



PRESS RELEASE 14 FEBRUARY 2023

## Notice of Axfood's Annual General Meeting 2023

Welcome to the Annual General Meeting (AGM) of Axfood AB (publ), corporate registration number 556542-0824, to be held on Wednesday, 22 March 2023 at 5:00 p.m. at Münchenbryggeriet, Torkel Knutssonsgatan 2 in Stockholm, Sweden. Registration for the AGM will open at 4:00 p.m. The Board of Directors has decided that shareholders may also exercise their voting rights at the AGM by postal voting, as stipulated in Axfood's Articles of Association.

### Registration and notification

Shareholders who wish to participate in the proceedings of the AGM must:

- be registered as shareholders in the register of shareholders produced by Euroclear Sweden as of Tuesday, 14 March 2023, and
- notify the Company in accordance with the instructions under the heading *Participation at the AGM venue* or alternatively submit a postal vote in accordance with the instructions under the heading *Postal voting* not later than Thursday, 16 March 2023.

To be entitled to participate in the AGM, a shareholder who has had their shares registered in the name of a nominee must, in addition to notifying the Company of their participation in the AGM, have the shares registered in their own name in the register of shareholders on the record date of Tuesday, 14 March 2023. Such registration may be temporary (so-called voting rights registration). The registration is to be requested in advance from the nominee, in accordance with the nominee's procedures, at such time as the nominee determines. Voting rights registrations carried out by the nominee not later than Thursday, 16 March 2023 will be taken into account in the production of the register of shareholders.

### Participation at the AGM venue

Shareholders who wish to participate at the AGM venue must notify the Company of this not later than Thursday, 16 March 2023. The notification can be submitted in any of the following ways:

- by post to Axfood AB, "Årsstämman", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden,
- by phone at +46 8 402 90 51 on weekdays between 9:00 a.m. and 4:00 p.m.,
- on Euroclear Sweden's website, <https://anmalan.vpc.se/euroclearproxy>, or
- by using the link on Axfood's website.

The notification must include the shareholder's name and personal identity number or corporate registration number, address, telephone number, and the number of any assistants (a maximum of two) accompanying the shareholder.

Shareholders who participate via a proxy must issue a written and dated power of attorney for the proxy. The representative of a legal entity must present a copy of the registration certificate or equivalent authorisation documents that show the authorised signatory. The shareholder should send the authorisation documents (power of attorney and/or registration certificate) to Axfood at the postal address above in due time before the AGM. Proxy forms can be downloaded from Axfood's website: [www.axfood.com](http://www.axfood.com).

### ***Postal voting***

Shareholders who wish to participate in the AGM by postal voting must submit their postal votes so that their postal votes have been received by Euroclear Sweden AB not later than Thursday, 16 March 2023. A special form shall be used for postal voting. The completed and signed form may be submitted either by email to [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com) or by post to Axfood AB, "Årsstämmman", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden. Shareholders who are natural persons can also submit postal votes electronically through verification via BankID on Euroclear Sweden's website:

<https://anmalan.vpc.se/euroclearproxy>. Shareholders may not include special instructions or terms with the postal vote. If this takes place, the entire postal vote will be rendered invalid. Further instructions and terms are included on the postal voting form, which is available on Axfood's website.

If a shareholder submits their postal vote through a proxy, a written and dated power of attorney signed by the shareholder should be attached to the postal voting form. Power of attorney forms can be downloaded from Axfood's website. If the shareholder is a legal entity, a certificate of registration or equivalent authorisation document must be attached to the form.

Shareholders who wish to participate at the AGM venue, either in person or through a proxy, must notify the Company of this in accordance with the instructions under the heading *Participation at the AGM venue* above. This means that notification through postal voting alone is not sufficient for shareholders who wish to participate at the AGM venue.

### **Proposed agenda**

1. Opening of the AGM.
2. Election of a Chairman to preside over the AGM.
3. Drawing-up and approval of the voting list.
4. Approval of the agenda.
5. Election of one or two persons to check the minutes of the AGM.
6. Resolution as to whether the AGM has been duly convened.
7. Presentation of the Annual and Sustainability Report and auditor's report, the consolidated financial statements and the consolidated auditor's report for 2022.
8. Presentation by the President and questions from shareholders.
9. Resolution concerning adoption of the income statement and balance sheet, and of the consolidated income statement and consolidated balance sheet.
10. Resolution concerning discharge of the directors and President from liability.
11. Resolution concerning disposition of the Company's profit in accordance with the adopted balance sheet, and the record date for payment of the dividend.
12. Resolution concerning approval of the Board's remuneration report.
13. Resolution concerning the number of directors and deputy directors
14. Resolution concerning directors' fees and auditor's fees.
15. Election of the Board of Directors and Chairman of the Board.
16. Resolution concerning guidelines for remuneration to senior executives.
17. Resolutions concerning (a) a long-term share-based incentive programme, and (b) authorisation for the Board to decide on purchases of own shares and transfers of treasury shares.
18. Resolution concerning amendments to the Articles of Association.
19. Conclusion of the AGM.

