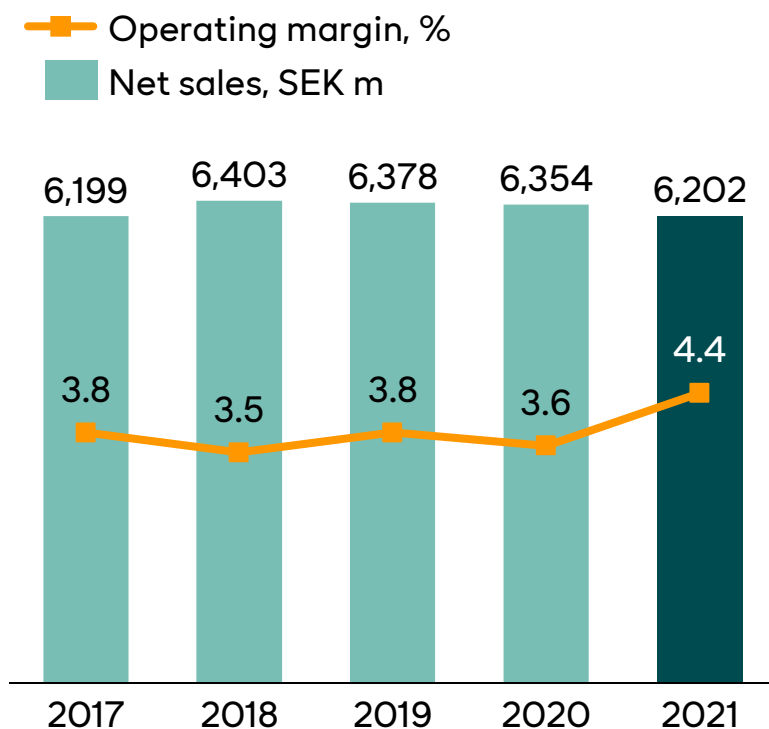
Willys in figures



Key ratios Amounts in SEK m	2021	2020	Change
Net sales	32,424	31,793	2.0%
Change in sales, like-for-like stores	0.0%	7.9%	-7.9
Operating profit	1,512	1,551	-2.6%
Operating margin	4.7%	4.9%	-0.2
Number of stores	226	219	7

Including IFRS 16 from 2019. Comparison figures are not recalculated.

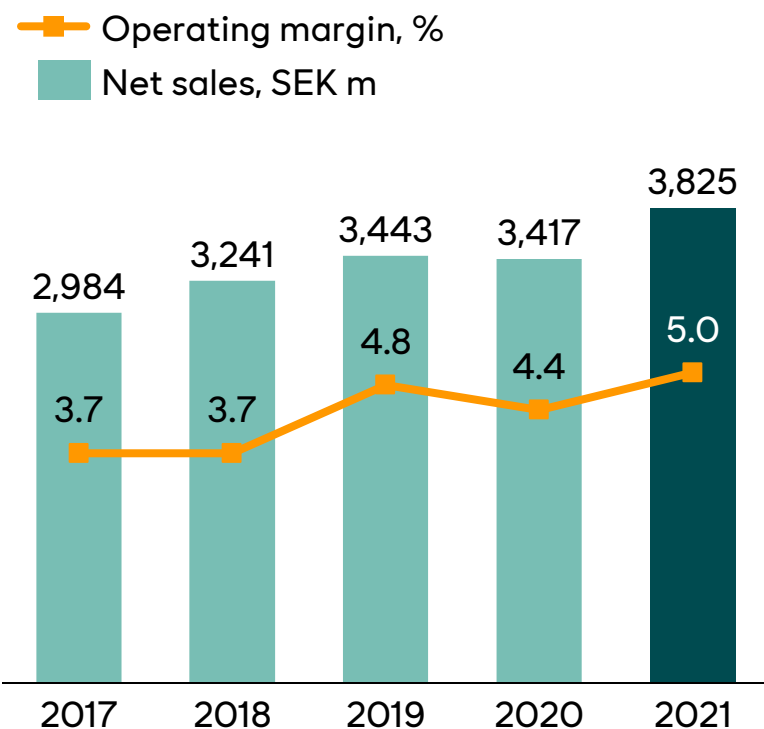
Hemköp in figures



Key ratios Amounts in SEK m	2021	2020	Change
Net sales	6,202	6,354	-2.4%
Change in sales, like-for-like stores	1.3%	2.8%	-1.5
Operating profit	271	229	18.4%
Operating margin	4.4%	3.6%	0.8
Number of stores:			
Group-owned	63	65	-2
Franchises	134	133	1

Including IFRS 16 from 2019. Comparison figures are not recalculated.

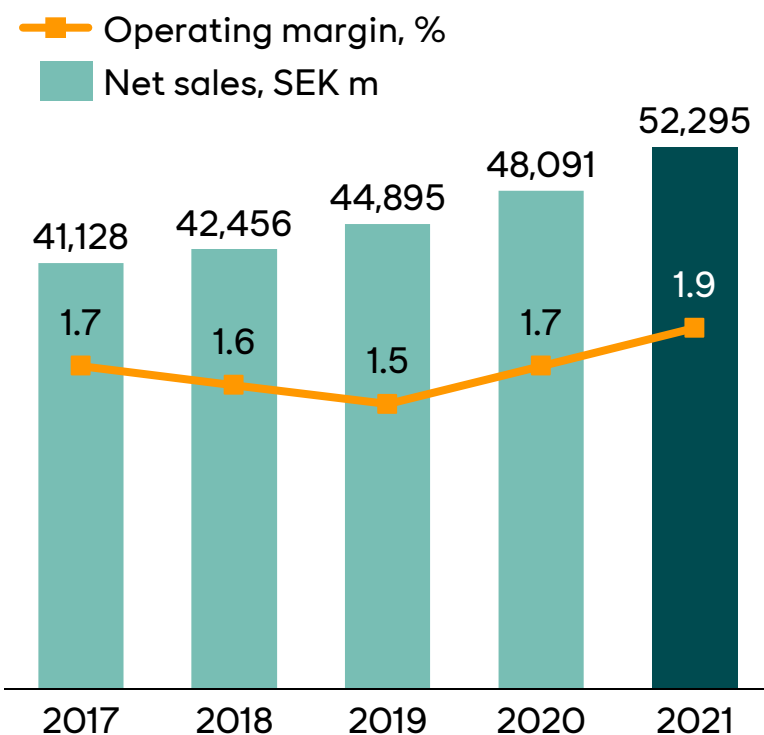
Snabbgross in figures



Key ratios Amounts in SEK m	2021	2020	Change
Net sales	3,825	3,417	11.9%
Change in sales, like-for-like stores	9.3%	-2.2%	11.5
Operating profit	193	150	28.4%
Operating margin	5.0%	4.4%	0.6
Number of stores	27	26	1

Including IFRS 16 from 2019. Comparison figures are not recalculated.

Dagab in figures



Including IFRS 16 from 2019. Comparison figures are not recalculated.
 * Excluding items affecting comparability.

Key ratios Amounts in SEK m	2021	2020	Change
Net sales	52,295	48,091	8.7%
Operating profit	932	829	12.3%
Adjusted operating profit*	976	829	17.7%
Operating margin	1.8%	1.7%	0.1
Adjusted operating margin*	1.9%	1.7%	0.1
Delivery reliability	95.4%	94.8%	0.6