

Strong quarter with high intensity

Axfood is developing in a fast pace and is taking significant steps to ensure future competitiveness. A few weeks ago, the acquisition of Bergendahls Food and a minority stake in City Gross was announced – a logical deal that is beneficial to customers and strengthens the parties' market positions, and is currently being reviewed by the Swedish Competition Authority. Axfood is also now solidifying the base of its future logistics platform with a number of new, important investments.

President and CEO Klas Balkow's comments on the interim report for the second quarter 2021:

"I can happily note that we have closed yet another strong quarter at the same time that we continue to maintain a very high tempo in our investments for the future. Despite high comparison figures, a negative calendar effect and the lowest food price inflation in many years, Axfood continued to grow with growth in store sales that was higher than the market. Excluding costs related to the Bergendahls transaction, Group operating profit and profitability grew significantly. We continue with a high tempo to ensure competitiveness also in the longer term. Today we can unveil new, exciting initiatives entailing that in the coming years we will be moving and automating our e-commerce warehouse in Backa in Gothenburg, automating our new fruit and vegetable warehouse in Landskrona, and expanding and automating our high-bay warehouse in Backa. These investments complement our new logistics centre in Bålsta and will strengthen the entire Axfood family and external customers, and will create further conditions for growth and profitability for many years to come."

Second quarter summary

- Net sales totalled SEK 13,903 m (13 570), an increase of 2.5%.
- Store sales for the Axfood Group totalled SEK 12,059 m (11,928), an increase of 1.1%.
- Operating profit, including items affecting comparability pertaining to acquisition costs of SEK 54 m for the transaction with Bergendahls, was SEK 607 m (605). The operating margin was 4.4% (4.5%). Operating profit excluding items affecting comparability totalled SEK 661 m (605), an increase of 9.2%. The operating margin excluding items affecting comparability was 4.8% (4.5%).
- Net profit for the period was SEK 455 m (446), and earnings per share before dilution were SEK 2.27 (2.22).
- On 31 May Axfood announced that it reached an agreement to acquire 100% of Bergendahl Food AB and a minority stake corresponding to 9.9% of the shares in City Gross Sverige AB with an option to acquire shares up to a total shareholding of 30%. Completion of the transaction is subject to approval by the Swedish Competition Authority.

First half summary

- Net sales totalled SEK 27,106 m (26,636), an increase of 1.8%.
- Store sales for the Axfood Group totalled SEK 23,809 m (23,411), an increase of 1.7%.
- Operating profit was SEK 1,172 m (1,148). The operating margin was 4.3% (4.3%). Operating profit excluding items affecting comparability totalled SEK 1,225 m (1,148), an increase of 6.7%. The operating margin excluding items affecting comparability was 4.5% (4.3%).
- Net profit for the period was SEK 885 m (848), and earnings per share before dilution were SEK 4.43 (4.15).

Significant events after the balance sheet date

- To further develop and improve efficiency in the logistics operations and handle future growth, agreements have been signed for a new, automated e-commerce warehouse in Backa in Gothenburg, expansion along with automation of the existing high-bay warehouse in Backa, and automation of the new and larger nationwide warehouse for fruits and vegetables that is being built in Landskrona. Total investments in automation will amount to approximately EUR 65 m during the period 2021–2024.

Axfood will present the interim report for the second quarter of 2021 in a conference call at 9.30 a.m. (CET) today. The report will be presented by Klas Balkow, President and CEO, and Anders Lexmon, CFO. To follow the presentation, visit www.axfood.com or ring: Sweden: +46 8 519 993 83, UK: +44 333 300 9268, USA: +1 833 823 0586

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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 good and sustainable food. Our family of companies includes the store chains Willys and Hemköp as well as Tempo and Handlar'n. 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 Mat.se, Middagsfrid and Urban Deli as well as the partly owned companies Apohem and Eurocash. Together the Group has more than 11,000 employees and sales of more than SEK 53 bn. Axfood has been listed on Nasdaq Stockholm since 1997, and the principal owner is Axel Johnson AB. Read more at www.axfood.com.