### **Point 2 – Election of a Chairman to preside over the AGM**

Axfood's Nominating Committee ahead of the 2023 AGM is made up of Marie Ehrling (Nominating Committee Chairman, Axel Johnson Aktiebolag), Sussi Kvart (Handelsbanken Fonder), Joachim Spetz

(Swedbank Robur Fonder) and Peter Nygren (ODIN Fonder). In addition, Mia Brunell Livfors, Chairman of the Board of Axfood, is a co-opted member of the Nominating Committee.

The Nominating Committee proposes Mia Brunell Livfors to serve as AGM Chairman, or in her absence, the person appointed by Axfood's Nominating Committee.

#### **Point 11 – Dividend and record date**

The Board of Directors proposes that the 2023 AGM resolve in favour of payment of a dividend of SEK 8,15 per share. The dividend amount will be divided into two payments, one of SEK 4,15 and one of SEK 4,00. The record dates proposed for the payments are Friday, 24 March 2023 and Friday, 22 September 2023. With the specified record dates, dividends are expected to be paid out on Wednesday, 29 March and Wednesday, 27 September 2023. The last dates for trading in the Company's shares including the right to a dividend are Wednesday, 22 March and Wednesday, 20 September 2023.

#### **Point 12 – Approval of the Board's remuneration report**

The Board of Directors proposes that the AGM approve the Board's remuneration report for 2022.

#### **Point 13 – Resolution concerning the number of directors**

The Nominating Committee proposes that the number of AGM-elected directors shall be seven (7) without any deputies.

#### **Point 14 – Resolution concerning directors' fees and auditor's fees**

The Nominating Committee proposes the following directors' fees and auditor's fees:

- SEK 800,000 for the Chairman of the Board (previously 770,000) and SEK 510,000 for each of the other AGM-elected non-executive directors (previously 490,000),
- in addition to directors' fees, an additional SEK 200,000 (unchanged) for the Chairman of the Audit Committee and an additional SEK 100,000 (unchanged) for other members of the Audit Committee,
- in addition to directors' fees, an additional SEK 75,000 (unchanged) for the Chairman of the Remuneration Committee and an additional SEK 50,000 (unchanged) for other members of the Remuneration Committee,
- in addition to directors' fees, an additional SEK 20,000 per physical meeting that takes place in Stockholm for attending directors who do not live in Sweden, and auditor's fees in accordance with approved invoices.

#### **Point 15 – Election of the Board of Directors and Chairman of the Board**

The Nominating Committee proposes:

- re-election of directors Mia Brunell Livfors, Fabian Bengtsson, Caroline Berg, Christian Luiga, Peter Ruzicka and Sara Öhrvall,
- election of Thomas Ekman as a new director, and
- re-election of Mia Brunell Livfors as Chairman of the Board.

Thomas Ekman (1969) holds an MSc in Business Administration and Economics from Stockholm University and is currently CEO of Dustin Group. In 2023, he will leave his position at Dustin Group and take up the position as CEO of Axel Johnson. He is Chairman of the Board of AxSol, and a director of Pierce Group and Dustin Group. Thomas Ekman was previously CEO of Tele2 Sweden and Cabonline Group and a director of Sportamore and Com Hem.

More detailed presentations of all of the proposed individuals are available on Axfood's website.

#### **Point 16 – Guidelines for remuneration to senior executives**

The Board of Directors proposes that the 2023 AGM adopt the following guidelines for remuneration to senior executives in Axfood, to apply until the 2027 AGM at the latest.

The guidelines cover the President and CEO of Axfood and members of the Executive Committee, who report directly to the CEO. The guidelines do not pertain to remuneration decided on by a general meeting of shareholders, such as directors' fees or share-based incentive programmes.

The guidelines are to be applied for remuneration that is agreed upon – and changes made to already agreed-upon remuneration – after the guidelines were adopted by the 2023 AGM.

The guidelines govern the decisions on remuneration that are made by the Board's Remuneration Committee with respect to senior executives who report directly to the CEO and by the Board as a whole with respect to the CEO.

