

# Axfood

Annual and Sustainability Report 2023

A strong position  
in changing times





VISION

Axfood will be the leader in affordable, good and sustainable food

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In changing times, we summarise another successful year with high growth, increased market share and investments in digitalisation, automation and the customer offering.

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**About the Annual and Sustainability Report 2023**  
 Pages 34–72 constitute the statutory annual report, which has been audited. Sustainability is integrated into the operations and is therefore integrated in the Annual Report. Axfood presents a reviewed sustainability report prepared in accordance with the Global Reporting Initiative (GRI) Guidelines and a sustainability report in accordance with the Swedish Annual Accounts Act. This Annual Report is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall prevail.

# This is Axfood

Axfood is one of the leading players in food retail in Sweden and a family of different concepts working in collaboration. Each week 4.5 million customers are reached and customer meetings take place through more than 300 Group-owned stores, e-commerce and over 700 collaborating retailer-owned stores. Axfood has a total of more than 13,000 employees (FTEs) and net sales of just over SEK 80 bn.

Axfood aspires to be a strong force in society that works together with stakeholders and decision-makers in society to drive development toward more sustainable and healthier food production and consumption.

Axfood shares are listed on Nasdaq Stockholm and the principal owner is Axel Johnson.

# 4.5 million

Number of customers reached through Axfood's store concepts every week

# SEK 81.1 bn

Net sales

# 10.4%

Growth in net sales



# SEK 3.4 bn

Operating profit

# 4.1%

Operating margin



# A unique family of companies

Axford develops and operates different concepts in the Swedish market. Each concept has a solid position in its respective segment and is to offer the best experience for its customers. Axford's breadth of brands is a competitive advantage, and close Group-wide collaboration between the Group companies and central functions creates economies of scale and cost efficiency.

Axford is represented in the Swedish food retail market primarily through the leading discount grocery chain Willys and through Hemköp in the traditional grocery segment. With Tempo, Handlar'n and Matöppet, Axford also has a position in mini-marts. Eurocash offers cross-border shopping with Norway, and with its partnership and ownership stake in City Gross, the Group has a presence in the hypermarket segment. With the meal kit company Middagsfrid and its ownership stake in Mathem, Axford also operates in pure-play online retail. In addition to these concepts, Axford also has a presence in cafés and restaurants with the wholesale business Snabbgross and the restaurant chain Urban Deli, and a position in the online pharmacy market with Apohem.

Dagab is responsible for ensuring that the assortment, purchasing and logistics maintain high efficiency and quality. As a support company, Dagab has a key role in the work to streamline the product flow for the Group-owned stores and external customers, such as retailer-owned stores and convenience retailers. Axford IT plays a crucial role in the Group's digital development, automation and data-driven work approach to meet future needs.





# Axfood Group

## WILLY:S

Willys is Sweden's leading discount grocery chain, featuring a wide assortment in Group-owned stores and online. With the business concept of offering Sweden's cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail.



Handlarn offers accessibility and proximity to groceries and services through retailer-owned mini-marts, mainly in the countryside but also in city centres.



## URBAN DELI

Urban Deli, with stores and online sales in Stockholm, is a combination of restaurant, store and market hall with its own production of innovative, sustainable and healthy food.

## Hemköp

Hemköp offers an inspiring, broad and attractively priced assortment with a rich offering of fresh products. Hemköp's Group-owned stores, retailer-owned stores and online business aim to inspire good meals in a simple way.

## MATÖPPET

Matöppet aims to be a personal grocery store, and the retailer-owned mini-marts focus heavily on service and offering a wide range of fresh products.

## Snabbgross

Snabbgross is one of Sweden's leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Snabbgross offers personal service, accessibility and quality at its stores and online. Sales to consumers take place through the Snabbgross Club concept.

## tempo

Tempo is a mini-mart format of retailer-owned stores. At Tempo, store customers are greeted by a familiar environment offering good food and personal service.

## Middagsfrid®

Middagsfrid offers pre-planned meal kits for consumers who want help to develop healthier food habits. Middagsfrid wants to make it easier to eat healthier more often.

## DAGAB

Dagab runs and develops the Group's assortment, purchasing and logistics. Dagab plays a key role in Axfood's efforts to continuously streamline the product flow.

## Part ownership

### eurocash

Eurocash is one of the leading grocery chains along the Norwegian border. Specialising in cross-border shopping, Eurocash aims to make it easy for customers to shop for good food at the lowest prices.

### apohem

Apothem is a full-scale retail pharmacy online with over-the-counter and prescription drugs. Apothem wants to make health and skincare accessible to everyone and offers a wide product range as well as personal advisory services.

## Minority ownership

### CITY GROSS

City Gross operates hypermarkets and online shopping and has a wide and affordable assortment with a rich offering of fresh products.

## Mathem

With a well-developed e-commerce platform and a wide assortment, Mathem is one of Sweden's leading pure-play online grocery retailers with home delivery.



Read more about Axfood's segments on pages 37–44.



# Three processes from selection to customers

Axfood's business model covers purchasing and assortment, product flow and logistics as well as sales channels and concepts. The customer is always in focus and value is created for Axfood and the Group's stakeholders in every step.

## Purchasing and assortment

Axfood offers an attractive, efficient, wide and affordable assortment. Work with the assortment is based on customer preferences, and the Group strives for long-term supplier relationships that emphasise price value, sustainability, health and innovation. Purchasing and product development are conducted through Dagab, the Axfood family's joint purchasing and logistics company, which is also responsible for the Group's assortment development. Through its private label products, Axfood can ensure a distinctive and efficient assortment in all sales channels and concepts.

>70k

Number of items in Axfood's assortment

## Product flow and logistics

Axfood works continuously on optimising the product flow – from reception of goods and warehousing to customer delivery. The Group's level of automation is increasing steadily in both warehouses and stores. Efficient logistics with route planning and high capacity utilisation in transports create the conditions for profitable growth, energy efficiency and sustainable business. The Group is working on diversifying its delivery fleet and is increasingly turning to sustainable fuels and electricity as alternatives to fossil fuels.

286

Number of trucks in Axfood's own vehicle fleet

## Sales channels and concepts

Axfood interacts with its customers where they are through easily accessible, effective and attractive sales channels and concepts, both in physical stores and through e-commerce. To meet customers' varying needs, the Axfood family of companies features different concepts with strong positions in their respective market segments. Key aspects of creating a good customer meeting include inspiring stores, a comprehensive offering of fresh products, and digital solutions. Sustainable business requires active work on preventing food waste while inspiring and making it easy for customers to buy healthy and sustainable products.

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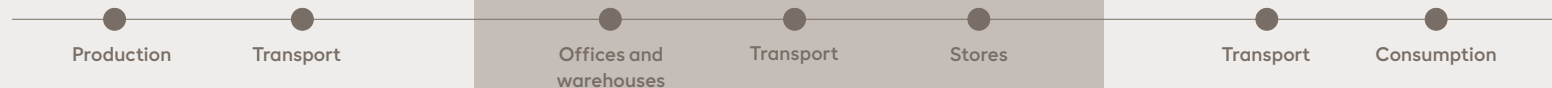
Number of Group-owned stores and retailer-owned stores





# Central role in the value chain

Axfood's own operations encompass three areas, and the operations in each area are impacted by prevailing drivers and market conditions. However, Axfood plays a central role in the entire food supply chain and thus also has an impact beyond its own operations.



Axfood's value chain is comprehensive and starts with suppliers in primary production, with farming and raising animals, and continues with everything from processing to packaging. Transports are made by suppliers to Axfood's warehouses.

## Axfood's operations

- Purchasing and assortment
- Product flow and logistics
- Sales channels and concepts

Axfood's own operations cover purchasing and assortment, product flow and logistics as well as sales channels and concepts. The customer is always in focus and value is created for Axfood and the Group's stakeholders in every step.

Each week, Axfood's various concepts reach 4.5 million customers through both Group-owned and retailer-owned stores. Transports are carried out from stores and online. Circularity through recycling and reduced waste are important issues in this final stage of the value chain.





# Strong position in changing times and major strides towards the customer offering of the future

In changing times, another successful year for Axfood is summarised with high growth, increased market share and major strides towards increased competitiveness through investments in digitalisation, automation and the customer offering. Our business model remains strong despite significant changes in market dynamics and it is clear that more people have come to appreciate our concepts and offerings. This provides us with excellent conditions for continued long-term, profitable and sustainable growth.

Historically, food retail has been described as a relatively stable market with growth that is largely driven by population growth and inflation. But during the last few years, market dynamics have largely been affected by several external factors. From the large-scale drought in 2018 which challenged the entire food supply chain, to the pandemic in 2020 which led to disruptions in the global supply chain and shifts in demand, and laid the foundation for the high inflation that has dominated the global economy in the last two years. Additionally, we have seen geopolitical conflicts escalate, primarily through the war in Ukraine that began in 2022, which has further exacerbated the situation.

The intense inflationary pressure that we have experienced in both 2022 and 2023 has led consumers to significantly change their purchasing behaviour. Price value and low prices have never been more important. This new behaviour requires food retail companies like us to constantly develop and adapt our offerings based on prevailing conditions. This is something we have needed to adjust to during the last few years, and I can say with confidence that our model and structure, with different concepts and businesses working together, has once again this year proven to be a great asset.



## Important events 2023

- Strong growth and increased market share in stores and e-commerce with a large inflow of new customers to Axfood's concepts
- High rate of expansion with the establishment of a total of twelve new Group-owned stores
- First deliveries from the new, highly automated logistics centre in Bålsta outside Stockholm, and completed automation solution at the new fruit and vegetable warehouse in Landskrona
- Expanded assortment of sustainable and healthy products
- Continued focus on sustainable energy and major investments in solar power facilities



**Increased customer traffic and robust growth**

In this changing market, Axfood can look back on a strong year with a growth rate twice as high as that of the market. Higher customer traffic resulted in an increase in operating profit, even though we did not fully pass on supplier price increases to consumers. During the year, we also had a great deal of pressure from sales campaigns and increased costs for rent and personnel, all of which impacted operating profit. Overall for 2023, we report an adjusted operating margin in line with the previous year, this in a time when new consumer behaviour has led to growing competition and significantly less profitability for our industry overall.

**Strong momentum for Axfood's concepts**

With modern stores, a wide and attractive assortment and the ambition of providing Sweden's cheapest bag of groceries, Willys has a unique position in the market. Its growth during the year was exceptional, and it is clear that customers appreciate the concept – not only existing ones, but also the many new customers that have been attracted in the last few years. Willys is Sweden's most recommended food retail chain, with a strong brand and a high level of customer loyalty, in stores as well as in e-commerce. This is a fantastic base on which to build further.

In cross-border shopping with Norway, Eurocash continued to grow and, following investments in store modernisations and concept development in the last few years, it confirmed its position as the leading food retail chain on the border.

Hemköp posted excellent growth during the year: not only higher than in the traditional grocery segment but also outperforming the market. Hemköp has a competitive offering with a strong focus on price value and inspiration as well as a high pace of store modernisation. Hemköp has also strengthened its position with regard to sustainability, and in the last few years the chain has had the highest share of sales of organic food in the industry. On the other hand, Tempo had a challenging year in the same market segment, and delivered a weak performance due to an increasingly difficult market climate for smaller store formats.

Throughout the years, restaurant wholesaler Snabbgross has demonstrated an ability to perform regardless of the market climate. Despite a weaker market in 2023, investments in an affordable and flexible offering generated good growth and profitability for Snabbgross, and the concept captured additional market share. The member-based consumer concept Snabbgross Club also expanded through additional store conversions.

Our innovative development companies provide long-term growth potential and strengthen the total customer offering of the Axfood family. The online pharmacy Apohem continued to grow and gain market share during the year, and with its focus on health and inspiration, it is challenging traditional players in the market. The meal-kit company Middagsfrid continued to focus on its new concept during the year and demonstrated a strong development, while the focus for the Urban Deli restaurant chain was on navigating a challenging market and combining appealing food experiences with price value.

**High rate of change and major strides towards the future**

In parallel with managing shift in demand and changing customer behaviour, we are continuing our efforts to strengthen our long-term competitiveness. A large part of this involves developing the customer offering and improving availability, assortment and the shopping experience. At the same time, it is important to further improve cost efficiency to deliver an assortment with competitive prices, not least in times of high price consciousness.

Axfood's most comprehensive investment in the future in the last few years has been developing a new logistics structure for the Group. After several years of planning, building and installation, we were able to put our new highly automated logistics centre in Bålsta outside Stockholm into operation at the beginning of the year. This was a major milestone. The logistics centre in Bålsta represents an entirely new way of handling warehouse and logistics operations, and has been ramped up gradually in the last year to be completed in 2024. Efforts to strengthen other parts of the logistics structure also proceeded according to plan during the year. Planning continues for the new high-bay warehouse in Backa in Gothenburg, while the automation solution at the new fruit and vegetable warehouse in Landskrona recently went into operation.

Digitalisation, AI and automation are advancing rapidly. These areas are essential for creating high levels of efficiency and strong customer offerings. In addition to logistics, our ongoing development projects also include new tools for planning and optimising prices, campaigns and the assortment. We are also devoting significant focus to improving ways of working in our stores in order to simplify operations for our employees.

In other words, things are moving full steam ahead in all parts of Axfood. We are developing at a rapid pace to further strengthen the competitiveness of our own concepts as well as wholesale customers, and to offer an even more comprehensive and affordable assortment with a world-class product supply.



**Key ratios**

	2023	2022	Change
Net sales, SEK m	81,111	73,474	10.4%
Retail sales, SEK m	63,703	55,721	14.3%
Net sales in e-commerce, SEK m	3,285	3,141	4.6%
Operating profit, SEK m	3,353	3,101	8.1%
Operating profit excl. items affecting comparability, SEK m	3,602	3,229	11.5%
Operating margin, %	4.1	4.2	-0.1
Operating margin excl. items affecting comparability, %	4.4	4.4	0.0
Share of sustainability-labelled products, %	26.6	26.6	0.0
Share of food waste, %	1.1	1.2	-0.1

**“**  
**In a changing market, we look back at a strong year with a growth rate twice as high as that of the market.**





**High tempo in sustainability**

While we focus on delivering affordable, good and sustainable food here and now, and increasing efficiency in operations, we also work intensively to address our most long-term challenges. We have an ambitious and wide-ranging sustainability agenda, and it is imperative that we continue to move it forward – even though changes in consumer purchasing behaviour in the last few years have not benefited sustainable or healthy consumption.

Continuing to develop our sustainable and healthy product assortment is a top priority for us, and we put a great deal of emphasis on guiding consumers to healthier, more sustainable choices in order to increase sales of sustainability-labelled products and to reduce our carbon footprint per kilo of food sold.

To reduce the climate impact of our own operations as well as in the food supply chain, we have initiated several major investments in solar panel facilities. In addition to building Sweden's largest rooftop solar power facility on the new logistics centre in Bålsta and installing a large solar power facility on the fruit and vegetable warehouse in Landskrona, we are building Sweden's largest onshore solar park in Hallstavik. We also contribute to the green transition by increasing the share of fossil-free transports, and recently decided to transition to using renewable fuels in our own as well as procured trucks for transports from warehouses to stores in the next two years. I also want to mention our work to support biodiversity, minimise food waste and promote diversity, equality and inclusion. These areas are also key for our operations.

**A strong position in changing times**

Axfood is a constantly evolving Group. Our family of companies has a wide range of expertise as well as an ability to collaborate that provides scale and efficiency, supported by Dagab and Axfood IT's underlying operations. Add to this a strong, purpose-driven corporate culture with engaged and talented employees, and with sustainability embedded in the business model.

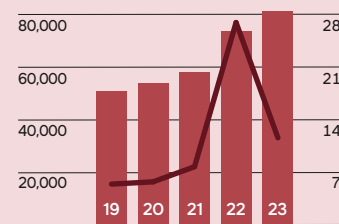
After seven fantastic years with Axfood, I have decided to conclude my executive career and leave my role by year-end 2024 at the latest. My passion for and interest in Axfood and its development will however remain. But first, we have an exciting year ahead of us. We have made significant investments that will bear fruit in the coming years. But we can never stand still. We will build on our strengths and constantly challenge ourselves – this is how we can continue to succeed going forward and to deliver long-term sustainable growth and a better quality of life for everyone. I would like to conclude by extending my sincere thanks to all of our customers who have placed their faith in us and all of our employees who have done a fantastic job. Together, we're strong.

Stockholm, February 2024

**Klas Balkow**  
President and CEO

“  
While we focus on delivering affordable, good and sustainable food here and now, and increasing efficiency in operations, we also work intensively to address our most long-term challenges.”

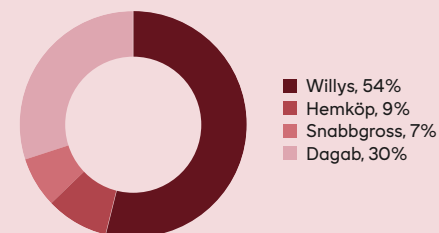
**Net sales<sup>1)</sup>**



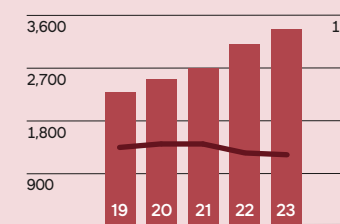
■ Net sales, SEK m  
— Growth, %

1) Including Bergendahls Food from 1 October 2021

**Share of external net sales by operating segment**

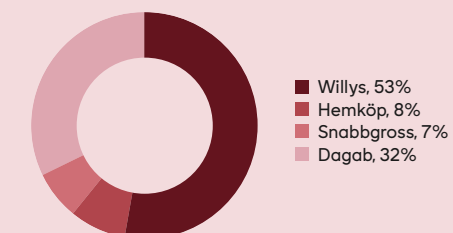


**Operating profit and operating margin**



■ Operating profit, SEK m  
— Operating margin, %

**Share of total operating profit by operating segment**







Clear direction  
for the future



# A changing environment

Digitalisation, sustainability, health and price value are examples of long-term trends that are having a major impact on society, the food retail industry and Axfood. The change of pace has been rapid for quite some time, but during the last two years the high rate of inflation has entailed certain shifts in trends, primarily an increased price consciousness among consumers.



## Demographics

### How changes are taking place

- The population is becoming both younger and older
- Income gaps in society are increasing
- More diversity and a higher number of people born abroad
- Continued rapid pace of urbanisation, affecting both cities and the countryside

### Impact on the food retail market

- As a result of demographic changes, demand is changing when it comes to assortment and price point
- Urbanisation is creating new attractive store locations and scope for online shopping while certain locations are becoming less attractive

### How Axfood operates

- Continual assortment development to offer affordable, good and sustainable food as well as meeting demand for an assortment that reflects a variety of cuisines
- Establishment of stores and online shopping in growth locations and locations with convenient transportation links
- Clear values and an ambition to reflect the diversity found in society in order to meet various needs

## Competition

### How changes are taking place

- Traditional food retail companies invest more based on price considerations
- The market's players are creating ecosystems of products and services
- Innovative companies are challenging and seeking partnerships
- The line between sectors is becoming blurred as many companies offer products and services that traditionally are not part of their core businesses

### Impact on the food retail market

- Increased competition from traditional as well as new players and from other related industries
- Greater selection for consumers and more stringent requirements
- The market is being renewed through value-creating services such as meal solutions, price comparisons, recipe websites and home delivery

### How Axfood operates

- Development of different concepts to meet various customer needs
- Clear Group-wide collaboration to add customer value and increase competitiveness
- An efficient and attractive assortment and a distinct price position
- Continual development of loyalty programmes to ensure relevance and attractiveness

## Price value

### How changes are taking place

- Increasingly strong discount trend, particularly in times of economic uncertainty and high inflation
- Digitalisation is leading to increased price transparency
- A low price is not the only factor determining whether a product offers value for money – pleasant service, attractive peripheral services and a high-quality assortment are also important

### Impact on the food retail market

- Increased price consciousness is having a positive impact on certain market segments, particularly discount players
- Price comparisons require market players to continually monitor their price positions
- Consumers are focusing more on price value and demanding an assortment that offers alternatives to strong global and national brands
- Private label products and large purchasing volumes are key for being able to offer price value

### How Axfood operates

- A focus on strengthening Willys' position as Sweden's leading discount grocery chain and ensuring that all concepts in the Group deliver price value
- Large selection of attractive, affordable and high-quality private label products
- Automation, efficient processes and cost control in all operations

# A changing environment



## Health and sustainability

### How changes are taking place

- There is a growing awareness about the impact of food on the climate and health, especially among young people
- Consumers believe that food retail companies have a major responsibility for the development of sustainable and healthy food
- More and more consumers are open to changing their food consumption over time in order to reduce their carbon footprint

### Impact on the food retail market

- Sustainable food consumption is imposing high demands on changes in the food supply chain
- Issues such as responsibility, environmental impact and health are becoming increasingly important, and conscious consumers are manifesting their lifestyles through active food choices
- Many people want more information about origin, quality and ingredients
- Conscious consumers are looking for food inspiration and want help and guidance to make sustainable and healthy choices

### How Axfood operates

- Assortment development and focus on sustainability-labelled products
- Information and inspiration and a focus on encouraging sustainable, healthy choices through loyalty programmes
- Focus on sustainable packaging, reduced food waste, seasonal food, social responsibility and origin
- Environmentally certified stores
- Social impact and dialogue with decision-makers, as well as annual publication of the Food 2030 report, Axfood's proposal for a sustainable food strategy for Sweden

## Digitalisation and automation

### How changes are taking place

- Increased digitalisation and a higher level of automation in all aspects of food retail
- Long-term trend of increased online shopping in the food retail market, although growth has been weak in the last few years

### Impact on the food retail market

- Demand for new technical solutions and more in-store digital tools
- New and changed shopping behaviours opening up for new business models and businesses
- More stringent requirements from consumers concerning user-friendly online shopping platforms
- The e-commerce business model is challenging, especially for pure-play online retailers and for home delivery

### How Axfood operates

- A flexible in-store shopping experience with digital tools that simplify the shopping process
- Investments in digitalisation and automation of core processes within pricing and assortment, product supply and in store
- Continued initiatives in e-commerce and development of the digital customer meeting, flexible delivery options including home delivery as well as store pick-up

## Data and artificial intelligence

### How changes are taking place

- Loyalty programmes and new payment methods provide access to data
- Digitalisation and technological development improve capacity to use data

### Impact on the food retail market

- Increasing importance of consumer insight to respond to changing customer needs and behaviour
- New technology can contribute to more efficient processes and ways of working
- Digitalisation and AI presents major opportunities but at the same time places greater demands on the ability to protect information and customer data

### How Axfood operates

- Good access to data and modern systems for leveraging the opportunities created by technology
- Information and cyber security is a prioritised area and a natural part of the strategic agenda
- Using data in algorithms and models to better understand customer behaviour, improve customer offerings and communication, and optimise processes in operations



MARKETS AND DRIVERS

# The Swedish food retail market

The food retail industry is an important part of Swedish industry and a large employer, providing livelihood for more than 100,000 people. There are a total of just over 3,000 food retail stores around Sweden. The sector is important for young people, who account for nearly a third of the total number of those employed. In the countryside, grocery stores often serve as a community hub, offering pharmacy services, postal services and package pick-up.

The food retail market is relatively unaffected by economic swings and growth is driven largely by population growth and inflation. Annual market growth has historically been between 2% and 3%. The market is mature, and the three largest players – ICA, Axfood and Coop – together account for approximately 90% of sales. During 2023, Axfood's market share is estimated to have been about 22% (21).

For some time now, growth in food retail has been strongest in the discount segment, where Willys is the leading player. The segment represents just over a fifth of the market and can be divided into two sub-segments, *hard discount* and *soft discount*. The biggest difference between the two consists of the offering and breadth of assortment. During the last five years up to 2022, average annual growth for the discount segment is estimated at around 9%, compared with just over 4% for the market as a whole.

Strong trends from the last few year years include an increased share of online shopping within in food retail. This trend accelerated significantly during the pandemic between 2020 and 2021, but the subsequent return to shopping in physical stores is clear. E-commerce still accounts for a small share of the market, around 4.1% in 2023.<sup>1)</sup> Sales within e-commerce are relatively evenly distributed between store pick-up and home delivery.

### Development during the year

In 2023, the Swedish food retail market grew by 7.5%, and sales excluding VAT amounted to approximately SEK 290 bn (269).<sup>1)</sup> Growth was driven by high food price inflation, which, according to Statistics Sweden, amounted to 12.1% during the year. Market dynamics was characterised by consumers' price awareness and changing behaviours as a result of the inflation. Growth in e-commerce was negative and amounted to -4.5%.<sup>1)</sup>

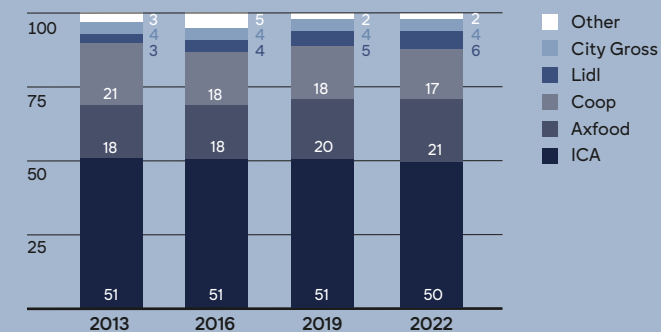
1) Source: Swedish Food Retail Index (Swedish Food Retailers Federation and HUI Research).

### Food retail market segments 2022

	Discount		Hypermarkets		Traditional grocery	
	Hard discount	Soft discount			Larger formats	Smaller formats
	<b>6%</b>		<b>14%</b>		<b>27%</b>	
No. of items:	3,000–4,000		5,000–12,000		12,000–20,000	
Brands:	Lidl		Willys, Willys Hemma, Eurocash,		City Gross, ICA Maxi, Stora Coop and others	
Locations:	Residential and external		Residential and external		External	
					<b>44%</b>	
					<b>9%</b>	
					10,000–15,000	
					1,000–5,000	
					City centres, residential, pure-play online retail	
					Roadside or residential	

Source: Axfood's estimates. Full-year 2022 is used since complete public information is not available for 2023.

### Market share development, %



Source: Axfood's estimates. Full-year 2022 is used since complete public information is not available for 2023.

MARKETS AND DRIVERS

## Swedish foodservice

The players in the foodservice market provide groceries, beverages and kitchen supplies, and sell to restaurants, cafés, fast-food operators, B2B customers and the public sector. A large share of sales in the market go through distribution from wholesalers to customers, and only a few players offer shopping through physical stores. Direct distribution from producers accounts for a small share of sales.

The foodservice market is relatively consolidated and is made up of a number of large players and numerous smaller specialists. Snabbgross focuses mainly on the private market, where the four largest players – Martin & Servera, Snabbgross, Menigo and Svensk Cater – together account for somewhat more than 85% of sales.<sup>1)</sup>

### Development during the year

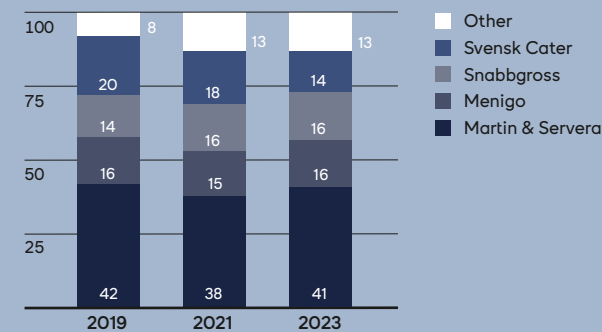
Sales in the private foodservice market increased by 11% in 2023 and amounted to just over SEK 31 bn (28).<sup>1)</sup> Growth was entirely driven by high food price inflation. A slight slowdown in growth was noted during the second half of the year as consumer purchasing power decreased. The segments on the consumer market for cafés and restaurants that displayed the largest increases during the year were hotel restaurants, fast food operators and roadside restaurants.<sup>2)</sup>

1) Source: Delfi Marknadspartner AB. Private foodservice market, index Jan–Dec 2023/Jan–Dec 2022.

2) Source: Statistics Sweden.



Market share development, %



Source: Delfi Marknadspartner AB. Private foodservice market, index Jan–Dec 2023/Jan–Dec 2022.



# Ambitious targets and clear direction

Axfood manages and continuously monitors the Group's operations based on a set of strategic Group-wide targets. By maintaining a strong financial position and sustainable operations, scope and conditions are created for long-term profitable growth.



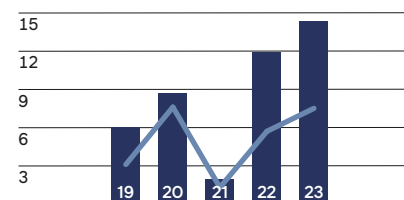
## Financial targets

### Growth

**Target: >the market**  
**Outcome: 14.3%**

Axfood will grow faster than the market. In 2023, Axfood's retail sales increased by 14.3% (11.9), while market growth was 7.5% (5.7)<sup>1)</sup>.

Growth in retail sales, %



#### Comments

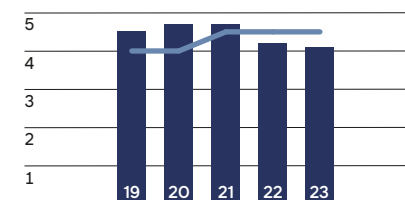
With different concepts and strong market positions, Axfood has grown faster than the market for several years, both in physical stores and in e-commerce. The trend has accelerated during the last two years, in particular for Willys, and Axfood has grown twice as much as the market.

### Profitability

**Target: ≥4.5%**  
**Outcome: 4.1%**

The operating margin will be at least 4.5% over the long term. The operating margin in 2023 was 4.1% (4.2).

Operating margin, %



#### Comments

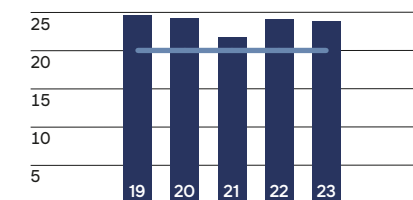
Due to investments in logistics and the acquisition of Bergendahls Food, the operating margin was under the profitability target for the last two years. However, these investments, together with the development in the store chains, are expected to create favourable conditions for increased profitability over time.

### Financial position

**Target: ≥20%**  
**Outcome: 23.9%**

The equity ratio is to amount to at least 20% at year-end. As of 31 December 2023, the equity ratio was 23.9% (24.1).

Equity ratio, %



#### Comments

Axfood has a solid balance sheet, and the business model generates stable cash flow. The aim is to maintain a strong financial position to have the scope and flexibility to make investments that will lead to long-term benefits for the Group.

— Target  
■ Outcome

1) Source: Swedish Food Retail Index (Swedish Food Retailers Federation and HUI Research).

TARGETS AND OUTCOMES

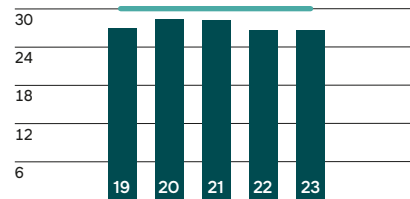
# Sustainability targets

## Sustainable sales

**Target: ≥30%**  
**Outcome: 26.6%**

By 2025, the share of sustainability-labelled products as a percentage of Axfood's retail sales will amount to at least 30%. In 2023, sustainability-labelled products accounted for 26.6% (26.6).

Share of sustainability-labelled products, %



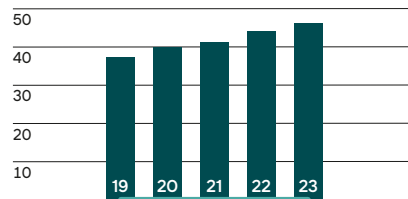
**Comments**  
Sustainability-labelled goods guides consumers to products that are made in a way that takes environmental and social aspects into account. These products are often higher in price since they are generally more expensive to produce, and in the last two years, their share of sales has declined, partly due to consumers' increased price consciousness due to high inflation. The development of both the customer offering and customer meeting with regards to sustainability and health is a high priority within the Group.

## Carbon footprint, own operations

**Target: net zero**  
**Outcome: 46,475 tonnes CO<sub>2</sub>e**

Axfood will have net zero emissions from its own operations by 2030 at the latest. In 2023, total greenhouse gas (GHG) emissions (Scope 1, 2 and part of Scope 3) amounted to 46,475 tonnes of CO<sub>2</sub> equivalents (44,571).

GHG emissions, thousand tonnes of CO<sub>2</sub> equivalents



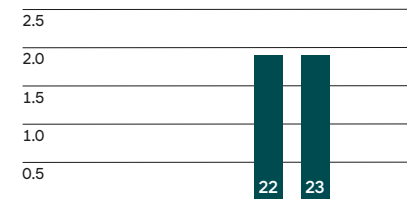
**Comments**  
The climate target helps to limit GHG emissions to meet both national environmental goals and the Paris Agreement. In 2023, however, emissions increased primarily as a result of higher emissions from procured transports. To counteract this negative trend going forward, work has been initiated to accelerate the phase-out of fossil fuel by switching to using renewable fuel in both own and procured transports from warehouses to stores.

## Carbon footprint, food sold

**Goal: annual decrease**  
**Outcome: in line with 2022**

Axfood is to promote more sustainable consumption and production of food by annually reducing its carbon footprint per kilo of food sold. In 2023, the carbon footprint per kilo of food sold was 1.9 kilo CO<sub>2</sub> equivalents (1.9).

GHG emissions per kilo of food sold, kilos of CO<sub>2</sub> equivalents



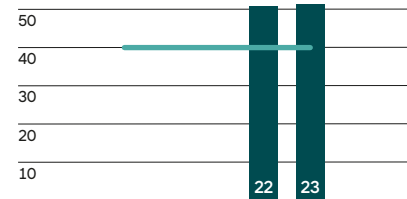
**Comments**  
Axfood shall reduce the assortment's carbon footprint by offering products that contribute to more sustainable protein consumption, such as a wide selection of sustainable plant-based products. To achieve this transition, new products are continually being developed that taste good and are affordable and sustainably produced. There are no comparison figures for this key performance indicator before 2022 due to a lack of data.

## Gender equality

**Target: 40–60%**  
**Outcome: 51.2%**

Axfood will have an even long-term gender breakdown in management positions, defined as men and women being represented within a range of 40%–60%. In 2023, the share of women in management positions was 51.2% (50.7).

Share of women in management positions, %



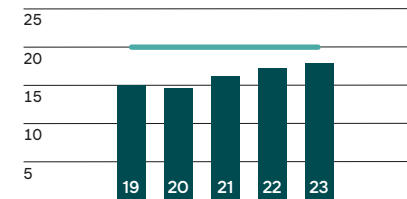
**Comments**  
Axfood is a values-driven company that aspires to reflect society as a whole. Axfood has an even gender breakdown in management positions and in total. The key performance indicator "share of women in management positions" was redefined in 2023 to also include team managers. Comparison figures for 2022 have been restated.

## Diversity

**Target: ≥20%**  
**Outcome: 17.8%**

Axfood's target is for at least 20% of the Group's managers to have an international background. In 2023, 17.8% (17.2) of Axfood's managers had an international background.

Share of managers with international background, %



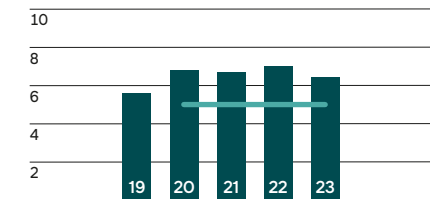
**Comments**  
Axfood endeavours to reflect the diversity found in society, and is to offer all of its employees fair opportunities to contribute and grow. Axfood strives for a broad international representation among its employees.

## Sickness-related absence

**Target: ≤5.3%**  
**Outcome: 6.4%**

Sickness-related absence among Axfood's employees is not to exceed 5.3%. In 2023, sickness-related absence amounted to 6.4% (7.0).

Share of sickness-related absence, %



**Comments**  
Axfood will offer its employees a healthy work environment with good working conditions that contribute to a low rate of sickness-related absence. During the year, sickness-related absence decreased from a relatively high level owing to effects from the pandemic.

— Target  
■ Outcome

### Food



### The environment



### People



Axfood's sustainability work comprises three areas: food, the environment and people. To the left, the UN Sustainable Development Goals (SDGs) most relevant to each area are shown.



STRATEGIC FRAMEWORK

# Strategy that sets direction

With concrete focus areas and a purpose-driven company culture, Axfood creates better quality of life for everyone through affordable, good and sustainable food.

Axfood's business concept is to serve as a family of different concepts working together, and the vision is to be the leader in affordable, good and sustainable food. This is how Axfood creates a greater quality of life for everyone, which is the Group's purpose. Four objectives guide the Group's long-term development.

## Strategic focus areas

At Axfood, work is carried out based on a strategy comprising growth-promoting and efficiency-enhancing focus areas. To promote growth, focus is on developing and offering an affordable assortment. Apart from growing sales at existing stores, key initiatives include continued expansion through more stores, the e-commerce roll-out and the establishment of new formats centrally. The Group is made more efficient through a more data-driven work approach and continued development of the logistics solutions of the future. To stay at the forefront, initiatives and activities to strengthen the culture and engagement are prioritised to attract and develop the industry's best employees. Read more about the focus areas on pages 19–27.



## Objectives

### By 2030, we will be Sweden's most inclusive food company

We will grow by investing in the opportunities presented by people's increasingly different needs, meeting these needs with our distinctive concepts.

### By 2030, we will be the strongest driving force for sustainable food in Sweden

We will challenge and lead the way when it comes to reducing the environmental impact of food in the value chain that we are part of.

### By 2030, we will have created a healthier Sweden

We will contribute to better public health and good food habits for everyone by increasing knowledge and facilitating healthy choices.

### By 2030, we will be a leader in the development of the simplest and best food experiences

We will challenge ingrained habits through innovative, efficient solutions that create value for us and the world around us.



## Core values

### The store is our stage

Always prioritise the customer and embrace change

### Together we are stronger

Help each other, show appreciation, and rely on others' competence

### We challenge

Strive for constant improvement, lead the way and take initiative

### We are aware

Prioritise to maintain high quality and be efficient in our use of resources

## Taking the lead in promoting sustainable food in Sweden

Axfood is to take the lead in promoting sustainable food in Sweden by taking a stance, inspiring and offering guidance for affordable, good and sustainable food. Read more about the sustainability work on pages 75–114.

### Food

- Sustainable choices
- Food waste
- Good proteins

### People

- Sustainable suppliers
- Diversity enriches
- Healthy habits

### The environment

- Smart use of resources
- Sustainable materials
- Green transports
- Sustainable farming



## CUSTOMER OFFERING

# An affordable, good and sustainable assortment for everyone

Axfood offers a wide assortment of products that meet customers' diverse needs and preferences. A distinctive and relevant offering of branded as well as private label products enables affordable, good and sustainable food for everyone.

It is clear that consumers are increasingly looking for price value, inspiration and convenient meal solutions. At the same time, awareness is growing, which is leading to higher standards for quality and sustainability. Consumers also attach importance to country of origin labelling, good animal welfare and reduced use of chemicals. Based on this, Axfood continuously develops the customer offering in close cooperation with the Group's suppliers. The range consists of more than 70,000 items, and just over 32% of the Group's sales consist of private label products.

At Axfood, major emphasis is placed on cultivating good relationships with suppliers of branded and private label products, and thousands of supplier negotiations are carried out each year. Suppliers rate Axfood highly as an appreciated partner, and in order to recognise and inspire trusting partnerships, Axfood organises an annual supplier meet-and-greet where a prize for supplier of the year is awarded.

## Clear focus on price value

Axfood's assortment and category work revolves around the various concepts and their respective customer groups. Within the respective concepts' market positions, the customer offering is built on an efficient and attractive assortment with a distinct price point. Growth and customer satisfaction are achieved by allowing strong global and national brands to be displayed side by side with private label products on store shelves. Collaboration with the two purchasing organisations European Marketing Distribution (EMD) and United Nordic contributes to economies of scale and ensures a wide and relevant offering.

Price value has become increasingly important for customers, and in 2023 high food price inflation also led to an increase in demand for discount and campaign goods. Price value is therefore

highly prioritised at Axfood and characterised the Group's work with the assortment during the year.

The integration of Axfood's customer offering into City Gross' stores continued during the year, and City Gross now follows the same processes and ways of working as other Axfood chains. In line with the City Gross strategy, additional steps were taken within assortment development and additional private label products from Axfood's brand portfolio were launched.

## Leading innovations and meal solutions

Axfood collaborates with local companies, entrepreneurs and researchers to develop the food of the future. The offering of meal solutions is also continuously evolving to meet steadily rising consumer demand. Meal solutions are developed under private labels at the same time as the offering of warm food in stores is growing.

