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Agreement signed for automation in Axfood's new highly automated logistics centre in Kungsbacka

Axfood has signed an agreement with Witron to invest in automation equipment for the new logistics centre that the Group plans to establish in Kungsbacka. The logistics centre will ensure higher capacity and efficiency for the Group's future growth in southern Sweden. Operations and ramp-up of the facility is planned to be initiated in 2030. The total contracted investment amounts to EUR 265 m during the period 2026-2031.

In April, Axfood announced its plan to establish a highly automated logistics centre in southern Sweden. In August, the Group communicated that letters of intent had been signed with the German company Witron, a market leader in dynamic warehouse and order-picking systems, and with the Municipality of Kungsbacka to locate the logistics centre in Frillesås. Now, an agreement has been signed with Witron. 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.

The total contracted investment will amount to EUR 265 m during the period 2026-2031. The investment undertaking will be allocated as follows: approximately 15% in 2026, approximately 15% in 2028, approximately 40% in 2029, approximately 20% in 2030, and approximately 10% in 2031.

"I am glad that we now have signed an agreement with Witron for automation in the logistics centre that we will establish. This solution will give us a more flexible, efficient and sustainable logistics chain for product supply to our stores in the southern parts of Sweden, thereby strengthening the entire Axfood family's competitiveness," comments **Simone Margulies**, President and CEO of Axfood.

Axfood also intends to enter into a long-term lease contract for the logistics property, and discussions with potential property owners are ongoing.

As previously communicated, 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 at the same level as the current cost level upon full operation. Thereafter it is estimated that the cost level will decrease gradually. More details regarding financial effects will be communicated when the property lease contract is entered into.

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, and a broader product range. Operations and ramp-up of the facility is planned to be initiated in 2030.

"It feels very good to have the agreement in place for this strategically important automation solution. With the experience we have built together with Witron in Bålsta, we know that this technology will give us the right conditions going forward, and as a natural step, we feel confident in continuing this journey also in southern Sweden. This investment is fundamental

in strengthening Dagab's and Axfood's future logistics structure, and for continuing to deliver on our ambition of market-leading efficiency," says **Hans Bax**, Managing Director of Dagab.

To optimise logistics operations, the new logistics centre 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.

New financing agreement and currency hedging

The investment will be financed through a combination of operating cash flow and credit facilities. In July, Axfood entered into agreements with Handelsbanken, SEB and Swedbank regarding a new revolving credit facility that replaces the previous one. The credit facility amounts to SEK 4,000 m of which SEK 1,000 m has a maturity date in July 2028 and SEK 3,000 m has a maturity date in July 2030.

In connection with the Witron agreement being signed, Axfood will be taking out currency hedges for 70 percent of the future payment flows. The remaining part will be hedged gradually until 2030.

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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 more than 15,000 employees and sales of close to SEK 90 billion. Axfood has been listed on Nasdaq Stockholm since 1997, and the principal owner is Axel Johnson AB. Read more at www.axfood.com.