#### **The guidelines' promotion of Axfood's business strategy, long-term interests and sustainability**

Axfood's purpose is to create a better quality of life for everyone, and Axfood's vision entails that the Company shall be a leader in affordable, good and sustainable food. To achieve this, Axfood works according to a strategy of growth-promoting priorities and efficiency improvement measures.

Added to this is a strong employee focus. Axfood's strategies rest upon a values-steered culture and core values, on sustainability and on community engagement. Axfood's business concept is to be a family of successful and distinctive food concepts in close collaboration. This entails, among other things, that every food concept shall offer the best customer experience for its target group, and that purchasing and logistics for all of the food concepts are handled in a joint organisation. This results in collaboration that creates an efficient and strong Group. Axfood's purpose, vision, strategy and goals are described in more detail on the Company's website.

Successful implementation of Axfood's business strategy and capitalisation of Axfood's long-term interests, including sustainability, requires that Axfood can recruit and retain qualified employees with the right competence. Achieving this requires that Axfood can offer competitive remuneration. The guidelines ensure that senior executives can be offered a competitive total remuneration package.

Axfood has both long and short-term goals. Axfood has established long-term share-based incentive programmes. These have been set by the AGM and therefore are not covered by these guidelines. The programmes include the CEO, other senior executives, members of their management teams and key persons. The performance requirements used to assess the outcome of the programmes have a clear link to the business strategy and to Axfood's long-term value creation, and include a sustainability target (sustainability-labelled products). For further information about these programmes, including the criteria that the outcomes are based on, see <https://www.axfood.com/investors/corporate-governance/annual-general-meeting/>.

The variable remuneration shall aim to promote Axfood's business strategy and long-term interests, including sustainability.

#### **Forms of remuneration**

Axfood shall offer remuneration that is in line with the going rate in the market and that is based on factors such as the importance of the work duties and the executive's expertise, experience, performance and, as regards variable remuneration, achievement of previously set targets. Remuneration may consist

of a fixed base salary, short-term variable remuneration, pension benefits, insurance and other benefits. In addition, a general meeting of shareholders may – and independent of these guidelines – decide on share-based and share price-related remuneration.

#### Fixed salary

Fixed base salary constitutes remuneration for a committed work contribution at a high professional level that ultimately aims to create value-added for Axfood's customers, shareholders and employees. Fixed base salary shall be attractive in comparison with the market and be based on the executive's competence, experience and performance. Salaries are reviewed annually. Senior executives do not receive fees for board assignments in the Axfood Group's subsidiaries and associated companies.

#### Variable remuneration

In addition to fixed base salary, variable remuneration may be payable. Variable remuneration shall be linked to measurable and predetermined criteria that are formulated to promote the Company's business strategy and long-term interests, including sustainability. The criteria shall be adopted annually by the Remuneration Committee and the Board of Directors. Variable remuneration shall be based on the achievement of Axfood's – and where applicable, the subsidiary's – targets for earnings and sales growth as well as the executive's personal goals for the financial year. The measurement period is one year, and the remuneration can amount to a maximum of 60% of fixed base salary.

Additional variable remuneration may be payable under extraordinary circumstances, provided that such extraordinary arrangements are only made at the individual level for the purpose of recruiting or retaining executives, or as remuneration for an extraordinary work contribution on top of the person's normal work duties. Such remuneration may not exceed an amount corresponding to 50% of fixed annual salary and may not be awarded more than once a year per individual. Decisions on such remuneration shall be made by the Board of Directors following preparation by the Remuneration Committee.

When the measurement period for fulfilment of the criteria for payment of variable cash remuneration has ended, it shall be assessed and determined to what extent the criteria have been met. In the annual evaluation, the Remuneration Committee – or the Board, where applicable – can adjust the targets and/or remuneration for both positive and negative extraordinary events, reorganisations and structural changes or similar circumstances.

Variable remuneration shall not be payable if the Axfood Group has a negative result, regardless of whether the specific targets for a subsidiary and/or the individual goals for the senior executive, where applicable, have been achieved.

#### Pension and other benefits

Axfood applies a retirement age of 65 for all senior executives.

For the CEO, pension benefits shall be in accordance with a defined contribution solution. Variable remuneration shall not be pensionable. Pension premiums for defined contribution pensions shall amount to a maximum of 35% of pensionable salary (which corresponds to the fixed monthly salary multiplied by a factor of 12.2).