During the year, the offering of ready meals in stores was expanded, through branded as well as private label products, such as soups and pasta. Demand is also increasing for salad bars, and Hemköp's buffet of hot dishes was rolled out in some 30 stores. Many Hemköp stores also offer sandwiches, salads and single-serving meals. Prepared foods in heated cabinets were expanded both at Willys and Hemköp, adding fast food like pizza and burek.

As part of expanding the assortment with more sustainable and healthy alternatives, Axfood carried out a large-scale launch of a mince with equal amounts of mince beef and vegetables under the Garant brand in 2023. The Nöt & Grönt mince is Keyhole-labelled, bears the "Kött från Sverige" (Meat from Sweden) label and is attractively priced. The launch was part of a partnership with Generation Pep, an organisation that works to support the health of young people (read more in the box to the right).

## Transparency across the entire value chain

To maintain credibility among today's conscious consumers, food retailers need to exercise greater transparency surrounding the assortment's entire value chain. Axfood's thousands of suppliers around the world are required to comply with its Code of Conduct in the areas of human rights, working conditions, the environment and anti-corruption.

Read more about the Group's sustainability work in the supply chain on pages 92–96.



Axfood will offer an attractive assortment that is relevant, sustainable and affordable.

## Priorities 2024

- Develop and strengthen the assortment of affordable, good and sustainable food
- Develop and strengthen the private label product assortment
- Strengthen the price position
- Develop the meal solutions offering

## Long-term partnership with Generation Pep to support the health of young people

Axfood's goal is to create a healthier Sweden by 2030. Axfood aims to contribute to better public health and good food habits for everyone by increasing knowledge and facilitating healthy choices. As part of the long-term partnership between Axfood and Generation Pep that began at the end of 2022, the organisations work to spread information about making healthier choices, and facilitate and conduct activities that encourage children and young people in this area so they can live a more wholesome, longer and healthier life.



CUSTOMER OFFERING

## Distinctive and attractive private label products

Axfood's extensive array of private label products, including Garant, Eldorado, Minstingen, Fixa, Säkrlart, Mevolution and Gastrino, gives a significant competitive edge. The products contribute to profitable growth by creating an attractive and distinctive assortment that strengthens the offerings within Axfood's various concepts. Products are subject to strict requirements and are discerningly tested, and an external consumer panel samples a large share of products before they advance to production. The Group's assortment developers are innovation-driven and identify niches in the market, using customer data to develop products that are at the forefront of current food trends, health and sustainability.

Of Axfood's private labels, Garant and Eldorado are the most strongly positioned with respect to quality and price. Garant is a well-known brand with a distinct added-value profile, and surveys demonstrate that knowledge of and loyalty to Garant are very high. Eldorado aims to be the best discount alternative with a focus on basic products. Surveys show a positive trend in terms of approval and the desire to repurchase Eldorado products in the past few years.

All private label products are quality assured and meet stringent sustainability requirements. The difference between, for example, Garant and Eldorado is that Eldorado allows for sourcing from a broader origin and is more varied in terms of design and appearance.

About 140 new private label products were launched during the year. The rate of development remains high, even if challenging circumstances related to the price trend and access to goods have resulted in fewer launches of new items compared with recent years.



# 32%

Share of private label products of retail sales



# 140

Number of product launches in private label products





## CUSTOMER MEETING

# The customer in focus

It should be easy and convenient for customers to shop for affordable, good and sustainable food. With a high degree of accessibility, Axfood is there for everyone – seamlessly and regardless of sales channel.

Everyone has different needs and preferences. Demographics, budgets, daily routines and family situations are just a few of the many factors that influence how consumers prefer to do their grocery shopping. It is therefore important to offer a variety of concepts and channels that allow consumers' own preferences to steer their food purchases.

### Modern and accessible stores

Axfood's stores must be accessible to customers so that it is convenient and easy to shop. With the help of a broad contact network in the real estate sector and own forecasts, the Group can identify geographic areas where its store concepts can add value. Just as important as the stores being at the right locations are personal customer meetings, where the employees are the front-line ambassadors.

The work on upgrading existing stores is continuously ongoing to ensure customers are given the best possible in-store experience. In addition to continuous improvements to create inspiring environments, stores are modernised every five to seven years.

New ways are continually being introduced for using digital tools to improve customers' in-store experience. During the year, Willys continued to roll out scanning and mobile payment solutions to more stores.

### Broad e-commerce offering

Axfood has a strong digital presence with a mix of omnichannel players and pure-play e-commerce retailers. It is important that customers feel at home and find the same prices online as in stores. The various food concepts therefore reflect the same market positions online as in the physical stores.

In e-commerce, customers' varying preferences for order delivery are met. The store chains offer flexible delivery alternatives, and a central part of meeting customers' needs is being able to offer home delivery as well as store pick-up.

### Popular customer programmes

The majority of sales are made through the various concepts' loyalty programmes, and personal offers based on previous purchasing preferences are directed to customers digitally.

Willys Plus is a popular customer loyalty programme with close to 3.6 million members. Data is used to create better offerings, and all campaign materials are uniquely tailored to the individual customer to ensure the most relevant content possible.

Hemköp's Klubb Hemköp loyalty programme has increased customer loyalty through personalisation and relevance. Klubb Hemköp inspires and guides its just over 2.0 million members to take positive action. In addition to bonus points awarded for all purchases, extra points are awarded for sustainable and healthy choices, such as buying organic products or fruit and vegetables, or selecting digital receipts.

The Snabbgross B2B customer programme is being continually developed and more than 100,000 customers are reached with targeted and relevant offerings. In Snabbgross' store concept Snabbgross Club, members can access campaigns, targeted offerings and inspiration to shop the unique brands and bulk packages that the concept offers and that are not available in traditional food retail. The number of registered members in Snabbgross Club has grown to approximately 75,000.

### Digital development

To meet evolving customer needs, Axfood is working on its core business as well as on development and innovation in new areas.

A large focus area for Willys and Hemköp in 2023 was to develop the digital customer meeting to make it more inspiring, relevant and easier to shop online. Customers can now log in using BankID and see personal recipe recommendations. It is also easier to find products and be inspired to try new products. Hemköp also launched a new app to strengthen the customer meeting and increase loyalty.

### Hybrid solution for unstaffed opening hours at Tempo

A hybrid solution where staffed opening hours are supplemented with unstaffed opening hours launched in a number of Tempo stores during the year. By downloading an app and registering with BankID, customers can visit and shop at an unstaffed Tempo store. This is in line with Tempo's ambition to make good food and service readily available, and gives customers better accessibility through generous opening hours.



With relevant concepts and high accessibility, Axfood is meeting customers' various and changing needs.

### Priorities 2024

- Develop and optimise the store base
- Develop the digital customer meeting
- Develop customer meeting with respect to price value, sustainability and health
- Explore future payment solutions and financial services





Axfood will grow in new and existing areas by establishing stores and e-commerce as well as developing new offerings.

#### Priorities 2024

- Expand store network and e-commerce
- Strengthen positions of the development companies

## EXPANSION

# A growing Group

Axfood's target is to grow faster than the market. This will be achieved through continued establishment of new stores, a broad e-commerce offering and the development of new customer offerings.

Axfood has a broad, nationwide presence, with a particularly strong performance and growth in major cities. With a diversified portfolio of food retail concepts, the Group also has a presence in smaller cities, primarily through retailer-owned stores.

#### New establishments in attractive locations

Geographic location, flows and the infrastructure surrounding a physical store are of major importance for reaching customers. The ability to identify locations that are accessible and easy to reach for consumers is crucial for a successful establishment. Each potential new establishment is evaluated based on data-driven analysis, where movement patterns, demographics and purchasing power are included in the assessment of the right concept for the location.

Axfood has a presence in most of Sweden, but there remains good potential for expansion of new physical stores. For example, the Group has historically had a somewhat smaller presence in the northern parts of Sweden, but as major investments are being made in industry and infrastructure in these parts of the country, there is significant growth potential that is followed closely.

During the year, 12 new Group-owned stores and 4 retailer-owned stores were established. At the end of the year, Axfood had a total of 337 Group-owned stores and 266 retailer-owned stores.

#### A favourable business model

Axfood's strategy with different concepts working together is favourable when it comes to establishment opportunities. Parameters such as size of premises, customer base and whether the store is Group- or retailer-owned are taken into consideration to assess which brand is appropriate for each individual establishment. Another advantage is that, when necessary, stores can be converted to another concept if conditions change.

In terms of new establishments, Axfood is seeing increased demand for the discount chain Willys, both in parts of the country where the chain is not present and in larger cities where there is room for additional stores. The ability to operate across the entire country with a locally adapted assortment and different ownership forms is a strength of Hemköp and Tempo. Axfood's brand portfolio also includes the Handlar'n and Matöppet concepts, which perform well in smaller local markets.

#### A competitive e-commerce

Axfood's store network offers customers a high degree of accessibility, even for pick-up of online orders. When it comes to store pick-up, for Axfood it has proven to be the most popular delivery option, allowing customers to pick up their groceries when it suits them best. At the end of the year, 158 Willys stores and 67 Hemköp stores offered online shopping.

All Snabbgross stores offer e-commerce to B2B customers. Middagsfrid offers pre-planned meal kits complete with recipes in urban locations. Mathem, in which Axfood is a minority owner, is a pure-play online grocery retailer with home delivery. Apohem is a full-scale online retail pharmacy that offers home delivery of pharmacy products throughout Sweden.

#### Conversions of Hemköp and Tempo stores

The number of Hemköp retailer-owned stores can vary somewhat from year to year depending on agreements and continuous evaluation of which form would enable a particular store to best strengthen Hemköp's position in the market. Hemköp has a financing programme known as 91/9 that enables selected store managers to acquire a store.

“ Axfood has a broad presence, with a particularly strong performance and growth in major cities.

## SUPPLY CHAIN

# Continued steps toward an optimised logistics platform

Changed consumption patterns, digitalisation and the importance of ensuring competitiveness are driving the development of more sustainable and efficient product supply. Axfood's own warehouses and well-developed fleet of delivery vehicles supply products to stores and e-commerce customers throughout Sweden. To further strengthen the base operations, extensive investments are being made into the logistics platform.

Dagab is Axfood's purchasing and logistics company and is responsible for the Group's product flow. Goods are distributed to the Group-owned stores and external customers, such as retailer-owned stores and convenience retailers. Separate e-commerce warehouses handle home deliveries for the e-commerce business in Stockholm and Gothenburg.

Dagab's delivery fleet is made up of 200 heavy-duty trucks. The filling ratio is optimised for efficiency and environmental purposes, and trucks deliver goods from the Group's warehouses to stores across the entire country. Approximately half of all volumes are handled by the Group's own fleet, which has a number of advantages, including that Axfood can use its own transport knowledge and experience to set high demands on procured transports. At the same time, external transports provide flexibility and contribute to efficiency and sustainability, particularly in the countryside where transports are largely coordinated with other providers in order to optimise the filling ratio. In addition to its heavy-duty trucks, Dagab has 86 light trucks and vans for e-commerce deliveries. High demands are placed on safe work and traffic environments and on reducing the carbon footprint by promoting eco-driving and transitioning to sustainable fuels.

During the last few years, a new, modernised transport management system was implemented, which enables route optimisation, gives a broader overview of transport flows and manages flows to both stores and e-commerce customers. The system also offers consumers improved order tracking.

## Investments in logistics of the future

Investments to create a more sustainable, efficient and competitive product supply continued in 2023. These major investments will ensure a world-class nationwide logistics platform that will strengthen the entire Axfood family and external customers. The new, highly automated logistics centre in Bålsta is one of the largest of its kind in Europe and the facilities are comprehensive. The facility is planned to be fully operational in 2024 and will handle the distribution of groceries to stores as well as to e-commerce customers. The investment is unique in that it will gather the entire flow and processes for stores and e-commerce under one and the same roof. The logistics centre will handle all temperature zones and contribute to further optimisation of the product flow through a faster and more flexible supply chain. Underlying processes will also be made more efficient, which will help reduce food waste. The logistics centre will handle about 60% of Dagab's volumes, and space is being built to further increase capacity by at least 40% compared with 2019. The ramp-up is proceeding in phases, and in 2023 automation for the handling of goods in the dry and frozen assortments was taken into operations, with gradually increasing volumes. In 2024, the ramp-up continues for goods in the frozen assortment, and deliveries for e-commerce will begin.

To develop and streamline operations and accommodate future volume growth, Axfood inaugurated a new, larger nationwide warehouse for fruit and vegetables in Landskrona in 2022. The warehouse is being semi-automated, and the solution will be fully operational in 2024.

To add additional pallet space and meet future volume growth, the existing high-bay warehouse at the Backa distribution centre in Gothenburg is being strengthened and expanded to include two new automated aisles. This will increase the total capacity by approximately 30%. In 2023, groundwork began for the new construction.

## Green transition of delivery fleet

Emissions from transports account for a large share of the Group's total carbon footprint. After extensive investments in various types of vehicles, all Group-owned trucks can now be driven on fossil-free fuels. To reduce emissions, work has been initiated to accelerate the phase-out of fossil fuel by switching to using renewable fuel in both own and procured transports from warehouses to stores.

For several years, Dagab and Scania have had a close collaboration concerning fossil-free transportation. Using advanced analytics, it is investigated how fast it is possible to transition. Dagab has prepared an electrification plan and continues the journey towards a reduced carbon footprint. Today, Dagab has three fully electric heavy-duty trucks that make local and regional shipments in Stockholm and Gothenburg. Dagab put Scania's first fully electric 64-tonne truck and trailer into service and was the first company in Sweden to operate Scania's first fully electric heavy-duty truck in 2021. Dagab also has Volvo's first mass-produced heavy-duty electric truck in its vehicle fleet.



Axfood will develop a sustainable product supply with high efficiency and quality.

### Priorities 2024

- Develop future warehouse structure
- Streamline operations with new warehouse structure
- Streamline and develop sustainable transport solutions of the future



## WORK APPROACH

# Automation and digitalisation

Food retail is undergoing a shift, with digitalisation and automation high on the agenda. Axfood can become even more competitive and relevant for customers by working both faster and more strategically with data.

Axfood's IT company has approximately 300 employees who create value and efficiency for all of Axfood's operations through innovation, digital development and automation. This enables the Group to be at the forefront in areas such as the digital customer meeting, e-commerce and work approach.

To adopt a more agile work approach with quality and high value to the business, cooperation and development takes place cross-functionally between companies, departments and experts in product area teams. The work of engaged employees creates an ability to change, flexibility, and more satisfied customers and users. In projects, steering committees represent the entire Group to ensure an overall perspective.

## Data-driven organisation

A data-driven work approach is continually being developed and permeates the entire organisation. With the help of data and analytics, communication is becoming personalised and customers can be offered more relevant products and offers.

Axfood has developed internal competence in advanced analytics of customer data in its category and purchasing work. Data analytics is allowing better management of the assortment and prices while making customer offers more personalised. To improve processes and create a more efficient and attractive offering, the Group's IT platforms were updated in recent years. The project was conducted to improve the campaign and assortment process and entails a higher degree of automation and better decision-making documentation with data and analyses.

During the coming year, work with integrating AI into the Group's processes and ways of working will be accelerated. A particular focus will be on opportunities with generative AI.

## Efficiency with a digital work approach

The Group's technical platforms are being developed on a continuous basis, and in stores and warehouses, the level of automation and digitalisation is increasing. Inventory levels, product flows and routes are optimised using data and AI. Automated orders enable the correct amount of items to be ordered at the right time. Hand-held computers are used in stores to efficiently identify goods nearing their best-before dates, providing better control over the assortment and contributing to reducing food waste. Finger scanners can be used in store to quickly and easily scan products when e-commerce orders are assembled. A new modern, fast, and flexible cash register system has in recent years been implemented in Axfood's stores, corresponding to more than 4,000 new cash registers and payment terminals.

All employees have their own digital identity, which creates favourable conditions for internal communication, targeted information and training based on the user's company affiliation, workplace and role. Through digital training courses, guides and engaging content, employees are urged to continuously develop their digital literacy.

With the help of robots, time-consuming administrative duties can be automated. Robots take care of tasks such as quality control, final approval of flows and filtering of documents. Robotic process automation (RPA) is giving rise to a host of benefits. Processes are being streamlined and standardised at the same time as employees are being relieved of time-consuming tasks.

## Information security high on the agenda

Digitalisation is creating opportunities and new ways of working, but also increases the need to protect information and ensure stable IT operations. Information security is therefore a prioritised area in the Group. Major emphasis is being placed on preventive efforts and organisation in order to detect and manage threats and disruptions and ensure operational continuity in the event of unforeseen events. Continual efforts are also being made to raise internal awareness of information security issues, including measures such as a shared strategy, training and new technical solutions.

**A data-driven work approach is continually being developed and permeates the entire organisation.**



**Axfood is to be a customer-oriented, dynamic and sustainable organisation with a focus on efficiency and development.**

### Priorities 2024

- Accelerate advanced analysis, AI and digital ways of working
- Develop and implement new store platform
- Strengthen work with cyber security
- Active work with social impact to promote increased sustainability, health and competitiveness



## EMPLOYEES

# Employees as enablers

**Axfood views diversity, equality and inclusion as self-evident and crucial aspects of its business. Axfood's employees meet millions of customers each week, and the organisation is therefore continually being developed to benefit from employees' different expertise, perspectives and potential while meeting customer needs.**

Axfood has more than 13,000 employees (FTEs) and promotes a culture in which employees are actively committed. In the past few years, Axfood's reputation as a stable and secure employer that makes a difference has been further strengthened – making it attractive to those who have already begun their careers and to the employees of the future.

## Reflection of customers

Axfood endeavours to reflect the diversity found among its customers, and offers all employees fair opportunities to contribute and grow professionally. Axfood aims to be an inclusive employer where everyone is treated with respect based on their unique circumstances. Inclusion is deeply rooted in the Group's culture.

Axfood has clear objectives to have a diversity of representation at all senior levels. A diversity of perspectives and ways of solving problems provides innovative strength and increases knowledge. This makes the Group even better at meeting customers' varying needs. It is also a reflection of what job candidates in the labour market are looking for today – meaningful work with values that match their own.

Axfood works with objective and fair processes for finding new employees, where competence rather than age, gender and background is what is important. Succession planning is part of these efforts to fill the pipeline of management candidates and achieve the Group's diversity and gender equality targets. Axfood's goal is that the breakdown of men and women in management positions will be in the range of 40–60%, a target that was once again reached in 2023.

During the year, Axfood registered 165,740 applications for the 2,444 positions in total posted within the Group. This represents an average of 68 applicants per position.

## Many development opportunities

Being part of Axfood offers many development opportunities and the Group has the ambition that everyone can grow, regardless of their position. Senior managers and new employees can develop when the right conditions are in place. Employees are encouraged to develop personally and to try different positions and roles within the Group.

Axfood Academy, with both internal and external instructors, is the Group's centre for continuing education and skills development. Courses focus on various roles in stores, warehouses and offices. Axfood Academy works with the ambition to move learning out into the operations, which research shows has the greatest effect. Many courses are considered to be part of an "educational journey" where learning is spread out over time, with a number of components explored as part of the employees' day-to-day work.

Axfood is a growing Group and therefore has a continuous need for new leaders. Through various activities, such as instructor-led training, e-learning, manager coaching and various exercises performed in stores, employees are prepared to take the next step in their careers in Axfood. Specific leadership steps have been developed to provide store employees with the opportunity to become team managers or store managers. Just over 80% of Axfood's managers are appointed internally.

All employees at the Group's support offices are encouraged to do an in-store work placement for one day during the year. These in-store work placements are a good way of increasing the employee's understanding of the core operations and of how their own efforts impacts this work.

## A sustainable workplace

Axfood's efforts to promote a sustainable work life include long-term strategic investments. Investments to support increased health and reduce sickness-related absence are supported by Group-wide initiatives, clear procedures and ways of working, and quality-assured processes and tools. An annual follow-up is carried out in the form of an internal work environment audit, which forms the basis for any measures taken. Employees are Axfood's most important resource. That is why it is self-evident that work environments should be positive and that employees should feel safe and can act without risk to their health, or the health of others. A system for reporting accidents and safety incidents is used within the Group to evaluate, remedy and follow up on risks, incidents and accidents. The system helps to identify risks and remedy them for preventive purposes. System support is also available for managers to address sickness-related absence and rehabilitation. For example, managers are notified of recurring short-term absences due to sickness and are guided through the entire rehabilitation process for long-term absences due to sickness.

Mental health is a major societal concern. That is why Axfood launched a service that allows employees to speak anonymously with a social worker, psychologist, lawyer or economist. Managers can use the service to receive leadership guidance and assistance.



**Axfood aspires to be the market's most attractive employer and to engage and help its employees to develop the right skills and work approach.**

## Priorities 2024

- Secure staffing and reduce employee turnover
- Strengthen culture and leaders as role models
- Strengthen a sustainable work life



## EMPLOYEES

## Axfood's employee promise

Our differences in the Axfood family serve as the underpinnings of a strong team and enable us to have an influence in our work today and tomorrow. Our passion for food and people, commitment and pride enable us to work together to create a better quality of life for everyone we meet and have an impact on. Together, we have the power to improve, develop and make a difference – for real.

### Five reasons to work at Axfood

# 01

#### Development opportunities – we grow together

Our success begins with you. We embrace talent and ideas in an environment where it is appreciated when you dare to think in new ways. We encourage learning: if there's something you can't do, you can learn how. Growing and developing together with you enables us to lead the way and challenge an entire industry.

# 02

#### Part of the team – welcome to the family

The team spirit is strong in every company, and as members of the Axfood family we are always helpful and responsive to each other. Our family affiliation is a key reason why we go to work with passion and energy.

# 03

#### Community engagement – we make a difference on matters big and small

With us, you have great opportunities to make an impact on the society we live in today and tomorrow. Initiative after initiative shows that we can make a big difference. We are looking for positive, innovative thinkers who together with us are driven to work with a sense of curiosity and engagement, with food, the environment and people in mind.

# 04

#### Passion for food and people – together we create better quality of life

We serve a vital function in society and are proud to be part of everyone's daily lives. Together with you, we want to create better quality of life for all we meet and have an impact on.

# 05

#### Different concepts, one family – strength in our differences

We are a unique group with different concepts working together. With us, you have security and great development opportunities. With us, you can cooperate and develop both on your own and with other companies in the family. Thanks to our many backgrounds, competencies and experiences, we are stronger together.



#### Focus on health and movement with Axfoodloppet

The second annual Axfoodloppet was held as part of Axfood's focus on health. Over 400 employees ran, jogged or walked a five-kilometre stretch in the scenic Hagaparken in Stockholm.



# Axfood's largest development projects

To strengthen its competitiveness, Axfood is developing its operations at a high pace in all parts of the Group. An overview is presented here of Axfood's largest ongoing development projects.

## A new world-class logistics structure

The competitiveness is strengthened through a broader assortment and enhanced efficiency in the delivery of goods to stores and e-commerce customers.

## A data-driven and efficient product flow with the customer in focus

Consumer demand governs all stages of product supply, thereby enabling efficiency, sustainability and competitiveness.

## Optimal in-store work approach

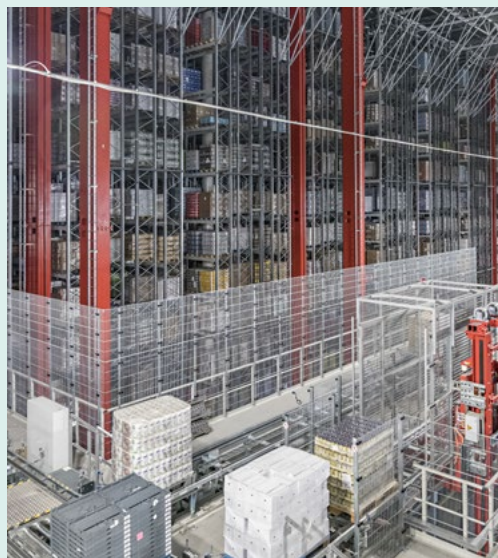
Store employees find new systems easy to use, enhancing the efficiency of store operations.

## A more attractive customer offering

Better conditions are established for planning and optimising prices, campaigns and the assortment.

## A relevant and inspirational digital customer meeting

The digital customer meeting is developed with a focus on e-commerce solutions, customer programmes, customer deliveries and in-store digital tools.





# Risks and risk management

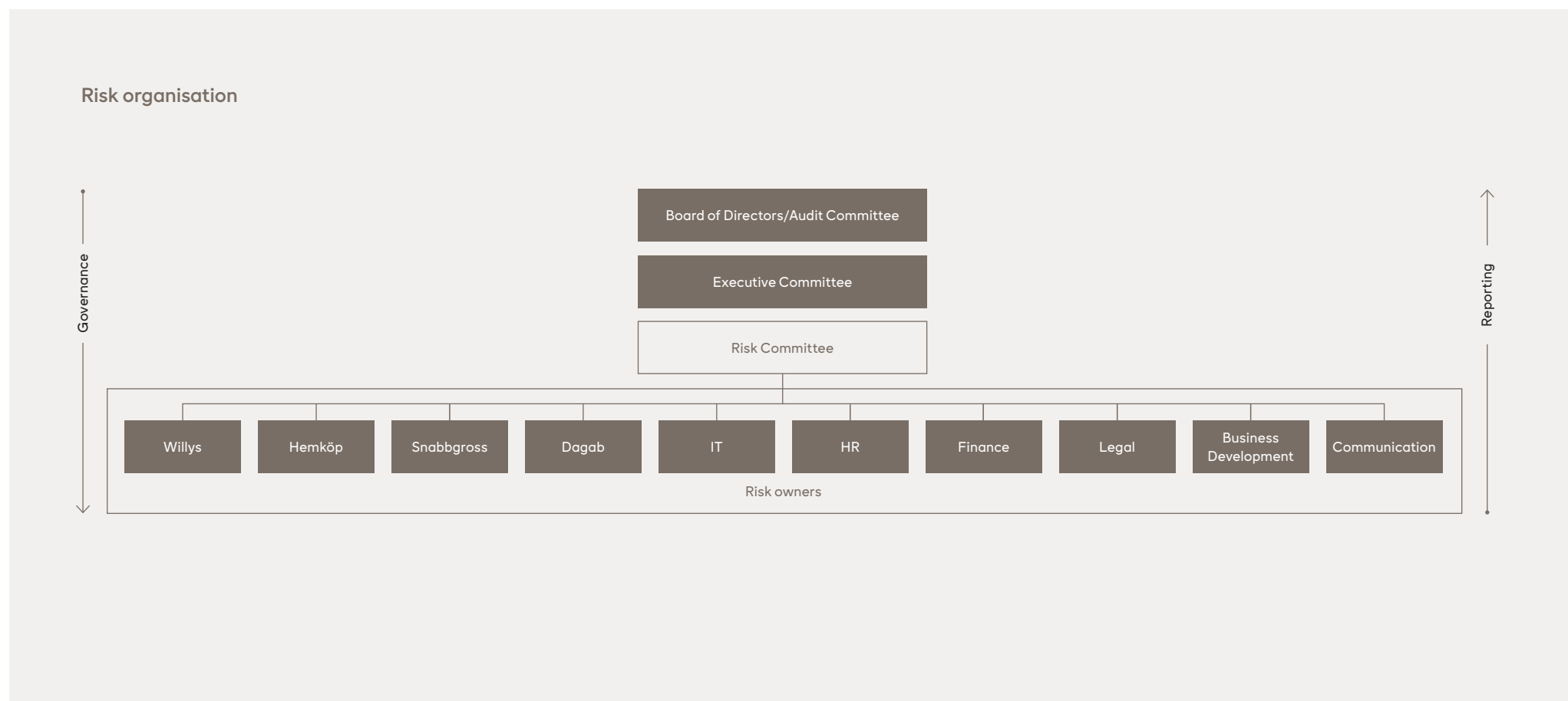
Like all business activities, Axfood's business is exposed to risks. Risks are something that can affect the operations negatively. Managed properly, however, they can also add value. How risks are managed is of great significance. Axfood breaks down risks into operational, strategic and financial risks.

## Risk management process

To prevent risks or mitigate their effects and loss, Axfood works with an established enterprise risk management process, where risks are continuously identified, managed and reported. In this work, all risks are assessed based on probability and consequence. Operational and strategic risks include sustainability risks.

Risks are assessed and documented by the respective risk owners at least twice a year as well as on a continuing basis where necessary. An assessment is made of the changed level of existing risks as well as of potential new risks. Strategic risks, such as increased competition, changes in the assortment and other changes in the external business environment that can affect Axfood's strategic objectives, are managed as part of the continuing work of the Board of Directors and Executive Committee.

Risks are classified and categorised according to how well countermeasures are implemented. The risk owners are the members of the Executive Committee, who are responsible for the risk maps in their respective areas. Axfood has a Risk Committee, which is headed by the Group's Risk Manager. The Risk Committee is tasked with, among other things, following up on planned countermeasures and consolidating the risks identified by the respective risk owners. A compilation is made centrally and coincides with the timing of the Group's business plan, which facilitates budgeting for decided countermeasures. For a description of the organisation, governance and reporting of Axfood's risk management, see the illustration to the right.



RISKS AND RISK MANAGEMENT

**Incident management**

Incident reporting systems are in place for the Group. Through these systems, a compilation is made that provides documentation for determining how operational risks are to be prioritised and managed effectively and systematically.

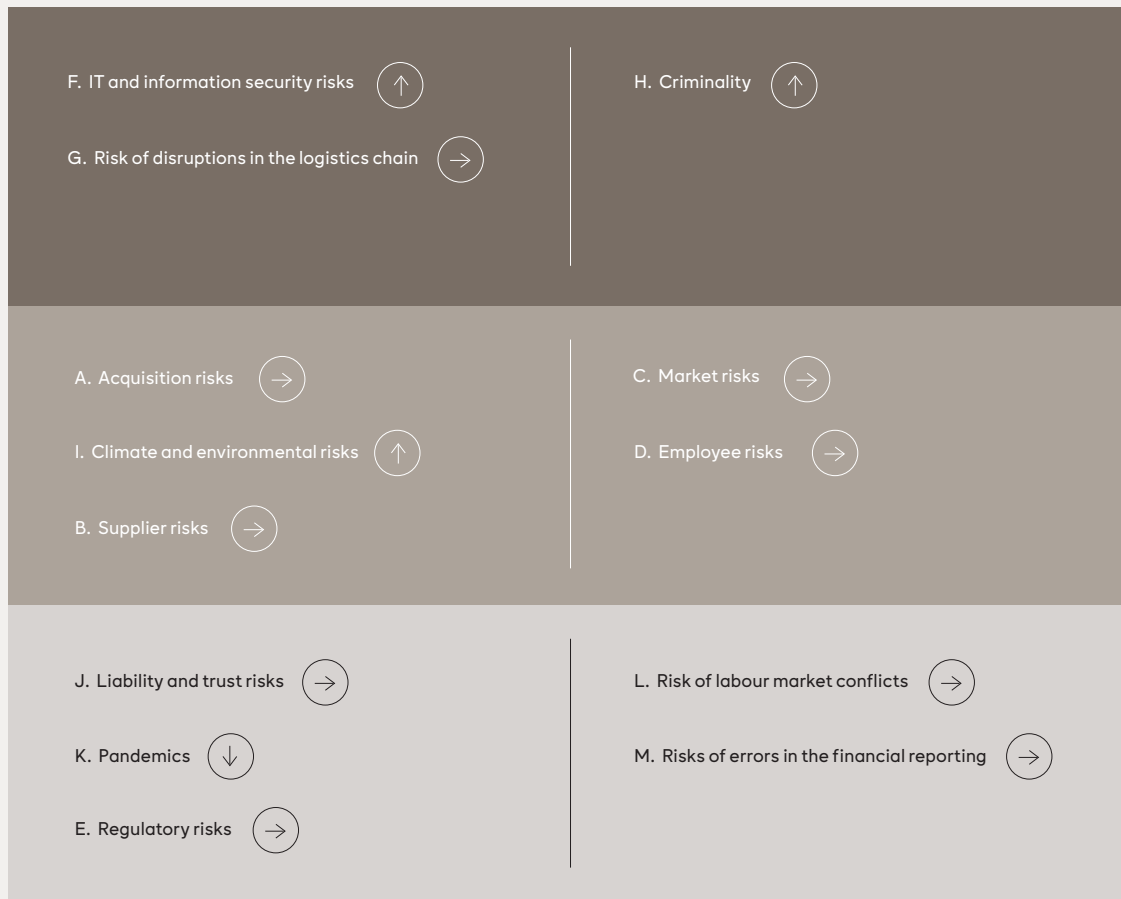
**Crisis management and continuity plans**

Axfood has crisis management plans in place for which drills are conducted on a regular basis by all of the companies' crisis management teams. These plans and drills are intended to ensure preparedness for a crisis and that the right actions are taken at the right time by the designated key functions. The aim is to minimise acute damage in a situation in which normal procedures are insufficient. For events in which a crisis risks being drawn-out, Axfood works preventively and actively with continuity plans to minimise the duration of any business interruption.

**Insurance**

Axfood has Group-wide insurances that are reviewed yearly by an independent, external party. The insurances cover, among other things, property, business interruption, product liability, cyber-attacks, transports, and directors and senior executives liability. All of Axfood's insurances are renewed before expiration.

**Risk overview** (risks listed in alphabetical order in each box, refer to the next page for more detailed information)



**Trend**

- ↑ Elevated risk
- ↓ Reduced risk
- Unchanged risk

**Impact**

- High
- Medium
- Low





## RISKS AND RISK MANAGEMENT

# Strategic and operational risks

**Strategic risks**

Risk	Main risks	Management	Trend	Insured <sup>1)</sup>
A	Acquisition risks	Thorough market analyses of, for example, competition and demographics, where every investment calculation stretches over several years.	→	n/a
B	Supplier risks	Alternative solutions are evaluated on a regular basis. Multiple suppliers of a particular product or ingredient, and often also geographic diversification, result in lower risks in the event of potential disruptions. For high-risk suppliers, more frequent follow-ups are conducted to identify deviations that could result in disruptions. High demands are placed on fire safety and financial stability among suppliers.	→	✓
C	Market risks	Analyses, such as customer and consumer surveys, which together with other analyses form the basis of the Group's strategies.	→	n/a
D	Employee risks	Axfood works continuously with succession planning. The company also has a strong focus on diversity work, zero tolerance for discrimination and offensive treatment, having a good work environment and maintaining a healthy work/life balance.	→	n/a
E	Regulatory risks	Axfood has a well-working system of internal control and takes an ethical approach in all areas. Axfood's Code of Conduct is described in more detail on the Company's website. In connection with new laws or regulations, measures are decided on well in advance of enactment.	→	✓

Risks listed in order of impact and thereafter in alphabetical order.

1) Fully or in part.

**Trend**

↑ Elevated risk

↓ Reduced risk

→ Unchanged risk

**Impact**

● High

● Medium

● Low

**Operational risks**

Risk	Main risks	Management	Trend	Insured <sup>1)</sup>
F	IT and information security risks	Major emphasis is placed on preventive work and continuity planning. Operations of stores, warehouses and offices are secured through redundant systems with a geographic spread. High awareness about information security issues, with measures such as training, technical solutions and the implemented information security strategy.	↑	✓
G	Risk of disruptions in the logistics chain	Considerable focus is devoted to systematic fire safety work. Major emphasis is placed on an effective fire safety organisation with preventive measures such as training, pertinent procedures, technical fire safety, and recurring inspections and follow-up. Active and sustained work with continuity.	→	✓
H	Criminality	Extensive preventive safety work including training, procedures, and technical and human resources for being able to handle various situations, such as shoplifting.	↑	n/a
I	Climate and environmental risks	Strong focus on development of the climate- and environmentally adapted assortment to attract conscious consumers and strengthen the Group's brands. To address challenges posed by extreme weather, deliveries are safeguarded through purchasing from different production areas. A more detailed description of Axfood's work with climate and environmental risks is provided in the Sustainability Report on pages 90–91.	↑	✓
J	Liability and trust risks	Axfood conducts extensive quality and food safety work. Preventive work through far-reaching internal inspection programme and quality assurance of private label products. Clear procedures for food handling.	→	✓
K	Pandemics	Experience and knowledge gained from handling the Covid-19 pandemic including measures taken in stores, warehouses and offices, remote working, staffing, digital work approaches and crisis management.	↓	✓
L	Risk of labour market conflicts	Coordination and dialogue via employers trade organisations. Long contract periods reduce the risk of conflict.	→	✓
M	Risks of errors in the financial reporting	A more detailed description of Axfood's work with internal control is provided in the Corporate Governance Report.	→	n/a

Risks listed in order of impact and thereafter in alphabetical order.

1) Fully or in part.

# Strategic and operational risks

## (A) Acquisition risks

Axfood acquires and establishes new operations on a regular basis. If the conditions in the operations do not correspond to what was known prior to such decisions, for example, prior to an acquisition having been carried out, there is a risk that this could have a negative impact on Axfood's earnings and brand. With respect to acquisitions, a well-executed integration and retaining key persons are also important. All new store establishments and acquisitions are preceded by thorough market analyses of the competition as well as demographics, where every investment calculation stretches over several years. In addition, the external operating environment as well as the business' profile are analysed from ethical, social and environmental aspects, among other things.

## (B) Supplier risks

Axfood conducts extensive quality, safety and sustainability work particularly regarding its private label products, but also for other products in its assortment. Mapping of risks at the supplier level is based on a number of different dimensions such as work environment, water supply, child labour, union rights, food and product safety, and animal welfare. Human rights challenges may arise in certain supplier countries. Quality assurance is conducted at several levels before a supplier is approved, and the selection criteria include suppliers' sustainability work. Purchasing is steered toward suppliers with developed sustainability work or a positive willingness to change. Axfood also makes recurring visits and/or conducts audits at suppliers to discuss product knowledge, product development, compliance with the Code of Conduct and, where applicable, to investigate and follow up any defects. A bankruptcy or serious fire at a critical supplier could result in disruptions in product flows. Therefore, alternative solutions are reviewed on a regular basis at the same time as high demands are placed on fire safety and the financial stability of critical counterparties. To maintain and preferably strengthen customers' trust, it is also important to maintain good control of the supply chain.

## (C) Market risks

Axfood operates in a competitive and dynamic market that requires a flexible and agile organisation to meet new customer needs and behaviours. To stay up to date with competitors and new trends, the market is constantly monitored. For example, customer and consumer surveys are conducted regularly, which together with other analyses form the basis of the Company's strategies.

## (D) Employee risks

The food retail industry is undergoing a rapid pace of change and digitalisation. Change management, skills development and attracting sought-after competencies are growing increasingly important. One currently pertinent and major change facing Axfood is that some of the Group's existing warehouses will be replaced in 2024 by a new logistics centre in Bålsta, outside Stockholm. Recruiting, developing and retaining competent and committed employees is highly important for Axfood and necessary for the Group's expansion and performance. To counter the negative effects of losses of key persons, the Company works continuously with succession planning. Axfood also devotes a great deal of focus to diversity and inclusion throughout the Group. All workplaces are to be free from all forms of discrimination and offensive treatment, which is clearly specified in the Group's equal treatment policy. Axfood is to be an attractive and sustainable workplace where the focus on a constructive, healthy and inclusive work environment is fundamental.

## (E) Regulatory risks

For Axfood, compliance with laws and other rules and regulations is fundamental, as is conducting business in accordance with generally accepted business practice. Violations or negligence in these areas could harm the Group's reputation and result in sanctions as well as fines. For risk prevention purposes, a number of policies, a well-working system of internal control and an ethical approach to counter the soliciting or accepting of bribes and corruption have been established in all areas of the Group. Every supplier the Company enters into an agreement with is required to adhere to the Group's Code of Conduct or to have its own corresponding requirements. The Code of Conduct is an integrated part of the purchasing process and is included in all supplier agreements, except for certain local suppliers, which are handled directly at the local level. In connection with new laws or regulations, measures are decided on well in advance of enactment.

## (F) IT and information security risks

Digitalisation presents major opportunities but at the same time places greater demands on the ability to protect information and customer data as well as ensuring stable IT operations. In the past few years, a continued increase in cybercriminal activity has been observed. Information security is therefore a prioritised area and a natural part of the strategic agenda. Systematic efforts are ongoing at Axfood based on a management system for information security, and the level of protection is continually monitored based on the current threat scenario. Major emphasis is placed on preventive work and the organisation in order to detect, handle and protect the Group's operations from threats and disruptions as well as on ensuring operational continuity in the event of unforeseen events. Axfood has an updated IT security architecture based on Zero Trust and a roadmap of activities that are being implemented according to plan. This also involves continuously working on raising awareness of the risk of operational disruptions or losing sensitive data.

