

Axfood

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Axfood reaches milestone – all trucks now operate exclusively on renewable energy

Axfood, with retail chains such as Willys, Hemköp and City Gross, has achieved its target of fossil-free transports between warehouses and stores. In just two years, both own and procured transports have been transitioned to renewable fuels and electricity. The transition covers more than 200 Group-owned trucks, as well as at least the same number of contracted vehicles. The next step is to further reduce emissions through increased electrification of the vehicle fleet.

Transports are one of several prioritised areas in Axfood's sustainability work. The Group takes a broad and strategic approach to sustainability, encompassing everything from climate impact, biodiversity and food waste to animal welfare, use of chemicals, health and social issues across the value chain.

The transition to renewable fuels and electricity includes transports between warehouses and stores nationwide, and covers both the Group's own vehicle fleet as well as procured transports.

"We take responsibility for reducing our climate impact while also demonstrating that it is possible to transition from fossil-based to renewable fuels, here and now. The work now continues to further reduce our emissions through increased electrification," says **Simone Margulies**, President and CEO of Axfood.

The transition has represented a clear and significant increase in ambition, with an acceleration in the phase-out of fossil fuels compared with the Group's previous plan that extended over a longer time period and was scheduled for completion by 2030 at the latest. Starting with the Group's own vehicle fleet and subsequently in close collaboration with transport suppliers, systematic efforts have been undertaken to transition to renewable alternatives such as biogas, HVO and electricity.

"A central part of this work has been to develop and renegotiate agreements, where clear requirements for renewable fuels have been combined with a long-term perspective and shared responsibility. Through close and constructive collaboration with suppliers, the transition has been implemented at a high pace while maintaining delivery reliability," says **Hans Bax**, Managing Director of Dagab, Axfood's purchasing and logistics company.

While the Group has now phased out fossil fuels for all transports from warehouses to stores, the company highlights the challenge that renewable fuels are often more expensive than fossil-based alternatives.

"We demonstrate that the business sector can and wants to contribute to achieving climate targets. For Sweden to reach its environmental objectives, sustainable transport solutions must also be competitive from a cost perspective. This requires long-term and clear policy instruments that drive the transition," says Simone Margulies.

Efforts to reduce the climate impact from the Group's transports continue with an increased focus on electrification. Today, approximately 15 percent of the truck fleet is electric. The target is for at least half of the Group's own truck fleet to be electric by 2030.

The electrification of transports is part of a long-term effort that has been underway within the Group for several years. This work has included gradual investments in and testing of various types of electric

vehicles, development of charging infrastructure, and collaborations with vehicle manufacturers, transport suppliers and other stakeholders to drive progress. As early as 2021, the first fully electric heavy-duty truck was put into operation. The experience gained has been important in enabling the electrification to now be scaled up in a way that works in daily operations.

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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.