Other senior executives shall have a defined contribution pension plan in accordance with ITP 1 applicable at the time<sup>1</sup>. The premium for pensions under ITP 1 currently corresponds to 4.5% of the portion of salary up

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<sup>1</sup> Internally recruited senior executives may retain existing pension plans.

to 7.5 times the income base amount and 30% of the portion of salary up to 30 times the income base amount.

Senior executives with ITP 1 and ITP 2 are eligible for an executive pension plan, meaning that an extra pension premium of 30% is paid for fixed salary portions (fixed monthly salary multiplied by a factor of 12.2) between 30 and 50 times the income base amount.

To compensate for the accrual effect that can arise for senior executives with ITP 1 due to the payment of short-term variable salary in a certain month, Axfood can, where appropriate, pay an extra one-time pension premium in cases where the fixed salary does not exceed 30 times the income base amount (per month), although the payment of short-term variable salary combined with the fixed salary may not total more than 30 times the income base amount (current payment month). This compensation is limited to a yearly one-time premium corresponding to 30% of the difference between the employee's fixed monthly salary and the cap for pensionable salary, currently 30 times the income base amount.

Other benefits shall be of limited scope and may include, for example, disability, life and health insurance, and a car, travel and housing benefit.

With respect to employment conditions subject to rules other than those that apply in Sweden, with respect to pension benefits and other benefits, customary adjustments may be made to comply with such compulsory rules or local practice, whereby the overarching purpose of these guidelines shall be met.

### **Cessation of employment**

For notice of termination served by the employer, the notice period may be a maximum of 12 months. Fixed base salary during the notice period and severance pay may together not exceed an amount corresponding to two years' fixed base salary. For notice given by a senior executive, the notice period may be a maximum of six months, without any right to severance pay.

In addition, remuneration may be payable for any non-compete obligation. Such payment shall compensate the executive for possible loss of income and shall only be made during the period that the executive lacks a right to severance pay. The monthly remuneration shall amount to a maximum of 60% of the executive's average monthly income for the 12 months preceding the end of employment. The remuneration shall be payable during the time that the non-compete obligation applies, which shall be a maximum of nine months after the end of employment.

### **Salary and terms of employment for employees**

Salary and terms of employment for Axfood's employees have been taken into account in the drafting of the Board's proposal for these remuneration guidelines. Information on the employees' total remuneration, remuneration components and the increase in remuneration and the rate of growth over time has made up part of the Remuneration Committee's and the Board's decision-making documentation in their evaluation of the fairness of the guidelines and the limitations that emanate from these. The change in the difference between the remuneration to the CEO and the remuneration to other employees will be reported in the annual remuneration report.

### **Decision-making process for adopting, reviewing and implementing the guidelines**

The Board is to prepare a proposal for new guidelines for remuneration to senior executives and submit the proposal for resolution by a general meeting of shareholders. The guidelines shall apply until new guidelines have been adopted by a general meeting of shareholders, but at most for four years. The Board of Directors has established a Remuneration Committee. The committee's duties include conducting preparatory work for the Board's decisions on proposed guidelines.

The Remuneration Committee shall also monitor and evaluate ongoing programmes and programmes concluded during the year for variable remuneration to members of the Executive Committee, application of guidelines for remuneration to senior executives, and applicable remuneration structures and remuneration levels at Axfood. The Remuneration Committee's members are independent in relation to Axfood and the Executive Committee. In the Board's handling of and decisions on remuneration-related matters, the CEO or other members of the Executive Committee are not present to the extent they are the subject of the matter at hand.

#### **Departures from the guidelines**

The Board of Directors may decide to temporarily depart from the guidelines entirely or partly if in specific cases there are special reasons for doing so and a departure is necessary to safeguard the Axfood Group's long-term interests, including sustainability, or to safeguard the Group's financial soundness. As stated above, it is part of the Remuneration Committee's duties to conduct preparatory work for the Board's decisions on remuneration matters, which also includes decisions to derogate from the guidelines.

#### **Description of significant changes to the guidelines and how the shareholders' feedback has been taken into consideration**

The proposed guidelines presented at the 2023 AGM do not entail any major changes to the Company's existing remuneration guidelines, but rather are intended to keep the current principles for pension provisions following the introduction of a cap for pension provisions under ITP 1 as of 1 January 2023 and to align the principles for pension provisions for senior executives with ITP 1 and ITP 2. The Company did not receive any feedback from the shareholders.