## (G) Risk of disruptions in the logistics chain

One of the most serious business risks that the Group must manage is the risk of disruptions in the logistics chain, especially the risk of fire in its distribution centres, which would result in property loss and business interruption losses. Axfood devotes a great deal of focus to its systematic fire safety work and places emphasis on maintaining a well-working fire safety organisation with preventive measures such as adequate training and pertinent procedures, adapted technical fire safety measures, and recurring inspections and follow-up. Continuity planning is sustained and active. Another aspect that could affect the logistics chain is Axfood's IT structure; see more information under Risk (F), IT and information security.

## (H) Criminality

The trend of increased criminality in society is also reflected in the situation for store employees. Within Axfood, extensive preventive security work is being conducted, including training, establishment of procedures, and deployment of technical and human resources to deal with various situations, such as shoplifting, fraud, threats and violence.

## (I) Climate and environmental risks

The risk scenario with respect to climate and environmental matters is multi-faceted and covers brand issues, availability of food ingredients as well as costs that may arise as a result of political decisions. Moreover, the development toward more environmentally conscious consumers, combined with the risk of an inability to be sufficiently fast at adapting the assortment to changed expectations, could lead to lower competitiveness. However, risks are also opportunities for those in the industry that are far ahead. For more information about climate and environmental risks, see the chapter concerning climate-related financial risks and opportunities in the Sustainability Report on pages 90–91.



**RISKS AND RISK MANAGEMENT****(J) Liability and trust risks**

Axfood is one of the leading players in the Swedish food retail industry, and its ability to meet stakeholders' expectations in terms of quality, transparency, and compliance with laws and standards as well as social and ethical norms is therefore crucial for maintaining a high level of credibility. Examples of issues dealt with on a daily basis include food safety, hygiene, the cold chain and product liability for products that could cause property damage or personal injury. Should a serious defect be discovered in any of these areas, there is a risk that the Group would be exposed to financial loss as well as damage to the brand. Axfood works actively with these issues, for example, through extensive internal inspection programmes at stores and quality assurance of private label products. As part of the inspection programmes, stores conduct certain daily arrival controls and temperature controls in various parts of the store. Clear procedures are in place, such as for handling unpackaged foods to ensure that food hygiene is maintained and to uphold the integrity of the cold chain. Failures in the environmental area, such as having excessively high levels of pesticides in foods or unsuitable chemicals in other products, could undermine trust in Axfood's brands, private label products and the Group's various concepts. The quality assurance process of private label products involves imposing requirements on food and product safety during the manufacturing of goods. The contents of the products, in the form of ingredients and additives as well as sensory qualities such as taste experience are reviewed and analysed for every individual product. For Axfood's competitiveness, it is important to continually develop the assortment according to customers' needs and preferences. This can entail, for example, offering sustainable foods such as organic and vegetarian products. Axfood also has a large assortment of food with the "Från Sverige" (From Sweden) marking. Weak goal fulfilment in the area of sustainability could, over time, undermine customers' trust in the Axfood brand and the various food concepts.

**(K) Pandemics**

For Axfood, the health and safety of its employees and customers is the top priority, at the same time as the company is to live up to its societal responsibility to deliver food. The Covid-19 pandemic provided lessons when it comes to managing the spread of infection with a number of measures and restrictions of different kinds. The risks that the pandemic gave rise to, including the risk of disruptions in the logistics chain, supplier risks and employee risks, could be managed within existing organisations in the Group without any significant disruptions in operations.

**(L) Risk of labour market conflicts**

There is a risk that labour market conflicts, such as a strike or lockout in any area of the business, could result in operational disruptions. Negotiations of collective bargaining agreements for Axfood's operations are conducted through the auspices of the Swedish Trade Federation, in which Axfood is a member.

**(M) Risks of errors in the financial reporting**

Axfood continuously analyses and assesses risks that could lead to errors in the Company's financial reporting. Each year, the Board of Directors decides which risks are material to take into consideration in order to ensure a high level of internal control over financial reporting. A more detailed description of the work with internal control is included in the Corporate Governance Report.

**Financial risks**

Axfood is exposed to financial risks in the form of financing and refinancing risks, liquidity risks, interest rate risks, currency risks and credit risks. Every year, the Board of Directors adopts a Group-wide finance policy that regulates the delegation of responsibility for financial matters between the Board, the President and CEO, the CFO, Group Treasury and other Group companies. Group Treasury reports monthly to the CFO with a follow-up of the finance policy. The same report is also presented to the Board four times a year. For further information about financial risks, see Note 22.





# Investment case

Axfood is a stable company with strong brands, a historically strong return and profitable growth. Five reasons to invest in Axfood are highlighted below.

## 01

### Clear strategy in a non-cyclical and growing market

The food retail market is relatively unaffected by economic swings and is driven largely by population growth and inflation. Annual market growth has historically been stable at 2–3%. However, in the past few years it has been impacted by the pandemic and substantial food inflation. Axfood has a clear strategy with concrete priorities in six focus areas: customer offering, customer meeting, expansion, supply chain, work approach and people. The goal is to grow faster than the market with a long-term operating margin of at least 4.5%.

## 02

### Family of well-positioned concepts in attractive segments

Axfood consists of a variety of operations and concepts with strong market positions that meet varying customer needs. Willys is the leader in the discount segment, and Hemköp is a strong player in traditional grocery. With Tempo, Handlar'n and Matöppet, Axfood also has a position in mini-marts. Eurocash operates cross-border shopping stores towards Norway, and with its partnership with City Gross, Axfood also has a presence in the hypermarket segment. Middagsfrid simplifies everyday life for online customers with pre-planned meal kits, and with its holding in Mathem, Axfood is also represented in pure-play online retail for groceries with home delivery. Snabbgross and Urban Deli hold a position in the café and restaurant industry, and Apohem is active in the online pharmacy market. With a clear expansion plan, a focus on price value in physical stores and in e-commerce, and the continuous development of the customer offering, customers' evolving behaviours are being met.

## 03

### Sustainable economies of scale and close collaboration

Economies of scale and cost efficiency are achieved through close collaboration within Axfood between the Group companies and the central support functions. Dagab is the joint purchasing and logistics company, creating conditions for price value, quality and sustainability. Efficient and modern logistics convey many advantages and lay the foundation for profitable growth and a competitive offering. Axfood's common IT company have a crucial role in the Group's digital development, automation and data-driven work approach to meet future needs.

## 04

### Strong financial position and stable cash flow

Axfood has a solid balance sheet and a stable cash flow with efficient management of working capital. According to Axfood's dividend policy, the shareholder dividend is to be at least 50% of profit after tax and is to be paid out on two occasions. During the last five years, the dividend yield has on an annual basis averaged just over 3%. Axfood's gearing is low, and excluding the accounting effects of IFRS 16, the Group's net debt divided by EBITDA amounted to 0.0 at year-end 2023.

## 05

### Positive force in society

Axfood has long been working to be a positive force in society. This means offering affordable, good and sustainable food for everyone and being an inclusive business that is conducted in a responsible way, not least with respect to reducing the Group's climate impact. Axfood is taking the lead in promoting sustainable and healthy food in Sweden, and innovative, sustainable and healthy products are being launched through the private label assortment. Decision-makers, politicians and authorities are engaged in an ongoing dialogue on how the industry can be developed to increase sustainability and competitiveness.





# Strong financial position and stable cash flow



# Administration report

Axfood AB, corporate registration number 556542-0824, is a limited liability company registered in Sweden, with its registered office in Stockholm. The Parent Company's shares are registered on Nasdaq Stockholm. The visitors' address of the head office is Solnavägen 4 in Stockholm and the postal address is SE-107 69 Stockholm. Axfood AB is a subsidiary of AxRetail AB, corporate registration number 556039-2226, with its registered office in Stockholm. AxRetail AB, in turn, is a wholly owned subsidiary of Axel Johnson Holding AB, corporate registration number 556245-2549, with its registered office in Stockholm, which prepares consolidated financial statements for the ultimate group.

## Operations

Axfood is a leading food retail group in Sweden, including the grocery chains Willys and Hemköp as well as Tempo, Handlar'n and Matöppet. B2B sales are conducted through Snabbgross, and the support company Dagab is responsible for assortment, purchasing and logistics. The Group also includes Middagsfrid and Urban Deli as well as the partly owned Apohem, Eurocash, City Gross and Mathem.

Axfood's operations are divided into four operating segments: Willys, Hemköp, Snabbgross and Dagab. In addition to Willys and Willys Hemma, the Willys segment includes partly owned Eurocash and a minority stake in City Gross. The Hemköp segment includes the Group-owned Hemköp stores and the central functions that support the Hemköp and Tempo retailer-owned stores. The Snabbgross segment includes B2B sales to restaurants and cafés as well as the Snabbgross Club consumer concept. In addition to Dagab's assortment, purchasing and logistics operations, the Dagab segment includes the retailer-owned concepts Handlar'n and Matöppet as well as Middagsfrid, Urban Deli and the holding in Apohem. Approximately 67% of Dagab's sales are made to Group-owned stores. Dagab also conducts B2B sales to retailer-owned stores and convenience retailers. The Group's segments are described in more detail on pages 37–44. Joint-Group pertains to head office support functions, such as the Executive Committee, Finance, Legal Affairs, Communications, Business Development, HR and IT. Development and operation of IT solutions takes place within the IT function.

The number of Group-owned stores at year-end was 337 (325). During the year, 12 Group-owned stores were established or acquired. In addition to in-store sales, Willys, Hemköp and Snabbgross also offer e-commerce.

Axfood collaborates with more than 700 retailer-owned stores that are tied to Axfood through agreements, including Hemköp stores, but also stores operating under the Tempo, Handlar'n and Matöppet brands.

## Important events

The market dynamics in 2023 were largely characterised by high inflation and, as a result, changing consumer behaviour with a strong focus on price value and affordability. In this market environment, Axfood's growth was double that of the market with a large influx of new customers. Willys, with its unique concept and leading position within the discount segment, benefited most from this trend, but Hemköp also performed well and grew slightly more than the market.

At the start of the year, the first deliveries to stores from the Group's new, highly automated logistics centre in Bålsta outside Stockholm began. The ramp-up of the logistics centre has been gradual, with first outbound deliveries of dry goods, and later also deliveries of goods from the refrigerated assortment. During the year, Axfood's earnings were charged with parallel operating costs related to the restructuring of the logistics operations. The logistics centre is expected to be fully operational in 2024. In addition to the logistics centre in Bålsta, the group's logistics platform was also strengthened elsewhere as the automation solution at the new fruit and vegetable warehouse in Landskrona was fully installed.

## Employees

The average number of employees during the year was 13,185 (12,772). The gender breakdown among employees was 52% (52) women and 48% (48) men. The share of employees in the retail operations was 66% (65), while the share who work in the wholesale operations was 30% (31).

Axfood's target is for at least 20 percent of the Group's managers to have an international background. During the year, 18% (17) of managers and 29% (29) of employees in the Group had an international background. Gender equality is also part of diversity work, and the target is to achieve an even gender breakdown in management positions. In 2023, the share of women in management positions was 51% (51)<sup>1)</sup>. The share of women on the Executive Committee was 55% (55).

Axfood AB with subsidiaries are bound by at least one of the six nationwide collective agreements concluded for the retail trade, warehousing and e-commerce, transport, food workers, hotel and restaurant workers, and salaried employees. All employees are covered by collective agreements, which regulate pay and terms of employment. Every year, mapping of salaries is conducted within the Group to prevent inequitable differences in salary and benefits.

For more information on employees, see pages 96–99.

1) The definition of "Share of women in management positions" has been revised to also include team managers. Comparison figures have been restated.

## Material risks

Like all business activities, Axfood's business is exposed to risks. Risks are something that can affect Axfood's operations negatively. Managed properly, however, they can also add value. How risks are managed is of great significance. Axfood breaks down the Group's risks into operational, strategic and financial risks.

In recent years, the risk scenario has been impacted by a number of external factors, such as the Covid-19 pandemic, growing criminality, and increased crisis preparedness in society. Managing changing external factors is a continuous part of the risk management process.

The operational and strategic risks that could have the greatest impact on the Group are IT and information security risks, the risk of disruptions in the logistics chain, and liability and trust risks. Axfood's operational and strategic risks are described on pages 28–32. Financial risks are described in Note 22.

Climate and environmental risks are included in operational risks. The risk scenario in this is multi-faceted and covers brand issues, availability of food ingredients as well as costs that may arise as a result of political decisions. One way to address challenges is through purchasing from different production areas. A detailed description of Axfood's work with climate and environmental risks is provided in the Sustainability Report.

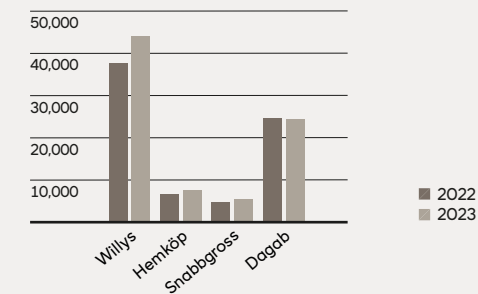
## Share repurchases and transfers, and holdings of treasury shares

The 2023 AGM resolved to adopt a new long-term share-based incentive programme that runs over a three-year period, LTIP 2023. The programme essentially corresponds to earlier programmes, with an adjustment in the comparative group for measuring the total return for the company's shares, and a decrease in the number of savings shares to the levels in LTIP 2021. Allotment was carried out for LTIP 2020 in April 2023 using treasury shares.

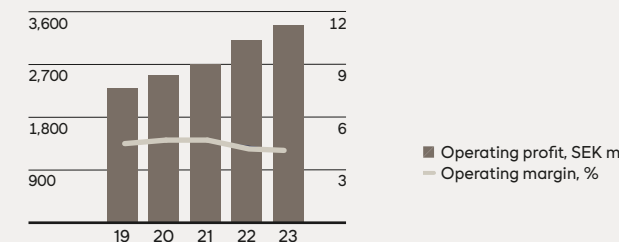
To secure the Company's obligations under LTIP 2023, Axfood repurchased 155,000 shares for a total of SEK 37 m during the second quarter of 2023, at an average price of SEK 239.53 per share. The holding of treasury shares thereby amounts to 1,065,652 shares, which is sufficient to secure the delivery of shares for all of the incentive programmes.

A proposal has been drafted for the 2024 AGM to introduce a new long-term share-based incentive programme, LTIP 2024, which corresponds in all essential respects to LTIP 2023. The programme is proposed to include approximately 85 employees.

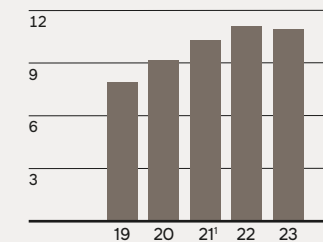
Consolidated external net sales per segment, SEK m



Operating profit and operating margin



Earnings per share before dilution, SEK



1) Restated for the bonus issue element of the rights issue that was completed in 2022.



## ADMINISTRATION REPORT

**Guidelines for remuneration to senior executives**

The guidelines for remuneration of senior executives, which were adopted at the 2023 AGM and apply until the 2027 AGM at the latest, are presented in Note 6.

**Events after the balance sheet date**

No significant events have occurred after the end of the balance sheet date.

**Corporate Governance Report and Sustainability Report**

In accordance with Chapter 6, Sections 8 and 11 of the Swedish Annual Accounts Act, Axfood has elected to prepare the statutory Corporate Governance Report and Sustainability Report separately from the statutory annual report. The Corporate Governance Report is presented on pages 116–125, and the scope of the statutory sustainability report is presented in the table on page 109. The Sustainability Report has been reviewed by Axfood's auditors.

**Future development**

Axfood's operations are conducted and developed based on a strategy of growth-promoting and efficiency-enhancing focus areas.

To promote growth, the focus is on developing and offering an attractively priced assortment. Apart from growing sales at existing stores, key initiatives include continued expansion through more stores, the e-commerce roll-out and the establishment of new formats centrally. To stay at the forefront, a culture is developed that enables the industry's best employees to be attracted and developed. The Group is continuing to become more efficient through a more data-driven work approach and additional automated solutions. In 2024, the automation solution at the fruit and vegetable warehouse in Landskrona will be deployed and the Group's new, highly automated logistics centre in Bålsta is expected to be fully operational, with increased volumes and the addition of the frozen assortment and e-commerce. In 2024 an upgrade of the back-office system in the stores will take place, which will simplify and streamline processes.

Investments in 2024 are expected to amount to between SEK 1,600 and SEK 1,700 m, excluding acquisitions and right-of-use assets, of which approximately SEK 300 m are attributable to the automation of the new logistics centre in Bålsta outside Stockholm, the distribution centre in Backa in Gothenburg, and the new fruit and vegetable warehouse in Landskrona. During 2024, Axfood plans to establish 10–15 new stores.

**Proposed disposition of profit**

The Board of Directors proposes the following appropriation of the available funds:

SEK	
Share premium reserve	1,476,153,002
Profit brought forward	825,756,583
Net profit/loss for the year	2,805,036,437
<b>Total</b>	<b>5,106,946,022</b>

Be disposed as follows:

SEK	
SEK 8.50 per share to be distributed to shareholders	1,834,109,498
To be carried forward	3,272,836,524
<b>Total</b>	<b>5,106,946,022</b>

The Board of Directors proposes a dividend of SEK 8.50 per share (8.15). The dividend is to be split into two payments, SEK 4.25 per share in March 2024 and SEK 4.25 per share in September 2024. The proposed dividend amounts to a total of SEK 1,834,109,498.

The amount stated is based on the total number of shares outstanding in the Company less the Company's holding of treasury shares on the date of publication of the Annual Report. This holding will change before the second record date, in part owing to allotments under the LTIP 2021 framework and in part as a result of the proposal for a LTIP 2024, if the proposal is adopted by the AGM.

In reference to the above and to other information that has been brought to the Board's attention, the Board is of the opinion that a comprehensive assessment of the Company's and Group's financial position entails that the dividend is justified in view of the demands that the nature, scope and risks in the business place upon the size of the Company's and Group's equity and upon the Company's and Group's funding needs, liquidity and financial position in general.

**Retail sales**

SEK m	2023	2022	Change	Change in like-for-like sales
Willys	43,763	37,458	16.8%	13.9%
Hemköp <sup>1)</sup>	19,940	18,263	9.2%	7.9%
<b>Total</b>	<b>63,703</b>	<b>55,721</b>	<b>14.3%</b>	<b>12.0%</b>

1) Refers to Hemköp (Group-owned and retailer-owned) and Tempo.

**Change in store structure**

Number of stores	31 Dec 2022	New establishment/ acquisitions	Divestments/ discontinuations	Conversions	31 Dec 2023
Willys	232	9	–	–	241
Hemköp/ Tempo, Group-owned stores	64	2	-1	1	66
Snabbgross	29	1	–	–	30
<b>Total, Group-owned stores</b>	<b>325</b>	<b>12</b>	<b>-1</b>	<b>1</b>	<b>337</b>
Hemköp, retailer-owned stores	137	2	-2	-1	136
Tempo, retailer-owned stores	131	2	-3	–	130
<b>Total, retailer-owned stores</b>	<b>268</b>	<b>4</b>	<b>-5</b>	<b>-1</b>	<b>266</b>
<b>Total, Group-owned and retailer-owned stores</b>	<b>593</b>	<b>16</b>	<b>-6</b>	<b>0</b>	<b>603</b>

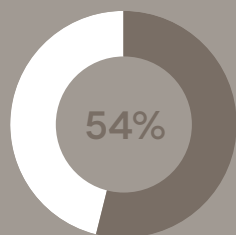
## Willys – leader in the discount segment

Willys is the country's leading discount grocery chain, offering a broad range of products in both Group-owned stores and online. With the ambitions to offer Sweden's cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail. The operating segment Willys also includes partly owned cross-border grocery chain Eurocash and a minority stake in City Gross.

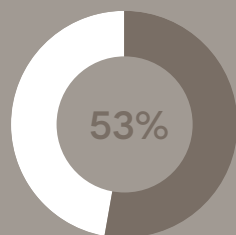
It has been an exceptional year where many new customers have discovered Willys. Our concept with Sweden's cheapest bag of groceries has never been as relevant as now.

Thomas Evertsson, Managing Director, Willys<sup>1)</sup>

Share of external net sales



Share of operating profit



<sup>1)</sup> On 1 February 2024, Thomas Evertsson was succeeded by Nicholas Pettersson as Managing Director of Willys.



### Willys

- 234 stores, of which 180 Willys and 54 Willys Hemma
- Average retail area, Willys: 2,200–2,500 sq. m. (range 1,100–4,700 sq. m.)
- Average retail area, Willys Hemma: 600–800 sq. m. (range 300–1,200 sq. m.)
- Online shopping through 158 stores
- Assortment: Willys approximately 10,000 items, Willys Hemma approximately 6,000 items

### Sweden's leading discount grocery chain

Willys combines quality and sustainability with simplicity and low prices. The broad assortment includes everything from seasonal fresh produce and organic products to high-quality everyday food that offers value for money.

Willys has a modern, updated stock of pleasant and attractive stores. The chain is the food retail concept in the market that reaches the highest share of households and the Willys Plus loyalty programme has closer to 3.6 million members. Willys has invested considerably in digital services and has a strong e-commerce position. Customers can shop at the same low prices as in stores, with the option to pick up their groceries at a store near them or have them delivered home. Willys works with a wide range of sustainability issues, and all of the chain's stores meet the criteria for the Swedish Society for Nature Conservation's Bra Miljöval ("Good Environmental Choice") ecolabel. Willys Hemma is Willys' smaller concept where customers can find good food at low prices near residential areas, city centres or in smaller cities.



### Eurocash

- 7 stores
- Average retail area: 3,000–3,500 sq. m. (range 2,500–5,500 sq. m.)
- Assortment: approximately 10,000–15,000 items

### The leading food retail chain on the border

Eurocash, in which Axfood has a 51% holding, is focused on retail along the Norwegian border and consists of seven stores from Strömstad to Storlien.

The target group is Norwegians who appreciate the significantly lower prices in Sweden compared with Norway. As a specialist in cross-border shopping, Eurocash therefore aims to make it easy for customers to shop for good food at the lowest prices.



### City Gross

Axfood has a minority stake of 9.9% in City Gross, a hypermarket concept consisting of 42 stores with a wide assortment and a rich offering of fresh products.





ADMINISTRATION REPORT – WILLYS

**Development during the year**

Willys net sales for the year totalled SEK 43,757 m (37,451), a significant increase by 16.8% compared with the corresponding period during the prior year, which was more than double the market. Like-for-like sales increased 13.9% (13.5). The Willys chain's strong development during the year is mainly attributable to pricing and volume growth. As a result of high food price inflation, price value has become increasingly relevant to consumers, resulting in increased customer traffic. Willys continued to develop its offering and concept with an expansion through new stores and online and a modernisation of existing stores. Both total sales and like-for-like sales for Eurocash increased compared with the preceding year.

In total, 9 new stores were established during the year. The number of stores at year-end was 241 (232), of which 234 (225) were Willys and 7 (7) were Eurocash. At year-end, Willys offered online shopping through 158 (149) stores. The share of private label products amounted to 34.2% (33.1).

Operating profit amounted to SEK 2,077 m (1,859), corresponding to an operating margin of 4.7% (5.0). The higher operating profit was primarily attributable to robust growth in like-for-like sales and healthy cost control. Operating profit was negatively impacted by a lower gross margin as well as higher personnel costs and rent levels.

**Business highlights**

- High rate of new store establishments and re-establishments, and development of a new store concept.
- The focus on e-commerce continued, with a focus on the omni-channel experience and Willys Hämta.
- The number of members in the Willys Plus loyalty programme increased significantly to closer to 3.6 million at year-end.
- Food waste was reduced by more than 1,400 tonnes by offering customers waste-smart bargain boxes with fruits and vegetables and by 775 tonnes by clearance sales of daily-fresh bread. Food waste was further reduced through donations of 175 tonnes of food to charity organisations.



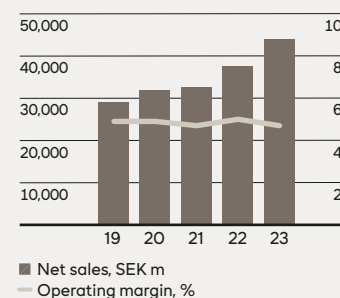
**SEK 43.8bn**

Net sales

**SEK 2.1bn**

Operating profit

**Net sales, Operating margin**



**Key ratios**

	2023	2022	Change
Net sales, SEK m	43,757	37,451	16.8%
Like-for-like sales growth, %	13.9	13.5	0.4
Operating profit, SEK m	2,077	1,859	11.8%
Operating margin, %	4.7	5.0	-0.2
Group-owned stores, number	241	232	9
Average number of employees during the year	7,052	6,669	383
Private label products, share of sales, %	34.2	33.1	1.2
Sustainability-labelled products, share of sales, %	27.3	27.4	-0.1
Organic products, share of sales, %	4.3	4.6	-0.3
Carbon footprint per kilo of food sold, CO <sub>2</sub> e	2.0	1.9	0.1

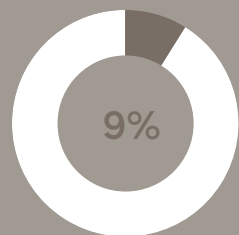
## Hemköp – affordable passion for food

Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Group-owned stores, retailer-owned stores and e-commerce aim to inspire good meals in a simple and well thought-out manner. The operating segment Hemköp also includes Tempo, a mini-mart format comprising retailer-owned stores.

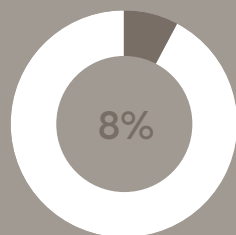
“  
With a clear customer promise and focus on price value, assortment and sustainability, we gained market share and strengthened our position. It is gratifying that more consumers are finding us, while existing customers have become more loyal.

Simone Margulies, Managing Director, Hemköpskedjan

Share of external net sales



Share of operating profit



### Hemköp

- 202 Hemköp stores, of which 66 Group-owned and 136 retailer-owned
- Average retail area: 1,000–1,500 sq. m. (range 400–4,000 sq. m.)
- Online shopping through 67 stores
- Assortment: approximately 10,000–12,000 items

### Passion for food guided by sustainability

Hemköp takes its starting point from the joy of food that is good both for people and the world around us. With a focus on a wide assortment of good, affordable and sustainable food, selected with care, Hemköp inspires a passion for food while also ensuring that customers feel confident about their purchases.

Hemköp operates in the traditional grocery segment with stores and e-commerce. The combination of operating models with Group-owned stores and retailer-owned stores is a strength that drives the chain forward. This allows Hemköp to maintain a presence in several cities in Sweden, while the combination of chain management and entrepreneurship promotes and creates growth. Hemköp offers a wide assortment with a rich offering of prepared meals and meal solutions. Everything at Hemköp is based on a passion for food and inspiration as well as continually ongoing sustainability efforts. Klubb Hemköp rewards customers for making sustainable choices and has just over two million members.



### Tempo

- 130 retailer-owned stores
- Average retail area: 300–500 sq. m.
- Assortment: approximately 4,500 items

### Proximity and personal interaction

At Tempo, store customers are greeted by a familiar environment offering good food and personal service.

All 130 Tempo stores are retailer-owned stores. Tempo serves as a local meeting place, whether in a small countryside community or a suburban corner of a major city. Tempo's strengths are its proximity and personal interaction. Many Tempo stores also offer services such as package pick-up, betting and lotteries, and pharmacy order pick-up.





ADMINISTRATION REPORT – HEMKÖP

**Development during the year**

Hemköp's net sales totalled SEK 7,432 m (6,650). Retail sales including retailer-owned Hemköp and Tempo stores amounted to SEK 19,940 m (18,263), an increase of 9.2% compared with the preceding year, which was higher than the market. Like-for-like sales increased 7.9% (4.5). Hemköp continues to strengthen its position with a focus on sustainability and price value as well as invests in modernising existing stores.

In total, 4 new Hemköp stores and 2 new Tempo stores were established during the year. The number of Hemköp stores at year-end was 202 (201), of which 136 (137) were retailer-owned and 66 (64) were Group-owned. Hemköp offered online shopping through 67 stores (68) at the end of the year. The share of private label products amounted to 27.2% (26.2).

Operating profit amounted to SEK 300 m (283), corresponding to an operating margin of 4.0% (4.3). The higher operating profit was primarily attributable to strong growth in like-for-like sales and healthy cost control. Operating profit was negatively impacted by a lower gross margin as well as higher personnel costs and rent levels.

**Business highlights**

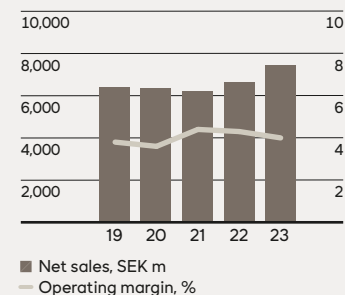
- The number of members in the Klubb Hemköp loyalty programme increased significantly to just over 2.0 million at year-end.
- A new store concept continued to be rolled out with a high number of modernisations.
- Development of the omnichannel experience in e-commerce and launch of a new app.
- New launches within meal solutions with a focus on innovation, simplicity and scalability.
- Continued focus on helping customers make sustainable and healthy choices. Launch of double bonus points on organic and KRAV-labelled products in the Klubb Hemköp loyalty programme.
- Waste of fruits and vegetables was reduced by approximately 830 tonnes by offering customers waste-smart bags. Food waste was further reduced through donations of just over 20 tonnes of food to charity organisations.



**SEK 7.4 bn**  
Net sales

**SEK 0.3 bn**  
Operating profit

**Net sales, Operating margin**



**Key ratios**

	2023	2022	Change
Net sales, SEK m	7,432	6,650	11.8%
Like-for-like sales growth, %	7.9	4.5	3.4
Operating profit/loss, SEK m	300	283	5.9%
Operating margin, %	4.0	4.3	-0.2
Group-owned stores, number	66	64	2
Average number of employees during the year	1,649	1,632	17
Private label products, share of sales, %	27.2	26.2	1.0
Sustainability-labelled products, share of sales, %	26.7	27.0	-0.3
Organic products, share of sales, %	6.5	7.3	-0.8
Carbon footprint per kilo of food sold, CO <sub>2</sub> e	1.8	1.7	0.1

## Snabbgross – restaurant wholesaler with a strong position

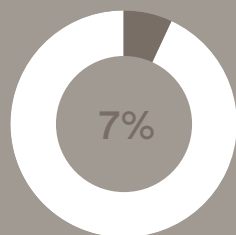
Snabbgross is one of Sweden’s leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Snabbgross offers personal service, accessibility and quality at its stores and online. The Snabbgross operating segment also includes the Snabbgross Club concept, which targets consumers.



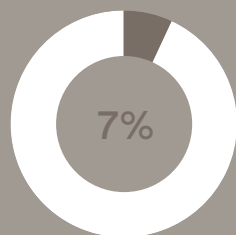
In an economic climate with a slowdown in the restaurant market and intense competition, we stand strong and has gained market share. We have our ear to the ground to continue to offer an affordable and attractive assortment.

Eva Pettersson, Managing Director, Snabbgross

Share of external net sales



Share of operating profit



### Snabbgross and Snabbgross Club

- 30 stores, of which 7 Snabbgross Club
- Average retail area: 2,000 sq. m. (range 1,200–4,000 sq. m.)
- Online sales to B2B customers through all stores
- Assortment: approximately 12,000 items

#### Attractively priced assortment for business customers

Snabbgross is one of Sweden’s leading restaurant wholesalers, offering personal service, accessibility and quality at its Group-owned stores and online.

Snabbgross has a unique position in the market, with 30 stores across the country in addition to e-commerce. Owing to a wide assortment of approximately 12,000 items, Snabbgross can offer attractively priced, high-quality food products. This is combined with personal service and good accessibility both geographically as well as through generous opening hours. Each store is adapted to its own local market. Snabbgross has both full-service customers who purchase all of their products in stores as well as customers who make supplementary purchases as individual products run out. Sustainability is a key principle for Snabbgross and, in addition to developing the assortment, its stores continuously work to upgrade and adapt their operations.

#### Membership-based consumer concept

Snabbgross Club is a member-based grocery store where also consumers have the opportunity to purchase directly from the restaurant wholesaler.

Snabbgross Club is a new concept in the Swedish market that make up seven of Snabbgross’s 30 stores in total. As a Snabbgross Club member, consumers can buy food and household items directly from the wholesaler and gain access to a unique and attractively priced assortment in bulk packaging as well as customised member offers. A paid membership is a prerequisite to shop. Membership builds loyalty, and the aim is for customers to recover the fee through unique offers, among other things. At year-end, Snabbgross Club had approximately 75,000 registered members. B2B customers can also shop for member offers.





ADMINISTRATION REPORT – SNABBGROSS

**Development during the year**

Net sales at Snabbgross increased 12.5% during the year to SEK 5,317 m (4,727). Like-for-like sales increased 10.4% (20.1). Snabbgross's strong sales growth was mainly due to food price inflation and the recovery of the café and restaurant market after the pandemic. Developments in newly established stores and sales to consumers through the member-based Snabbgross Club store concept also contributed to the performance. The café and restaurant market saw a slowdown in the second half of the year compared to previous high levels, which had a negative effect on sales for Snabbgross. Snabbgross's accessibility through its store network and attractive customer offerings resulted in an increase in the number of unique customers.

In total, 1 new store was established during the year. The number of stores at year-end was 30 (29), of which 7 (5) Snabbgross Club.

Operating profit was SEK 265 m (252), and the operating margin was 5.0% (5.3). The positive earnings effect from the strong growth in like-for-like sales was offset by costs related to new establishments and refurbishments, as well as higher personnel costs and rent levels.

**Business highlights**

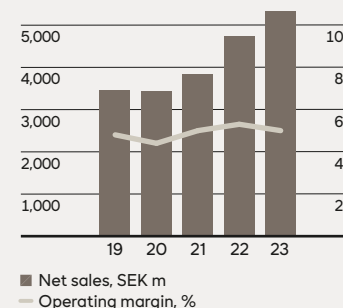
- Continued customer growth and now more than 100,000 active B2B customers.
- Development of Snabbgross Club through store conversions in Växjö and at Gärdet in Stockholm. Growth in memberships was strong, and the total number of registered private customers was approximately 75,000 at year-end.
- Investments in private label products with the brand Gastrino.
- Ambitious sustainability efforts continued, including reducing food waste with a particular focus in 2023 on fruits and vegetables, sustainable stores and environmentally certified electricity. The operations became MSC-certified and ASC certified during the year. In addition, the assortment of sustainability-labelled products has been expanded, and during the year, Snabbgross switched to selling only organic bananas and stopped selling fruits, vegetables, meat and fish that have been transported by air.



**SEK 5.3 bn**  
Net sales

**SEK 0.3 bn**  
Operating profit

**Net sales, Operating margin**



**Key ratios**

	2023	2022	Change
Net sales, SEK m	5,317	4,727	12.5%
Like-for-like sales growth, %	10.4	20.1	-9.7
Operating profit/loss, SEK m	265	252	5.3%
Operating margin, %	5.0	5.3	-0.3
Group-owned stores, number	30	29	1
Average number of employees during the year	568	524	44
Sustainability-labelled products, share of sales, %	19.9	18.8	1.1
Organic products, share of sales, %	1.3	1.3	0.0
Carbon footprint per kilo of food sold, CO <sub>2</sub> e	2.4	2.3	0.1

# Dagab – sustainable and efficient product supply

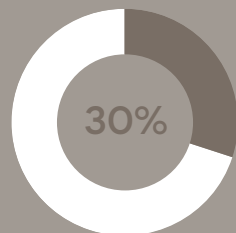
Dagab handles the assortment, purchasing and logistics for all of Axfood as well as for external B2B customers. The Dagab operating segment includes the retailer concepts Handlar'n and Matöppet as well as Middagsfrid with its pre-planned meal kits, the partly owned online pharmacy Apohem, and the Urban Deli restaurant chain.



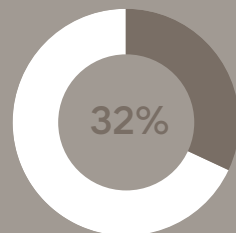
During the year we strengthened the relationships with suppliers and made great steps in the development of our new logistics platform.

Nicholas Petterson, Managing Director, Dagab<sup>1)</sup>

Share of external net sales



Share of operating profit



1) On 1 February 2024, Nicholas Petterson was succeeded by Hans Bax as Managing Director of Dagab.



## Dagab

- 10 warehouses, of which 2 e-commerce warehouses
- Assortment: more than 70,000 items
- Own fleet of 200 heavy-duty trucks and 86 light trucks
- Delivers to more than 7,000 stores and customers throughout all parts of Sweden

### Efficient and innovative operations

Dagab has a key role in the efforts to continually improve the efficiency of product flows, from the assortment and purchasing to warehousing operations and distribution.

Dagab is where an attractive and sustainable assortment is created, and also where the Group's development of private label products takes place. The work is digital and data-driven, governed by customer insights. All supplier agreements are negotiated centrally by Dagab, and in this way the best conditions are created. Dagab's logistics flow comprises the company's own warehouses and a well-developed fleet of delivery vehicles supply products to stores and e-commerce customers. To further strengthen the base operations, extensive investments are being made into the logistics platform. Dagab is working on diversifying its delivery fleet and is increasingly turning to sustainable fuels and electricity as alternatives to fossil fuels. The logistics and purchasing model is constantly fine-tuned in an effort to increase inventory turnover, improve distribution and create more efficient order flows and transports. Large-scale, flexible and customised solutions are created that meet varying needs while at the same time leveraging economies of scale.

**DAGAB**

## Handlar'n

Through approximately 230 retailer-owned mini-marts, Handlar'n offers accessibility and proximity to groceries and services, mainly in the countryside but also in city centres.

## Matöppet

Matöppet is a mini-mart chain with approximately 50 stores that always put the customer first and focus on service and a broad assortment of fresh products.

## Apohem

Apohem, in which Axfood has a 53% holding, is a full-scale retail pharmacy where customers can order over-the-counter and prescription drugs. In addition to prescription drugs, Apohem offers some 19,000 items.

## Middagsfrid

Middagsfrid operates in e-commerce, planning and delivering pre-planned meal kits complete with recipes and ingredients.

## Urban Deli

Urban Deli has several locations in Stockholm and is a combination of restaurant, market hall and food store as well as production kitchen.





ADMINISTRATION REPORT – DAGAB

**Development during the year**

Dagab's net sales for the year totalled SEK 74,175 m (66,999), an increase of 10.7%. The growth in net sales was mainly attributable to the increase in sales to food retail stores. External sales amounted to SEK 24,388 m (24,509).

Operating profit amounted to SEK 1,021 m (978), corresponding to an operating margin of 1.4% (1.5). Operating profit included items affecting comparability of SEK -249 m (-162), which pertained entirely to parallel warehouse operation during the transition to the new logistics centre in Bålsta. In the previous year, items affecting comparability comprised integration costs of SEK -120 m related to the integration of Bergendahls Food and structural costs of SEK -263 m related to the restructuring of the logistics operations. In addition, items affecting comparability in the previous year included a capital gain of SEK 221 m for the sale of Mat.se. Adjusted operating profit amounted to SEK 1,271 m (1,139), corresponding to an operating margin of 1.7% (1.7). The higher operating profit was primarily attributable to strong growth and to synergy effects from the acquisition of Bergendahls Food. However, operating profit was impacted negatively by higher logistics costs as a result of lower delivery reliability, mainly due to high volatility in demand, and by negative currency effects.

**Business highlights**

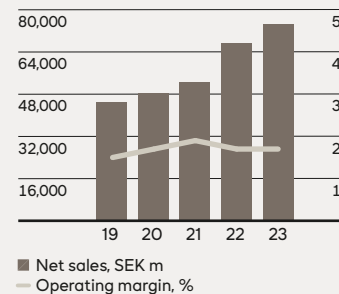
- Work on the new, highly automated logistics centre in Bålsta outside Stockholm proceeded. The facility went into operation in February and operations were ramped up throughout the year, first in the dry goods assortment and then in the frozen assortment.
- The automation solution at the new fruit and vegetable warehouse in Landskrona was fully installed.
- Deployment of large rooftop solar panels on the new, highly automated logistics centre in Bålsta and the new fruit and vegetable warehouse in Landskrona.
- The green transition of the delivery fleet continued, and additional electric trucks became operational during the year.
- 140 new products were launched within the private label assortment.



