



PRESS RELEASE 26 APRIL 2023

Increased market share and high inflow of new customers

In a challenging time for households, it is clear that growing numbers of consumers are choosing to shop at Axfood's concepts, particularly with Willys, whose ambition is to offer Sweden's cheapest bag of groceries. This enabled Axfood to further strengthen its position during the first quarter of the year and to grow more than twice as much as the market. During the quarter, investments in the offering continued, and major strides in the long-term focus on logistics were made, which will ultimately lead to more competitiveness.

President and CEO Klas Balkow's comments on the interim report for the first quarter 2023:

"Like in the rest of Europe, food price inflation in Sweden remained very high during the first quarter. We are working hard to mitigate the cost pressure arising earlier in the food supply chain. In positive news, we have seen prices of certain raw materials declining for some time and the pressure faced by many of our suppliers has begun to ease. We are now working intensively together with our suppliers to ensure this is also reflected in our prices to consumers, which we have already started to see in certain categories, such as dairy, bread, and fruit and vegetables. Although many factors could still impact the situation, these are still positive signals. Our hope is that food price inflation has now peaked.

The fact that consumers are choosing to purchase affordable, good and sustainable food from our store concepts in these challenging times is clear proof that they appreciate what we do. We grew significantly more than the market during the quarter, both in stores and online. Axfood's growth was approximately 20%, more than double that of the market. Once again, Willys was the main contributor to this strong trend.

The high level of customer traffic also contributed to a positive earnings trend. This enabled us to deliver an operating margin for the quarter that was in line with the same quarter last year. However, earnings were negatively impacted by the fact that we have not fully passed on our suppliers' price increases to consumers. Compared with the year-earlier period, we also had higher market investments in both our store chains and Dagab, which resulted in a higher share of campaigns. Higher rental and electricity costs in own operations also had a negative impact on earnings.

In parallel with managing the prevailing food price inflation and changing customer behaviour, we are continuing the work to be more efficient and reduce our costs. To this end, we are carrying out the largest logistics investments in the history of our Group. In early February, the first store deliveries of the dry food range were carried out from the new, highly automated logistics centre in Bålsta outside Stockholm. At the time of writing, over 170 stores are receiving daily deliveries of a total of approximately 2,800 pallets of goods from Bålsta.

Food has probably never attracted as much attention as it is attracting right now, which we have much understanding for. As a food retailer, it is therefore more important than ever before that we are able to ensure a relevant and competitive offering. With our various concepts, we once again succeeded in gaining market share and attracting even more customers during the quarter."

First quarter summary

- Net sales totalled SEK 19,252 m (16,593), an increase of 16.0%.
- Retail sales totalled SEK 15,225 m (12,711), an increase of 19.8%.
- Operating profit amounted to SEK 695 m (835) including items affecting comparability of SEK -55 m (182). The operating margin was 3.6% (5.0).
- Adjusted operating profit amounted to SEK 750 m (653), an increase of 14.9%. The adjusted operating margin was 3.9% (3.9).
- Net profit for the period amounted to SEK 472 m (682) and earnings per share before dilution to SEK 2.20 (3.27).
- Axfood's holding in Mathem was revalued from SEK 206 m to SEK 34 m. The revaluation represented an adjustment of the valuation of the Company established in connection with the new share issue to be carried out in the second quarter.
- The Annual General Meeting (AGM) on 22 March approved a dividend to shareholders of SEK 8.15 (7.75) per share. The dividend amount is divided into two payments. The first payment of SEK 4.15 was made in March, and the second payment of SEK 4.00 will be made in September. Axfood's Board of Directors also resolved on the repurchase of no more than 330,000 shares related to the long-term share-based incentive programme LTIP 2023.

Axfood will present the interim report for the first quarter 2023 in a webcast at 9:30 a.m. (CET) today, Wednesday, 26 April 2023. The report will be presented by Klas Balkow, President and CEO, and Anders Lexmon, CFO. You can find a link to the webcast at axfood.com. A link to register to participate via conference call is also available at axfood.com. Upon registration, a telephone number and conference ID for the conference call will be provided.

For further information, please contact:

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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, 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 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 more than SEK 70 billion. Axfood has been listed on Nasdaq Stockholm since 1997, and the principal owner is Axel Johnson AB. Read more at www.axfood.com.