#### **Point 17 – Long-term share-based incentive programme (LTIP 2023)**

The Board of Directors proposes that the AGM resolve in favour of establishing a long-term share-based incentive programme (LTIP 2023) for employees of the Axfood Group and authorising the Board to decide on purchases of own shares, and that the AGM resolve in favour of transfers of treasury shares in accordance with points (A) and (B) below. The programme resembles the long-term share-based incentive programme that the 2022 AGM resolved to establish in all essential respects, except for the changes that Swedish Match is no longer part of the Reference Group, in line with definition below, and that it is proposed that the number of shares that group 1, 2 and 3 may allocate to LTIP 2023 be reduced to the number of shares that applied for LTIP 2021. The number of shares is therefore proposed to be 4,700, 1,250 and 250, respectively, for the aforementioned groups.

##### **(A) Long-term share-based incentive programme**

###### **LTIP 2023 in summary**

The main motives for establishing LTIP 2023 are to align the interests of the members of the Executive Committee and other key persons with the shareholders' interests in ensuring maximum long-term value creation and to encourage personal shareholding in Axfood. Furthermore, it is believed that LTIP 2023 will aid Axfood in recruiting and retaining persons for the Executive Committee and other key persons.

LTIP 2023 includes approximately 80 employees, consisting of the members of Axfood's Executive Committee, members of the management teams of Axfood's subsidiaries, and certain other persons in management functions. Participation in LTIP 2023 requires a personal shareholding in Axfood. After the set vesting period, the participants will be allotted shares in Axfood free of charge provided that certain conditions are met. These conditions are: continued employment in the Axfood Group during the vesting period, that the individual continues to own shares in Axfood during the same period of time, and that certain performance targets have been met, which are related to the total shareholder return ("TSR") on

the Company's shares and the Axfood Group's total average sales growth contingent upon achievement of a certain average EBIT margin, and a higher portion of sales of sustainability-labelled products. The maximum number of shares in Axfood that may be allotted under LTIP 2023 shall be limited to 330,000, which corresponds to approximately 0.2% of the total number of shares and votes in the Company.

## **Participants in LTIP 2023**

Participants in LTIP 2023 are broken down into three categories. The first category includes Axfood's President ("Category 1"), the second category includes members of Axfood's Executive Committee excluding the President plus certain, selected key persons (approximately 15 persons) ("Category 2"), and the third category includes members of the management teams of Axfood's subsidiaries and certain other persons in management functions (approximately 64 persons) ("Category 3"). Additional persons who have not begun their employment in the Axfood Group when the deadline to apply for participation in the programme has expired may be invited to participate provided that their employment began no later than 31 December 2023 (whereby the number of persons in the various categories may be adjusted).

## **Personal investment and vesting period**

Participation in LTIP 2023 requires that the participant has a personal shareholding in Axfood that is allocated to LTIP 2023 ("savings shares"). Savings shares can either be purchased for LTIP 2023 or be held previously, provided that they have not already been allocated to an incentive programme already in progress. Participation in LTIP 2023 can take place with a maximum of 4,700 savings shares (Category 1), 1,250 savings shares (Category 2), or 250 savings shares (Category 3), respectively. For all categories, each savings share entitles its owner to seven performance share rights ("share rights"). If a participant is in possession of inside information and is therefore prevented from purchasing shares in Axfood prior to applying to participate in LTIP 2023, purchases of shares shall be made as soon as possible, but before 31 December 2023 at the latest. Any allotments of shares in Axfood will normally be made within two weeks after publication of Axfood's interim report for the 1 January–31 March 2026 period. The vesting period commences when the participant accepts an invitation to participate in the programme and continues until the interim report has been published.

## **Conditions for share rights**

The following conditions shall apply for the share rights:

- Share rights are allotted free of charge during a certain period of time after the AGM.
- Share rights cannot be transferred or pledged.
- A precondition for the right to receive share allotments supported by share rights is that the participant has not sold any of their savings shares and, with certain limited exceptions, that the participant remains employed in the Axfood Group during the vesting period. Furthermore, an allotment requires that certain performance-related targets are achieved by Axfood in the manner described under the title *Performance targets* below.
- To align the participants' interests with the shareholders' interests, Axfood will compensate the participants for profit dividends to the shareholders by increasing the number of shares that each share right carries entitlement to.
- The maximum value (including any compensation that the participants receive for paid shareholder dividends) that a participant can receive per share right is limited to SEK 1,144, which corresponds to 400% of the closing price for Axfood shares on 30 December 2022 (SEK 285.90). If the value of Axfood's shares at the time of the allotment exceeds the maximum value, the number of shares that each share right carries entitlement to will be decreased to a corresponding degree.