**SEK 74.2 bn**  
Net sales

**SEK 1.0 bn**  
Operating profit

**Net sales, Operating margin**



**Key ratios**

	2023	2022	Change
Net sales, SEK m	74,175	66,999	10.7%
Operating profit/loss, SEK m	1,021	978	4.5%
Operating profit excl. items affecting comparability <sup>1)</sup>	1,271	1,139	11.6%
Operating margin, %	1.4	1.5	-0.1
Operating margin excl. items affecting comparability, % <sup>1)</sup>	1.7	1.7	0.0
Average number of employees during the year	3,351	3,438	-87

1) Refer to Note 8 for more information.

## FINANCIAL STATEMENTS

## Statement of profit or loss and other comprehensive income Group

SEK m	Note	2023	2022
Net sales	3	81,111	73,474
Cost of goods sold	5, 6	-69,785	-63,392
<b>Gross profit</b>		<b>11,326</b>	<b>10,083</b>
Selling expenses	5, 6, 9	-4,015	-3,620
Administrative expenses	5, 6, 7	-4,625	-4,239
Share of profit/loss in associated companies and joint ventures	19	-59	-66
Other operating income	4, 9	743	1,034
Other operating expenses	5	-18	-92
<b>Operating profit</b>	<b>3</b>	<b>3,353</b>	<b>3,101</b>
Interest income and similar profit/loss items	12	69	26
Interest expense and similar profit/loss items	12	-384	-193
<b>Net financial items</b>		<b>-315</b>	<b>-166</b>
<b>Profit before tax</b>		<b>3,037</b>	<b>2,935</b>
Current tax	14	-582	-435
Deferred tax	14	-82	-130
<b>Net profit for the year</b>		<b>2,373</b>	<b>2,370</b>

SEK m	Note	2023	2022
<b>Other comprehensive income</b>			
<i>Items that cannot be reclassified to profit or loss for the period</i>			
Revaluation defined benefit pensions	21	10	89
Change in holdings measured at fair value	23	-273	-635
Tax	14	-2	-18
<i>Items that can be reclassified to profit or loss for the period</i>			
Change in hedging reserve	22	-81	108
Tax	14	17	-22
<b>Other comprehensive income for the year</b>		<b>-329</b>	<b>-479</b>
<b>Comprehensive income for the year</b>		<b>2,044</b>	<b>1,892</b>
<b>Net profit for the year attributable to:</b>			
Owners of the parent		2,357	2,360
Non-controlling interests		16	10
<b>Net profit for the year</b>		<b>2,373</b>	<b>2,370</b>
<b>Comprehensive income for the year attributable to:</b>			
Owners of the parent		2,028	1,882
Non-controlling interests		16	10
<b>Comprehensive income for the year</b>		<b>2,044</b>	<b>1,892</b>
Earnings per share before dilution, SEK	20	10.92	11.04
Earnings per share after dilution, SEK	20	10.87	10.99

## Comments

Net sales increased 10.4% (26.9) compared with the previous year, with an increase noted in all segments. The increase in sales was attributable to high food price inflation and to a higher inflow of new customers. Store and online sales accounted for 70% (66) of net sales and external B2B sales for 30% (33). Retail sales rose 14.3%, with a 12.0% rise in like-for-like sales. Volume growth, the price trend and positive mix effects contributed to this growth. Online sales totalled SEK 3,285 m (3,141), an increase of 4.6%.

Operating profit increased 8.1% (14.7) compared with the previous year. The operating margin was 4.1% (4.2). Operating profit was positively affected by strong growth and good cost control, while a lower gross margin in the segments, the ongoing investments within the Group, increased rent levels, and higher personnel costs had a negative impact. Operating profit includes items totalling SEK -249 m (-129) that have been reclassified as items affecting comparability in the operational earnings monitoring.

Net financial items amounted to SEK -315 m (-166), with a negative impact mainly from increased interest expenses for leases. The tax expense was SEK 664 m (564), corresponding to an effective tax rate of 21.9% (19.2). Tax for the previous year was positively impacted by the tax-exempt capital gain on the sale of Mat.se.



## FINANCIAL STATEMENTS

## Statement of financial position Group

SEK m	Note	31 Dec 2023	31 Dec 2022
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>	15		
Goodwill		3,606	3,526
Other intangible assets		1,459	1,464
		<b>5,065</b>	<b>4,990</b>
<i>Property, plant and equipment</i>	16		
Land and buildings		256	224
Equipment, tools, fixtures and fittings		4,811	2,431
Construction in progress		952	2,640
		<b>6,019</b>	<b>5,294</b>
Right-of-use assets	17	9,210	9,025
<i>Financial assets</i>			
Participations in associated companies and joint ventures	19	384	372
Other long-term securities holdings	23	135	206
Other non-current receivables	23, 25	105	20
		<b>625</b>	<b>598</b>
Deferred tax assets	14	249	253
<b>Total non-current assets</b>		<b>21,167</b>	<b>20,159</b>
<b>Current assets</b>			
Inventories		4,247	3,839
<i>Current receivables</i>			
Trade receivables	22, 23	2,195	2,143
Current tax asset		42	40
Other current receivables	23	171	450
Prepaid expenses and accrued income	24	1,508	1,428
		<b>3,916</b>	<b>4,060</b>
Cash and cash equivalents	23, 25	688	559
<b>Total current assets</b>		<b>8,851</b>	<b>8,459</b>
<b>Total assets</b>		<b>30,018</b>	<b>28,618</b>

SEK m	Note	31 Dec 2023	31 Dec 2022
<b>Equity and liabilities</b>			
<b>Equity</b>	20		
Share capital		271	271
Other capital contributions		1,973	1,973
Reserves		-18	46
Profit brought forward		4,652	4,319
		<b>6,877</b>	<b>6,609</b>
Non-controlling interests		308	292
<b>Total equity</b>		<b>7,185</b>	<b>6,901</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities	17, 22, 23, 25	7,497	7,388
Provisions for pensions	21, 25	262	292
Deferred tax liabilities	14	1,348	1,289
Other non-current liabilities	23	7	6
<b>Total non-current liabilities</b>		<b>9,114</b>	<b>8,975</b>
<b>Current liabilities</b>			
Current lease liabilities	17, 22, 23, 25	1,748	1,662
Current interest-bearing liabilities	22, 23, 25	519	200
Trade payables	22, 23	7,538	7,190
Other current liabilities	23	634	469
Accrued expenses and deferred income	26	3,278	3,221
<b>Total current liabilities</b>		<b>13,718</b>	<b>12,743</b>
<b>Total equity and liabilities</b>		<b>30,018</b>	<b>28,618</b>

### Comments

The Group's investments in intangible assets and property, plant and equipment amounted to SEK 1,946 m (2,593). These investments included SEK 493 m (1,141) pertaining to investments in automation solutions. Investments in right-of-use assets amounted to SEK 2,141 m (4,374), of which SEK 632 m (3,092) pertained to newly acquired assets and SEK 1,509 m (1,282) pertained to revaluations of existing leases, mainly due to upward indexation and extensions of leases. The preceding year included SEK 2,340 m for the logistics centre in Bålsta.

Interest-bearing liabilities and provisions amounted to SEK 10,027 m (9,542) and interest-bearing net debt to SEK 9,339 m (8,982). Net debt/EBITDA amounted to a multiple of 1.5 (1.6).

One of the Group's strategic Group-wide targets is to have an equity ratio of at least 20% at year-end. As of 31 December 2023, the equity ratio amounted to 23.9% (24.1).

## FINANCIAL STATEMENTS

## Statement of cash flows Group

SEK m	Note	2023	2022
<b>Operating activities</b>			
Operating profit		3,353	3,101
Depreciation/amortisation/impairment	5, 15, 16, 17	2,993	2,615
Interest paid and similar items		-381	-167
Interest received and similar items		69	12
Adjustments for non-cash items		188	-125
Paid tax		-584	-568
<b>Cash flow from operating activities before changes in working capital</b>		<b>5,638</b>	<b>4,869</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-415	-724
Change in current receivables		22	-340
Change in current liabilities		562	2,122
<b>Cash flow from operating activities</b>		<b>5,807</b>	<b>5,927</b>
<b>Investing activities</b>			
Acquisitions of intangible assets		-423	-374
Acquisitions of property, plant and equipment		-1,523	-2,219
Acquisitions of financial assets		-274	-156
Acquisitions of operations	4	-3	10
Sales of property, plant and equipment		3	-1
Sales of operations	4	-	-38
Dividend from associated companies		10	-
<b>Cash flow from investing activities</b>		<b>-2,210</b>	<b>-2,778</b>
<b>Financing activities</b>			
Issue of shares		-	1,485
Loans raised		3,558	663
Amortisation of loans		-3,239	-2,063
Amortisation of lease liability		-1,969	-1,707
Shareholder contribution from minority owners		-	59
Share repurchases		-59	-115
Dividend paid out		-1,759	-1,646
<b>Cash flow from financing activities</b>		<b>-3,468</b>	<b>-3,324</b>
<b>Cash flow for the year</b>		<b>129</b>	<b>-175</b>
Cash and cash equivalents at start of year		559	734
Cash and cash equivalents at year-end		688	559

## Statement of changes in equity Group

SEK m	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Other capital contributions	Hedging reserve	Profit brought forward	Total			
<b>Opening equity 2022</b>	<b>262</b>	<b>496</b>	<b>-40</b>	<b>4,233</b>	<b>4,952</b>	<b>224</b>	<b>5,176</b>	
Net profit/loss for the year	-	-	-	2,360	2,360	10	2,370	
Other comprehensive income for the year	-	-	86	-565	-479	-	-479	
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>1,796</b>	<b>1,882</b>	<b>10</b>	<b>1,892</b>	
Shareholder dividend	-	-	-	-1,646	-1,646	-	-1,646	
Share repurchases	-	-	-	-115	-115	-	-115	
Share-based payments	-	-	-	50	50	-	50	
Shareholder contribution from minority owners	-	-	-	-	-	59	59	
Rights issue	9	1,490	-	-	1,499	-	1,499	
Issue costs	-	-14	-	-	-14	-	-14	
<b>Closing equity 2022</b>	<b>271</b>	<b>1,973</b>	<b>46</b>	<b>4,319</b>	<b>6,609</b>	<b>292</b>	<b>6,901</b>	
<b>Opening equity 2023</b>	<b>271</b>	<b>1,973</b>	<b>46</b>	<b>4,319</b>	<b>6,609</b>	<b>292</b>	<b>6,901</b>	
Net profit/loss for the year	-	-	-	2,357	2,357	16	2,373	
Other comprehensive income for the year	-	-	-64	-265	-329	-	-329	
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-64</b>	<b>2,093</b>	<b>2,028</b>	<b>16</b>	<b>2,044</b>	
Shareholder dividend	-	-	-	-1,759	-1,759	-	-1,759	
Share repurchases	-	-	-	-59	-59	-	-59	
Share-based payments	-	-	-	58	58	-	58	
<b>Closing equity 2023</b>	<b>271</b>	<b>1,973</b>	<b>-18</b>	<b>4,652</b>	<b>6,877</b>	<b>308</b>	<b>7,185</b>	



## FINANCIAL STATEMENTS

## Income statement Parent Company

SEK m	Note	2023	2022
Net sales		22	8
Selling expenses		-2	-2
Administrative expenses	6, 7, 11, 16	-574	-512
Other operating income	11	379	301
<b>Operating loss</b>		<b>-176</b>	<b>-205</b>
Interest income and similar profit/loss items	12	782	282
Interest expense and similar profit/loss items	12	-57	-21
<b>Loss after financial items</b>		<b>550</b>	<b>56</b>
Appropriations	13	2,818	2,154
<b>Profit before tax</b>		<b>3,367</b>	<b>2,209</b>
Current tax	14	-561	-412
Deferred tax	14	-1	2
<b>Net profit for the year</b>		<b>2,805</b>	<b>1,799</b>

Net profit for the year corresponds to comprehensive income for the year.

## Balance sheet Parent Company

SEK m	Note	31 Dec 2023	31 Dec 2022
<b>Assets</b>			
<b>Property, plant and equipment</b>			
Equipment, tools, fixtures and fittings	16	34	33
		<b>34</b>	<b>33</b>
<b>Financial assets</b>			
Participations in Group companies	18	4,421	4,389
Deferred tax assets	14	7	8
Other non-current receivables		1	1
		<b>4,429</b>	<b>4,398</b>
<b>Total non-current assets</b>		<b>4,463</b>	<b>4,431</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Trade receivables		4	4
Receivables from Group companies	25	8,123	6,244
Other current receivables		0	0
Prepaid expenses and accrued income	24	22	25
		<b>8,149</b>	<b>6,272</b>
Cash and bank balances	25	12	96
<b>Total current assets</b>		<b>8,161</b>	<b>6,368</b>
<b>Total assets</b>		<b>12,624</b>	<b>10,799</b>

SEK m	Note	31 Dec 2023	31 Dec 2022
<b>Equity and liabilities</b>			
<b>Equity</b>	20		
<i>Restricted equity</i>			
Share capital		271	271
Revaluation reserve		25	25
		<b>296</b>	<b>296</b>
<i>Non-restricted equity</i>			
Share premium reserve		1,476	1,476
Profit brought forward		826	787
Net profit for the year		2,805	1,799
		<b>5,107</b>	<b>4,062</b>
<b>Total equity</b>		<b>5,403</b>	<b>4,358</b>
<b>Untaxed reserves</b>	13	<b>3,965</b>	<b>3,661</b>
<b>Provisions</b>			
Provisions for pensions	21, 25	-	6
		-	<b>6</b>
<b>Non-current liabilities</b>			
Other non-current liabilities		9	8
		<b>9</b>	<b>8</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	22, 25	519	200
Trade payables		23	18
Liabilities to Group companies	25	2,505	2,363
Current tax liabilities		98	59
Other current liabilities		12	11
Accrued expenses and deferred income	26	91	117
		<b>3,247</b>	<b>2,767</b>
<b>Total equity and liabilities</b>		<b>12,624</b>	<b>10,799</b>

## FINANCIAL STATEMENTS

## Cash flow statement Parent Company

SEK m	2023	2022
<b>Operating activities</b>		
Operating loss	-176	-205
Interest paid and similar items	-57	-21
Interest received and similar items	47	27
Dividends from participations in Group companies	735	255
Depreciation/amortisation	9	8
Adjustments for non-cash items	53	23
Paid tax	-521	-503
<b>Cash flow from operating activities before changes in working capital</b>	<b>91</b>	<b>-416</b>
<b>Cash flow from changes in working capital</b>		
Change in current receivables	-1,097	4
Change in current liabilities	136	69
<b>Cash flow from operating activities</b>	<b>-870</b>	<b>-344</b>
<b>Investing activities</b>		
Acquisitions of property, plant and equipment	-10	-5
Sales of property, plant and equipment	0	0
Acquisitions of financial assets	-33	-832
Divestment of financial assets	-	11
<b>Cash flow from investing activities</b>	<b>-43</b>	<b>-826</b>
<b>Financing activities</b>		
Issue of shares	-	1,485
Loans raised	3,558	663
Amortisation of loans	-3,239	-2,063
Dividend	-1,759	-1,646
Share repurchases	-59	-115
Group contribution received	2,399	2,641
Group contribution paid	-72	-21
<b>Cash flow from financing activities</b>	<b>828</b>	<b>945</b>
<b>Cash flow for the year</b>	<b>-85</b>	<b>-224</b>
Cash and cash equivalents at start of year	96	321
Cash and cash equivalents at year-end	12	96

## Statement of changes in equity Parent Company

SEK m	Restricted equity		Non-restricted equity		Total equity
	Share capital	Revaluation reserve	Share premium reserve	Profit brought forward	Total
<b>Opening equity 2022</b>	<b>262</b>	<b>25</b>	<b>-</b>	<b>2,497</b>	<b>2,784</b>
Net profit/loss for the year	-	-	-	1,799	1,799
Rights issue	9	-	1,490	-	1,499
Issue costs	-	-	-14	-	-14
Shareholder dividend	-	-	-	-1,646	-1,646
Share repurchases	-	-	-	-115	-115
Share-based payments	-	-	-	50	50
<b>Closing equity 2022</b>	<b>271</b>	<b>25</b>	<b>1,476</b>	<b>2,585</b>	<b>4,358</b>
<b>Opening equity 2023</b>	<b>271</b>	<b>25</b>	<b>1,476</b>	<b>2,585</b>	<b>4,358</b>
Net profit/loss for the year	-	-	-	2,805	2,805
Shareholder dividend	-	-	-	-1,759	-1,759
Share repurchases	-	-	-	-59	-59
Share-based payments	-	-	-	58	58
<b>Closing equity 2023</b>	<b>271</b>	<b>25</b>	<b>1,476</b>	<b>3,631</b>	<b>5,403</b>

Net profit for the year corresponds to comprehensive income for the year.



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# Notes to the financial statements

## 1. Accounting principles

Axfood AB is a limited liability company registered in Sweden, with its registered office in Stockholm. The Parent Company's shares are registered on Nasdaq Stockholm. The address of the head offices is SE-107 69 Stockholm, Sweden and the visitors' address is Solnavägen 4, Stockholm.

The consolidated financial statements comprise the Parent Company Axfood AB and the subsidiaries over which the Parent Company has control.

Axfood AB is a subsidiary of AxRetail AB, corporate registration number 556039-2226, with its registered office in Stockholm. AxRetail AB, in turn, is a wholly owned subsidiary of Axel Johnson Holding AB, corporate registration number 556245-2549, with its registered office in Stockholm, which prepares consolidated financial statements for the ultimate group.

The Annual Report and consolidated financial statements were approved for publication by the Board of Directors and President on 16 February 2024. The Group's statement of profit or loss and other comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet are subject to adoption by the AGM on 20 March 2024.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as endorsed by the European Union (EU). Swedish Financial Reporting Board recommendation RFR 1, Supplementary Reporting Rules for Groups, has also been applied, which stipulates supplementary disclosures, in addition to the disclosures required under IFRS, that are to be provided in accordance with the provisions of the Annual Accounts Act.

The Parent Company applies the same accounting policies as the Group, except in the cases indicated under the section Parent Company accounting policies.

### Basis of preparation of the financial statements

The consolidated financial statements are based on historical cost, with certain exceptions presented in the accounting policies.

The Parent Company's functional currency is Swedish kronor (SEK), which is also the presentation currency for the Parent Company and Group. The financial statements are presented in SEK. All amounts are rounded off to the nearest million kronor, unless stated otherwise.

### Estimates and judgements in the financial statements

Preparing the financial statements in accordance with IFRS requires the Board and Executive Committee to make estimates and judgements that affect the application of the accounting policies and the Company's result and position as well as other disclosures in general. The actual outcome may deviate from these estimates and judgements. Judgements made by the Executive Committee in the application of IFRS that have a material impact on the financial statements, and estimates made that entail a significant risk of material adjustments to the carrying amounts of assets and liabilities in the subsequent financial year, are described in more detail in Note 2.

### Significant accounting policies applied

The accounting policies presented are applied consistently in the Company's published financial statements.

### New or amended accounting policies

Amended accounting policies and interpretations endorsed for application from 1 January 2023 have not had any material effect on the consolidated financial statements. Amendments to IAS 1 with respect to the disclosure of accounting policies and amendment to IAS 12 with respect to deferred tax attributable to assets and liabilities that arise in conjunction with an individual transaction have only affected disclosures in note.

### Pillar II

The Group is subject to the OECD's Pillar II Model Rules, which have been enacted in Sweden through the new Top-up Tax Act (2023:875), which took effect on 1 January 2024. Under Pillar II, the Axfood Group is not an independent group but rather is part of the Axel Johnson Group. The Axel Johnson Group has assessed the Group's exposure to the legislation through a safe harbour test based on the latest available data, which is the 2022 Country-by-Country Report. Based on the safe harbour test, top-up tax is deemed to be zero.

Since the Pillar II legislation had not entered into force as of the balance sheet date, the Axfood Group has no related current tax exposure. The Axfood Group further applies the amendments to IAS 12 regarding the temporary relief with respect to the recognition of and disclosures concerning deferred tax assets and tax liabilities related to income taxes in accordance with Pillar II.

### New or amended accounting policies in 2024 and later

New or amended standards and interpretations that have been published and take effect in 2024 or later are not deemed to have had any material effect on the consolidated financial statements.

### Segment reporting

Segment reporting follows the internal reporting structure for reporting to the Executive Committee, which is the decision-making body within Axfood that comprises the chief operating decision-maker. The operating segments that have been identified are Willys, Hemköp, Snabbgross and Dagab. Joint-Group pertains to support functions such as the Executive Committee, Finance, Legal Affairs, Communications, Business Development, HR and IT. The Executive Committee reviews the segments' operating profit or loss, both including and excluding items affecting comparability.

Items affecting comparability refer to financial effects in conjunction with major acquisitions and divestments or other major structural changes and material non-recurring items that are significant for comparisons between periods. Items affecting comparability are only included in the operational monitoring of the Group's operating segments and not in the statutory reporting.

### Revenue

The Group primarily conducts retail sales of groceries to consumers through the chains Willys, Hemköp and Eurocash, and B2B of groceries through Snabbgross and Dagab. Sales in Willys, Hemköp, Eurocash and Snabbgross take place both in stores and online. Dagab's sales primarily comprise sales to intra-Group customers as well as sales to external customers. Retail and B2B sales are the Group's main sources of revenue. Other revenue represents an insignificant portion of the Group's total sales.

For in-store retail sales, revenue is recognised when the customer has paid for and received the product in the store. For online retail sales, the transaction price falls due for payment and revenue is recognised when the product is delivered to the customer via home delivery or in-store pickup.

Hemköp has a customer loyalty programme in which customers earn points for purchases made, which provide discounts on future purchases. A contractual liability is recognised at the point in time the sale was made and revenue is recognised when the points are used or expire.

In Snabbgross, B2B sales are mainly conducted in stores. For cash sales, revenue recognition is handled in the same way as for in-store retail sales. In-store sales also take place on invoice, and revenue is recognised when the customer receives the product in the store. Online B2B sales with customer delivery take place on invoice, and revenue is recognised when the product has been delivered to the customer's designated delivery location.

For B2B sales in Dagab, revenue is recognised when control of the product has been transferred, which takes place when the product has been delivered to the customer. Products are mainly delivered to customers via distribution from Dagab, but can also be delivered directly from the supplier to the customer for certain types of products, so-called direct deliveries, within the framework of the contract negotiated by the Axfood Group. The assessment is that Axfood serves as principal for direct deliveries based on the contractual relationships that exist, whereby Axfood assumes primary responsibility for fulfilling the contract with the customers, has control of the products and is exposed to credit risk as invoicing takes place at all stages. Invoicing takes place in connection with delivery.

In the wholesale operations, discounts are typically recognised through a deduction on the invoice. Volume discounts are offered to some extent, based on accumulated sales over a period of time. Revenue from sales with volume discounts is based on the price stated in the contract, less expected volume discounts, with historical data used to estimate the expected value of the volume discounts. A liability is recognised for anticipated volume discounts in relation to sales through the balance sheet date.

### Subsidiaries, associated companies and joint ventures

Subsidiaries are companies in which the Parent Company, Axfood AB, directly or indirectly has control. Control exists when Axfood is exposed, or has the right, to variable returns from its involvement in the company and has the ability to use its control over the company to affect those returns.



## NOTES

*Note 1, cont.*

Associated companies are companies over which the Group has a significant but non-controlling influence, typically through a holding of between 20% and 50% of the votes but also through other contractual relationships. Joint ventures refer to companies over which the Group has joint control through a joint arrangement. Participations in associated companies and joint ventures are recognised in accordance with the equity method.

Based on judgements regarding the Group's influence, the holding in City Gross is recognised as an associated company, despite the fact that Axfood holds less than 20% of the shares in the company. Based on judgements regarding influence, the holding in Apohem is recognised as a joint venture, despite the fact that Axfood holds more than 50% of the shares in the company.

**Employee benefits*****Post-employment remuneration***

Axfood has both defined contribution and defined benefit pension plans. Defined contribution pension plans are classified as plans in which Axfood's obligation is limited to the contributions that the Company has undertaken to pay. The pension cost for defined contribution plans is charged against profit or loss as employees' perform their services.

Plans that are financed and secured by the Company itself and defined benefit pension plans financed and vested through premium payments to insurance companies are classified as defined benefit pension plans. All defined benefit plans financed and secured by the Company itself are locked and all new vesting takes place through premium payments to insurance companies. Defined benefit pensions secured through premium payments to insurance companies are recognised as defined contribution pension plans in accordance with Swedish Financial Reporting Board statement UFR10. Defined benefit pension plans financed and secured by the Company itself are calculated by an external actuary in accordance with the Projected Unit Credit Method. The calculations are affected by actuarial assumptions, such as longevity and inflation. Revaluation effects are recognised in other comprehensive income. Retirement pension and family pension obligations for salaried employees in Sweden are funded partly through insurance with Alecta. According to pronouncement UFR 10 issued by the Swedish Financial Reporting Board (RFR), this is classified as a multi-employer defined benefit plan and the pension plan secured in Alecta is therefore reported as a defined contribution plan.

***Share-based payments***

The Group has share-based incentive programmes in which settlement is made with the Company's shares and where the Company receives services from the employee in exchange for equity instruments (performance shares) in the Group. The programmes cover three-year periods and entitle the participants to performance shares provided that the participants remain employed and have purchased and retain a certain number of shares in Axfood ("savings shares") during the term of the programme, and that the performance targets are met.

The fair value of the share rights that the employee receives is calculated on the allotment date according to a calculation model based on Monte Carlo simulations. The share rights are valued based on the share price on the allotment date for the share rights. The vesting terms include both market terms and non-market terms. The calculated dividend is taken into account in the calculation model. The fair value of the allotted share rights is recognised as a personnel cost, with a corresponding increase in equity that is apportioned over the vesting period. During the vesting period, provisions are made for estimated social security contributions, and social security contributions are measured based on the share price on the accounting date.

Share repurchases carried out to fulfil the delivery obligation under outstanding share-based programmes are recognised in equity.

**Taxes**

The Group's total taxes consist of current tax and deferred tax. Taxes are recognised in profit or loss for the year except when the underlying transaction is recognised in other comprehensive income or equity, in which case the associated tax effect is recognised in a corresponding manner. Deferred tax assets relating to deductible temporary differences and unutilised loss carryforwards are recognised only to the extent it is probable that they will entail lower tax payments in the future.

**Leases**

The Group leases premises for stores, warehouses and offices, mainly for its own use but also to a certain extent for sub-letting, mainly to retailer-owned stores. The leases normally have a term of between three and ten years. The Group also leases vehicles and certain other equipment.

When a contract is entered into, the Group identifies whether the contract is, or contains, a lease. For leases that include several components – lease and non-lease components – the Group allocates the consideration in accordance with the contract to each component based on the standalone price. In cases where it is not possible to distinguish between the components, they are recognised as a single lease component.

***Leases where the Group is lessee***

The Group recognises a right-of-use asset and a lease liability on the commencement date of the lease. The right-of-use assets is initially measured at cost and depreciated on a straight-line basis over the lease term. The lease liability is initially measured at the present value of the remaining lease payments during the assessed lease term. The lease term consists of the uncancellable period plus additional periods in the contract if, at the commencement date, it is determined to be reasonably certain that these will be used.

In most cases, leases include extension options and termination options which the Group may choose whether or not to exercise. Whether or not it is reasonably certain that an option will be exercised is determined on the commencement date of the lease. Since the initial lease terms are often long and it is not unusual for one of the parties to give notice of renegotiation in conjunction with the end of the lease term and the rent to be paid in the next period is therefore unknown until these renegotiations are completed, the lease term usually corresponds to the contractual lease term without extensions. The Group regularly reconsiders whether or not it is reasonably certain that an option will be exercised, for example, in connection with major premises renovations.

The lease payments are discounted using the Group's incremental borrowing rate. The incremental borrowing rate is allocated to different terms, depending on the lease term.

The lease liability for the Group's premises with a rent that is indexed is calculated based on the rent that applies at the end of the respective reporting period. When the cash flows change, the liability is adjusted with a corresponding adjustment of the right-of-use asset's carrying amount. In a corresponding way, the liability's and asset's values are adjusted in connection with a reassessment of the lease term.

Lease payments for leases with a lease term of 12 months or less or with an underlying asset of low value are recognised as an expense on a straight-line basis over the lease term. This also applies for variable lease payments, such as turnover-based rent payments.

***Leases where the Group is lessor***

The Group sub-lets leased premises, mainly to retailer-owned stores. When a leased asset is sub-let, the main lease and the sub-lease are recognised as two separate contracts. On the commencement date of the lease, it is determined whether the sub-lease is to be classified as a finance or operating lease. All sub-let premises have been classified as operating leases. The Group recognises lease payments from operating leases as revenue on a straight-line basis over the lease term.

**Intangible assets**

Intangible assets consist primarily of goodwill, customer relationships, and current or capitalised costs for IT development. Intangible assets with definite useful lives are recognised at cost after deducting accumulated depreciation and any impairment.

Eligible intangible assets are amortised on a straight-line basis over the asset's estimated useful life, starting from the date they are put in use. Goodwill and trademarks have indefinite useful lives and are not depreciated, but rather are tested for impairment annually.

Estimated useful lives:	
IT development	5–10 years
Leaseholds	Remainder of lease term
Customer relationships	Length of relationship/contract
Other intangible assets	3–5 years

**Property, plant and equipment**

Property, plant and equipment are recognised at cost after deducting accumulated depreciation and any impairment. Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the assets. The useful life on land is indefinite and land is therefore not depreciated. Land is not depreciated. Useful life for improvement expenses for another party's property is based on the remaining lease term for the underlying lease.

Estimated useful lives:	
Equipment, tools, fixtures and fittings	3–10 years
Store equipment	6–7 years
Buildings	20–50 years
Land improvements	20 years

**Impairment**

Goodwill and other intangible assets with an indefinite useful life are tested annually to determine any need to recognise impairment. The carrying amounts of property, plant and equipment and intangible assets are also tested when an indication of a decrease in value has been identified. Estimates of the value of goodwill and other assets are based on the cash-generating units' value in use. Value in use is based on cash flows after tax that are estimated to be generated during the remaining useful life of the units, with an assumption of infinite useful life. To calculate value in use, future cash flows are discounted using a rate corresponding to Axfood's estimated weighted cost of capital, meaning the weighted sum of the required rate of return on equity and the cost of externally borrowed capital.

**NOTES**

*Note 1, cont.*

**Financial instruments**

Financial assets are classified as measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss based on the Group's business model for managing the asset and the asset's contractual cash flow characteristics. Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss.

On initial recognition, an irrevocable choice can be made for individual investments in equity instruments that would otherwise be measured at fair value to recognise subsequent changes in fair value in other comprehensive income. Axfood has chosen to classify the holding in Mathem as a financial asset measured at fair value through other comprehensive income.

For trade receivables, the simplified method is used to measure expected credit losses. The Group has prepared a loss reserve matrix to measure expected credit losses for trade receivables, which is based on an analysis of actual bad debts during the last three years, taking the current situation into consideration. Trade receivables are recognised net including expected credit losses.

*Financial derivative instruments and hedge accounting*

The Group holds financial derivative instruments to hedge foreign currencies. After initial recognition, derivatives are measured at fair value through profit or loss. The Group identifies certain derivatives as hedge instruments to hedge the variability in cash flows from changes in exchange rates associated with highly probable transactions. When a derivative is identified as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and is accumulated in the hedging reserve. Ineffective portions of changes in the fair value of the derivative are recognised in profit or loss. Forward exchange contracts are used to hedge liabilities against exchange rate risk. Hedge accounting is not used to protect against currency risk, since a financial hedge is reflected in the reporting in that both the underlying transaction and the hedge instrument are recognised at the exchange rate in effect on the balance sheet date, and changes in exchange rates are recognised in profit or loss.

**Inventories**

Inventory consists of finished products and goods for resale. Cost consists of the purchase price less supplier discounts attributable to articles in stock. In addition to the purchase price, other direct costs for bringing the products to their current location and condition are also included. Cost is calculated through application of the first-in first-out (FIFO) principle.

**Statement of cash flows**

The statement of cash flows is prepared in accordance with the indirect method.

**Parent Company accounting policies**

The Parent Company reports in accordance with the Swedish Annual Accounts Act (1995:1554) and Swedish Financial Reporting Board recommendation RFR 2, Reporting for Legal Entities. In accordance with RFR 2, the Parent Company is to apply all IFRS endorsed by the EU as far as possible within the framework of the Annual Accounts Act, taking into consideration the connection between accounting and taxation. The main differences between the Parent Company's and Group's accounting policies are described below.

**Application of new and amended accounting policies**

Unless stated otherwise below, the Parent Company's accounting policies in 2023 have been amended in accordance with what is stated for the Group.

**Amended accounting policies 2024 and later**

New or amended standards and interpretations that have been published and take effect in 2024 or later are not deemed to have had any material effect on the Parent Company's financial statements.

**Subsidiaries and associated companies**

Participations in subsidiaries and associated companies are recognised in accordance with the cost method. All holdings are recognised as financial assets, and earnings from dividends are recognised as profit from financial items.

**Leases**

The Parent Company does not apply IFRS 16, in accordance with the exception in RFR 2. In its capacity as a lessee, the Parent Company recognises lease payments as an expense on a straight-line basis over the lease term. Right-of-use assets and lease liabilities are not recognised in the balance sheet

**Financial instruments**

In view of the connection between reporting and taxation, the rules on financial instruments in IFRS 9 are not applied for financial instruments in the Parent Company as a legal entity. Financial assets are measured at cost less impairment, and financial current assets are measured at the lower of cost or net realisable value.

**Financial guarantees**

The Parent Company applies a relief rule in the application of IFRS 9 pertaining to financial guarantee agreements pledged for the benefit of subsidiaries and associated companies. The Parent Company's financial guarantee agreements consist mainly of guarantees for the benefit of subsidiaries, which are recognised as contingent liabilities in the Parent Company.

**Taxes**

In the Parent Company, untaxed reserves are recognised in a gross amount without a breakdown into equity and deferred tax liability. In a corresponding manner, appropriations are recognised in a gross amount in profit or loss.

**Group contributions**

The Parent Company recognises Group contributions received and paid as appropriations in accordance with the alternate rule in RFR 2.

**2. Key estimates and assessments****Measurement of right-of-use assets and lease liabilities**

The Group leases a large number of premises as well as vehicles and certain other equipment. When entering into a lease, an assessment of the lease term and interest rate is carried out.

**Extension and termination options**

In most cases, leases pertaining primarily to premises include extension options and termination options which the Group may choose whether or not to exercise. Whether or not it is reasonably certain that an option will be exercised is assessed on the commencement date of

the lease. Based on the fact that the initial lease terms are often long and it is not unusual for one of the parties to give notice of renegotiation in conjunction with the end of the lease term and the rent to be paid in the next period is therefore unknown until these renegotiations are completed, the assessment is normally that these options are not taken into consideration on the commencement date of the lease. The Group regularly reconsiders its assessments related to extension and termination options, for example, in connection with major premises renovations.

**Discount rate**

The Group has determined that the rate to be used for discounting future lease payments is the Group's incremental borrowing rate, which consists of a swap rate for the current term plus a risk premium.

**Guarantee commitments**

Axfood AB has a guarantee commitment with NREP Logicensers pertaining to future rents. Since it is extremely unlikely that the commitment will be utilised, the assessment has been made that the commitment is not to be recognised as a contingent asset or contingent liability.

**Holdings in City Gross and Apohem**

Axfood recognises its holding in City Gross as an associated company, despite the fact that Axfood holds less than 20% of the shares in the company. Axfood has determined that a significant influence over City Gross exists based on the option agreement to gradually acquire additional shares in City Gross, which was entered into in connection with the acquisition in 2021; on the fact that Axfood is represented on City Gross's Board and material transactions occur between the companies; and on other contractual relationships between the companies.

Axfood recognises its holding in Apohem as a joint venture, despite the fact that Axfood holds more than 50% of the shares in the company. Axfood has determined that a controlling influence does not exist based on the fact that all significant decisions about the operations of Apohem are made jointly by the parties in accordance with a shareholder agreement. In accordance with the shareholder agreement, the Board is appointed with equal representation and a controlling influence is therefore not deemed to exist through the shareholder agreement either.

**Impairment testing of goodwill and other intangible assets**

In impairment testing of goodwill and other intangible assets, estimates are made regarding future conditions for the calculation of the recoverable amount of the cash-generating units. The recoverable amount is based on the Executive Committee's estimate of future cash flows, which are discounted using an estimated average cost of capital. The estimates are based on various assumptions regarding price and volume trends, external factors such as inflation, changes in electricity and fuel prices, shortages of raw materials and packaging, disruptions in the transport sector, the anticipated competitive situation, and costs related to climate and environmental transitions due to decisions made, established goals and assessed risks. The Executive Committee is of the opinion that reasonable, possible changes in estimates and assumptions would not have such a large effect that they individually would reduce the recoverable amount to a value that is lower than the carrying amount. A sensitivity analysis is presented in Note 15.



## NOTES

**3. Segment reporting**

The Willys, Hemköp, Snabbgross and Dagab operating segments are described on pages 37–44. Joint-Group pertains to head office support functions, such as the Executive Committee, Finance, Legal Affairs, Communications, Business Development, HR and IT.

	Willys		Hemköp		Snabbgross		Dagab		Joint-Group		Eliminations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External net sales	43,757	37,451	7,432	6,650	5,317	4,725	24,388	24,509	216	140			81,111	73,474
Internal net sales	–	–	–	–	0	2	49,786	42,490	1,149	1,095	-50,934	-43,587	–	–
<b>Net sales</b>	<b>43,757</b>	<b>37,451</b>	<b>7,432</b>	<b>6,650</b>	<b>5,317</b>	<b>4,727</b>	<b>74,175</b>	<b>66,999</b>	<b>1,365</b>	<b>1,234</b>	<b>-50,934</b>	<b>-43,587</b>	<b>81,111</b>	<b>73,474</b>
Depreciation of property, plant and equipment, and amortisation of intangible non-current assets	-336	-312	-110	-106	-36	-35	-271	-170	-289	-264			-1,042	-886
Depreciation of right-of-use assets	-990	-877	-403	-362	-101	-88	-405	-317	-51	-49			-1,950	-1,694
<b>Total depreciation/amortisation</b>	<b>-1,326</b>	<b>-1,189</b>	<b>-513</b>	<b>-468</b>	<b>-137</b>	<b>-124</b>	<b>-676</b>	<b>-486</b>	<b>-340</b>	<b>-314</b>			<b>-2,993</b>	<b>-2,580</b>
Share of profit in associated companies and joint ventures	-6	-7	–	–	–	–	-53	-58	–	-1			-59	-66
Operating profit excl. items affecting comparability	2,077	1,859	300	283	265	252	1,271	1,139	-311	-303			3,602	3,229
Items affecting comparability	–	–	–	–	–	–	-249	-162	–	33			-249	-129
Operating profit/loss	2,077	1,859	300	283	265	252	1,021	978	-311	-270			3,353	3,101
Financial items, net													-315	-166
Consolidated profit before tax													3,037	2,935
<b>Other disclosures</b>														
Investments in non-current assets	511	527	126	117	35	52	843	1,493	430	404			1,946	2,593
Investments in right-of-use assets	1,238	1,310	556	313	125	175	172	2,564	50	11			2,141	4,374
<b>Total investments in non-current assets</b>	<b>1,749</b>	<b>1,837</b>	<b>682</b>	<b>430</b>	<b>161</b>	<b>227</b>	<b>1,015</b>	<b>4,057</b>	<b>480</b>	<b>416</b>			<b>4,087</b>	<b>6,967</b>

## NOTES

## 4. Acquired and divested operations

### Acquired operations

Axfood did not carry out any material acquisitions during the year.

### Acquired operations in the preceding year

Axfood did not carry out any material acquisitions in 2022.

The final purchase consideration for Bergendahl Food AB was set to SEK 1,621 m (1,633) during the second quarter of 2022.

### Divested operations

Axfood did not carry out any material divestments during the year.

### Divested operations in the preceding year

One store operation was divested in 2022. Cash flow from sales of store operations amounted to SEK 2 m.

On 1 March 2022, Mat.se was sold to Mathem through a transaction in which Axfood divested Mat.se in exchange for shares in Mathem. The purchase consideration amounted to SEK 688 m on a cash and debt-free basis. The capital gain from the divestment of Mat.se amounted to SEK 221 m and was recognised in other operating income. Cash flow from the sale of Mat.se amounted to SEK -51 m, corresponding to the cash and cash equivalents included in the sale.

