

Letters of intent signed for new highly automated logistics centre in Kungsbacka

Axfood plans to establish a new highly automated logistics centre to be completed in 2030 which will ensure higher capacity and efficiency for the Group's future growth in southern Sweden. Letters of intent have been signed with Witron to use the company's automation technology and with the Municipality of Kungsbacka to locate the logistics centre to Frillesås.

As previously communicated, Axfood plans to establish a new highly automated logistics centre to create even more capacity and efficiency in the southern parts of Sweden. The German company Witron, a market leader in dynamic warehouse and order-picking systems, has now been chosen as automation supplier for the new facility and a letter of intent has been signed. Axfood and Witron has had a collaboration for several years as Witron has delivered the automation solution in the Group's highly automated logistics centre in Bålsta.

In addition to the letter of intent with Witron, Axfood has also signed a letter of intent with the Municipality of Kungsbacka to locate the logistics centre in Frillesås in the southern parts of the municipality. Axfood intends to enter into a long-term lease contract for the logistics property, and discussions with potential property owners are ongoing. The detailed development plan process has been initiated.

"We are building for the future. With the new logistics solution, we will become even more competitive and create synergies within the Group. We are investing to meet future needs for goods delivery to both the Group's own stores and our customers' stores in a flexible and efficient way," says **Simone Margulies**, President and CEO of Axfood.

The logistics centre, which is planned to cover approximately 90,000 square meters and be environmentally certified, will handle picking and deliveries of goods in all temperature zones to Axfood's food retail stores, primarily in southern Sweden. The centre is being built to be well-equipped to support the Group's expansion plans with higher capacity and efficiency, larger volumes, and a broader product range. Operations and ramp-up of the facility is planned to be initiated during 2030.

"It feels good that we are now taking the next step in developing our logistics structure also in southern Sweden. Through the establishment in Frillesås, Kungsbacka, we will become more efficient in adapting to how the future food retail is evolving. With the establishment of our logistics centre in Bålsta, we have experience from these types of facilities and feel confident in pursuing this initiative together with our automation partner Witron," says **Hans Bax**, Managing Director of Dagab.

To optimise logistics operations, the logistics centre in Kungsbacka will primarily handle store volumes to food retail and will primarily replace the existing warehouse in Backa. At the same time, the new logistics centre is built to handle volumes that currently is handled from the warehouses in Jönköping and Hässleholm. Fruit, vegetables, and flowers will continue to be handled from the warehouse in Landskrona. Overall, Axfood's capacity with the new logistics centre is expected to increase by at least 20 percent compared to the current volume in southern Sweden.

The investment need for the future automation solution is estimated to amount to EUR 260-280 million during the period 2025 to 2030. With the chosen automation solution, it is believed that the investment will be in the upper end of this range. The investment will be financed through a combination of operating cash flow and credit facilities. Axfood expects that the cost level for the new logistics structure in southern Sweden, including the new lease and increased depreciation for the new logistics centre, will be even with the current cost level upon full operation. Thereafter it is estimated that the cost level will decrease gradually.

More information on the Capital Markets Day on 18 September

Axfood is hosting a Capital Markets Day on 18 September in Stockholm, where the President and CEO of Axfood, Simone Margulies, and the Managing Director of Dagab, Hans Bax, will be available for questions.

For further information, please contact:

Magnus Törnblom, Head of Press Axfood, +46 70 266 27 12, magnus.tornblom@axfood.se
Alexander Bergendorf, Head of Investor Relations Axfood, +46 73 049 18 44, alexander.bergendorf@axfood.se

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

Axfood aspires to be the leader in affordable, good and sustainable food. Our family of companies includes the store chains Willys, Hemköp and City Gross 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 Urban Deli as well as the partly owned companies Apohem and Eurocash. Together the Group has approximately 15,000 employees and sales of more than SEK 85 billion. Axfood has been listed on Nasdaq Stockholm since 1997, and the principal owner is Axel Johnson AB. Read more at www.axfood.com.