## Performance targets

The share rights are broken down into Series A, Series B, Series C and Series D. Of the seven (7) share rights that the participant receives for each savings share, one (1) share right shall be in Series A, three (3) shall be in Series B, two (2) shall be in Series C, and one (1) shall be in Series D. The number of share rights that carry entitlement to allotment of shares depends on the achievement of the performance criteria that apply for the respective series as follows.

For assessment of the achievement of the performance targets for Series A and Series C, the start value shall consist of the average, volume-weighted price paid for Axfood shares on Nasdaq Stockholm and (regarding Series C) for a group of reference companies (the "Reference Group")<sup>2</sup> on the 20 share trading days immediately after Axfood's year-end report for 2022 has been published, respectively. The final value shall consist of the average, volume-weighted price paid for Axfood shares on Nasdaq Stockholm and (regarding Series C) the Reference Group on the 20 share trading days immediately after Axfood's year-end report for 2025 has been published, respectively. For Series B and Series D, the measurement period shall instead run from 1 January 2023 to 31 December 2025.

- Series A** Allotment requires that Axfood's TSR exceeds 0% (zero per cent), whereby the maximum allotment will be made.
- Series B** The maximum level that carries entitlement to a full allotment is that the Axfood Group's total average sales growth is more than two (2) percentage points higher than Statistics Sweden's Retail Index, Food Retail, Retail with wide assortment, mainly groceries ("Average Market Growth"). The minimum level for an allotment is that the Axfood Group's total average sales growth is on par with Average Market Growth. If the Axfood Group's total average sales growth is equal to or less than the maximum level but exceeds the minimum level, the allotment shall be made on a straight-line basis according to the values there between. Furthermore, an allotment within the framework of Series B requires that the EBIT margin exceeds 3.5% on average.
- Series C** The maximum level that carries entitlement to a full allotment is if the performance of Axfood's TSR is equal to or exceeds the accumulated TSR performance of the equally weighted average index of the Reference Group by ten (10) percentage points. The minimum level for an allotment is a TSR performance that is on par with the accumulated TSR performance in relation to the equally weighted average index for the Reference Group. If Axfood's TSR performance is less than the maximum level, but higher than the minimum level, the allotment shall be made on a straight-line basis according to the values there between.
- Series D** The maximum level that carries entitlement to a full allotment is an increase in the share of sales of sustainability-labelled products by 10% (ten per cent) or more, accumulated during the 2023–2025 financial years, compared with the level on 31 December 2022. The minimum level for an allotment is that the Axfood Group's share of sales of sustainability-labelled products is on par with the share on 31 December 2022. If the share of sales of sustainability-labelled products is lower than the maximum level, but higher than the minimum level, the allotment shall be made on a straight-line basis according to the values there between.

## Structure and preparation of proposal

The Board of Directors, or a committee specifically appointed by the Board, shall be responsible for the more detailed structure and handling of LTIP 2023, within the framework of the stipulated conditions and

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<sup>2</sup> The Reference Group consists of AAK, Anora Group, Carlsberg B, Clas Ohlson B, Cloetta B, Electrolux B, Essity B, Europris, H&M B, Kesko B, Orkla, Midsona B and Scandi Standard. They are also measured for TSR.

guidelines. If significant changes take place in the Axfood Group or its external operating environment that could result in the decided conditions for allotments and the opportunity to exercise the share rights in accordance with LTIP 2023 no longer being suitable or being excessive, the Board shall have the right to make other adjustments. Before the number of shares that are to be allotted under the share rights is finally determined, the Board shall assess whether the outcome from LTIP 2023 is reasonable. This assessment shall be made in relation to Axfood's financial result and position, and the conditions in the stock market and in general. If the Board, in its assessment, determines that the outcome is not reasonable, the Board shall reduce the number of shares that are to be allotted. The Board shall also have the right to make the adjustments that may be required as a result of legal or administrative circumstances.

### **Scope**

The maximum number of shares in Axfood that may be allotted under LTIP 2023 shall be limited to 330,000, which corresponds to approximately 0.2% of the total number of shares and votes in the Company. Based on the more detailed conditions that the Board decides on, the number of shares covered by LTIP 2023 may be subject to recalculation in the event that Axfood carries out a bonus issue, share split or reverse split, rights issue, dividend compensation or similar measure, while observing customary practice for corresponding incentive programmes.