## 5. Costs by type of cost

Group	2023	2022
Cost of goods for resale	60,357	54,733
Personnel costs	9,070	8,530
Depreciation/amortisation/impairment	2,993	2,615
Other	6,023	5,464
<b>Total</b>	<b>78,443</b>	<b>71,342</b>

The Group's depreciation/amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets is distributed by function as follows:

Group	2023	2022
Cost of goods sold	1,764	1,493
Selling expenses	969	875
Administrative expenses	260	247
<b>Total depreciation/amortisation and impairment</b>	<b>2,993</b>	<b>2,615</b>

## 6. Employees and senior executives

Average number of employees	2023			2022		
	Women	Men	Total	Women	Men	Total
<b>Parent Company</b>						
Average number of employees	180	70	250	163	60	223
<b>Subsidiaries</b>						
Average number of employees	6,693	6,242	12,935	6,474	6,075	12,549
<b>Total, Group</b>	<b>6,873</b>	<b>6,312</b>	<b>13,185</b>	<b>6,637</b>	<b>6,135</b>	<b>12,772</b>

In calculating the number of hours worked per year per employee, 1,920 hours (1,920) has been used.

Expensed salaries, other remuneration and social security expenses	2023			2022		
	Salaries and remuneration	Social security expenses	Of which, pension costs	Salaries and remuneration	Social security expenses	Of which, pension costs
Parent Company	207	108	32	179	106	35
Subsidiaries	5,827	2,284	465	5,593	2,106	443
<b>Total, Group</b>	<b>6,034</b>	<b>2,392</b>	<b>497</b>	<b>5,771</b>	<b>2,211</b>	<b>477</b>

Gender breakdown of the Board of Directors and senior executives in the Group	2023		2022	
	Women	Men	Women	Men
Board of Directors, Parent Company	43%	57%	43%	57%
Executive Committee	55%	45%	55%	45%

The gender breakdown for the Board of Directors pertains to the AGM-elected directors, not the employee representatives.

Of the AGM-elected directors and managing directors of the Group's companies, 26% were women (25) and 74% men (75).



**NOTES**

Note 6, cont.

Fees are payable to the Chairman of the Board and the directors in accordance with an AGM resolution. In addition to directors' fees, an additional fee is paid to the Chairman and other members of the Audit Committee and the Remuneration Committee. Employee representatives do not receive any directors' fees. According to a resolution by the 2023 AGM, the annual fee payable to directors was set at KSEK 3,860 (3,710), of which KSEK 800 (770) is payable to the Chairman. Fees for the Audit Committee for 2023 were set at KSEK 400 (400), of which KSEK 200 (200) pertains to the fee for the Chairman of the committee. Fees for the Remuneration Committee for 2023 were set at KSEK 175 (175), of which KSEK 75 (75) pertains to the fee for the Chairman of the committee. 75% of the total fees were paid out in 2023, with the remainder paid out after year-end.

Board of Directors, Parent Company Expensed remuneration to members of the Board of Directors, KSEK	2023			2022		
	Directors' fees	Committee fees	Total fees	Directors' fees	Committee fees	Total fees
Mia Brunell Livfors (Chairman of the Board)	793	75	868	765	56	821
Stina Andersson <sup>1)</sup>	–	–	–	119	19	138
Fabian Bengtsson	505	38	543	486	–	486
Caroline Berg	505	50	555	486	38	524
Thomas Ekman <sup>2)</sup>	383	–	383	–	–	–
Christian Luiga	505	200	705	486	188	674
Peter Ruzicka	505	88	593	486	38	524
Christer Åberg <sup>3)</sup>	123	25	148	486	94	580
Sara Öhrvall <sup>4)</sup>	505	100	605	368	75	443
Anders Helsing (employee representa- tive)	–	–	–	–	–	–
Michael Sjören (employee representa- tive)	–	–	–	–	–	–
Lars Östberg (employee representa- tive)	–	–	–	–	–	–
<b>Total</b>	<b>3,823</b>	<b>575</b>	<b>4,398</b>	<b>3,683</b>	<b>506</b>	<b>4,189</b>

1) Resigned in connection with the 2022 AGM. 2) Newly elected in connection with the 2023 AGM.  
3) Resigned in connection with the 2023 AGM. 4) Newly elected in connection with the 2022 AGM.

**Remuneration of senior executives**

The Board's Remuneration Committee makes decisions on salaries and other terms of employment for members of the Executive Committee, except for the President and CEO, for whom the Board in its entirety sets the level of remuneration and other terms of employment, according to the guidelines decided on by the AGM.

Variable remuneration for all senior executives including the President and CEO is based mostly on the Group's earnings and performance, and partly on personal goals. Variable remuneration amounts to a maximum of 60% of the fixed salary. Short-term variable remuneration is expensed during the financial year and is paid out after the annual report has been adopted by the AGM.

In the event the Company serves notice of termination of employment for a senior executive, a notice period of a maximum of 12 months applies, on account. In addition, severance pay corresponding to a maximum of 12 months' salary may be payable in certain cases, on

account. For notice given by a senior executive, the notice period may be a maximum of six months, without any right to severance pay. In the event Axfood serves notice of termination of employment, the President and CEO is entitled to a 12-month notice period plus severance pay corresponding to 12 months' salary, on account. In the event the President and CEO gives notice, the notice period is six months.

Axfood applies a retirement age of 65 for all senior executives including the President and CEO. The basic pension benefit consists of the ITP plan, where six members of the Executive Committee have a solution corresponding to ITP 1. In addition to this the Company pays defined contribution pension premiums corresponding to 30% of salary amounts between 30 and 50 times the income base amount. One member of the Executive Committee has a pension solution where the total pension provision is 35% of fixed yearly cash salary less premiums for ITP 2. The President and CEO is entitled to retirement pension provisions corresponding to 35% of yearly cash salary.

**Senior executives**

The Executive Committee consists of 11 (11) individuals. For the composition of the Executive Committee, see page 125.

Expensed remuneration and other benefits, KSEK	2023					2022						
	Fixed sal- ary <sup>2)</sup>	Variable remunera- tion	Other benefits	Pension cost	Total	Share- based pay- ments <sup>3)</sup>	Fixed sal- ary <sup>2)</sup>	Variable remunera- tion	Other benefits	Pension cost	Total	Share- based pay- ments <sup>3)</sup>
President and CEO	8,653	4,759	198	3,050	<b>16,660</b>	7,211	8,451	4,670	200	3,201	<b>16,521</b>	6,694
Other senior executives <sup>1)</sup>	30,041	15,720	998	7,850	<b>54,609</b>	20,471	28,395	12,573	980	9,210	<b>51,158</b>	17,983
<b>Total</b>	<b>38,694</b>	<b>20,479</b>	<b>1,196</b>	<b>10,900</b>	<b>71,269</b>	<b>27,681</b>	<b>36,845</b>	<b>17,243</b>	<b>1,180</b>	<b>12,411</b>	<b>67,679</b>	<b>24,677</b>

1) Of expensed remuneration and benefits, KSEK 34,989 (32,110) pertains to remuneration that the senior executives received from other Group companies.

2) Fixed salary comprises contractual base salary adjusted for holiday pay, sick pay and similar items.

3) Pertains to the year's expensed, calculated outcomes for the incentive programmes LTIP 2021, LTIP 2022 and LTIP 2023, which will be settled in 2024 and later, and the year's expensed outcome for LTIP 2020, which was settled in April 2023.

## NOTES

Note 6, cont.

### Guidelines for remuneration to senior executives, adopted at the AGM on 22 March 2023

The guidelines cover the President and CEO of Axfood and members of the Executive Committee, who report directly to the CEO. The guidelines do not pertain to remuneration decided on by a general meeting of shareholders, such as directors' fees or share-based incentive programmes.

The guidelines are to be applied for remuneration that is agreed upon – and changes made to already agreed-upon remuneration – after the guidelines were adopted by the 2023 AGM.

The guidelines govern the decisions on remuneration that are made by the Board's Remuneration Committee with respect to senior executives who report directly to the CEO and by the Board as a whole with respect to the CEO.

### The guidelines' promotion of Axfood's business strategy, long-term interests and sustainability

Axfood's purpose is to create a better quality of life for everyone, and Axfood's vision entails that the Company shall be a leader in affordable, good and sustainable food. To achieve this, Axfood works according to a strategy of growth-promoting priorities and efficiency improvement measures.

Added to this is a strong employee focus. Axfood's strategies rest upon a values-steered culture and core values, on sustainability and on community engagement. Axfood's business concept is to serve as a family of different concepts working together. This entails, among other things, that every concept shall offer the best customer experience for its target group, and that purchasing and logistics for all of food concepts are handled in a joint organisation. This results in collaboration that creates an efficient and strong Group. Axfood's purpose, vision, strategy and goals are described in more detail on the Company's website.

Successful implementation of Axfood's business strategy and capitalisation of Axfood's long-term interests, including sustainability and health, requires that Axfood can recruit and retain qualified employees with the right competence. Achieving this requires that Axfood can offer competitive remuneration. The guidelines ensure that senior executives can be offered a competitive total remuneration package.

Axfood has both long and short-term goals. Axfood has established long-term share-based incentive programmes. These have been set by the AGM and therefore are not covered by these guidelines. The programmes include the CEO, other senior executives, members of their management teams and key persons. The performance requirements used to assess the outcome of the programmes have a clear link to the business strategy and to Axfood's long-term value creation, and include a sustainability target (sustainability-labelled products). For further information about these programmes, including the criteria that the outcomes are based on, see the Company's website.

The variable remuneration shall aim to promote Axfood's business strategy and long-term interests, including sustainability and health.

### Forms of remuneration

Axfood shall offer remuneration that is in line with the going rate in the market and that is based on factors such as the importance of the work duties and the executive's expertise, experience, performance and, as regards variable remuneration, achievement of previously set targets. Remuneration may consist of a fixed base salary, short-term variable remuneration, pension benefits, insurance and other benefits. In addition, a general meeting of shareholders may – and independent of these guidelines – decide on share-based and share price-related remuneration.

### Fixed salary

Fixed base salary constitutes remuneration for a committed work contribution at a high professional level that ultimately aims to create value-added for Axfood's customers, shareholders and employees. Fixed base salary shall be attractive in comparison with the market and be based on the executive's competence, experience and performance. Salaries are reviewed annually. Senior executives do not receive fees for board assignments in the Axfood Group's subsidiaries and associated companies.

### Variable remuneration

In addition to fixed base salary, variable remuneration may be payable. Variable remuneration shall be linked to measurable and predetermined criteria that are formulated to promote the Company's business strategy and long-term interests, including sustainability. The criteria shall be adopted annually by the Remuneration Committee and the Board of Directors. Variable remuneration shall be based on the achievement of Axfood's – and where applicable, the subsidiary's – targets for earnings and sales growth as well as the executive's personal goals for the financial year. The measurement period is one year, and the remuneration can amount to a maximum of 60% of fixed base salary.

Additional variable remuneration may be payable under extraordinary circumstances, provided that such extraordinary arrangements are only made at the individual level for the purpose of recruiting or retaining executives, or as remuneration for an extraordinary work contribution on top of the person's normal work duties. Such remuneration may not exceed an amount corresponding to 50% of fixed annual salary and may not be awarded more than once a year per individual. Decisions on such remuneration shall be made by the Board of Directors following preparation by the Remuneration Committee.

When the measurement period for fulfilment of the criteria for payment of variable cash remuneration has ended, it shall be assessed and determined to what extent the criteria have been met. In the annual evaluation, the Remuneration Committee – or the Board, where applicable – can adjust the targets and/or remuneration for both positive and negative extraordinary events, reorganisations and structural changes or similar circumstances.

Variable remuneration shall not be payable if the Axfood Group has a negative result, regardless of whether the specific targets for a subsidiary and/or the individual goals for the senior executive, where applicable, have been achieved.

### Pension and other benefits

Axfood applies a retirement age of 65 for all senior executives.

For the CEO, pension benefits shall be in accordance with a defined contribution solution. Variable remuneration shall not be pensionable. Pension premiums for defined contribution pensions shall amount to a maximum of 35% of pensionable salary (which corresponds to the fixed monthly salary multiplied by a factor of 12.2).

Other senior executives shall have a defined contribution pension plan in accordance with ITP 1 applicable at the time. The premium for pensions under ITP 1 currently corresponds to 4.5% of the portion of salary up to 7.5 times the income base amount and 30% of the portion of salary up to 30 times the income base amount.

Senior executives with ITP 1 and ITP 2 are eligible for an executive pension plan, meaning that an extra pension premium of 30% is paid for fixed salary portions (fixed monthly salary multiplied by a factor of 12.2) between 30 and 50 times the income base amount.

To compensate for the accrual effect that can arise for senior executives with ITP 1 due to the payment of short-term variable salary in a certain month, Axfood can, where appropriate, pay an extra one-time pension premium in cases where the fixed salary does not exceed 30

times the income base amount (per month), although the payment of short-term variable salary combined with the fixed salary may not total more than 30 times the income base amount (current payment month). This compensation is limited to a yearly one-time premium corresponding to 30% of the difference between the employee's fixed monthly salary and the cap for pensionable salary, currently 30 times the income base amount.

Other benefits shall be of limited scope and may include, for example, disability, life and health insurance, and a car, travel and housing benefit.

With respect to employment conditions subject to rules other than those that apply in Sweden, with respect to pension benefits and other benefits, customary adjustments may be made to comply with such compulsory rules or local practice, whereby the overarching purpose of these guidelines shall be met.

### Cessation of employment

For notice of termination served by the employer, the notice period may be a maximum of 12 months. Fixed base salary during the notice period and severance pay may together not exceed an amount corresponding to two years' fixed base salary. For notice given by a senior executive, the notice period may be a maximum of six months, without any right to severance pay.

In addition, remuneration may be payable for any non-compete obligation. Such payment shall compensate the executive for possible loss of income and shall only be made during the period that the executive lacks a right to severance pay. The monthly remuneration shall amount to a maximum of 60% of the executive's average monthly income for the 12 months preceding the end of employment. The remuneration shall be payable during the time that the non-compete obligation applies, which shall be a maximum of nine months after the end of employment.

### Salary and terms of employment for employees

Salary and terms of employment for Axfood's employees have been taken into account in the drafting of the Board's proposal for these remuneration guidelines. Information on the employees' total remuneration, remuneration components and the increase in remuneration and the rate of growth over time has made up part of the Remuneration Committee's and the Board's decision-making documentation in their evaluation of the fairness of the guidelines and the limitations that emanate from these. The change in the difference between the remuneration to senior executives and the remuneration to other employees will be reported in the annual remuneration report.

### Decision-making process for adopting, reviewing and implementing the guidelines

The Board is to prepare a proposal for new guidelines for remuneration to senior executives and submit the proposal for resolution by a general meeting of shareholders. The guidelines shall apply until new guidelines have been adopted by a general meeting of shareholders, but at most for four years. The Board of Directors has established a Remuneration Committee. The committee's duties include conducting preparatory work for the Board's decisions on proposed guidelines. The Remuneration Committee shall also monitor and evaluate ongoing programmes and programmes concluded during the year for variable remuneration to members of the Executive Committee, application of guidelines for remuneration to senior executives, and applicable remuneration structures and remuneration levels at Axfood. The Remuneration Committee's members are independent in relation to Axfood and the Executive Committee. In the Board's handling of and decisions on remuneration-related matters, the CEO or



## NOTES

Note 6, cont.

other members of the Executive Committee are not present to the extent they are the subject of the matter at hand.

### Departures from the guidelines

The Board of Directors may decide to temporarily depart from the guidelines entirely or partly if in specific cases there are special reasons for doing so and a departure is necessary to safeguard the Axfood Group's long-term interests, including sustainability, or to safeguard the Group's financial soundness. As stated above, it is part of the Remuneration Committee's duties to conduct preparatory work for the Board's decisions on remuneration matters, which also includes decisions to derogate from the guidelines.

### Long-term incentive programmes

Axfood has long-term share-based incentive programmes (LTIP) that run over approximately a three-year period. The programmes are offered to senior executives and other key persons in the Group. The aim is that the programmes will strengthen the joint interest in achieving maximum long-term value creation in Axfood and facilitate Axfood in recruiting and retaining members of the Executive Committee and other key persons.

Participation requires that the participants buy or previously own a certain number of shares in Axfood ("savings shares") and that the shareholding continues throughout the entire term. All participants have bought shares in Axfood at market price up to the predetermined, maximum number of shares for each category of participants. After the set vesting period, the participants will be allotted shares in Axfood, free of charge, provided that certain conditions are met.

If a participant's employment ceases during the vesting period due to contractual or age-based retirement, the allotment of share rights is reduced in proportion to the amount of the vesting period that had passed at the time of retirement.

The cost is allocated on a straight-line basis over a three-year period and includes social security contributions. The carrying amounts during the year have been affected by individuals who have left the programmes and individuals who have retired.

### Repurchased shares

To secure the Company's obligation for under the long-term share-based incentive programmes, Axfood repurchases shares in accordance with the resolution passed at each AGM. In 2023, Axfood repurchased 155,000 shares at an average price of SEK 239.53 per share, for a total of SEK 37 m. Allotment was carried out for LTIP 2020 in April 2023 using treasury shares. The holding of treasury shares amounts to 1,065,652 shares and is sufficient to secure the delivery of shares for all of the Company's incentive programmes.

### Vesting terms in brief

#### LTIP2023

- Three-year TSR (total return) >0 (1 share right)
- Sales growth in line with the market to +2 percentage points on average over three years' time and EBIT margin >3.5% on average over three years' time (1-3 share rights)
- TSR in line with or exceeding 10% of the accumulated reference index for 2023-2025 (TSR for groups of reference companies) (1-2 share rights)
- Accumulated sales of sustainability-labelled products during the 2023-2025 period reach a level of up to 10% higher than the level as of 31 December 2022 (0-1 share right)

#### LTIP2022

- Three-year TSR (total return) >0 (1 share right)
- Sales growth in line with the market to +2 percentage points on average over three years' time and EBIT margin >3.5% on average over three years' time (1-3 share rights)
- TSR in line with or exceeding 10% of the accumulated reference index for 2022-2024 (TSR for groups of reference companies) (1-2 share rights)
- Accumulated sales of sustainability-labelled products during the 2022-2024 period reach a level of up to 10% higher than the level as of 31 December 2021 (0-1 share right)

#### LTIP2021

- Three-year TSR (total return) >0 (1 share right)
- Sales growth in line with the market to +2 percentage points on average over three years' time and EBIT margin >3.5% on average over three years' time (1-3 share rights)
- TSR in line with SIX return index 2021-2023 accumulated up to 10 percentage points better than same period (1-2 share rights)
- Accumulated sales of sustainability-labelled products during the 2021-2023 period reach a level of up to 10% higher than the level as of 31 December 2020 (0-1 share right)

#### LTIP2020

- Three-year TSR (total return) >0 (1 share right)
- Sales growth in line with the market to +2 percentage points on average over three years' time and EBIT margin >3.5% on average over three years' time (1-3 share rights)
- TSR in line with SIX return index 2020-2022 accumulated up to 10 percentage points better than same period (1-2 share rights)
- Accumulated sales of sustainability-labelled products during the 2020-2022 period reach a level of up to 10% higher than the level as of 31 December 2019 (0-1 share right)

Group	LTIP 2023	LTIP 2022	LTIP 2021	LTIP 2020
Base value, share price, SEK	241.60	275.00	229.20	204.80
Number of participants at start of programme	72	75	70	66
Number of participants on balance sheet date	72	70	60	-
of whom, senior executives	11	11	11	-
Number of outstanding share rights on 1 Jan 2023	-	443,156	232,050	214,900
Number of share rights allotted during the period	261,219	-	-	-
Number of share rights forfeited during the period	-	8,400	4,900	189
Number of share rights redeemed during the period	-	-	-	214,711
Number of outstanding share rights on 31 Dec 2023	261,219	434,756	227,150	-
of whom, senior executives	120,400	185,500	120,400	-
Maximum number of share rights	285,396	475,773	248,801	-
Average share price on redemption date, SEK	-	-	-	252.06
Weighted average fair value for entire term, SEK m	50.1	97.0	47.3	-
of whom, senior executives, SEK m	23.1	41.4	25.1	-
Cost for the year, SEK m	15.4	45.6	21.7	-1.9
Accumulated cost, SEK m	15.4	75.0	61.0	52.7
Liability (social security contributions), SEK m	4.9	21.4	18.5	-
Vesting period	3 years	3 years	3 years	3 years
Term	May 2023-April 2026	May 2022-April 2025	May 2021-April 2024	May 2020-April 2023

### Parent Company

	LTIP 2023	LTIP 2022	LTIP 2021	LTIP 2020
Weighted average fair value for entire term, SEK m	21.1	38.2	21.4	-
of whom, senior executives, SEK m	14.7	25.8	16.0	-
Cost for the year, SEK m	6.5	18.2	10.1	-0.8
Accumulated cost, SEK m	6.5	29.9	27.9	25.4
Liability (social security contributions), SEK m	2.1	8.5	8.4	-

## 7. Auditors' fees

	Group		Parent Company	
	2023	2022	2023	2022
<b>Deloitte</b>				
Auditing fees	8	6	4	2
Auditing activities in addition to the audit assignment	-	0	-	0
Other services	0	2	0	2
<b>Total</b>	<b>8</b>	<b>9</b>	<b>4</b>	<b>5</b>

Audit assignment refers to the statutory audit of the annual report and consolidated financial statements and bookkeeping, the Board of Directors' and President's administration, and auditing and other review activities performed in accordance with an agreement or contract. Other services pertain to tax consulting and other consulting.

## 8. Items affecting comparability

Group	2023	2022
Parallel warehouse operations	-249	-
Integration costs	-	-120
Structural costs	-	-263
Capital gain	-	221
Fora/AFA	-	33
<b>Total</b>	<b>-249</b>	<b>-129</b>

The Executive Committee reviews the segments' operating profit or loss, both including and excluding items affecting comparability. Items affecting comparability are not reported in the statutory reporting, and the note is therefore only intended to clarify the derivation of the items found in the operating segment reporting.

Items affecting comparability in 2023 totalled SEK -249 m and pertained in their entirety to parallel warehouse operations in Dagab. These costs mainly comprise premises and personnel costs and pertain to the transition to the new logistics centre in Bålsta. The costs are included in the cost of goods sold.

Items affecting comparability in 2022 pertained to integration costs, structural costs, capital gains, and repayments from Fora/AFA. Integration costs totalled SEK -120 m and pertained in their entirety to the integration of Bergendahls Food. The costs were included in other operating expenses as well as administrative expenses. Structural costs amounted to SEK -263 m and pertained to costs connected with the restructuring of Dagab's logistics operation. Structural costs were primarily included in the cost of goods sold as well as partially in administrative expenses and selling expenses. The capital gain of SEK 221 m pertained to earnings from the divestment of Mat.se, which were recognised in other operating income. Fora/AFA amounted to SEK 33 m and pertained to payments received from Fora/AFA employer's liability insurance based on earlier premium payments. Revenue was included in other operating income.

## 9. Government assistance and grants

The Group has received labour market policy grants amounting to SEK 44 m (44), which has been recognised as a reduction in personnel costs. The Group has received electricity support for businesses of SEK 16 m (-), which has been recognised as other revenue. In the preceding year, government assistance was received in the form of compensation for sick pay costs amounting to SEK 50 m, which has been recognised as other operating income.

No other unfulfilled conditions or contingent liabilities exist.

## 10. Related party transactions

The Axfood Group's transactions with related parties, aside from those covered by the consolidated financial statements, consist of transactions with associated companies and joint ventures and with subsidiaries within the Axel Johnson Group.

Axfood leases properties and premises, and purchases certain goods through companies in the Axel Johnson Group. Axfood has delivery and cooperation agreements with City Gross.

All prices are set on an arm's length basis.

During the year, a company was acquired from Axel Johnson AB. The acquisition is not considered material.

Group	Sales to related parties		Purchases from related parties		Receivables from related parties		Liabilities to related parties	
	2023	2022	2023	2022	2023	2022	2023	2022
Associated companies	7,372	5,287	-	-	616	579	-	-
Joint ventures	42	83	-	-	1	1	-	-
Other related parties	34	28	168	162	1	2	16	17
<b>Total</b>	<b>7,447</b>	<b>5,398</b>	<b>168</b>	<b>162</b>	<b>618</b>	<b>582</b>	<b>16</b>	<b>17</b>

## 11. Intra-Group purchases and sales

The Parent Company's revenue from Group companies amounted to SEK 323 m (284). The Parent Company's expenses from Group companies amounted to SEK 101 m (82). The Parent Company's sales to Group companies consist mainly of remuneration to cover shared costs for rents, central administration, and shared systems. The Parent Company's remuneration to Group companies consists mainly of remuneration for system support and rents.

## 12. Net financial items

	Group		Parent Company	
	2023	2022	2023	2022
Interest income	19	7	7	2
Dividends from participations in Group companies	-	-	735	255
Interest income from Group companies	-	-	38	21
Other financial income	49	19	3	4
	<b>69</b>	<b>26</b>	<b>782</b>	<b>282</b>
Interest expenses	-49	-18	-37	-10
Interest expenses to Group companies	-	-	-10	-2
Interest expenses for leases	-310	-157	-	-
Other financial expenses	-25	-18	-9	-9
	<b>-384</b>	<b>-193</b>	<b>-57</b>	<b>-21</b>
<b>Net financial items</b>	<b>-315</b>	<b>-166</b>	<b>725</b>	<b>260</b>

## 13. Appropriations and untaxed reserves

Parent company	2023	2022
<b>Appropriations</b>		
Group contribution received	3,179	2,399
Group contribution paid	-57	-72
Provision to tax allocation reserve	-850	-640
Dissolution of tax allocation reserve	546	476
Change in accumulated excess depreciation	0	-10
<b>Total</b>	<b>2,818</b>	<b>2,154</b>
<b>Untaxed reserves</b>		
Tax allocation reserves	3,953	3,649
Accumulated excess depreciation	12	12
<b>Total</b>	<b>3,965</b>	<b>3,661</b>



## NOTES

## 14. Taxes

	Group		Parent Company	
	2023	2022	2023	2022
<b>Current tax</b>				
Current tax on net profit for the year	-575	-435	-563	-412
Adjustment of current tax from previous years	-7	0	2	-
Deferred tax on temporary differences	-82	-130	-1	2
<b>Recognised tax expense</b>	<b>-664</b>	<b>-564</b>	<b>-562</b>	<b>-410</b>

## Group, reconciliation of effective tax rate

	2023		2022	
	2023	%	2022	%
Recognised profit before tax	3,037		2,935	
Tax based on applicable tax rate	-626	-20.6	-605	-20.6
Tax effect and percentage impact of:				
Non-deductible expenses	-28	-0.9	-19	-0.6
Tax-exempt revenue	4	0.1	1	0.0
Profit participations recognised in accordance with the equity method	-14	-0.5	-13	-0.5
Tax attributable to tax credit on investments	-	-	8	0.3
Sale of Mat.se	-	-	54	1.8
Other	0	0.0	9	0.3
<b>Recognised tax expense/effective tax rate</b>	<b>-664</b>	<b>-21.9</b>	<b>-564</b>	<b>-19.2</b>
Tax attributable to other comprehensive income	15		-41	

## Parent Company, reconciliation of effective tax rate

	2023		2022	
	2023	%	2022	%
Recognised profit before tax	3,367		2,209	
Tax based on applicable tax rate	-694	-20.6	-455	-20.6
Tax effect and percentage impact of:				
Non-deductible expenses	-1	-0.0	-1	-0.1
Tax-exempt revenue	1	0.0	1	0.1
Tax-exempt dividend	151	4.5	52	2.4
Taxable income not recognised in the income statement	-21	-0.6	-9	-0.4
Other	2	0.1	2	0.1
<b>Recognised tax expense/effective tax rate</b>	<b>562</b>	<b>-16.7</b>	<b>-410</b>	<b>-18.6</b>
Current and deferred tax items recognised directly against equity	-		-	

## Recognised deferred tax assets and change in deferred tax assets

	Group				
	Amount at start of year	Recognised in net profit for the year	Effect of acquired companies/sold companies	Recognised in other comprehensive income	Amount at end of year
Intangible assets	21	-2	2	-	21
Equipment, tools, fixtures and fittings	12	-11	-	-	1
Deficit	111	-2	3	-	111
Provisions	14	-3	-	-1	10
Right-of-use assets/Lease liabilities	65	13	-	-	78
Other liabilities	20	1	-	7	28
Other	10	-10	-	-	-
<b>Total deferred tax assets</b>	<b>253</b>	<b>-15</b>	<b>5</b>	<b>6</b>	<b>249</b>

The Group has no unreported deferred tax assets pertaining to temporary differences.

	Parent Company				
	Amount at start of year	Recognised in net profit for the year	Effect of acquired companies/sold companies	Recognised in other comprehensive income	Amount at end of year
Provisions	8	-1	-	-	7
<b>Total deferred tax assets</b>	<b>8</b>	<b>-1</b>	<b>-</b>	<b>-</b>	<b>7</b>

## Recognised deferred tax liabilities and change in deferred tax assets

	Group				
	Amount at start of year	Recognised in net profit for the year	Effect of acquired companies/sold companies	Recognised in other comprehensive income	Amount at end of year
Intangible assets	-222	-4	-	-	-226
Equipment, tools, fixtures and fittings	0	-	-	-	0
Financial assets	-3	-	-	3	-
Other receivables	-11	-	-	7	-4
Untaxed reserves	-1,053	-62	-	-	-1,114
Provisions	0	-2	-	-1	-3
<b>Total deferred tax assets</b>	<b>-1,289</b>	<b>-68</b>	<b>-</b>	<b>9</b>	<b>-1,348</b>

The Group has no unreported deferred tax liabilities pertaining to temporary differences.

## NOTES

## 15. Intangible assets

Group	Goodwill		Intangible assets in progress		Other intangible assets <sup>1)</sup>	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening cost	3,526	3,846	582	448	2,919	2,884
Business combinations	-	-12	-	-	-	-
Investments	80	120	336	256	7	3
Sales and disposals	-	-429	-	-	-6	-90
Reclassifications	-	-	-432	-122	266	123
<b>Closing accumulated cost</b>	<b>3,606</b>	<b>3,526</b>	<b>485</b>	<b>582</b>	<b>3,186</b>	<b>2,919</b>
Opening amortisation	-	-	-	-	-1,960	-1,806
Sales and disposals	-	-	-	-	4	26
Amortisation for the year	-	-	-	-	-180	-180
<b>Closing accumulated amortisation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2,136</b>	<b>-1,960</b>
Opening impairment <sup>2)</sup>	-	-	-	-	-76	-76
<b>Closing accumulated impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-76</b>	<b>-76</b>
<b>Closing planned residual value</b>	<b>3,606</b>	<b>3,526</b>	<b>485</b>	<b>582</b>	<b>974</b>	<b>883</b>

1) Of other intangible assets, SEK 503 m (546) pertains to customer relationships, SEK 388 m (254) to IT development, SEK 83 m (83) to trademarks, and SEK 0 m (0) to leaseholds.

2) Opening impairment pertains to impairment of trademarks.

**Goodwill**

Goodwill is broken down and tested at the level of cash generating units, which are identified as Axfod's operating segments. The Group's recognised goodwill is broken down as follows:

	31 Dec 2023	31 Dec 2022
Hemköp	624	619
Willys	1,164	1,088
Snabbgross	57	57
Dagab	1,762	1,762
<b>Total</b>	<b>3,606</b>	<b>3,526</b>

**Impairment testing of intangible assets**

Estimates of the value of the Group's goodwill items and other intangible assets are based on the cash-generating units' value in use. Value in use is based on cash flows after tax that are estimated to be generated during the remaining useful life of the units, with an assumption of infinite useful life.

For the first year, the future cash flows that have been used in calculating the respective units' value in use are based on the business plan for the following year for the respective units. Thereafter, the cash flows are based on assumed annual growth of 2.0% (2.0). The forecast cash flows have been discounted to present value with a discount rate of 6.3% after tax (6.0), which corresponds to a discount rate before tax of approximately 7.5% (7.2). The discount rate corresponds to Axfod's estimated average cost of capital. The estimated value in use exceeds the carrying amount for all units and no impairment requirement exists.

**Sensitivity analysis**

For the cash-generating units a 1 percentage point increase in the discount rate, a decrease in the EBITDA margin of 1 percentage point or a reduction in sales growth by 1 percentage point does not indicate impairment (no impairment).

## NOTES

## 16. Property, plant and equipment

Group	Land and buildings		Equipment, tools, fixtures and fittings		Construction in progress	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening cost	245	162	7,816	8,254	2,640	1,425
Investments	-	-	627	282	896	1,937
Sales and disposals	-	0	-146	-1,359	-	-
Reclassifications	37	82	2,613	640	-2,584	-722
<b>Closing accumulated cost</b>	<b>282</b>	<b>245</b>	<b>10,911</b>	<b>7,816</b>	<b>952</b>	<b>2,640</b>
Opening depreciation	-21	-17	-5,386	-6,007	-	-
Sales and disposals	-	0	144	1,325	-	-
Depreciation for the year	-5	-3	-857	-704	-	-
<b>Closing accumulated depreciation</b>	<b>-26</b>	<b>-21</b>	<b>-6,100</b>	<b>-5,386</b>	<b>-</b>	<b>-</b>
Opening impairment	-	-	-	-1	-	-
Sales and disposals	-	-	-	1	-	-
<b>Closing accumulated impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing planned residual value</b>	<b>256</b>	<b>224</b>	<b>4,811</b>	<b>2,431</b>	<b>952</b>	<b>2,640</b>

Parent Company	Equipment, tools, fixtures and fittings	
	31 Dec 2023	31 Dec 2022
Opening cost	60	97
Investments	10	5
Sales and disposals	-4	-42
<b>Closing accumulated cost</b>	<b>66</b>	<b>60</b>
Opening depreciation	-27	-60
Sales and disposals	4	41
Depreciation for the year	-9	-8
<b>Closing accumulated depreciation</b>	<b>-32</b>	<b>-27</b>
<b>Closing planned residual value</b>	<b>34</b>	<b>33</b>

Parent Company depreciation is recognised in its entirety under administrative expenses.



## NOTES

## 17. Leases

### Lessee

The Group leases premises for stores, warehouses and offices, mainly for its own use but also to a certain extent for sub-letting, mainly to retailer-owned stores. The leases normally have a term of between three and ten years. The average remaining lease term for premises is four years. The Group also leases vehicles with a normal term of two to seven years as well as certain other equipment.

### Right-of-use assets

Group	Premises		Vehicles		Other	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening right-of-use assets	8,876	6,212	140	160	9	11
Newly acquired assets	549	3,048	82	39	1	5
Sales and disposals	-3	0	-3	-2	-	-1
Remeasurements	1,499	1,271	9	9	0	1
Depreciation	-1,876	-1,620	-70	-66	-4	-8
Impairment	-	-35	-	-	-	-
<b>Closing right-of-use assets</b>	<b>9,045</b>	<b>8,876</b>	<b>158</b>	<b>140</b>	<b>6</b>	<b>9</b>

### Lease liabilities

For a term analysis of lease liabilities, see Note 22 Financial risk management.

### Amounts recognised in the Statement of profit or loss and other comprehensive income

Group	2023	2022
Depreciation of right-of-use assets	-1,950	-1,694
Impairment of right-of-use assets	-	-35
Interest on lease liabilities	-310	-157
Variable lease payments	-146	-128
Revenue from sub-letting of right-of-use assets	163	147
Costs for short-term leases	-9	-11
Costs for low-value leases	-47	-3

### Amounts recognised in the Statement of cash flows

	2023	2022
Total outgoing cash flow attributable to leases	-2,400	-2,047

The outgoing cash flow above includes both amounts for leases recognised as a lease liability and amounts paid for variable lease payments, short-term leases and low-value leases.

### Parent Company

In the Parent Company, all leases are recognised as operating lease payments, and lease payments are recognised as an expense on a straight-line basis over the lease term.

Non-cancellable lease payments	2023	2022
Within one year	48	41
Between one and five years	202	152
Longer than five years	5	38

Expensed payments	2023	2022
Minimum lease payments	48	43
Variable payments	-	-
<b>Total lease fees</b>	<b>48</b>	<b>43</b>
<i>of which, rents for premises</i>	<i>41</i>	<i>42</i>
Lease income pertaining to sub-let premises	37	34

### Lessor

The Group sub-lets store premises. The Group classifies these leases as operating leases.

Term analysis of undiscounted lease payments to be received after the balance sheet date:

Group	2023	2022
Within one year	142	137
Between one and two years	110	93
Between two and three years	66	65
Between three and four years	36	35
Between four and five years	24	20
Later than five years	63	26
<b>Total undiscounted lease payments</b>	<b>440</b>	<b>377</b>

## NOTES

## 18. Participations in Group companies

## Axfood AB's direct and indirect holdings of shares and participations in subsidiaries

Parent Company	2023	2022	Parent Company	Corp. reg. no.	Registered office	No. of participations	Capital and voting rights, %	Book value 31 Dec 2023	Book value 31 Dec 2022
Opening cost	4,739	3,879	Willys AB	556163-2232	Gothenburg	1,000	100	463	456
Acquisitions during the year	–	–	NAX AB	559029-7809	Stockholm	510	51	363	363
Shareholder contributions <sup>1)</sup>	32	860	Eurocash Food AB	556503-6141	Strömstad	45,000,000	100	–	–
<b>Closing accumulated cost</b>	<b>4,771</b>	<b>4,739</b>	Hemköpskedjan AB	556113-8826	Stockholm	100,000	100	582	576
<b>Closing accumulated impairment</b>	<b>-350</b>	<b>-350</b>	Hemköp i Lerum AB	559229-8904	Stockholm	1,000	100	–	–
<b>Closing accumulated book value</b>	<b>4,421</b>	<b>4,389</b>	Hemköp i Härnösand AB	559069-0854	Stockholm	1,000	100	–	–
			Hemköp i Sollentuna AB	559155-7854	Stockholm	910	91	–	–
			Hemköp i Värnamo AB	559019-8833	Stockholm	910	91	–	–
			Hemköp i Örby AB	559329-4134	Stockholm	910	91	–	–
			Hemköp 122 AB	559339-8307	Stockholm	1,000	100	–	–
			Hemköp 124 AB	559406-3363	Stockholm	1,000	100	–	–
			Hemköp 125 AB	559406-3389	Stockholm	1,000	100	–	–
			Tempo i Vikarbyn AB	559329-5586	Stockholm	910	91	–	–
			Axfood Snabbgross AB	556000-3575	Stockholm	1,500	100	61	56
			Dagab Inköp & Logistik AB	556004-7903	Stockholm	3,434,656	100	2,159	2,152
			Axfood i Backa AB	556742-7942	Solna	1,000	100	–	–
			Axfood i Lund AB	556807-5310	Stockholm	500	100	–	–
			Axfood i Malmö AB	556950-1199	Stockholm	1,000	100	–	–
			Dagab Hässleholm AB	556342-7698	Stockholm	500,000	100	–	–
			Cold Cargo Sweden AB	556930-9460	Gothenburg	50,000	100	–	–
			Falkenberg Seafood AB	556353-8973	Falkenberg	13,000	100	–	–
			Hall Miba AB	556865-8149	Alvesta	50,000	100	–	–
			Tempo AB	556261-6838	Stockholm	1,000	100	–	–
			Urban Deli Holding AB	556958-4781	Stockholm	1,360	91	–	–
			Urban Deli AB	556773-1228	Stockholm	125,000	100	–	–
			Axfood Investering och Utveckling AB	559229-8896	Stockholm	1,000	100	771	771
			Middagsfrid AB	556752-4953	Stockholm	1,000	100	–	–
			Humla AB	559236-9341	Stockholm	100,000	100	–	–
			Axfood IT AB	556035-6163	Stockholm	1,000	100	21	14
			Dagab AB	556070-3166	Stockholm	20,000	100	0	0
			<b>Total, Group companies</b>					<b>4,421</b>	<b>4,389</b>

1) Of which, shareholder contributions to Axfood Investering och Utveckling AB and Nax AB of SEK – m (771) and SEK – m (61), respectively.

## NOTES

## 19. Participations in associated companies and joint ventures

The online pharmacy Apohem AB is a company that is jointly owned by Axfood and two additional parties. Axfood owns 53.0% (52.9) of the company through a subsidiary in the Axfood Group. Based on all relevant information, Axfood assesses Apohem to be a joint venture.

The City Gross Sverige AB hypermarket chain is 9.9%-owned by a subsidiary in the Axfood Group. In conjunction with the acquisition on 1 October 2021, Axfood also entered into a call option agreement to acquire additional shares up to a total shareholding of 30% in City Gross, gradually during a five-year period. City Gross is reported as an associated company based on an assessment of all relevant information. City Gross's financial year does not correspond with the Axfood Group's financial year.

