

Axfood

PRESS RELEASE 15 JULY 2022

Strong growth characterised by acquisition and high food price inflation

Axfood continues to grow significantly more than the market in an exceptional time with high food price inflation. The acquisition of Bergendahls Food, a strong quarter for Willys and a robust recovery for Eurocash and Snabbgross contributed to strong sales growth and higher earnings.

President and CEO Klas Balkow's comments on the interim report for the second quarter 2022:

"In recent months, we have approached nearly double-digit food price inflation. The trend we are seeing is a consequence of a number of external factors such as the Covid-19 pandemic, the war in Ukraine, sharp increases in electricity and fuel prices, shortages of raw materials and packaging, and disruptions in the transport sector. The world situation is affecting the entire supply chain, from primary production to our own operations.

The extremely rapid pace of the price increases from our suppliers has not yet been reflected in consumer prices. Demand for campaign products has also increased, and continued high costs for electricity and fuel have had a negative impact. But thanks to our strong growth in physical stores, with Willys benefiting from the prevailing low-price trend and the return to cross-border shopping, as well as higher volumes from the acquired company Bergendahls Food, we once again delivered increased earnings this quarter. The divestment of Mat.se and effective cost control in our chains also contributed to the positive earnings trend."

Second quarter summary

- Net sales totalled SEK 18,468 m (13,903), an increase of 32.8%, including the acquired Bergendahls Food.
- Retail sales totalled SEK 13,803 (12,583), an increase of 9.7%.
- Operating profit amounted to SEK 789 m (607) and included items affecting comparability of SEK -39 m (-54). The operating margin was 4.3% (4.4).
- Adjusted operating profit amounted to SEK 828 m (661), an increase of 25.3%. The adjusted operating margin was 4.5% (4.8).
- Net profit for the period amounted to SEK 590 m (455) and earnings per share before dilution to SEK 2.75 (2.26).
- A rights issue was completed with the support of the AGM's authorisation and the Board of Directors' decision. The rights issue was fully subscribed, and Axfood received SEK 1,499 m before issue costs.

First half of 2022 summary

- Net sales totalled SEK 35,061 m (27,106), an increase of 29.3%, including the acquired Bergendahls Food.
- Retail sales totalled SEK 26,514 m (24,790), an increase of 7.0%.
- Operating profit amounted to SEK 1,623 m (1,172) and included SEK 143 m (-54), net, in items affecting comparability. The operating margin was 4.6% (4.3).
- Adjusted operating profit amounted to SEK 1,480 m (1,225), an increase of 20.8%. The adjusted operating margin was 4.2% (4.5).
- Net profit for the period amounted to SEK 1,272 m (885) and earnings per share before dilution to SEK 6.02 (4.40).

Axfood will present the interim report for the second quarter of 2022 in a conference call at 9.30 a.m. (CET) today 15 July 2022. The report will be presented by Klas Balkow, President and CEO, and Anders Lexmon, CFO. To follow the presentation, visit www.axfood.com or call:
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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 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 approximately SEK 66 bn. Axfood has been listed on Nasdaq Stockholm since 1997, and the principal owner is Axel Johnson AB. Read more at www.axfood.com