### **Hedge measures**

The Board has considered two alternative hedge measures for LTIP 2023 – either a hedge arrangement (equity swap) with a bank to ensure delivery of shares under the programme, or a transfer of shares in Axfood to entitled participants in LTIP 2023. The Board is of the opinion that the latter alternative is the main alternative. The Board has therefore proposed that the AGM resolve to authorise the Board to decide on purchases of own shares and transfers of shares in Axfood held by the Company in accordance with point (B) below. Should the AGM not approve the Board's proposal in accordance with point (B) below, the Board intends to enter into the above-mentioned hedge arrangement with a bank to secure the Company's obligation to deliver shares in accordance with the programme.

### **Scope and costs of the programme**

The share rights cannot be pledged or transferred to others. However, an estimated value of each share can be calculated. The Board has estimated the average value of each share right to be SEK 202.40. This estimate is based on the closing price for Axfood shares on 7 February 2023. Assuming participation in the programme by all persons invited to participate, that they make the maximum investment, 100% achievement of the performance targets, and estimates of employee turnover, the total estimated cost of the share rights is approximately SEK 48.1 m. This cost corresponds to approximately 0.09% of Axfood's market capitalisation on 7 February 2023. Based on the assumptions above, it is estimated that the total cost for LTIP 2023 including social security contributions will be approximately SEK 68.1 m, which on an annual basis corresponds to approximately 0.3% of Axfood's total personnel costs during the 2022 financial year.

The costs will be booked as personnel costs in the income statement over the vesting period in accordance with IFRS 2 Share-based Payments. Social security contributions will be expensed in the income statement over the vesting period in accordance with UFR 7. The level of these costs will be calculated based on Axfood's share price performance during the vesting period and allotments of share rights.

## **Effects on important key ratios**

Upon full participation in LTIP 2023, Axföld's personnel costs on an annual basis are expected to increase by approximately SEK 23.2 m (including social security contributions) based on the assumptions above. On a pro forma basis for 2022, these costs entail a negative effect of approximately 0.03 percentage points on Axföld's operating margin and a decrease in earnings per share by SEK 0.11. However, the Board believes that the positive effects on Axföld's financial result that are expected to arise through an increase in the participants' shareholdings and opportunity for additional allotments of shares under the programme outweigh the costs associated with LTIP 2023.

## **Drafting of proposal**

The proposal for LTIP 2023 has been prepared by Axföld's Remuneration Committee and the Board of Directors and has been drafted in consultation with external advisers.

## **Other incentive programmes in Axföld**

Three long-term share-based incentive programmes in Axföld which were approved by the 2020–2022 AGMs are already in effect. See Note 8 in Axföld's 2022 Annual and Sustainability Report, which will be kept available on Axföld's website on 1 March 2023 at the latest.

## **The Board's proposal for resolution**

In reference to the description above, the Board of Directors proposes that the AGM vote in favour of LTIP 2023.

## **Majority requirement**

The Board's proposal for a resolution to implement LTIP 2023 requires that the resolution is supported by shareholders representing more than half of the votes represented at the AGM.

## **(B) Authorisation for the Board to decide on purchases of own shares and transfers of treasury shares.**

The Board's proposal for a resolution to authorise the Board of Directors to decide on purchases of own shares and its proposal for decisions concerning transfers of treasury shares in accordance with the description below are conditional upon the AGM first voting in favour of LTIP 2023 in accordance with point (A) above.

## **Share repurchases**

The Board Proposes that the AGM resolve to authorise the Board to, on one or more occasions during the period up until the next AGM, decide on purchases of own shares in accordance with the following:

- Purchases may be made of a maximum of 330,000 shares.
- Purchases of shares shall be made on Nasdaq Stockholm at a price per share that is within the registered price interval at any given time (the spread), meaning the interval between the highest buying price and the lowest selling price and in observance of the rules that apply at any given time in Nasdaq Stockholm's Rulebook for Issuers. However, for purchases that are made by a brokerage under assignment by the Company, the price of the shares may correspond to a volume-weighted average price during the period of time during which the shares were purchased, even if the volume-weighted average price on the day the shares were relinquished to the Company is outside the price interval.
- Payment for the shares shall be made in cash.
- Purchases may be made for the purpose of securing the Company's obligations under LTIP 2023 and any other share-based incentive programmes that may exist at any given time pursuant to a resolution by a general meeting of shareholders.

## **Transfers of treasury shares to participants in LTIP 2023**

The Board of Directors proposes that the AGM resolve to transfer shares in the Company as follows:

- A maximum of 330,000 shares in Axfood (or such higher number of shares that may follow from a recalculation resulting from a bonus issue, split, rights issue or similar measure) may be transferred.
- The shares may be transferred to participants in LTIP 2023 who, according to the terms for LTIP 2023, are entitled to receive shares.
- Transfers of shares shall be made at the point in time and in accordance with the other conditions that the participants of LTIP 2023 are entitled to receive allotments of shares.