Reconciliation of book value and reported profit participation	Group		Parent Company	
	2023	2022	2023	2022
Opening cost	556	497	-	11
Acquisition of associated companies	-	-2	-	-
New issue	65	26	-	-
Divestment associated companies	-	-5	-	-11
Shareholder contributions paid	6	49	-	-
Dividend from associated companies	-	-10	-	-
<b>Closing cost</b>	<b>627</b>	<b>556</b>	-	-
<i>Adjustments of equity</i>				
Opening carrying amount	-185	-119	-	-
Share of profit	-59	-66	-	-
<b>Closing carrying amount</b>	<b>-243</b>	<b>-185</b>	-	-
<b>Book value</b>	<b>384</b>	<b>372</b>	-	-

Associated companies and joint ventures	Corp. reg. no.	Registered office	Share of voting capital, % 2023	Share of voting capital, % 2022	Book value 31 Dec 2023	Book value 31 Dec 2022
<b>Associated companies owned indirectly by Axfood AB</b>						
City Gross Sverige AB	556597-2451	Hässleholm	9.9	9.9	322	322
Svinesunds Handels AB	556872-4362	Strömstad	24.0	24.0	0	0
United Nordic Inc AB	556043-4606	Solna	33.0	33.0	0	0
<b>Joint ventures owned indirectly by Axfood AB</b>						
Apohem AB	559094-8401	Stockholm	53.0	52.9	62	49
<b>Total</b>					<b>384</b>	<b>372</b>

Reconciliation of reported profit participation	Apohem		City Gross	
	2023	2022	2023	2022
Net profit/loss for the year	-99	-109	-97	-66
Share of profit <sup>1)</sup>	-53	-58	-6	-7
<b>Reported profit participation</b>	<b>-53</b>	<b>-58</b>	<b>-6</b>	<b>-7</b>
<b>Reconciliation of book value</b>				
Share of equity	42	29	19	19
Surplus value	20	20	304	304
<b>Book value</b>	<b>62</b>	<b>49</b>	<b>322</b>	<b>322</b>

1) Corresponds to total comprehensive income.

Condensed income statement and balance sheet	Apohem		City Gross	
	2023	2022	2023	2022
Sales	603	404	9,234	9,815
Net profit/loss for the year	-99	-109	-97	-66
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-99</b>	<b>-109</b>	<b>-97</b>	<b>-66</b>
Non-current assets	9	6	630	497
Current assets	137	93	1,114	1,161
<b>Total assets</b>	<b>146</b>	<b>99</b>	<b>1,744</b>	<b>1,658</b>
Equity	67	39	171	283
Non-current liabilities	-	-	436	42
Current liabilities	79	60	1,137	1,333
<b>Liabilities and equity</b>	<b>146</b>	<b>99</b>	<b>1,744</b>	<b>1,658</b>



## NOTES

## 20. Equity

### Number of shares

	31 Dec 2023	31 Dec 2022
Number of shares	216,843,240	216,843,240
Number of treasury shares	1,065,652	1,037,856
Number of shares outstanding	215,777,588	215,805,384

### Share capital

The share capital as per 31 December 2023 amounted to SEK 271,054,050 (271,054,050). The Company has only one class of shares, with equal voting power and equal entitlement to the Company's profit and equity. There are no limitations regarding how many votes each shareholder may exercise at general meetings of shareholders. The share quota value is SEK 1.25 (1.25).

### Other capital contributions

Other capital contributions comprise the contributions made by shareholders in addition to share capital.

### Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in the fair value of cash flow hedge instruments attributable to hedge transactions that have not yet been carried out.

### Non-controlling interests

Pertains to Nax AB, Urban Deli Holding AB and companies in Hemköp in accordance with the 91/9 model.

### Capital management

According to Axfood's finance policy, the foundation of the Axfood Group's financial strategy is to create sound financial conditions for the Group's operations and development. An important parameter is the Group's equity ratio target of 20% at year-end. Axfood's revolving credit facility is bound by a covenant which was met during the entirety of 2023. During the year, no changes were made to the Group's principles for capital management. Axfood's managed capital comprises the Group's recognised equity.

### Earnings per share

Group	2023	2022
Earnings per share before dilution, SEK	10.92	11.04
Earnings per share after dilution, SEK	10.87	10.99
Average number of shares outstanding before dilution	215,798,253	213,117,592
Average number of shares outstanding after dilution	216,837,527	214,036,026

Earnings per share is based on net profit for the year attributable to owners of the parent, divided by the average number of shares outstanding. Dilution pertains to long-term share-based incentive programmes (LTIP).

### Proposed disposition of profit

The Board of Directors proposes the following appropriation of the available funds:

SEK	
Share premium reserve	1,476,153,002
Profit brought forward	825,756,583
Net profit for the year	2,805,036,437
<b>Total</b>	<b>5,106,946,022</b>

Be disposed as follows:

SEK	
SEK 8.50 per share to be distributed to shareholders	1,834,109,498
To be carried forward	3,272,836,524
<b>Total</b>	<b>5,106,946,022</b>

## NOTES

## 21. Pensions

## Group

Defined benefit pension plans	31 Dec 2023	31 Dec 2022
Present value of funded obligations	6	7
Present value of unfunded obligations	253	279
<b>Total present value of obligations</b>	<b>259</b>	<b>286</b>
Fair value of plan assets	-6	-7
<b>Present value of net obligations</b>	<b>253</b>	<b>279</b>
Amounts recognised in statement of financial position		
– provisions	253	279
– assets	–	–
<b>Net liability in statement of financial position</b>	<b>253</b>	<b>279</b>

Of Axfood's net liability for defined benefit pension plans in Sweden, SEK 253 m (274) consists of obligations within the PRI system. All obligations are locked, which for Axfood's part entails that all new vesting now takes place in the Alecta system. Obligations in the PRI system are unfunded pension plans, which is why these are recognised in their entirety as "Provisions for pensions." In the previous year, the net liability the Company's own defined benefit pension plans of SEK 5 m.

In addition to unfunded pension plans, Axfood has an individually funded pension plan that is managed by the Axel Johnson pension foundation. Axfood is entitled to benefits from the foundation in maximum amounts corresponding to the pension obligation. No fees were paid into the foundation during the year.

Of the plan members, 7 (8) are persons on disability pensions, 407 (441) are owners of paid-up policies and 1,216 (1,262) are retirees.

Changes in the present value of obligations for defined benefit plans	31 Dec 2023	31 Dec 2022
Opening balance	286	378
Benefits paid	-29	-27
Interest expenses	11	6
Remeasurements, gains (-)/losses (+):		
Actuarial gains and losses on changed financial assumptions	-20	-99
Experience-based adjustments	11	28
<b>Obligations for defined benefit plans</b>	<b>259</b>	<b>286</b>

Change in net liability during the year	31 Dec 2023	31 Dec 2022
Opening balance	279	371
Compensation from pension foundation	0	1
Net expense in net profit for the year	11	6
Pension disbursements	-29	-27
Actuarial losses/gains recognised as a liability	-9	-71
<b>Net liability at year-end</b>	<b>253</b>	<b>279</b>

Actuarial assumptions	2023	2022
Discount rate	4.30%	4.00%
Future annual pension increases (inflation)	1.70%	2.10%
Duration <sup>1)</sup>	11.0 years	11.0 years
Longevity assumption after 65 years		
– men	21.8 years	21.8 years
– women	23.9 years	23.9 years

1) Corresponds to the average remaining duration of the obligations.

Sensitivity analysis	Increase	Decrease
Discount rate (-/+ 0.5% change)	14	13
Inflation (+/- 0.5% change)	14	13
Longevity (+/- 1 year change)	11	11

The sensitivity analysis shows how changes in actuarial assumptions as of the accounting date – with other assumptions unchanged – would affect the defined benefit obligation.

Pension costs in comprehensive income for the year	2023	2022
<i>Defined benefit pension plans</i>		
Interest expense	11	6
Actual return on plan assets	0	0
<b>Total</b>	<b>11</b>	<b>6</b>
<i>Defined contribution pension plans</i>		
Costs during the period	497	474
<b>Total</b>	<b>497</b>	<b>474</b>
<b>Total pension cost in net profit for the year</b>	<b>508</b>	<b>480</b>
Remeasurements recognised in other comprehensive income, gains (-)/losses (+)	-10	-89
<b>Pension cost in comprehensive income for the year</b>	<b>498</b>	<b>391</b>

Pension insurance premiums paid during the year to Alecta for pension insurance under the ITP 2 plan amounted to SEK 43 m (55). Alecta's surplus can be apportioned among the policyholders and/or the insured. As of 31 December 2023, Alecta's surplus in the form of its collective funding ratio was according to preliminary information 157% (172).

## Effects on future cash flows

In 2024, approximately SEK 24 m (29) is expected to be paid into defined benefit plans.

## Parent Company

Recognised capital value of pension obligations	31 Dec 2023	31 Dec 2022
Opening balance	6	10
Benefits paid	-6	-5
Interest expenses	0	1
<b>Recognised capital value</b>	<b>–</b>	<b>6</b>

Final payment of the Parent Company's pension liability pertaining to obligations to the former President was made in 2023.

Pension costs	2023	2022
<i>Own undertakings</i>		
Liability indexing of undertakings	–	–
Interest expenses	–	1
<b>Total</b>	<b>–</b>	<b>1</b>
<i>Undertakings through insurance</i>		
Insurance premiums <sup>1)</sup>	26	28
Special employer's payroll tax on pension contributions	6	6
<b>Total</b>	<b>32</b>	<b>34</b>
<b>Pension costs for the year</b>	<b>32</b>	<b>35</b>

1) Of which, premiums paid to Alecta for pension insurance according to the ITP plan, totalling SEK 26 m (20).

## NOTES

## 22. Financial risk management

### Framework for financial risk management

The Group is exposed to financial risks, which are described under the respective type of risk below. The Group has a Group-wide finance policy that regulates the delegation of responsibility for financial matters between the Board, the CEO, the CFO, Group Treasury and other Group companies. The Group's external financing and financial risk management is handled by Group Treasury of the Parent Company, Axfood AB. Group Treasury reports monthly to the CFO with a follow-up of the finance policy. The same report is also presented to the Board four times a year.

### Financing and refinancing risk

Refinancing risk is defined as the risk that the Group at any given time cannot finance or refinance the Group's operations, or that it can only do so at a considerably higher cost. Responsibility for the Group's procurement in central financing matters rests with Group Treasury. The Group's external financing from credit institutions, mainly banks, is conducted by the Parent Company, while subsidiaries finance their operations through the central Group account systems.

To limit the risk and financial loss associated with the Group's inability to finance the Group's operations at any given time, a minimum permissible average remaining duration of 12 months has been set for the Group's credit facilities. In addition, Axfood shall ensure that a maximum of 25% of requisite credit facilities falls due within 12 months. The guiding principle for the use of external credits, including leases, is to be the financial cost taking into account the risk limitation rules laid out in the finance policy.

### Liquidity risk

Liquidity risk is defined as the risk of the Group being unable to meet its short-term payment obligations. Axfood mitigates its liquidity risk by coordinating the management of surplus liquidity and financing within the Group. In addition, liquidity risk is mitigated by Axfood ensuring that a liquidity reserve is always available that can handle fluctuations in forecast cash flow during the coming 12 months. The liquidity reserve shall amount to a minimum of 1% of annual sales according to the most recently adopted financial statements and is calculated as the sum of available cash and short-term investments, and unutilised credit facilities at the end of every business day. Bank overdraft facilities may not be included in the credit framework in the calculation of the liquidity reserve.

### Group

Credit lines	31 Dec 2023	31 Dec 2022
<b>Granted credit lines</b>		
Revolving credit facility	3,500	3,500
<b>Total granted credit lines</b>	<b>3,500</b>	<b>3,500</b>
Utilised credit lines	-300	-200
<b>Unutilised credit lines</b>	<b>3,200</b>	<b>3,300</b>
Available bank balances	12	96
<b>Liquidity reserve</b>	<b>3,212</b>	<b>3,396</b>
<b>Other credit lines</b>		
Bank overdraft facilities	800	600
Utilised bank overdraft facilities	-219	-
<b>Unutilised bank overdraft facilities</b>	<b>581</b>	<b>600</b>

The Group's revolving credit facility amounts to SEK 3,500 m, with a term that extends until November 2026. The Group also has a bank overdraft facility of SEK 800 m.

### Group

Maturity structure for financial assets and liabilities	<1 year	1–2 years	3–5 years	>5 years
Forward exchange contracts	45	0	-	-
Trade payables	7,538	-	-	-
Interest-bearing loans	300	-	-	-
Utilised bank overdraft facilities	219	-	-	-
Lease liabilities <sup>1)</sup>	2,039	1,626	3,114	4,839
<b>Total</b>	<b>10,141</b>	<b>1,626</b>	<b>3,114</b>	<b>4,839</b>

1) Refers to undiscounted values.

### Investment policy

The Group's investment policy aims to ensure the Group's ability to pay in the short and long term. Furthermore, the investment policy's purpose is to reduce the Group's external borrowing as much as possible by coordinating the management of surplus liquidity within the Group and to achieve the best possible balance of net financial income and expense within the framework of this finance policy. Investments may only be made in highly liquid instruments with low credit risk, meaning investments that can be converted to cash and cash equivalents at any given point in time. As of 31 December 2023, the Group only had account balances in Swedish banks with a minimum rating of A- according to Standard & Poor's, which are approved counterparties in the finance policy.

### Interest rate risk

Interest rate risk is defined as the risk that changes in interest rates will have a negative effect on the Group's earnings. Interest rate risk is managed through defined interest rate risk norms for Group Treasury and other Group companies. The Group's interest rate risk associated with interest-bearing assets is to be managed by investing cash and cash equivalents in such a way that maturity dates for investments with fixed rates of interest match the Group's known outflows and/or payment of principal. The norm for Axfood is a remaining average term of fixed interest rates in the asset portfolio of 0–12 months. The goal is that no fixed-income investments are to be sold prior to maturity.

Interest rate risk and cash flow risk in the Group's debt portfolio shall be limited. The norm is to have terms of fixed interest that entail a risk-neutral position. This is achieved by maintaining short terms of fixed interest, which is defined as a remaining average term of fixed interest of a maximum of 12 months. This interest rate risk norm applies only when the Group has a need for long-term borrowing.

The effect on interest income during the coming 12-month period of a 1 percentage point increase or decrease in interest rates on interest-bearing assets amounts to +/- SEK 0.1 m (1.0).

During the coming 12-month period, the effect on interest expenses of a 1 percentage point increase/decrease in the interest rate on interest-bearing liabilities would amount to +/- SEK 100.2 m (95.4), mainly attributable to the Group's recognised lease liabilities.

### Commodity risk

Commodity risk is defined as the risk that changes in commodity prices will have a negative effect on the Group's earnings. Within the Group, commodity risk arises partly in the goods for resale that the Group buys and in partly in operational overheads. Axfood has a policy to not hedge commodity price risks in the operations' goods for resale. The Group's overhead costs include, for example, electricity prices and commodity price risk for fuel. Electricity price is the most significant commodity risk, and changes in energy prices can have a major impact on earnings. The Group has entered into long-term delivery contracts for electricity for many years. The Group's energy need for the next seven years is partly covered by long-term delivery contracts, which limits the Group's sensitivity to short-term changes in energy prices.



**NOTES**

Note 22, cont.

**Currency risk**

Transaction exposure in foreign currency arises in connection with the import of goods paid for in foreign currency and in connection with cross-border sales in Norwegian kronor (NOK). Transaction exposure also arises in connection with investments in non-current assets contracted in foreign currency.

The Group's finance policy prescribes that 100% of orders are to be hedged at the time the order is placed. Overheads in foreign currency are not hedged. Currency exposure to investments in non-current assets is hedged at 100% at the time of the contract in cases where the SEK equivalent exceeds SEK 10 m, unless the Board has decided differently. Approved hedge instruments are forward exchange contracts and currency swap contracts.

The Board has been made to deviate from the established guidelines to hedge the investments in automation in Bålsta with Witron, which means that hedging has taken place successively in accordance with a hedge scale whereby 100% of the remaining contract value is hedged on the balance sheet date.

The Parent Company did not have any exchange rate exposure during the year.

**Sensitivity analysis regarding exchange rate risk**

The sensitivity analysis shows the hypothetical impact of a 10% change in exchange rate against the SEK on cash flow and profit before tax, and before taking currency hedges into account. Currency hedges are always taken out no later than at the time orders are placed, and the hedge rate is always linked to the respective orders. Based on this value, the price in stores is then determined for the respective products.

Currency	Net outflow, SEK m	%	Change
EUR	9,125	95.1	+/- 912.5
USD	417	4.3	+/- 41.7
DKK	49	0.5	+/- 4.9
GBP	8	0.1	+/- 0.8
<b>Total</b>	<b>9,600</b>	<b>100</b>	
NOK	19	100	+/- 1.9
<b>Total</b>	<b>19</b>	<b>100</b>	

Of the recognised fair value in EUR, SEK -2.7 m (-59) consists of hedging for investments. The carrying amount of the total hedging reserve is presented in the summary of changes in equity. The ineffective portion of cash flow hedges that has been recognised in net profit for the year amounts to SEK - m (-).

Currency derivatives	<3 months	3–6 months	6–12 months	>12 months	Nominal amount, SEK m	Average exchange rate	Nominal amount, foreign currency	Fair value
EUR <sup>1)</sup>	1,485	42	90	7	1,624	11.33	143	-37
USD	92	25	5	–	122	10.64	11	-7
DKK	7	–	–	–	7	1.52	5	0
NOK	12	–	–	–	12	0.98	13	0
GBP	1	–	–	–	1	13.34	0	0
<b>As of 31 Dec 2023</b>	<b>1,597</b>	<b>67</b>	<b>96</b>	<b>7</b>	<b>1,767</b>			<b>-45</b>
<b>As of 31 Dec 2022</b>	<b>1,374</b>	<b>41</b>	<b>459</b>	<b>244</b>	<b>2,119</b>			<b>69</b>

1) Of the currency derivative's nominal amount, SEK 274 m (1,025) pertains to hedges of investments.

**Credit risk**

In the Axfood Group, credit risks and credit losses are mainly attributable to trade receivables, although some risks are linked to a few minor guarantee commitments. The Group has drawn up a credit policy that stipulates how customer credits are to be handled. The credit policy stipulates, among other things, the conditions for credit assessment, credit monitoring, and the handling of demands for payment and insolvency. Through coordination of credit monitoring and its handling of security within the Group, Axfood ensures that its risk exposure and thus its credit losses are kept at a commercially acceptable level.

To reduce its credit exposure, Axfood has entered into netting agreements with its derivative counterparties, which means that receivables and liabilities can be offset in certain situations such as in the event of the counterparty's insolvency.

There is no concentration of credit risks, neither through exposure to individual borrowers nor groups of borrowers whose financial situation is such that it can be expected to be affected in a similar manner by changes in the external environment. The Parent Company did not have any external credit risks at year-end.

To limit the maximum credit risk in trade receivables, Axfood has received collateral which on the balance sheet date covered SEK 241 m (216) of outstanding trade receivables. Collateral received consists mainly of chattel mortgages, bank guarantees and guarantee commitments. In 2023, a total of SEK 3 m (1) of collateral received was utilised to settle unpaid trade receivables. The credit quality of unimpaired receivables is considered to be good.

Trade receivables are recognised net, with expected credit losses based on the Group's loss reserve matrix, which in turn is based on an analysis of actual bad debts during the last three years. The provision for expected credit losses amounts to SEK 15 m (17), of which SEK 15 m (17) pertains to trade receivables that are more than 90 days past due.

Changes in provision for expected credit losses	31 Dec 2023	31 Dec 2022
Opening balance	-17	-8
Provisions	-7	-13
Reversals	7	3
Confirmed and recovered credit losses	3	1
<b>Closing balance</b>	<b>-15</b>	<b>-17</b>

Maturity analysis of trade receivables	31 Dec 2023	31 Dec 2022
Trade receivables not due	1,907	1,998
Trade receivables past due 0–30 days	242	80
Trade receivables past due >30–90 days	17	32
Trade receivables past due >90–180 days	10	30
Trade receivables past due >180–360 days	16	10
Trade receivables past due >360 days	17	10
<b>Total</b>	<b>2,210</b>	<b>2,161</b>

## NOTES

**23. Financial assets and liabilities**

Group	31 Dec 2023	31 Dec 2022
<b>Financial assets measured at fair value through profit or loss</b>		
Financial assets – Forward exchange contracts (Level 2)	–	15
Financial assets – Mathem (Level 3)	134	206
Other current receivables – Forward exchange contracts (Level 2)	–	55
<b>Financial assets measured at amortised cost</b>		
Other long-term securities holdings	2	0
Other non-current receivables	105	6
Trade receivables	2,195	2,143
Cash and cash equivalents	688	559
<b>Total financial assets</b>	<b>3,124</b>	<b>2,982</b>
<b>Financial liabilities measured at fair value through profit or loss</b>		
Other non-current liabilities – Forward exchange contracts (Level 2)	0	–
Other current liabilities – Forward exchange contracts (Level 2)	45	0
<b>Financial liabilities measured at amortised cost</b>		
Lease liabilities	9,246	9,050
Current interest-bearing liabilities	519	200
Trade payables	7,538	7,190
<b>Total financial liabilities</b>	<b>17,348</b>	<b>16,440</b>

**Fair value of financial instruments**

Financial assets measured at fair value amounted to SEK 134 m (275). SEK – m (69) is attributable to Level 2 of the fair value hierarchy and SEK 134 m (206) is attributable to Level 3. Financial liabilities measured at fair value amounted to SEK 45 m (0). The entire amount is attributable to Level 2 of the fair value hierarchy.

The carrying amount of the call option agreement entered into with City Gross in conjunction with the acquisition in 2021 amounted to SEK 0 m (0). The call option agreement is recognised at fair value based on an assessment of the change in City Gross's future sales and earnings performance.

The carrying amount of the participation in Mathem amounted to SEK 134 m (206). During the year, the holding in Mathem was revalued by SEK -273 m (-635). The revaluation was carried out as a result of the decline in value that took place in the market in 2023. The valuation corresponds to an EV/sales multiple of 0.4 based on Mathem's LTM sales as of 30 September 2023. A 10% increase in the multiple would have resulted in a valuation of SEK 151 m, while a corresponding reduction of the multiple would have resulted in a valuation of SEK 117 m. During the fourth quarter Mathem has entered into an agreement to merge with Norwegian Oda. Axfood's current shareholding in Mathem will be transferred to a shareholding of just over 4 percent in the new combined company Oda Group. The transaction is expected to be finalised during the first quarter of 2024. The value of the participation in the new combined company is estimated to correspond to the value of the current participation.

Forward exchange contracts are measured at fair value based on the Central Bank of Sweden's spot rates on the accounting date, which is assessed to be a reasonable approximation of fair value.

Changes in the fair value of financial assets attributable to Level 3	31 Dec 2023
Fair value at start of year	206
Convertible loans	101
Revaluation via other comprehensive income	-273
Conversion of convertible loans/issue of convertibles	17
New issue	83
<b>Fair value at end of period</b>	<b>134</b>

**24. Prepaid expenses and accrued income**

	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Prepaid rents	165	181	–	–
Accrued bonuses and similar	1,007	973	–	8
Other prepaid expenses	305	241	15	17
Other accrued income	31	32	7	0
<b>Total</b>	<b>1,508</b>	<b>1,428</b>	<b>22</b>	<b>25</b>

## NOTES

**25. Interest-bearing receivables and liabilities**

	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Non-current interest-bearing liabilities				
Non-current lease liabilities	7,497	7,388	–	–
Provisions for pensions	262	292	–	6
<b>Total non-current interest-bearing liabilities</b>	<b>7,760</b>	<b>7,679</b>	<b>–</b>	<b>6</b>
<b>Current interest-bearing liabilities</b>				
Current liabilities to credit institutions	519	200	519	200
Current lease liabilities	1,748	1,662	–	–
Liabilities to Group companies <sup>1)</sup>	–	–	2,447	2,291
<b>Total current interest-bearing liabilities</b>	<b>2,267</b>	<b>1,862</b>	<b>2,966</b>	<b>2,491</b>

1) Recognised in the Parent Company balance sheet as part of liabilities to Group companies.

Net debt/net receivable	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Non-current interest-bearing liabilities	7,760	7,679	–	6
Current interest-bearing liabilities	2,267	1,862	2,966	2,491
Non-current interest-bearing receivables	–	–	–	–
Current interest-bearing receivables <sup>1)</sup>	–	–	-4,949	-3,849
Cash and cash equivalents	-688	-559	-12	-96
<b>Net debt (+)/net receivable (-)</b>	<b>9,339</b>	<b>8,982</b>	<b>-1,995</b>	<b>-1,449</b>

1) Recognised in the Parent Company balance sheet as part of receivables from Group companies.

**26. Accrued expenses and deferred income**

	Group		Parent Company	
	2023	2022	2023	2022
Personnel-related items	1,969	1,897	84	77
Accrued bonuses and similar	254	230	–	–
Accrued real estate costs	27	95	–	–
Received, uninvoiced	420	370	–	–
Other accrued expenses	423	461	2	35
Other deferred income	185	169	4	4
<b>Total</b>	<b>3,278</b>	<b>3,221</b>	<b>91</b>	<b>117</b>

**Group**

Reconciliation of liabilities attributable to financing activities	31 Dec 2022	Cash changes	Non-cash changes	31 Dec 2023
Current interest-bearing liabilities excl. lease liabilities	200	319	–	519
Lease liabilities	9,050	-1,969	2,165	9,246
<b>Reconciliation of liabilities attributable to financing activities</b>	<b>9,250</b>	<b>-1,650</b>	<b>2,165</b>	<b>9,765</b>

Reconciliation of liabilities attributable to financing activities	31 Dec 2021	Cash changes	Non-cash changes	31 Dec 2022
Current interest-bearing liabilities excl. lease liabilities	1,600	-1,400	–	200
Lease liabilities	6,404	-1,707	4,353	9,050
<b>Reconciliation of liabilities attributable to financing activities</b>	<b>8,004</b>	<b>-3,107</b>	<b>4,353</b>	<b>9,250</b>

**27. Pledged assets and contingent liabilities**

	Group		Parent Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Contingent liabilities</b>				
Guarantees for subsidiaries	–	–	263	256
Guarantees for others	2	2	–	–
PRI	5	5	–	–
Other contingent liabilities	12	13	1	1
<b>Total</b>	<b>19</b>	<b>20</b>	<b>264</b>	<b>256</b>

Guarantees for others consist of guarantee commitments for collaborating stores and associated companies. In cases where there is a risk of loss, a provision has been made among expected credit losses. Other contingent liabilities consist primarily of counterbonds for bank guarantees that have been made for the Axfood Group.

The Group has no pledged assets.

**28. Events after the balance sheet date**

On the 6th of February, it was announced that Axfood's President and CEO Klas Balkow will leave Axfood.



**BOARD SIGNATURES**

The consolidated financial statements and Annual Report have been prepared in accordance with the International Financial Reporting Standards referred to in European Parliament and Council of Europe Regulation (EC) No. 1606/2002 of 19 July 2002, on application of International Financial Reporting Standards and generally accepted accounting principles, and give a fair overview of the Group's and Parent Company's financial position and results of operations.

The administration report for the Group and Parent Company gives a fair overview of the Group's and Parent Company's operations, financial position and results of operations, and describes significant risks and uncertainties that the Parent Company and companies included in the Group face.

The Annual Report and consolidated financial statements were approved for publication by the Board of Directors on 16 February 2024. The Group's statement of comprehensive income and statement of financial position, and the Parent Company's income statement and balance sheet, will be subject to approval by the AGM on 20 March 2024.

Stockholm, 16 February 2024

Mia Brunell Livfors  
*Chairman of the Board*

Fabian Bengtsson  
*Director*

Caroline Berg  
*Director*

Thomas Ekman  
*Director*

Christian Luiga  
*Director*

Peter Ruzicka  
*Director*

Sara Öhrvall  
*Director*

Anders Helsing<sup>1)</sup>

Michael Sjören<sup>1)</sup>

Lars Östberg<sup>1)</sup>

Klas Balkow  
*President and CEO*

Our audit opinion was submitted the date  
as evidenced by our digital signature.

Deloitte AB

Didrik Roos  
*Authorised Public Accountant*

1) Employee representative.

## Auditor's report

To the general meeting of the shareholders of Axfood AB (publ)  
corporate identity number 556542-0824

### Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of Axfood AB (publ) for the financial year 1 January 2023 to 31 December 2023. The annual accounts and consolidated accounts of the company are included on pages 34-72 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Dependency on IT systems

#### Description of risk

Axfood sells groceries through the store chains Willys, Hemköp, Euro-cash and a large number of collaborating stores. Wholesale trading is conducted through Snabbgross and Dagab holds the responsibility for assortment, purchasing and logistics. Well established procedures regarding secure IT operations and well-functioning IT processes are of the outmost importance for Axfood's business as the large volume of transactions means that completeness of transactions is critical in order to avoid material misstatements in the financial reporting. Complete transfer between the cash handling system and the accounting system as well as between the inventory system and the purchasing system is of particular significance for revenue recognition, cost of goods sold and valuation of inventory. For further information, please refer to note 1 regarding the group's accounting policies and note 3 regarding operating segments.

### Our audit procedures

Our audit included but was not limited to the following audit procedures:

- Evaluating general IT controls in the cash handling system and accounting system as well as the inventory and purchasing system with the involvement of IT specialists, and
- Auditing transfer of data between critical IT systems with the involvement of IT specialists. In the audit we have used analytic tools to enable the audit of large sample selections.

### Valuation of goodwill

#### Description of risk

Axfood reports goodwill in the consolidated accounts of SEK 3,606 m as of December 31, 2023. Goodwill has resulted from business combinations. The value of the reported goodwill depends on estimated cost of capital (WACC), sales growth and profitability devel-

opment in the cash-generating units that the goodwill relates to and is tested annually for impairment.

Valuation of goodwill is considered a key audit matter due to the risk of inaccurate judgements and estimates in the impairment testing, such as estimated future growth, profitability and discount rates, which could have a material impact on the group's result and financial position. Management has not identified any need for impairment for 2023.

For further information, please refer to note 1 regarding the group's accounting policies, note 2 regarding intangible assets, note 4 regarding acquired operations and note 15 regarding intangible assets.

### Our audit procedures

Our audit included but was not limited to the following audit procedures:

- Auditing Axfood's routines for impairment testing and evaluation of fairness and consistency of applied estimates and routines, and the integrity of calculations,
- Verification of input data from budgets and business plans in the forecast period,
- Testing of sensitivity analysis for each cash-generating unit, and
- Audit of completeness and accuracy in relevant disclosures in the financial reports.

Fair value specialists have been involved in the audit procedures.

### Other information than the annual accounts and consolidated accounts

The other information include the Remuneration report and pages 1-33 and 75-134 in this document also including other information than the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise

obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

## AUDITOR'S REPORT

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description forms part of the auditor's report.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

### Report on other legal and regulatory requirements Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Axfod AB (publ) for the financial year 1 January 2023 to 31 December 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and viola-

tions would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the Esef report Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Axfod AB (publ) for the financial year 1 January 2023 to 31 December 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Axfod AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of The Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Deloitte AB, was appointed auditor of Axfod AB (publ) by the general meeting of the shareholders on the March 22, 2023 and has been the company's auditor since March 16, 2016.

Our audit opinion was submitted the date as evidenced by our digital signature.

Deloitte AB

**Didrik Roos**  
*Authorized Public Accountant*

*This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.*



# Taking the lead in promoting sustainable food in Sweden



## How Axfood takes the lead in promoting sustainable food in Sweden

Axfood is to take the lead in promoting sustainable food in Sweden by taking a stance, inspiring and offering guidance for affordable, good and sustainable food. With a sustainability agenda that includes all aspects of the operations, the Group aims to gradually reduce the environmental footprint from food and contribute to sustainable development that brings about economic, social and environmental benefits.

Focusing on the environment, social issues and animal welfare is critical to creating long-term, profitable and sustainable growth while also helping ensure the creation of economic value by strengthening brands, appealing to customers and making Axfood an attractive employer. Sustainability work is therefore a comprehensive and integral part of Axfood's operations within three clear areas – food, the environment and people. The focus is on safeguarding the environment, the food that is produced and sold in stores, and the people who produce, sell or consume it.

### Integrated sustainability efforts

The strategic direction of sustainability efforts is set by the Board, which addresses overall sustainability issues. Ultimate responsibility rests with the President and CEO, who in consultation with the Executive Committee, the Risk Committee and the Head of Sustainability drafts strategies, guidelines and targets as well as annual and quarterly sustainability reports, and follows up the efforts. The Executive Committee is updated about this work and current issues on a quarterly basis via a sustainability forum led by the Head of Sustainability, where they discuss and decide upon strategic sustainability targets and issues.

Axfood's sustainability efforts permeate the entire organisation and are integrated into its operating activities. Sustainability coordinators and managers in the Group companies drive and continuously follow up Group-wide sustainability targets through action plans. A central sustainability function, the accounting and finance department, internal networks and steering committees ensure that the joint targets are coordinated and that significant issues within the operations are prioritised. To improve employee awareness about sustainability, the Group holds seminars and training courses.

### About this sustainability report

Axfood's sustainability report on pages 75–114 summarises the Group's sustainability efforts and outcomes for the 1 January–31 December 2023 reporting period, which is in line with the financial reporting. The sustainability report is prepared in accordance with the Global Reporting Initiative (GRI) Guidelines, GRI Universal Standards 2021 and complies with the Annual Accounts Act's requirements for sustainability reports. Certain types of data are reported continuously in Axfood's interim reports and year-end reports, for example strategic key ratios. Sustainability reporting is carried out annually and mainly emphasises the targets and indicators that pertain to the Group. Queries about the report can be directed to Axfood's Head of Sustainability. The 2023 Sustainability Report was published on 23 February 2024.

## Food

Axfood works to make production methods and consumption patterns more sustainable.

### Focus areas

- Sustainable choices
- Food waste
- Good proteins

### Key ratios 2023

# 26.6%

Share of sustainability-labelled product sales

# 1.1%

Share of food waste in Axfood's stores

Read more on pages 81–83

## The environment

Axfood works to minimise the food system's climate and environmental impact, keeping it within the limits of what the planet can sustain.

### Focus areas

- Smart use of resources
- Sustainable materials
- Green transports
- Sustainable farming

### Key ratios 2023

# -9.6%

Change in Scope 1 and Scope 2 greenhouse gas emissions

# 1.9

Carbon footprint (kilo CO<sub>2</sub>e) per kilo sold food

Read more on pages 84–91

## People

Axfood works to improve work and social conditions throughout the entire food supply chain.

### Focus areas

- Sustainable suppliers
- Diversity enriches
- Healthy habits

### Key ratios 2023

# 88

Number of social audits in the supply chain with Amfori BSCI

# 51.2%

Share of women in management positions

Read more on pages 92–99



**Sustainability framework**

Axfood's sustainability efforts are based on a sustainability programme that includes a sustainability policy and some 40 targets that are revised annually by the Executive Committee. The targets are linked to Sweden's Environmental Objectives and the UN Sustainable Development Goals (SDGs). The policy describes the direction and principles for sustainability, which are focused on preventive measures and should adhere to the precautionary principle to the greatest possible extent. Environmental efforts are focused on achieving a reduced carbon footprint and ensuring efficient use of resources with respect to products, recycling, transports, energy and use of premises. Environmental impact studies are performed prior to major structural changes in order to provide better information for decision-making. A wide assortment of sustainability-labelled products and clear and transparent consumer information are to be provided to make it easier for customers to make sustainable choices. Read more about the sustainability programme on pages 110–114.

Governance documents and guidelines, such as guidelines about ethical conduct rules, products, sustainable establishments, biodiversity, sustainable IT and seafood, supplement the overall sustainability programme with information about how operations are to be conducted.

Axfood's quality and sustainability strategy governs purchasing and assortment, and contains requirements beyond legislation. This includes specific requirements in the areas of food safety, animal welfare, sustainability, product safety, the environment and health that every supplier must fulfil. The strategy is an important internal governance document when procuring and assessing products and suppliers. Work with quality ensures that the assortment complies with statutory requirements, Axfood's policies and guidelines, the store chains' assortment strategies, and product labelling and certification. The quality and sustainability strategy is updated annually and approved by the Executive Committee. Individual proposals to depart from the strategy are handled in accordance with an established procedure.

**The Code of Conduct guides social efforts**

Social efforts in Axfood include supporting good working conditions in the entire supply chain. To this end the UN "Protect, Respect and Remedy" framework is applied along with the UN Guiding Principles on Business and Human Rights. Axfood is a signatory of the UN Global Compact, a member of Amfori BSCI (Business Social Compliance Initiative), ETI (Ethical Trading Initiative) in Sweden and a partner in the Global Deal, and through these undertakings has committed to adhering to the UN's fundamental human rights framework.

Axfood conducts its business in accordance with generally accepted business practices and high ethical standards in all relationships with all stakeholders. The Group's Code of Conduct, which is resolved on annually by the Board of Directors, is fundamental to its operations, and lays out requirements and expectations for employees, suppliers and sub-suppliers. The Code of Conduct is based on recognised conventions for human rights, working conditions and the environment. It lays out Axfood's positions and requirements for legal compliance, conditions in the workplace, use of resources and impacts on local communities, the environment, animal welfare, ethical behaviour and anti-corruption. The Code of Conduct is integrated with Amfori BSCI's code of conduct and is revised annually.

The employees concerned – mainly buyers of private label products – receive training in Axfood's Code of Conduct, and all of the Group's employees are informed about the most important parts of it. Suppliers are required to certify their compliance with the Code in connection with purchasing or, alternatively, Axfood accepts the supplier's own code of conduct if it meets the same level. The Code is available in Swedish and English on Axfood's website and can be provided to suppliers in around 20 other languages.





# Materiality assessment and stakeholder dialogue

## Methodology

The purpose of the materiality assessment is to ensure that the right priorities are set for sustainability efforts based on current knowledge from Axfood's own operations, the latest research and the Group's potential to exert an influence. These priorities are to be made in accordance with stakeholders' expectations and the Group's own assessment. The materiality assessment that forms the basis of this year's reporting was carried out in 2021.

The method used for the materiality assessment can be divided into two parts: stakeholders' views and Axfood's impact. Stakeholders' views have been identified through a dialogue based on several surveys, see the summary table on the next page. The objective is to balance multiple interests and expectations among the aspects identified. The other part of the analysis takes Axfood's actual impact into account. The current and potential impact of the Group's own operations have been evaluated for several important aspects. The assessment also includes the effect of different outside factors on Axfood's ability to pursue its business by examining Axfood's ability to exert an influence and the financial impact of the aspects based on risk and probability. Axfood's impact on its surroundings is based on research into the environmental challenges and conclusions generally associated with the food industry, which are weighed against knowledge of operations and where exactly in the value chain that impact occurs. Taking into consideration both the actual impact of the business and the potential to make a difference ensures that the right priorities will be set in both the short and long term.

## Material issues

The issues deemed to be material in the materiality assessment pertain to the entire Group and are presented in the table to the right. All aspects deemed to have from high to very high impact are reported. A detailed materiality assessment has been performed since some issues are more controversial than others and their significance can vary significantly among different stakeholders. Many of the aspects are interconnected, since the Group's actions are usually intended to minimise its impact in multiple areas simultaneously. Axfood has come a long way in its work on some issues that are now basic reporting areas. Other areas, such as the environmental impact in agriculture, are a major challenge for both Axfood and the industry as a whole, because reliable data is lacking in some cases.

## Double materiality assessment

In 2023, Axfood carried out a double materiality assessment to determine material impacts, risks and opportunities for meeting future regulatory requirements. The assessment was carried out in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and the adopted European Sustainability Reporting Standards (ESRS). The materiality assessment followed the principle of double materiality, which includes impact materiality as well as financial materiality. The materiality assessment will serve as the foundation for Axfood's sustainability reporting as of the 2024 financial year.

## Materiality assessment



The table above shows which aspects are considered most important by Axfood's stakeholders. Aspects associated with reduced carbon footprint are the most important. Above all, issues associated with food from sustainable agriculture, food waste and biodiversity rank high with all groups. Work environment and working conditions are a priority issue for both suppliers and Axfood employees. Sustainable fishing and good animal care are important issues to all stakeholders.