The reasons for the deviation from the shareholders' preferential rights is that the transfer of shares is part of the execution of LTIP 2023. The Board of Directors is therefore of the opinion that it is beneficial for the Company to transfer shares in accordance with the proposal.

### **Special majority requirement**

Resolution by the AGM in accordance with point (B) is valid only if it has the support of shareholders representing at least nine-tenths of the number of votes and shares represented at the AGM.

## **Point 18 – Resolution concerning decision on amendments to the Articles of Association**

The Board of Directors proposes that the AGM resolve to amend Axfood's Articles of Association in the following respect.

A new article is proposed in the Articles of Association that permits the Board to resolve that persons who are not shareholders in the company shall, on terms decided by the Board, be entitled to attend or otherwise follow the proceedings at the AGM. As a result of the introduction of a new article (Article 10), it is proposed that the articles be renumbered, with former Articles 10–12 becoming Articles 11–13.

A resolution in favour of the Board's proposal to amend the articles of association in accordance with this point is valid if it has the support of shareholders representing at least two-thirds of the number of votes and shares represented at the AGM.

## **Other information regarding the AGM**

### **Special majority requirement**

A resolution in favour of the Board's proposal in accordance with point 17b (authorisation for Board to decide on purchases of own shares and transfers of treasury shares) is valid only if it has the support of shareholders representing at least nine-tenths of the number of votes and shares represented at the AGM. A resolution in favour of the Board's proposal in accordance with point 18 (amendments to the Articles of Association) is only valid if it is supported by shareholders representing at least two-thirds of both the number of votes and shares represented at the AGM.

### **Shares and votes**

On the day this notice was issued, the Company had a total of 216,843,240 shares in issue with one vote each, of which the Company owns 1,037,856 treasury shares that may not be represented at the AGM.

### **Disclosures at the AGM**

The Board of Directors and the CEO shall, if any shareholder so requests and the Board finds that it can be done without material harm to the Company, provide disclosures about conditions that could have an impact on the assessment of an item of business on the agenda, conditions that could have an impact on

the assessment of the Company's or a subsidiary's financial situation, and the Company's relation to another Group company.

#### **Processing of personal data**

For information about Axfood's processing of personal data and your rights, see the Integrity Policy via the following link <https://www.axfood.com/about-axfood/data-protection/>.

#### **Documents**

Information about the individuals proposed for election to the Board and the Nominating Committee's reasoned statement about the proposed Board of Directors are available on Axfood's website, [www.axfood.com](http://www.axfood.com). Axfood's Annual and Sustainability Report, auditor's report, consolidated financial statements and consolidated auditor's report, the Board's statement concerning dividends in accordance with Chapter 18, Section 4 of the Swedish Companies Act and purchases of own shares in accordance with Chapter 19, Section 22 of the Swedish Companies Act, the Board's remuneration report in accordance with Chapter 8, Section 53a of the Swedish Companies Act, the auditor's opinion regarding the remuneration guidelines in accordance with Chapter 8, Section 54 of the Swedish Companies Act and the Articles of Association in their proposed wording will be available from the Company at Solnavägen 4 in Stockholm, Sweden and on Axfood's website not later than three weeks before the AGM and be sent to those shareholders who so specifically request and state their postal address. The documents can be requested by email at [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com), by post at Axfood AB, "Årsstämma", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden or by phone at +46 8 402 90 51. The complete proposals are also presented under each point in the notice of the meeting.

Stockholm, February 2023

Axfood AB (publ)

*Board of Directors*

**For further information, please contact:** Alexander Bergendorf, Head of Investor Relations, Axfood AB, tel +46 73 049 18 44.

*This document is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.*

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**Axfood** aspires to be the leader in good and sustainable food. Our family of companies includes the store chains Willys and Hemköp as well as Tempo, Handlar'n and Matöppet. B2B sales are handled through Snabbgross, and our support company Dagab is responsible for the Group's product development, purchasing and logistics. The Axfood family also includes Middagsfrid and Urban Deli as well as the partly owned companies Apohem, Eurocash, City Gross and Mathem. Together the Group has more than 12,000 employees and sales of more than SEK 70 billion. Axfood has been listed on Nasdaq Stockholm since 1997, and the principal owner is Axel Johnson AB. Read more at [www.axfood.com](http://www.axfood.com).