## Stakeholder dialogue

Stakeholders	Channels for dialogue	Material issues
Customers	Customer meetings in stores, Axfood's consumer contact, focus groups, customer and consumer surveys, customer magazines, reports, websites and social media.	Customers consider clear information about ingredients' country of origin and good animal care to be important. Aspects linked to reduced carbon footprint are important, such as sustainable agriculture, sustainable transports, reduced food waste and sustainable packaging. The work environment, anti-corruption and bribery are other important issues.
Employees	Internal channels such as Axfood's intranet, employee meet-and-greets, meetings and conferences, and employee surveys.	Work environment and good working conditions are the most important sustainability issues to employees, both internally and at suppliers. Other issues that employees consider important are reducing food waste, advocating good animal care, sustainable fishing and agriculture, and diversity and gender equality.
Suppliers	One-on-one supplier meetings, large supplier meet-and-greets, collaboration projects, social audits and training of suppliers' employees in risk countries.	The climate is the most important sustainability issue for Axfood's suppliers. Avoiding food waste, efficient energy consumption and sustainable agriculture as well as efficient water use are considered important, as are work environment, working conditions and healthy food.
Investors	The Annual General Meeting, presentations about interim reports and year-end reports, capital markets days, seminars, conferences, websites and one-on-one meetings.	The dialogue with investors shows that a reduction in carbon footprint is most important, with a focus on reduced food waste, efficient energy consumption, biodiversity, sustainable agriculture and efficient water use. Work environment and working conditions, anti-corruption and bribery, and healthy food are other important issues.
Society	One-on-one meetings with decision-makers, presentations in connection with seminars, conferences and membership in trade organisations and other networks.	The societal issues of greatest interest are associated with reduced carbon footprint through biodiversity and sustainable agriculture. Sustainable fishing, good animal care, sustainable materials and clear information about ingredients' country of origin are also important issues, as are work environment and working conditions.





### A positive force in society

Axfood aims to be a force for positive change that takes the lead in promoting sustainable and healthy food in Sweden by influencing decision-makers, leading the way through its own initiatives and driving joint industry issues. Axfood's company structure with different concepts enables own initiatives that also result in important changes beyond its operations.

Initiatives where Axfood went first and others followed include country of origin labelling for meat, deposits for plastic fruit drink and juice bottles, and no longer selling fish and shellfish red-listed according to the WWF's fish guide. Over the years, Axfood has driven important societal issues such as reducing the use of antibiotics in animal husbandry, abolishing tax on solar electricity for private use and stopping the use of oil palm derivatives in biofuel. In 2022, a proposal was presented to reduce or abolish VAT on sustainability-labelled products to benefit sustainable food production and consumption. Supporting public health through regulated levels of sugar and salt, primarily in food where consumers do not expect them, is one of Axfood's newer proposals for promoting healthier, more sustainable food in Sweden.

Many issues require cooperation in order to achieve sustainable solutions that contribute to change over time. Axfood therefore works with industry organisations and networks in order to achieve more extensive changes. Issues concerning food consumption or production rank high on the agenda. Producers and suppliers are also important partners for cooperation.

Axfood takes an active role within groups like Organic Sweden, which promotes the consumption and export of organic products, and Sweden Food Arena, a venue for cooperation to promote an innovative, sustainable and competitive food retail sector. Axfood is a co-founder of "Matmissionen" (the Food Mission) along with Stockholms Stadsmission. Matmissionen is a group of subsidised grocery stores that enable financially disadvantaged people to shop at reduced prices while reducing food waste and providing opportunities for job training. Axfood also works with the organisation Generation Pep to promote healthy habits among children and young people through better food habits. The organisation will spread information about making healthier choices, and facilitate and conduct activities that encourage children and young people in this area so they can live a more wholesome, longer and healthier life. When it comes to reduced climate impact, the Haga Initiative business network, which Axfood initiated, is an important arena for driving and inspiring positive change. For example, in addition to contributing to more sustainable consumption by choosing good and sustainable products when shopping, Willys and Hemköp customers can donate their bottle deposit money to Save the Children or SOS Children's Villages.

Axfood engages in dialogue with politicians and authorities in order to increase their knowledge about the food retail industry and drive development within sustainability and health issues. Each year, Axfood publishes the Food 2030 report, the Group's proposal for a sustainable food strategy for Sweden (read more in the text box to the right).

## The Food 2030 report

The report Food 2030, Axfood's proposal for a sustainable food strategy for Sweden, was published in 2016 as a contribution to the food strategy that the Swedish government was developing. The report addresses issues such as supporting the countryside, developing added value for Swedish food, and stipulating requirements for decisions that promote sustainable development. The eighth edition of the report, containing 125 proposals for politicians, authorities and industry, was published in 2023. The proposals range from reducing food waste and expanding grazing rights to investing in processing and public health, and the report also addresses the need of a fourth action plan for the food strategy. The report is available in Swedish and English on Axfood's website.

» [Read the Food 2030 report](#)





# Food

Food is at the heart of Axfood's business. Since food has a large impact on the environment as well as people, it is important to change production methods and consumption patterns. Axfood's sustainability efforts in this area are reported under the focus areas sustainable choices, food waste and good proteins.

## Sustainable choices

Sustainability labelling helps consumers make sustainable and healthy choices. A varied assortment that includes information on the source and ingredients allows consumers to choose products that are made in a way that takes both environmental and social aspects into account.

The target is for the share of sustainability-labelled products to amount to at least 30% of Axfood's retail sales by 2025 the latest, a target that is part of the Group's incentive programme for senior executives. Consumers are to be guided toward healthier and more sustainable choices while the assortment is to be developed and become more sustainable. Organic products have several advantages and contribute to reduced use of chemicals and synthetic fertilisers while prioritising the well-being of animals and promoting biodiversity. Axfood's goal is for the share of organic products to amount to at least 10% of food sales by 2025 the latest. As part of the Group's efforts to contribute to better social conditions and terms for the people who work in production, a target has been established for increasing sales of Fairtrade certified products.

The share of sustainability-labelled products relative to retail sales is reported externally on a quarterly and annual basis. Measurement highlights the assortment's gradual contribution to more sustainable consumption. Follow-up is carried out at the store chain and assortment category levels to take into account the varying conditions at the Group companies.

## Food waste

Food waste occurs throughout the entire food supply chain. It is a waste of resources when food that is grown, processed, transported and packaged is thrown away. Axfood's target is a 50% reduction in food waste for own operations by 2025, compared with 1.7% for the base year 2015. Results are reported annually as a share of total food sales.

Measures to reduce food waste vary within Axfood's group companies. The most important measures involve optimising orders and reducing prices for products that are nearing their best-before dates or are believed to be hard to sell at regular prices for other reasons. To the greatest extent possible, food that cannot be sold is donated to charity. Store employees report food waste through an internal database using handheld computers. Consolidation at the Group level is conducted centrally.

The new Swedish waste legislation that took effect on 1 January 2024 and stipulates that packaging is to be separated from its contents will likely facilitate efforts to avoid food waste. In 2023, a development project involving some 25 stores showed that a substantial reduction of food waste could be achieved through sales-promoting measures and donations.

## Overall targets

- The share of sustainability-labelled products is to amount to at least 30% of retail sales by 2025 the latest
- 50% reduction in food waste for own operations by 2025 the latest (base year: 2015)

## Key ratios 2023

**26.6%** **2.8%**

Share of sustainability-labelled product sales

Share of sustainability-labelled meat sales

**65.4%** **1.1%**

Share of sustainability-labelled fish and shellfish sales, volume

Share of food waste in Axfood's stores





**FOOD**

Axfood also works with other players in the food industry to reduce food waste. More than 150 of the Group's stores and warehouses collaborate with approximately 125 various social organisations and donate food that they have not been able to sell. Axfood is a co-founder of "Matmissionen" (the Food Mission), subsidised grocery stores that sell food that would otherwise be discarded. Together with other players in the food retail industry, Axfood has expanded the initiative's operations through a collaboration with the Swedish Food Retailers Federation and several suppliers. Today, there are a total of seven Matmissionen stores in Stockholm county. Willys is a co-founder of two Matmissionen stores in Malmö and two subsidised grocery stores under the name Maträtt in Gothenburg. Axfood was the first company to begin a partnership with the Swedish food bank network (Svenska matbanksnätverket) in 2023. The organisation matches local stores with food banks and provides administrative support and advice for making it easier to donate food.

**Good proteins**

Animal proteins are vital nutrients that have a large impact on the climate and the environment. By offering sustainably produced plant-based products that are good both for health and the climate, Axfood can contribute to more sustainable consumption. The goal is for all fish and shellfish sold in Axfood's stores to be ecolabelled or green-listed according to the WWF's fish guide by 2025, and for meat to have essential animal protection certifications. This goal has not been met for Swedish beef, however, and Axfood is thus working with the industry to achieve certification. Axfood sets basic requirements already in connection with the procurement process with respect to clear labelling of the country of origin and product traceability.

**Meat and poultry**

Axfood's quality and sustainability strategy lays out clear guidelines for suppliers of private label products regarding good animal care and low use of antibiotics in meat, dairy production as well as aquaculture. The animal care requirements are based on EU animal protection legislation and are quality assured and audited through product labelling as well as third-party certification of primary producers of all types of animals. With the exception of meat from natural grazing and the Svenskt Sigill, Svenskt Sigill Klimatcertifierad and KRAV labels, Swedish beef lacks animal protection certification. Axfood therefore advocates that the certification IP Nöt and Mjök Grundcertifiering be introduced for Swedish producers.

Follow-up of compliance with Axfood's quality and sustainability strategy is conducted through inspections to see how animals are raised and handled during slaughter. Whenever possible, audits are conducted by independent accredited companies, but can be performed by the Group's own quality specialists when necessary.

Axfood cooperates with other members of the Swedish Food Retailers Federation to reduce the use of antibiotics in animal husbandry in order to help improve livestock farming and reduce the risk of antibiotic resistance. None of Axfood's store chains sell eggs from caged hens or private label products with such eggs as ingredients.

**Fish and shellfish**

Axfood is to advocate for sustainable fishing that helps counter emissions, destruction of ecosystems and acidification of fishing waters. According to Axfood's guidelines for seafood, fish and shellfish from threatened stocks are not to be sold in the Group's stores, which is ensured through close collaboration with suppliers. Fish must be traceable to its stock, fishing zone/farm site and fishing method. The guidelines, published on Axfood's website, summarise the Group's requirements for seafood and govern work in the matter.

Axfood's goal is for all fish and shellfish sold in the Group's stores to be ecolabelled according to MSC, ASC, KRAV or Svenskt Sigill, or alternatively to be green-listed according to the WWF's fish guide, by 2025 at the latest. This is a challenging goal, since most fishing waters are fully utilised or overfished. Further challenges are that the goal also encompasses items containing extremely small quantities of fish or shellfish as well as its application to private label products as well as suppliers' brands.

As part of its strategic work to promote sustainable fishing, Axfood partnered with the BalticWaters foundation to establish a unique new fish research laboratory. The laboratory will create conditions for new research and support for threatened fish species in the Baltic Sea. To be able to offer sustainable salmon from Sweden, Axfood supports Re:Ocean's large-scale, circular investment in land-based salmon farming. Approximately 10,000 tonnes of salmon are produced every year in one of Sweden's largest-ever food initiatives. The first salmon from the facility are expected to be sold in Axfood's stores in 2026.

**Green proteins**

Axfood shall reduce the assortment's carbon footprint by offering products that contribute to more sustainable protein consumption, such as a wide selection of sustainable plant-based products. To achieve a transition to more plant-based proteins, new products are continually being developed that taste good and are affordable and sustainably produced.

Axfood's goal is to promote more sustainable food production and consumption with a smaller carbon footprint per kilo of food sold, primarily through increased sales of plant-based products. In 2023, Axfood launched Nöt & Grönt, a new Keyhole-labelled mince from Garant. It has equal amounts of mince beef with the "Meat from Sweden" label and vegetables, with under half of the carbon footprint of regular mince.

**The assortment's carbon footprint is to be reduced by offering products that contribute to more sustainable protein consumption.**



## FOOD

## Share of sustainability-labelled products

Axfood's target is for the share of sustainability-labelled products to amount to at least 30% of retail sales by 2025 the latest.

%	2023	2022	2021
	26.6	26.6	28.1

The share of sales of sustainability-labelled products remained unchanged during the year and amounted to 26.6% (26.6). Since 2021, however, share of sales have decreased. Increased consumer price consciousness due to high food price inflation is affecting this trend, since sustainability-labelled products often cost more as they are generally more expensive to produce. Almost all fruits and vegetables bear the Green Key-hole label, making it by far the largest sustainability label. The decrease in the category's share of total sales therefore had a negative impact on the performance of sustainability-labelled products. Willys continued to have the highest share of sustainability-labelled products in the Group, while Snabbgross showed a positive sales trend.

## Share of food waste

Axfood's target is a 50% reduction in food waste as a share of retail sales for own operations by 2025 the latest, compared with 1.7% in the 2015 base year.

%	2023	2022	2021
	1.1	1.2	1.2

Food waste as a percentage of food retail sales decreased slightly during the year and amounted to 1.1% (1.2). Clearance prices for products nearing their best-before dates, fruit and vegetable bargain bags and boxes in stores, and donations to social organisations are examples of initiatives that have helped to reduce food waste. During the year, Snabbgross introduced the Svinntorget (Eng: Waste Square) concept, with fruits and vegetables sold at discounted prices.

## Share of sustainability-labelled meat

Axfood's target is to increase the share of retail sales of KRAV- and/or Svenskt Sigill-labelled meat.

%	2023	2022	2021
	2.8	2.7	2.9

The sale of KRAV and/or Svenskt Sigill-labelled meat increased slightly during the year, amounting to 2.8% (2.7). The increase is primarily due to campaigns at Willys and Hemköp. Out of the entire Group, sales of KRAV and/or Svenskt Sigill-labelled meat remain the highest at Hemköp.

## Share of sustainability-labelled fish and shellfish

Axfood's goal is to exclusively sell fish and shellfish products that are ecolabelled or green-listed according to the WWF's fish guide by 2025 at the latest.

%	2023	2022	2021
	65.4	80.8	78.2

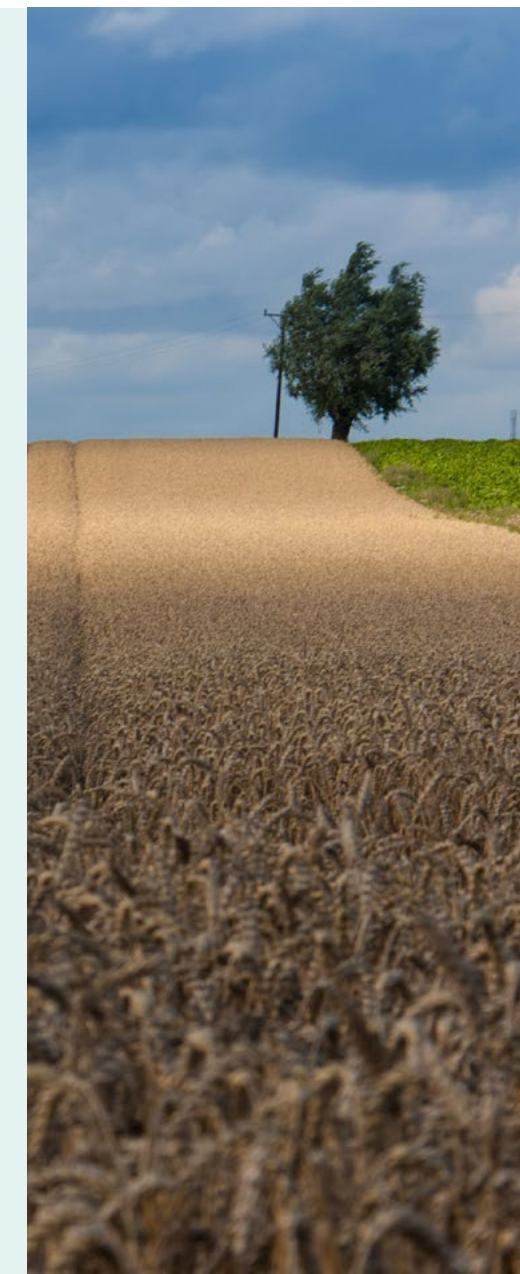
During the year, 65.4% (80.8) of the fish and shellfish products sold in Axfood's stores, by volume, was certified or green-listed according to the WWF's fish guide. This decline was largely due to the fact that caviar lost its sustainability labelling, together with increased in-store sales of salmon without sustainability labels. A new purchasing procedure was introduced to increase the share of sustainability-labelled fish and shellfish in stores.

## Growth in vegetarian protein substitutes

Axfood is to rapidly develop its vegetarian assortment.

%	2023	2022	2021
	4.2	1.7	-1.6

Sales growth for plant-based protein replacements remained relatively weak during the year and amounted to 4.2% (1.7). Axfood's store chains held sales campaigns to draw attention to vegetarian products. The private label brand Garant launched several new vegetarian items, such as frozen grilled vegetables, Indian lentil soup and pasta bowls.





## The environment

The production of food contributes to greenhouse gas emissions, water stress, land exploitation and loss of biodiversity. Axfood is to take the lead in promoting more sustainable food in Sweden, in which production methods and consumption patterns have the least negative impact possible on nature. Reporting on Axfood's environmental programme focuses on climate impact, smart use of resources, green transports and sustainable farming.

### Carbon footprint

The risk scenario in the environmental area is multifaceted. A climate characterised by more extreme weather poses major challenges to primary production as well as the food industry and retail. Shortages of primary ingredients can make product supply more difficult, leading to higher prices. Climate policy measures require companies to adapt their operations to help slow the rise in global temperature. Axfood addresses these risks by making changes to the operations, through measures such as converting to fossil-free transports, using refrigerants without a climate impact, making strategic choices in new establishments and diversifying risk in purchasing both with respect to suppliers and geographically. Efficient use of resources is also necessary when it comes to energy use, water and recyclable materials.

### Reduced carbon footprint

Axfood's climate targets encompass both its own and suppliers operations as well as reducing the climate impact per kilo of food sold.

To promote more sustainable production and consumption of food, Axfood is to annually reduce its climate impact per kilo of food sold through changes to the sales mix. The largest contribution would come from decreasing meat consumption, which has the highest carbon footprint in all food categories, relative to other sales. In 2023, the estimated carbon footprint per kilo of food sold was 1.9 kilo CO<sub>2</sub> equivalents (1.9). Changing consumption patterns as a result of food price inflation, with increased meat consumption, impacted the sales mix.

Axfood's own operations are to have net zero emissions by 2030 at the latest in order to help limit GHG emissions to meet both Sweden's Environmental Objectives and the Paris Agreement. The definition of "own operations" includes emissions from Scope 1, Scope 2 and parts of Scope 3. The target states that emissions need to be at least 85% lower compared with the base year 2020. Emissions from purchased energy, refrigerants, business travel and transports are offset by measures to bind or counteract equivalent quantities of GHG emissions in another area. In 2023, this was carried out through the company Eken Financing AB, which ensures that forests stand longer to bind more carbon, and in the projects Biokol.se and Solvatten. Biokol.se produces biocarbon that is mixed in farmland, while Solvatten provides people living in poverty with clean and hot water in a more environmentally friendly manner that reduces GHG emissions and counteracts the loss of biodiversity.

Reporting mainly focuses on Scope 1 and 2 emissions (direct and indirect sources of GHG emissions), where there is the greatest opportunity for Axfood to make an impact. The greatest sources of emissions are transports between warehouses and stores as well as leaks of refrigerants from refrigerators and freezers in warehouses and stores. Scope 1 emissions

### Overall targets

- Net zero emissions from own operations by 2030 at the latest
- Reduce carbon footprint per kilo of food sold

### Key ratios 2023

**-9.6%** **1.9**  
 Change in Scope 1 and Scope 2 emissions (CO<sub>2</sub>e)      Carbon footprint (kilo CO<sub>2</sub>e) per kilo of food sold

**-11.4%** **4.6%**  
 Change in electricity consumption in stores and warehouses (kWh/sq. m.)      Share of sales of organic products



THE ENVIRONMENT

pertain to the Group's direct carbon footprint, while Scope 2 emissions pertain to emissions from purchased energy, the majority of which is green electricity from solar, wind and hydro power that Axfood purchases. To achieve further energy efficiency improvements in Scope 2 emissions, numerous initiatives are being pursued to reduce energy consumption.

Scope 3 pertains to other indirect GHG emissions. In reporting, emissions include emissions from business travel, procured transports between warehouses and stores, waste, fuel production and food sales. Scope 3 is challenging for the food retail industry as the majority of emissions arise in agriculture and are therefore difficult to affect or measure since they are largely the result of biological processes. Food comes from numerous different farms with various conditions as well, posing an additional challenge.

Axfood works continuously to improve the quality of the climate data that is available by making it more complete and by including more sources and units. The Group's carbon footprint is reported yearly in accordance with the GHG Protocol guidelines.

Total emissions from own operations in 2023 amounted to 46,475 tonnes of CO<sub>2</sub> equivalents (44,571). The change pertained mainly to Scope 3 and increased emissions from procured transports due to growing operations, which resulted in more kilometres driven using fossil fuels. Aggregate Scope 1 and Scope 2 emissions declined 9.6% to 14,420 tonnes of CO<sub>2</sub> equivalents (15,947), with a high share of green electricity contributing significantly to the result. The effect of not choosing green electricity is shown clearly in a comparison of market-based and location-based emissions. If green electricity is not requested, the electricity that is delivered is significantly worse for the climate than the Nordic mix, i.e. the residual that is left when the electricity with the smallest climate impact has been delivered to those who

have requested green electricity. Continued work to replace refrigeration and freezer units that cause unavoidable leakages contributed to the decrease in GHG emissions from the use of refrigerants.

To reduce emissions, work has been initiated to accelerate the phase-out of fossil fuel by switching to using renewable fuels and to using electricity in both own and procured transports from warehouses to stores. This means that emissions from fossil fuels will decrease in 2024 and be phased out in 2025.

The vast majority of Axfood's carbon footprint comprises emissions from the food that the Group sells, which is reported in Scope 3. In 2023, these emissions amounted to 2,673,447 tonnes of CO<sub>2</sub> equivalents (2,498,085). Changing consumption patterns as a result of food price inflation, with increased meat consumption, impacted the sales mix and contributed to increased emissions from food sales.

Axfood and other companies in the Haga Initiative prepare a joint emissions disclosure that presents the companies' climate impact and measures to reach net zero emissions by 2030. The goal is to encourage engagement and demonstrate the connection between ambitious climate strategies and increased profitability through a joint, transparent climate disclosure.

In 2023, Axfood worked on its opportunities to establish targets in line with the Science Based Targets initiative (SBTi), work that is continuing in 2024. As a part of this review, work is under way to develop the existing climate reporting, primarily regarding Scope 3 emissions, and to map out and quality-assure emissions along the entire value chain in order to analyse which areas offer the greatest potential for emission reductions and to prepare a transition plan outlining how emissions are to be reduced.

**GHG emissions**

**GRI 305-1, 305-2, 305-3 Direct, indirect and other indirect GHG emissions (Scope 1, 2, 3)**

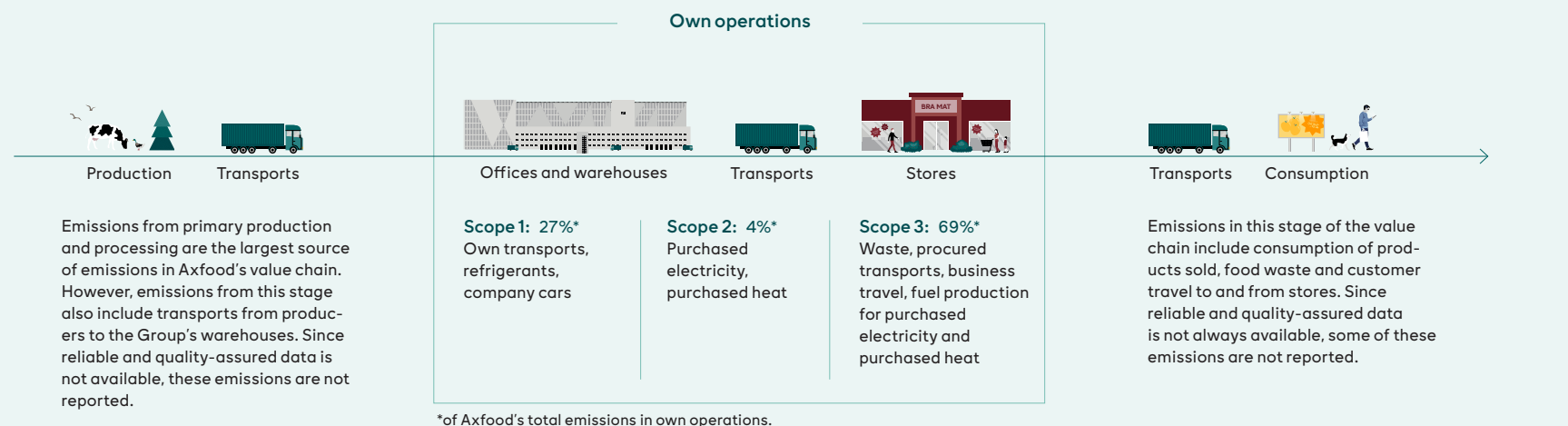
CO <sub>2</sub> e tonnes	2023	2022	2021
<b>GHG emissions from own operations<sup>1)</sup></b>	<b>46,475</b>	<b>44,571</b>	<b>41,507</b>
<b>Total GHG emissions</b>	<b>2,719,922</b>	<b>2,542,656</b>	<b>41,507</b>
<b>Direct GHG emissions (Scope 1)</b>	<b>12,225</b>	<b>13,042</b>	<b>14,126</b>
Own transports	9,235	9,663	10,928
Refrigerants	2,761	2,986	2,979
Of which, refrigeration units, Group-owned trucks	904	904	849
Of which, wholesale (warehouses)	0	0	50
Of which, retail	1,857	2,082	2,080
Company cars	229	392 <sup>2)</sup>	219
<b>Indirect GHG emissions – market-based (Scope 2)</b>	<b>2,195</b>	<b>2,905</b>	<b>2,833</b>
Purchased electricity	1,728	2,560	2,520
Purchased heat <sup>2)</sup>	467	345	313
<b>Indirect GHG emissions – location-based (Scope 2)</b>	<b>20,857</b>	<b>20,073</b>	<b>20,719</b>
Purchased electricity	20,390	19,727	20,407
Purchased heat <sup>2)</sup>	467	345	313
<b>Other indirect GHG emissions (Scope 3)</b>	<b>2,705,502</b>	<b>2,526,709</b>	<b>24,548</b>
Waste	1,135	461	477
Of which, waste to recycling	839	321	338
Of which, for incineration	265	105	108
Of which, hazardous waste	30	35	32
Procured transports	28,101	24,787	21,007
Business travel	554	397	125
Emissions associated with fuel production, purchased electricity (market-based)	2,213	2,928	2,895
Emissions associated with fuel production, purchased heat <sup>2)</sup>	53	51	44
Food sales <sup>3)</sup>	2,673,447	2,498,085	—

1) Pertains to emissions from Scope 1, Scope 2 (market-based) and parts of Scope 3 (waste, procured transports, business travel and fuel production from purchased electricity and heating).

2) Revised following improved data collection. Read more on page 100.

3) Pertains to customer consumption of food. There are no comparison figures for 2021 due to a lack of data. Read more about this key ratio on page 100.

Emissions in Axfood's value chain





**THE ENVIRONMENT****Smart use of resources**

Axfood is contributing to a reduced carbon footprint and creating more circular flows by using and producing green electricity, energy recycling, selling surplus energy, using recycled and renewable materials, and recycling waste.

Axfood is to exclusively use green electricity. To promote efficient use of resources, electricity is to be produced by solar panels on rooftops of stores and warehouses, and surplus heat is to be captured to a great extent. In 2023, Sweden's largest rooftop solar power facility, measuring approximately 80,000 square metres with a capacity of approximately 9 MW, was installed on the new logistics centre in Bålsta. Axfood is also building the country's largest onshore solar park outside Hallstavik on 71 hectares of space with a capacity of approximately 64 MW. This initiative means that Axfood is helping to increase the amount of renewable electricity, which will benefit all of society.

Refrigerants used are to meet the requirements stipulated in the European F-gas Regulation (EU/517/2014). In refurbishments and new establishments, refrigeration systems are to be replaced by systems using natural refrigerants (CO<sub>2</sub> or propane). Efforts are under way in the Group to discontinue the use of refrigerants that have the greatest impact on the climate and to convert to cooling systems that only use natural refrigerants. The work is comprehensive and proceeding according to plan.

Axfood has had ambitious energy efficiency targets for several years, and has worked systematically for a long time to reduce its electricity consumption, work that has intensified in recent years. The Group's electricity consumption is to decline 10% per square metre by 2025 (compared with the base year 2020). In 2022, this work was complemented with operational efficiency measures in order to further contribute to a reduction in consumption. Along with various investments, major and minor energy saving measures were implemented to help reduce consumption in the short and long term. Follow-up of energy use provides good documentation to further optimise as well as prevent and manage deviations. Since Axfood's operations require substantial electricity for refrigeration, lighting and ventilation, the choice of purchased electricity and the efficient use of energy are important. Fuels, district cooling and district heating are also used to some extent in the warehouse operations. Many stores have heat recovery systems, reducing the need to purchase energy for heating. The Group also has stores and warehouses that sell surplus heat to the district heating network.

Fuel consumption from the Group's own trucks is followed up quarterly. Consolidation of total fuel consumption is conducted centrally. Axfood has central power purchase agreements that cover most of its units. Facility management staff have operational responsibility for following up and optimising the Group's warehouse operations. Energy managers for each chain are involved in management and operations, and they are responsible for monitoring and following up the use of energy and refrigerants in stores. Energy consumption is monitored, followed up and measured using a joint control system that is connected to the Group's stores and warehouses. The system sounds an alarm if temperature zones deviate from the desired threshold levels.

To follow up the results of various energy efficiency initiatives, both energy consumption and energy intensity are measured. This facilitates follow-up and identifies whether a store or warehouse needs to be reviewed with respect to operation or investing in improvements.

Energy intensity is reported both quarterly and yearly, while total energy consumption is reported on a yearly basis. Outcomes of specific energy efficiency measures are followed up by an internal working group and on a quarterly basis by the Executive Committee. Axfood devotes the most attention to Group-owned stores since this is where it has the greatest opportunity to optimise energy consumption.

**Green transports**

Transports between warehouses and stores account for the largest portion of Axfood's carbon footprint in own operations, and comprehensive work is therefore ongoing to minimise emissions and environmental impact from logistics. Choosing sustainable fuels means constantly taking changing conditions into account. To diversify risks and opportunities, Axfood has chosen to diversify the vehicle fleet and uses multiple types of trucks as well as fuels. This enables Axfood to contribute to new and innovative types of vehicles, the production of sustainable fuels and infrastructure that is driving the green transition. All Group-owned trucks can be driven on fossil-free fuels. At year-end 2023, Axfood owned 200 (180) heavy-duty trucks and 86 (90) light trucks. Close collaboration with truck manufacturers and fuel retailers is helping to improve the efficiency of subcontracted transports as well. Axfood contributes indirectly to reducing the impact of procured transports through knowledge-sharing and by setting demands in procurement processes.

Axfood is working to increase the share of electric vehicles in order to further reduce the climate impact of transports. In 2021, Dagab's first fully electric heavy-duty truck went into operation. The following year, the fleet was expanded with a 64-tonne electric truck and trailer, the first of its type in Sweden using smart technology for heavy refrigerated and frozen electrified food transports.

Reporting is performed in accordance with the so-called reduction obligation and sustainability legislation. Data for Group-owned trucks is received monthly directly from the fuel suppliers. Data for procured transports is received quarterly via the Swedish Association of Road Transport Companies' software tool for reporting environmental and climate impact. In addition to replacing trucks in the Group's own fleet with more sustainable vehicles, fuel consumption is monitored to optimise loads and trips. With the help of transport optimisation systems, loads can efficiently be planned and routes are optimised. All trucks are equipped with a monitoring system that allows Axfood to actively employ eco-driving to reduce its carbon footprint through more efficient driving behaviours. Results from the various initiatives are followed up by measuring emissions in relation to the tonnes of goods delivered from warehouses to stores. This indicates how planning and optimisation of trips can impact emissions. Externally, the Group reports kg of CO<sub>2</sub> equivalents in relation to the tonnes of goods delivered for Group-owned trucks on a quarterly and yearly basis. For procured transports, the outcome is reported externally on a full-year basis.

**Emissions per tonne of transported goods**

CO <sub>2</sub> e kg	2023	2022	2021
Own distribution	12.3	13.6	16.8

The total CO<sub>2</sub> effect per tonne of delivered goods for the Group's own transports decreased significantly to 12.3 kilos CO<sub>2</sub>e (13.6). This decrease was primarily attributable to more extensive use of renewable fuels as a result of the continual conversion of the vehicle fleet. Use of fossil fuels in the fuel mix decreased and diesel use fell to 24% (29) in favour of a higher share of biodiesel and HVO.

**Energy intensity****GRI 302-3 Energy intensity**

MWh	2023	2022	2021
Total energy consumption MWh/net sales SEK m <sup>1)</sup>	3.5	3.6	4.5
Purchased electricity kWh/sq. m. (Group)	244.6	276.2	289.7
Purchased electricity kWh/sq. m. stores (total area)	291.4	289.7	308.3
Purchased electricity kWh/sq. m. wholesale	148.8	209.2	202.7

1) This key ratio has been redefined and is now disclosed as an intensity ratio. Read more on page 100.

Energy intensity measured in relation to Group net sales decreased somewhat in 2023 and amounted to 3.5 (3.6). Net sales increased substantially during the year. However, energy intensity decreased in relation to square metres, which is mainly attributable to large warehouse spaces intended for automation in the Group's new logistics centre in Bålsta not having been put into full use.

**Sustainable materials**

Being better at using the resources that are already in circulation is an important part of Axfood's sustainability efforts. The Group is therefore working to increase efficiency in its use of resources, recyclability, and the use of renewable materials. Developing climate-smart packaging for the Group's private label products in order to minimise environmental impact and avoid food waste is highly prioritised. The objective is to reduce the use of plastics and prioritise renewable and recycled material without hazardous chemical compounds.



## THE ENVIRONMENT

## Energy consumption

## GRI 302-1 Energy consumption within the organisation

MWh	2023	2022	2021
<b>Total energy consumption within the organisation</b>	<b>382,997</b>	<b>366,613</b>	<b>358,712</b>
<b>Fuel consumption</b>	<b>70,584</b>	<b>68,426</b>	<b>60,885</b>
Renewable fuel	53,571	48,377	35,205
Non-renewable fuel	17,013	20,049	25,680
<b>Purchased electricity</b>	<b>292,956</b>	<b>283,441</b>	<b>272,815</b>
Retail, including head offices	227,546	229,944	230,773
Wholesale	65,410	53,496	42,042
<b>Purchased heat</b>	<b>9,017</b>	<b>8,124</b>	<b>8,310</b>
Retail	4,042	4,092	3,610
Wholesale	4,975	4,032	4,700
<b>Self-generated energy</b>	<b>8,089</b>	<b>11,665</b>	<b>11,183</b>
Heat from refrigeration systems	2,352	9,364	9,609
Electricity from solar panels	5,737	2,301	1,574
<b>Sold energy</b>	<b>2,352</b>	<b>5,043</b>	<b>5,519</b>
Heat	2,352	5,043	5,519

Total energy consumption amounted to 382,997 MWh (366,613) in 2023. The increase was mainly attributable to higher consumption as a result of more stores and warehouses. The use of non-renewable fuel continued to decline, the result of transitional efforts for transports between warehouses and stores. The amount of purchased electricity for stores also continued to decrease as a result of ongoing efforts to improve energy efficiency. Despite more electricity from the Group's own solar panels, the total amount of self-generated energy declined due to renovation work on freezers, which resulted in less heat from refrigeration units. In total, 19 solar power facilities (17) were in operation at stores and warehouses during the year.

## Packaging

Axfood employs various measures to ensure that its assortment of private label products are packaged as sustainably as possible. Packaging material is chosen based on the products' needs and properties. Packaging should preserve and protect the food, be cost-effective and safe for the food it packages, and work practically in logistics, in stores and for consumers. The amount of packaging material is minimised as far as possible without risking the quality of the contents or reducing the material's recyclability.

Plastic is a common material with good properties that can extend the shelf life of products, which can help reduce food waste. Together with other members of the Swedish Food Retailers Federation, Axfood has set a packaging target for its private label products. More sustainable plastic packaging will be used, and the purchase of recycled material and the share of products that are designed for recycling will both increase. At the same time, Axfood will advocate for regulations and incentives that promote transition to circular material flows.

Axfood has adopted a plastics strategy to create the cleanest plastic flows possible in the long term by using the right plastic in the right place and enabling material recycling. The strategy encompasses five main areas: reducing the use of plastics; material recyclability; use of recovered or renewable ingredients; elimination of hazardous compounds (SIN – Substitute It Now) and increased use of FSC-certified paper (Forest Stewardship Council) for sustainable forestry. An action plan has been formulated in association with the plastics strategy that delineates how Axfood defines and sets boundaries for sustainability targets for the Group's internal plastic flows and packaging for its private label products. The plan defines the targets, key ratios, scope and boundaries of the plastics strategy. It identifies where impacts arise and if the Group's work encompasses the product's primary, secondary or tertiary packaging. In addition, a quality assurance system was also devised in which packaging data for all private label products is compiled. This compilation serves as the basis for a zero measurement surrounding the amount of material used. It is used to document which material is to be used and what changes should be made to achieve the targets.

Axfood is pursuing the duty to inform with regards to sales between companies, and has raised the issue of chemicals in packaging within the Swedish Food Retailers Federation, which now uses the SIN list as an essential tool in its packaging work. Phasing out the use of compounds on the SIN list in packaging is challenging since many suppliers have insufficient knowledge about added chemicals in packaging as well as which process chemicals are used. For this reason, legislative support through a duty to inform about which chemicals are included in packaging of a product would facilitate setting requirements above and beyond the legal requirement.

A few years ago, Axfood was the first food retailer in Sweden to introduce deposits for plastic fruit drink and juice bottles in an effort to achieve greater circularity and thus a lower carbon footprint. The initiative has made a big impact in the industry and has opened up for bottle deposits for similar products on the market.

Axfood became the first company in the food retail industry to complete a database containing approximately 18,000 different packaging materials included in products, with the aim to accelerate the transition to recyclable packaging made from renewable or recycled material. All of Axfood's suppliers of private label products participated in the work of collecting and compiling information on the exact packaging components and material contained in each product. The database makes it possible to retrieve information on which products use the largest volumes of materials that need to be replaced.

Collaboration regarding the interpretation of upcoming EU packaging legislation intensified within the Swedish Food Retailers Federation packaging group in 2023. Several partnerships were also initiated with suppliers to jointly reduce the use of plastics in various products. An industry-wide declaration of intent concerning packaging of frozen products has been adopted in order to increase recyclable packaging for private label products. During the year, several new forms of packaging were produced using better materials and with less print to make them better suited for recycling. Packaging with less plastic was used for a number of Axfood's private label products. Other packaging has been replaced with plastic that has fewer chemicals or plastic without laminate to create a more circular system.

## Waste

By sorting waste in offices, warehouses and stores, Axfood is working to reduce the share of waste sent off for incineration and increase the share sent to recycling. Recycling and waste handling procedures are based on Swedish legislation and employed at all stores and warehouses. High requirements for sorting primarily pertain to Group-owned stores. The work requires an in-depth understanding of the leases for individual stores, since they have different conditions for sorting waste. Additional factors that make a difference include the distance of each store from biogas stations, and varying ability to dispose of packaging material.

Axfood has its own system support for waste handling, but also receives complementary reports from all waste handling contractors. The Group's system includes more than 300 local agreements for Willys, Hemköp's Group-owned stores, Snabbgross, Eurocash and Dagab. Awareness and engagement with the issue are encouraged through training in sorting and regular follow-up of the share of waste sent off for incineration. The Group reports externally on the number of tonnes of waste and the share that is sent to recycling according to the disposal method for Group-owned stores.

At the beginning of 2024, new statutory requirements entered into force based on the EU Packaging and Packaging Waste Directive (PPWD). Packaging must be separated from organic food waste, which has several advantages. When packaging is separated, it reduces the risk of residual plastic mixing with fertiliser produced from biogas digestate and being introduced into fields. More of the packaging material can also be recycled instead of incinerated. In 2023, tests in a number of stores resulted in the development of a functional way of working with the new requirements for managing packaging waste.

## THE ENVIRONMENT

Incinerated waste			
Tonnes	2023	2022	2021
Incinerated waste	12,444	12,586	12,931
Incinerated waste as a share of Group net sales SEK m, %	15.3	17.1	22.3

Weight of waste			
GRI 306-3 Waste generated			
Tonnes	2023	2022	2021
Glass, coloured	61	61	92
Glass, clear	44	47	74
Hard plastic	397	359	228
Office paper and newspapers	606	524	852
Shrink and stretch wrap	1,529	1,547	1,477
Metal	269	256	177
Organic waste <sup>1)</sup>	7,792	8,103	8,367
Wood	281	310	233
Corrugated board	28,466	27,365	29,060
<b>Waste for recycling</b>	<b>39,444</b>	<b>38,573</b>	<b>40,561</b>
Incinerated waste	12,444	12,586	12,931
Landfill	4	14	1
Hazardous waste	81	93	84
Other waste	2	158	4
<b>Total</b>	<b>51,975</b>	<b>51,424</b>	<b>53,581</b>
<b>Recycling rate, %</b>	<b>75.9</b>	<b>75.0</b>	<b>75.7</b>

1) A portion of organic waste is incinerated in cases where biogas production is not an option.

The total amount of waste increased slightly in 2023 to 51,975 tonnes (51,424), mainly because the operations are growing. The recycling rate increased to 75.9% (75.0), driven by higher volumes of corrugated board, office paper and newspapers. During the year, Axfood also continued to work with waste handling collectors to adapt containers and collections to the current need and thereby reduce unnecessary transports. The new statutory requirement that municipalities must accept food waste from stores helped increase the share of organic material converted to biogas.

**Sustainable farming**

The largest share of the food retail sector's environmental impact comes from primary production, meaning agriculture. This includes, for example, carbon footprint, biodiversity, the use of pesticides and eutrophication. Axfood will improve the offering of sustainable products while imposing stricter requirements for the broad assortment. This includes working with different sustainability labelling, for example organic products.

**Biodiversity**

Biodiversity is a precondition for most food production – a large portion of food depends on pollination by insects like bees, bumble bees and butterflies. Axfood's business depends on well-functioning ecosystems, and initiatives are being carried out to promote and support biodiversity. In 2023, a strategy was developed that summarises the Group's impact on biodiversity and describes the overall work for preserving a rich diversity of plant and animal life.

There are recommendations for how to create green spaces when building new stores and warehouses to replace the loss of biodiversity. For example, plants can be placed around parking spaces and buildings, green roofs created and insect hotels installed.

The Group's diversified vehicle and fuel policy ensures that no raw goods from palm oil are mixed in as a raw good in the fuel to avoid further clearance of the rainforest. For the same reason, only certified palm oil and soy are used in private label products. All coffee, tea, chocolate and cacao sold under private labels are sourced from growers with approved certifications from the Rainforest Alliance, Fairtrade or KRAV. All bananas sold are to have sustainability certification, such as Fairtrade, organic or Rainforest Alliance. In order to promote biodiversity in and around agriculture, farms that supply Axfood with fresh fruit and vegetables are certified according to IP Sigill or Global GAP.

According to the Group's procedure, goods with a large water footprint are to have a recognised water standard by no later than 2025 in order to help maintain biodiversity in the agricultural landscape. Axfood's proposal for a sustainable food strategy for Sweden, the report Food 2030, includes suggestions such as expanded grazing and conversion of bulls to steer for increased grazing of natural grazing land with rich plant and animal life. The target is to only sell fish and shellfish products that is ecolabelled or green-listed in the WWF's fish guide contributes to preserving biodiversity in oceans and lakes.

Axfood's target of increasing the share of sales of organic and sustainability-labelled products impacts biodiversity and is an important incentive to pivot toward more sustainable food production and consumption. As a part of Axfood's work to promote biodiversity and reduced deforestation from production of private label products, soy in feed is to be replaced with more sustainable crops. One example of this is quark made from milk from cows fed a soy-free diet, which was launched under the Garant brand.

In 2023, a risk analysis was carried out focused on how Axfood's purchasing affects, and is affected by, biodiversity. The analysis also included carbon footprint and analysed the purchasing of rice, tomatoes, milk and coffee. The results showed that various measures should be taken to ensure that purchases do not contribute to the global loss of species or environmental depletion. The risk analysis will lead to a number of improvement projects and measures to ensure that purchasing do not contribute to eradication of species and form of habitats.

**Organic**

Axfood's goal is for the share of organic products to amount to at least 10% of food sales by 2025 the latest. In recent years, the trend towards organic products has been in decline across the entire industry, and the share of sales for Axfood fell in 2023 to 4.6% (5.1). However, that trend stabilised somewhat towards the end of the year. Fruits and vegetables accounted for the largest decrease, while the share of sales of organic meat and milk, however, increased slightly. Several new organic products were launched during the year and special sales campaigns for organic products were carried out both in stores and e-commerce. Internally, Axfood has trained key individuals in the importance of organic production and how the share of sales can be increased. Hemköp has the highest share of sales of organic products in the industry and launched double points on purchases of organic food for members of the Klubb Hemköp loyalty programme during the year.

**Organic sales**

%	2023	2022	2021
Share of organic sales	4.6	5.1	5.8

**Risk ingredients**

The environmental and social impact of different products varies, even within the same category. Axfood can therefore help impact the environment in a more sustainable direction by managing its assortment.

Axfood advocates responsible purchasing and is developing an assortment that offers customers a wide selection of organic and other sustainability-labelled products. The quality assurance work primarily covers products sold under its private labels, although many sustainability requirements apply to branded products as well. This process is based on policies and governance documents, where various quality and sustainability requirements govern where products may be purchased from and the requirements for the suppliers.

The policy is that the entire offering of coffee, tea, chocolate and cacao sold under the Garant, Eldorado and Dazzley private labels must be sourced from growers that have approved certifications from the Rainforest Alliance or Fairtrade. Bananas included in the assortment of fresh fruits and vegetables are to carry sustainability certification from Fairtrade, KRAV, Rainforest Alliance or EU organic certification that is supplemented with a standard for social sustainability. In addition, palm oil must be certified according to the Roundtable on Sustainable Palm Oil (RSPO). Corresponding requirements apply also for soy – both in food products and for indirect use in animal feed. These ingredients are associated with a higher risk of human rights violations and a high environmental impact in the farming sector. Seafood and shellfish sold in stores may not be red-listed according to the WWF's fish guide unless it is certified according to MSC, ASC, KRAV or IP Sigill. Any exceptions or departures from the applicable policies and governance documents must be approved in accordance with an established routine.



## THE ENVIRONMENT

## List of banned pesticides

Axfood has prepared a list of pesticides that are not accepted for use in agriculture. The compounds on the list are banned in the EU, but permitted to some extent in the countries where the products are grown. Axfood's policy is that suppliers of fruits and vegetables must comply with the list of banned pesticides. With certain exceptions, the list of banned pesticides has been adopted by large parts of the food retail industry through the Swedish Food Retailers Federation, which is responsible for updating the list. Uniform requirements from the industry facilitates suppliers' sustainability efforts.

## Management of water stress

The Group is pursuing the issues of water stress and access to fresh water as part of its efforts to reduce the environmental impact of food production. It is also pursuing preventive efforts through a dialogue with its suppliers, monitoring the water situation in vulnerable regions and training quality assurance staff, sustainability managers and buyers. This is intended to reduce the water footprint in production, water-related risks in the supply chain and negative impacts. Both the water footprint arising from particular products and the water situation where they are farmed are taken into consideration as part of this process. Fresh fruit and vegetables with a high risk of water stress require a water standard. Business will not be conducted with suppliers who do not provide a water standard unless they provide an action plan.

At present, the water routine encompasses suppliers of fresh fruit and vegetables. The goal is that all relevant private label and fruit and vegetable suppliers with a large water footprint in a risk area will use a recognised water standard or the equivalent by 2025 at the latest. In 2023, tests were carried out to investigate how water standards can also be used for other categories of private label products.





## THE ENVIRONMENT

# Integrated climate and biodiversity work

**The Task Force on Climate-related Financial Disclosures (TCFD) is a framework of recommendations intended to guide the process of identifying climate-related financial risks and opportunities. Likewise, the Taskforce on Nature-related Financial Disclosures (TNFD) is a framework for measuring and reporting risks, impacts and nature-related dependencies. Working in accordance with recommendations from both frameworks entails identifying and assessing consequences arising from climate change and biodiversity loss and how they affect Axfood. This is a long-term process performed primarily as part of strategy efforts and existing risk management. Axfood employs many of the recommendations and structures information to create additional transparency for investors and other stakeholders. Axfood intends to gradually implement the parts of the framework that are applicable and relevant to its operations.**

## Climate and biodiversity

Climate and biodiversity are closely related and affect each other. An integrated effort that includes both areas is therefore necessary to ensure that measures in relation to the climate also support biodiversity and vice versa. Climate change and loss of biodiversity are the most serious global challenges facing humanity, creating significant strains and risks for the planet. Reports from the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) show that changes in the climate and biodiversity are already affecting food production worldwide through, for example, extreme weather, water shortages, threatened ecosystems, and loss of pollinators and other species.

Agriculture is clearly responsible for a significant part of the world's total greenhouse gas emissions and is also the largest driver of biodiversity loss. In turn, climate change and loss of biodiversity have harsh consequences for agriculture and food production. Joint global efforts to reverse this trend are therefore critical to the amount of food that can be produced in the future and how it will be produced. This makes the climate and biodiversity two of the more critical risks facing Axfood, affecting operations to varying extents in both the short and long term.

## Governance

The foundation of Axfood's climate and biodiversity efforts is a sustainability programme designed to strengthen its business while contributing to the UN Sustainable Development Goals (SDGs) and Sweden's Environmental Objectives at the same time. The sustainability programme is an important tool encompassing both the Group's sustainability policy and multiple climate and biodiversity targets. Axfood's sustainability efforts are an integral part of its business model and governance. The Executive Committee and Head of Sustainability are responsible for overall strategies, targets, actions and follow-up. The Executive Committee determines climate and biodiversity targets for the entire Group every year. The Board of Directors considers sustainability issues from a strategic perspective. The Executive Committee and the Board also consider climate and biodiversity risks that could impact the strategic objectives. The Board monitors the risk management framework and is provided with an annual mapping of material risks including climate and biodiversity risks. To increase knowl-

edge among Axfood's employees, the climate and biodiversity are both included in mandatory training. Climate and biodiversity training is also held for the Group's managers and certain functions and departments within the Group, with a focus on concrete initiatives to reach Axfood's goals.

## Strategy

Axfood's vision is to be the leader in affordable, good and sustainable food. Sustainability is an integral part of the business and the Group's strategic priorities. Priorities for sustainability efforts are set partly through a double materiality assessment carried out in 2023 in order to determine where the Group should concentrate its efforts. The assessment includes the climate as well as biodiversity as material matters. The Group aims to further integrate the climate issue and its work with biodiversity into its risk and decision-making processes in the future, to respond better to financial consequences.

Axfood wants to help limit the average increase in global temperatures to 1.5° Celsius in accordance with the Paris Agreement. The Group has a target to reduce the carbon footprint per kilo of food sold and to reach net zero emissions in its own operations by 2030 at the latest. The net-zero target means that emissions need to be reduced by at least 85% compared with the base year 2020 and that the remaining emissions need to be climate compensated. The Group has been increasing its efforts to reduce emissions in Scope 3. Axfood's biodiversity strategy entails limiting negative impacts on biodiversity, and promoting and supporting it in every part of the operations, by increasing sales of organic and other sustainability-labelled goods. Axfood supports the UN's goals outlined in the Kunming-Montreal Global Biodiversity Framework: stopping the loss of biodiversity by 2030 and achieving a recovery by 2050. There are also ambitious requirements for procurement, with a focus on specific goods and geographic areas where the risk of a negative environmental impact and human rights violations is deemed to be significant in order to take additional steps. Reducing food waste by 50% is another important part of the strategy to reduce the negative impact on the climate as well as biodiversity.

## Scenario

Measuring financial risks related to climate change and impact on biodiversity is complex. The combined impacts of transition risks and physical risks should therefore be assessed based on multiple scenarios. Axfood has the ability to build resiliency and ward off the impact of such scenarios by increasing its diversification of risk and changing internal processes and procedures, which will also help work to adapt future strategies. On the other hand, it is likely that the Group, just like other companies in the industry and society as a whole, will feel the impact of higher costs for managing impacts and additional preventive measures. Axfood will continue to refine its scenarios based on the IPCC and IPBES reports and other research in support of its risk assessment process. Additional and more in-depth analyses are needed to be able to draw more decisive conclusions about financial risks and impacts.

Climate change and biodiversity loss may create wide-ranging impacts for Axfood and the entire food industry. In some parts of the world, such as the Mediterranean, it will become difficult to raise food to the same extent as today due to higher average temperatures, heat

waves, rising sea levels and water shortages. Harvests are also expected to fluctuate significantly from year to year due to extreme weather variations and factors such as diseases and pests. In other places such as in Sweden, higher temperatures will probably result in longer growing seasons and the ability to raise more crops. This may result in higher productivity for domestic food production. At the same time, uncertainty factors exist, such as irregular water access, pests and invasive species. Warmer average temperatures could eventually lead to a deterioration in living conditions for animals and plants. Pollinators are being threatened by chemicals and the lack of preserved natural spaces, resulting in food and habitat shortages. The most valuable arable land is often close to coastal areas, lakes and other bodies of water. More precipitation and higher water levels as a result of more extreme weather, higher temperatures and melting ice and glaciers are tangible threats to these areas. In addition, marine heat waves may have devastating impacts on marine environments and ecosystems that supply the world with fish and shellfish today.

## Risk management

To prevent risks or mitigate their effects and loss, Axfood employs an established risk management process whereby climate and other risks are continuously identified, managed and reported (see pages 28–32). All of the risks identified are assessed on the basis of two equally important aspects: probability and impact. Climate risks have also been assessed on the basis of the Company's impact, but also according to how the climate and climate change may affect Axfood's ability to operate. The risks are multifaceted and encompass both transition risks that arise as a result of adapting to a more sustainable operation and the physical effects of climate change.

A risk analysis was carried out in 2023 to gain a better understanding of how a changed climate and biodiversity loss are affecting Axfood's operations, strategies, prices and supply chains as well as how the Group's purchases impact the climate and biodiversity. The LEAP (Locate, Evaluate, Assess, Prepare) concept, which is the integrated methodology that the TNFD has developed to guide biodiversity work, is used to identify and assess nature-related matters. A survey of sensitive areas related to Axfood's operations has been initiated, evaluating the Group's dependence and impact on nature and assessing risks and opportunities related to the climate and biodiversity. With more than 70,000 items produced all over the world, excluding and prioritising were essential for focusing on material regions and goods with high risks and where Axfood's influence is significant. The results of the analysis indicate that Axfood is significantly impacted, and will continue to be impacted, when the climate changes and ecosystems are compromised. Additionally, the complex impact of purchasing on the climate and biodiversity was made clear, along with how vulnerable products are to the effects of climate change and biodiversity loss. These effects could lead to reduced access to goods, higher purchasing prices and lower quality. The site-specific nature of biodiversity and the lack of robust data lead to additional complexity. The need for in-depth and continuous risk analyses was clarified, as was the need to include more precise descriptions of the risks associated with biodiversity loss in Axfood's overall risk management.

**THE ENVIRONMENT****Transition risks**

Transition risks are financial risks that may arise during the conversion to a more circular economy with less impact on the climate and biodiversity. More stringent environmental policies, new regulations, developments in technology and changing markets may affect Axfood's operations and result in higher costs, for example for energy, materials and fuels in the short and long term.

In the short term, there is a risk of not responding to the trend toward more environmentally aware consumers and changes in shopping behaviour by adjusting the assortment. This could lead to lower sales and contribute to uncertainty on the part of investors and other stakeholders concerning how the Group manages climate issues.

In the medium to longer term, more investments may be needed when replacing heating and refrigeration systems in stores and warehouses in order to make energy consumption more efficient and reduce the use of non-approved refrigerants. Higher energy costs for purchased electricity, refrigeration and heating due to higher environmental taxes or a limited supply are also viewed as transition risks. Diversifying the Group's vehicle fleet is expensive but strategically important in the transition to a climate-neutral economy. This process reduces the risk of higher costs as a result of rising diesel prices, taxes or limited supply. More stringent environmental legislation, in the form of Sweden's adoption of the Kunming-Montreal agreement and the European Green Deal, as well as higher expectations from consumers and investors about sustainable goods production, will likely lead to increased costs.

**Physical risks**

Physical risks are associated with climate- and weather-related events such as drought, floods and storms. These events may have both direct financial consequences through property damage to stores and indirect consequences from lost or more expensive deliveries.

Increased precipitation and higher sea levels may result in flooding making stores unable to remain open, resulting in lower sales. A warmer climate may result in higher operating costs as the need for refrigeration in warehouses and stores increases. In the case of new establishments, the necessity to locate the buildings to prevent the risk of flooding and ensure that equipment maintains the necessary energy performance is taken into account. Axfood believes that it is more expensive to compensate for these impacts afterwards than to prevent damage. Extreme and challenging weather conditions as a result of global warming are an ever-increasing challenge for food production. It may become more difficult to obtain certain products, which may result in higher prices that affect sales. Diversifying risk requires a clearer distribution of risk across several geographic areas as early as during the purchasing process, work that is already being carried out in several product categories. Biodiversity loss will lead to increased occurrence of pests, reduced pollination and reduced soil fertility, which will lead to lower-quality, more sporadic harvests. This, in turn, will likely lead to a need for price hikes. Marine resources will also be negatively impacted and seafood costs will increase. Ecosystems that are destroyed or damaged could also lead to reduced carbon capture by plants and soil, which would result in increased greenhouse gases that further accelerate climate change.

**Opportunities**

Climate- and biodiversity-related risks may also constitute opportunities for Axfood. Proactive, decisive and preventive work related to climate and biodiversity can create new business opportunities, support product development and attract new customers, investors and employees. Diversifying purchasing to more suppliers makes the operations less sensitive to individual price increases. Improved resource efficiency and other preventive measures in agriculture and aquaculture could lead to a reduced climate impact as well as a positive impact on biodiversity, while at the same time increasing production and thereby improving the economy, primarily in the production stage, thus leading to lower costs for Axfood.

Investments in the sustainability area often produce cost savings. By increasing the share of green electricity, emissions and costs decrease. Reducing the use of plastics, food waste and fuel consumption are examples of activities that benefit the climate and biodiversity as well as Axfood's financial development.

**Targets and key ratios**

Axfood reports several key ratios for sustainability targets that meet identified risks. The climate and biodiversity targets help in various ways to reduce greenhouse gas emissions from Axfood's own operations and in the supply chain. Methods used to define and measure the targets are stated in the reporting principles (see pages 100–101).

The climate target is achieving net zero emissions from own operations by 2030 at the latest. This means that emissions need to be at least 85% lower compared with the base year 2020 and that remaining emissions need to be climate compensated. Axfood is to annually reduce the carbon footprint per kilo of food sold through changes in the sales mix, to reduce electricity consumption by 10% per square metre by 2025 (base year 2020), and to refrain from using refrigerants that affect the climate when investing in new refrigeration systems. In addition, the share of domestic flights is to be reduced by 50% by 2025 (base year 2019). A compilation of the Group's Scope 1 and 2 as well as parts of the Scope 3 emissions can be found on page 85. Emissions from the Group's delivery fleet are to be reduced by at least 30% by 2025 (base year 2020), while plastic use is to be reduced by 25% by 2025 (base year 2019).

Axfood's goals for biodiversity are to increase the proportion of sustainability-labelled goods to at least 30% of retail sales and the proportion of organic food to at least 10% of food sales by 2025. There is also a goal to increase the share of sales of meat from natural grazing, or with KRAV or Svenskt Sigill labels, as well as to certify private label organic meat and charcuterie products according to KRAV. Selling fish and shellfish that are exclusively sustainability-labelled or green-listed according to the WWF's fish guide is an important goal for seafood. The goal of reducing food waste by 50% by 2025 (base year 2015) is another sustainability goal that supports biodiversity as well as the climate. At least three projects to replace soy with sustainable food crops are also to be carried out by no later than 2025 in order to promote biodiversity and to reduce deforestation. Packaging for private label products is to be made from circular materials, such as renewable or recycled raw materials, by no later than 2025. Axfood is to increase the use of FSC-labelled material in forestry goods.

In 2024, Axfood will develop procedures to manage forthcoming EU legislation such as the regulation on deforestation and CSRD.





# People

Health, gender equality, inclusion and working conditions are factors that affect people's well-being. Axfood is responsible for ensuring that human rights are respected throughout the value chain and strives to promote good work environments and social conditions for its own employees as well as workers in food production. More consumption of healthy products is an important step toward improving consumer health. Axfood's efforts in this area are reported under the focus areas sustainable suppliers, diversity enriches and healthy habits.

## Sustainable suppliers

Food should be produced in the most sustainable way possible. A sound selection process allows Axfood to prioritise suppliers with strict requirements for safety, the environment and social responsibility while promoting good working conditions throughout the entire value chain. High transparency lends credibility to sustainability efforts. Axfood observes a Code of Conduct that is based on internationally recognised conventions on human rights, working conditions, the environment and anti-corruption.

## Responsibility throughout the supply chain

Supply chains in the food retail industry are complex and often built upon multiple tiers with primary ingredients from several countries. Maintaining good supplier relationships and transparency makes it easier to influence developments in a positive direction. The challenge is especially great in countries with insufficient official supervision and weak institutions and trade unions. Industries in countries generally not considered risk countries are scrutinised if they have a large share of foreign seasonal workers. Problems associated with risk sectors also exist in Sweden. Axfood therefore requires that all Swedish fruit and vegetable suppliers are certified according to IP Sigill Arbetsvillkor ("IP Sigill Working Conditions") or an equivalent. Sustainability assessments are carried out for wild berry and mushroom suppliers from Finland and Sweden to check that the suppliers systematically follow up on the requirements in Axfood's Code of Conduct.

The supplier base for the private label assortment is made up of 447 (439) suppliers and 1,328 (1,311) sub-suppliers. A total of 582 (465) suppliers and sub-suppliers in this group have production located in risk countries on Amfori BSCI's list of risk countries, which is why purchasing from these suppliers is followed up. As of 2022, Ukraine is not defined as a risk country to avoid placing unreasonable demands on Ukrainian suppliers while the war is ongoing.

All supplier agreements are negotiated centrally. By coordinating Axfood gains strong purchasing power that contributes to greater knowledge and control throughout the entire value chain. Control is exercised through follow-up of the Code of Conduct, sustainability assessments in connection with purchases of private label products and social site audits of suppliers, primarily in risk countries. By gaining insight into suppliers' operations at an early stage, Axfood has greater influence and a better opportunity to ensure compliance with standards. This also creates an understanding of which suppliers Axfood needs to work more actively with in order to reduce the risk of deficiencies.

## Overall targets

- In the long term, achieve an even gender breakdown in management positions
- 20% of Axfood's managers will come from an international background

## Key ratios 2023





PEOPLE

**Due diligence process for human rights and the environment**

Axfood's Code of Conduct follows the UN Guiding Principles on Business and Human Rights. The purchasing process includes continually monitoring social and environmental risks and requiring that action be taken when needed.

Axfood requires its suppliers to demonstrate a systematic approach to complying with the Group's Code of Conduct and responding to identified sustainability risks. For example, they may provide evidence of social site audits, collective bargaining agreements with union organisations or projects with relevant stakeholders. The Maplecroft risk database is used as a comparison to the suppliers' own risk assessments.

Axfood played an influential role in the formation of the Ethical Trading Initiative (ETI) in Sweden, where industry works together with trade unions and voluntary organisations to improve environmental considerations and respect for human rights in global purchasing. Axfood is represented on the ETI Sweden's board and actively participates in its food and beverage working group as well as the Swedish platform for high-risk crops. Within this working group, Axfood has led the initiative to carry out a human rights impact assessment (HRIA) for sesame seeds from Sudan, allowing all players to jointly prevent and address risks of violations. The work was temporarily suspended when armed conflict broke out in Sudan.

Axfood imposes requirements regarding access to readily available grievance mechanisms that allow for remediation, something that is often unavailable for seasonal migrant workers. A project is therefore being carried out, together with ETI in the UK and leading English retailers within fresh fruit and vegetables, to improve access to grievance mechanisms for migrant workers in several supply chains in Spain and Italy.

**Sustainability assessment in purchasing**

The starting point for Axfood's work with suppliers is its Code of Conduct, which lays out basic requirements for suppliers concerning the environment, human rights and animal welfare. Every supplier who enters into an agreement with Axfood must sign the Code of Conduct or have its own with corresponding standards. The Code of Conduct is included in all supplier agreements, except for certain local suppliers which are handled directly by store managers. Suppliers undertake to adhere to the Code of Conduct when they enter into a contract with Axfood, which the respective purchasing managers are responsible for. Existing supplier agreements are continually reviewed to ensure that all suppliers adhere to the requirements.

Sustainability is an integral part of the purchasing process in connection with procurement of private label products. Procurement is to be conducted on equal terms, and sustainability requirements are to be specified early in the purchasing process. The purchasing department compiles a plan every year for launching new products that looks at the countries of origin of the products or their constituent ingredients. A sustainability assessment is performed if a product or at least 5% of an ingredient or product comes from a risk country.

Existing and potential risks in the supply chain are identified based on a number of different parameters, such as human rights, environmental risks, child labour and discrimination. Information about risks for various ingredients is regularly updated by Maplecroft's analysts. Among other measures, suppliers must show that they have a systematic approach to complying with Axfood's Code of Conduct. This is to be done through social audit reports or by showing that a collective bargaining agreement has been entered into with a recognised trade union. A crucial aspect of this assessment is that the suppliers show transparency and are able to provide an account of potential environmental and social risks. Suppliers must also demonstrate how they respond to and minimise existing risks. Sustainability officers compare their answers with the information in the risk analyses and determine on a three-degree scale whether a supplier can be accepted, can be accepted under certain conditions or is disqualified from continuing with the procurement process.

**Axfood's supply chain**

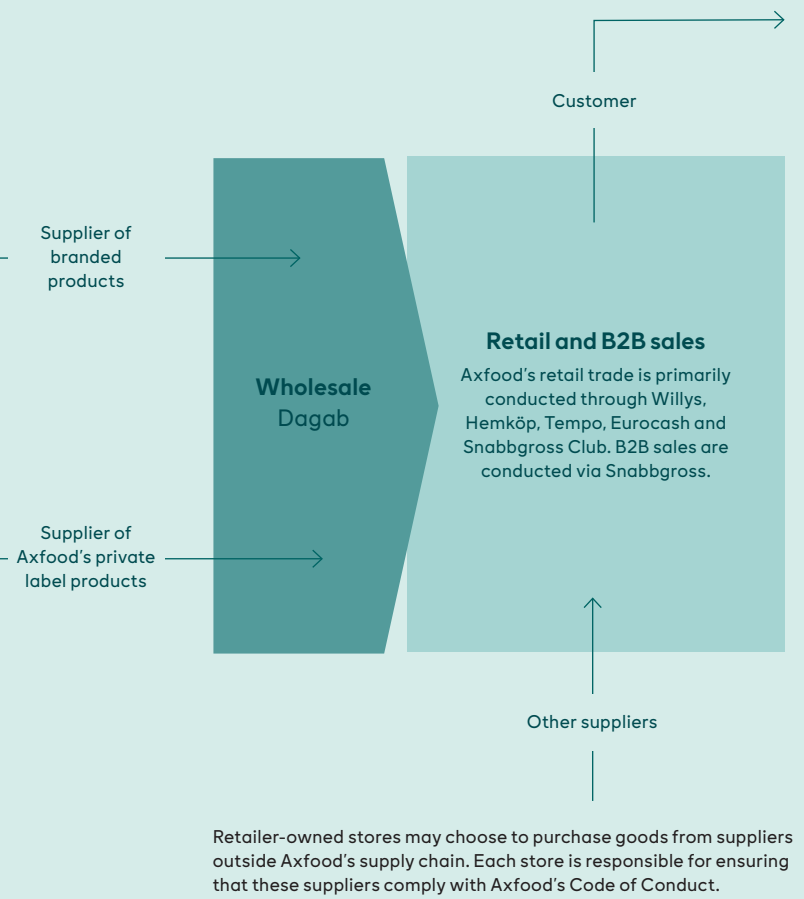
Agriculture Production Packaging Sub-supplier

Suppliers of branded products are required to adhere to Axfood's Code of Conduct. Axfood has limited insight into and opportunities to exert an influence in this part of the supply chain.

Agriculture Production Packaging Sub-supplier

Suppliers of Axfood's private label products are required to adhere to Axfood's Code of Conduct. Axfood has good insight into and opportunities to exert an influence and make sure that requirements are complied with in this part of the supply chain.

*Read more in the illustration on the next page.*



PEOPLE

A supplier or sub-supplier is eliminated due to these assessments in nearly every procurement, and only approved suppliers are allowed to continue on to price negotiations. Axfood thus rewards suppliers who pursue thorough sustainability efforts in their supply chains while protecting them against unfair competition from suppliers who avoid responsibility. This procedure has been employed for several years and major improvements have been seen in categories such as frozen prepared foods, rice, tuna and legumes. More suppliers are mapping their supply chains down to the farming level and carrying out social audits and risk analyses.

Review of suppliers of private label products

Axfood has the greatest insight into and opportunity to influence private label product suppliers. Strict requirements are imposed on these suppliers to minimise identified environmental and social risks. Social risks are associated above all with working conditions, corruption and human rights. These risks are judged to be the greatest in farming, product manufacturing and the non-food product category. Environment-related risks in the supply chain involve, for example, control of hazardous compounds in production, pesticides in agriculture, use of water and waste handling. All suppliers have different prospects for minimising and preventing risks in their operations and along their own sub-supply chains. The solution to deviations is not to discontinue the business relationship as the first choice, but rather to demand improvements and ensure that they are implemented. However, Axfood discontinues the business relationship if the supplier does not take the actions required, does not show a willing-

ness to improve or in cases of corruption or false information. Axfood strives for suppliers' operations to be more sustainable, and efforts are being made within development and information projects to disseminate knowledge among workers in the supply chain. Axfood stands behind the principle of everyone's right to a wage that they can live on. The legal minimum wage that exists in many countries does not always cover the basic costs for a family – in other words, it is not always a living wage. Axfood has a living wage strategy that guides its efforts to improve living conditions in the supply chain.

Improvements in the supply chain

Axfood participates in several international projects to help improve the supplier chain. In collaboration with Oxfam, value chains for a number of product ingredients were analysed to identify ways of helping growers and farmers achieve a sustainable living. For several years, Axfood participated in a project in the basmati rice region in Punjab, Pakistan that has helped certify Garant's jasmine and basmati rice in accordance with the Sustainable Rice Platform (SRP) or Fairtrade. This means that all jasmine and basmati rice from Garant now is either organic and/or certified with Fairtrade or the SRP.

In 2023, Axfood introduced a living wage procedure in procurements with top priority assigned to social sustainability. The procedure entails improving existing sustainability assessments by including questions about living wages in the supply chain for single-ingredient

products from Peru, India and Morocco. This benefits suppliers who make the most effort to raise wages for farm and factory employees, thereby gradually taking important steps towards achieving the goal of living wages in prioritised supply chains by 2030. During the year, it was revealed that the wages in a supply chain for coconut milk in Sri Lanka were under the UN's poverty line. Starting in 2024, Garant's organic coconut milk will be Fairtrade certified.

In addition to assessments in connection with new private label procurements, annual assessments are conducted in which existing suppliers are evaluated. The aim is to actively cooperate with existing suppliers, follow up any action plans and support sustainability efforts. Efforts are followed up on a continuous basis and evaluated after the period for making improvements has expired. The supply chain and sub-suppliers operating in risk countries are identified. In 2023, supplier visits focused on sustainability were carried out to follow up on working conditions and environmental aspects related to farming of fruits and vegetables in Morocco and Ecuador, cashew nuts in Vietnam and frozen ready meals from Thailand.

For several years, Axfood has raised the issue of indentured berry pickers from Thailand who are forced to pay for their travel and other costs out of their own pockets. In 2023, Axfood began looking at the requirements for introducing the Employer Pay Principle (EPP), guidelines for employers entailing that they take greater responsibility for funding various social and economic benefits. An initiative was also introduced to have ETI coordinators gradually introduce the EPP into the industry. Axfood has also joined an ETI project to improve labour conditions within cashew farming and industry in Vietnam.

Sustainability assessment in purchasing of private label products

Selection process



Risk analysis (raw materials/countries)

Axfood conducts an analysis of ingredients and countries where social and/or environmental risks may arise.



Supplier requirements with respect to working conditions

Axfood imposes requirements with respect to working conditions that must be fulfilled by its suppliers in accordance with Axfood's Code of Conduct.



Step 1: Screening

Suppliers must show how the Code of Conduct is followed up in the production chain at the ingredient level. Axfood approves certifications, social audits and collective bargaining agreements. Collaborations with voluntary organisations and trade unions are also taken into consideration. Verification is requested.



Step 2: Identification

Suppliers must provide an account of the entire production chain as well as the potential social and environmental risks and the actions taken to reduce these risks. Level of knowledge and actions are taken into consideration. Feedback on risk analyses is provided in conjunction with this assessment.



Step 3: Selection

Selection is made based on assessment of sustainability level. Purchasing is steered toward suppliers with developed sustainability work. Suppliers with insufficient checks are excluded from the purchasing process.

## PEOPLE

## Climate work in the supply chain

In 2023, a risk analysis carried out focused on how Axford's purchasing affects, and is affected by, biodiversity loss and a changing climate. The analysis focused on the selected goods rice, fresh tomatoes, milk and coffee. The results showed that going forward Axford needs to introduce measures to address risks related to climate change and biodiversity loss.

The Climate Education Tool, launched in 2022, was revised and refined during the year, and translated into Mandarin. The tool, which was developed together with companies within the Axel Johnson Group and with the support of Axfoundation, is intended to make suppliers' work easier when it comes to planning and reducing carbon emissions in their own operations and to provide concrete advice about how to address emissions in the entire value chain. The Climate Education Tool includes training modules and guidance for how companies can survey their emissions and formulate and follow up on climate goals.

During the year, a survey of climate goals and agendas among suppliers of private label products was carried out. The results showed that over half of suppliers have emissions goals for their own operations and that many also have goals aimed at net zero emissions before 2030. Most suppliers have initiated climate-related work, with a focus on climate calculations and on formulating strategies and goals. Follow-up and dialogues have been started with a focus on suppliers that have not yet set any emissions goals.

Axford has participated in the WWF's Sustainable Food Supply Chain Corporate Partnership for several years, together with 14 other Swedish food retail companies. A shared road-map for a more sustainable food supply chain has been created to address the climate, biodiversity, resource efficiency, animal welfare and human rights.

## Social audits

The risk of deviations from Axford's Code of Conduct is believed to be greatest if products are manufactured in or contain ingredients or material from risk countries. The Group employs the organisation Amfori BSCI's classification of risk countries. In addition, there are risk sectors in countries that are not traditionally regarded as risk countries. Axford's suppliers and sub-suppliers of private label products operate in approximately 40 such countries. Axford requires social audits in all risk countries to ensure compliance with the requirements laid out in the Code of Conduct.

Amfori BSCI performs many of Axford's social audits, but audits according to the SEDEX and SA8000 standards, for example, are accepted as well. The audits by Amfori BSCI are broken down into five levels on a scale from A to E, where D and lower requires suppliers to submit an action plan and explain the main reasons for any deviations. Suppliers that are audited via Amfori BSCI are followed up through an established procedure within the framework of the audit system. Action plans are required and follow-up audits are conducted as needed. All action plans and follow-up audits are conducted, depending on the score, within 12 months to ensure that adequate measures have been completed. There is a zero tolerance policy for particularly urgent cases of serious human rights violations, such as child labour and compulsory labour, or where there is an immediate danger to health and safety. Serious deviations are followed up directly with the supplier in accordance with an established process. In these cases, Amfori BSCI convenes immediate meetings with the supplier and buyers involved to agree upon an action plan.

## Social impact in the supply chain

## GRI 414-2 Negative social impacts in the supply chain and actions taken

	2023	2022	2021
Number of private label suppliers assessed by Amfori BSCI for social impacts	88	93	93
of which, follow-up audits	29	0	36
Number of private label suppliers identified as having negative social impacts	5	4	11
of which, number of suppliers that received a score of D	4	3	10
of which, number of suppliers that received a score of E	0	0	0
of which, number of suppliers for which no score available <sup>1)</sup>	1	1	1
of which, number of suppliers with identified zero-tolerance deviations	0	0	0
Number of private label suppliers identified as having negative social impacts where action plans have been drawn up	4	3	9
Number of private label suppliers identified as having negative social impacts where action plans have not been drawn up	0	0	1
Share of private label suppliers identified as having negative social impacts where action plans have been drawn up, %	100	100	90
Number of suppliers identified as having social impacts where the relationship was terminated	1	1	1
Share of private label suppliers identified as having social impacts where the relationship was terminated, %	1	1	1

1) The assessment was according to the SA8000 standard.

During the year, Amfori BSCI conducted a total of 88 (93) social audits of private label suppliers and sub-suppliers, slightly fewer than in the preceding year. However, a total of 433 (363) suppliers in risk countries are subject to various types of social audits and sustainability standards. In total, 5 (4) suppliers were identified as having some sort of deviation from the Amfori BSCI audit system. Most deviations refer to health and safety violations combined with excessive working hours and inadequate management to meet the requirements of the Code of Conduct. These violations have been followed up in accordance with the current procedure for establishing action plans. In one case, Axford chose to terminate a business relationship because the supplier could not ensure acceptable follow-up of the Code of Conduct.

## Suppliers – anti-corruption and bribery

Through its Code of Conduct, Axford requires contract suppliers to take active steps to prevent corrupt conduct. Local suppliers that are dealt with directly by store managers are not included. When suppliers agree to the Code, they pledge that they have an anti-corruption policy and procedures to monitor corruption and unethical behaviour. The above requirement also applies to sub-suppliers. Axford's Code of Conduct stipulates zero tolerance for the presentation of false verbal or written information and the offer or acceptance of bribes or corruption. If a supplier violates any of these terms and does not rectify the shortcomings within the agreed time, this is sufficient to terminate the relationship. Monitoring of corruption risk in the supply chain is conducted in the case of suppliers of private label products that are made in risk countries, where the risk of corruption is considered to be greatest. Monitoring is carried out through social audits and dialogue with suppliers. In some cases, this work is made more difficult since it is hard to gain insight into the sub-supplier level, especially finding out whether sub-suppliers have engaged in corrupt conduct. Sustainability officers follow up on social audits, and Amfori BSCI also conducts extensive integrity work including unannounced spot checks and reviews audits to identify any irregularities in audit documentation. Axford has training on corruption issues in the supply chain for all employees in purchasing and quality assurance functions. The aim is to improve and develop internal processes in order to be able to combat corruption preventively in the supply chain.

## Incidents of corruption

## GRI 205-3 Confirmed incidents of corruption and actions taken

	2023	2022	2021
Number of confirmed incidents of corruption, external	0	0	0
Number of confirmed incidents where contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0

As in the prior years, Axford had no incidents of corruption to report for 2023. A total of 88 (93) social audits were conducted by Amfori BSCI during the year, including corruption and deviation from Axford's ethical guidelines. 85 (89) of the audits noted no remarks, while 3 (3) noted minor deviations. No audits noted major deviations. No supplier agreements were discontinued during the year as a result of false information or a lack of business ethics.



## PEOPLE

### Diversity enriches

Axfood is a values-governed and inclusive company that strives for an even gender breakdown and broad international representation among its employees. The employees' diversity of talents, competencies, backgrounds and perspectives creates new opportunities, leads to better decisions and makes a positive contribution to the business.

### Diversity and inclusion

Axfood endeavours to reflect the diversity of customers and offer all of its employees fair opportunities to contribute and grow professionally. Axfood aims to be an inclusive employer where everyone is treated with respect and where skills and potential are valued above demographic, cultural and socioeconomic differences. All workplaces are to be free from all forms of discrimination and offensive treatment.

Axfood has guidelines and governance documents that stress the importance of employees' varying talents, competencies, backgrounds and perspectives, such as ethical conduct rules and an equal treatment policy.

Axfood works to increase diversity among its employees by ensuring objective and fair recruitment processes. Ambitious long-term targets ensure that the Company is moving toward a more even balance between men and women in management positions. Succession planning is one way of securing and retaining competence, diversity and equal opportunity within the organisation. This work is driven through transparency and continuous follow-up of target achievement.

One measure of gender equality is the share of women in management positions, and this is monitored internally for the individual companies on a monthly basis and communicated externally in interim reports and in the Annual and Sustainability Report. The share of women in leadership training courses is also reviewed.

### Gender equality

Gender breakdown, %	Men			Women		
	2023	2022	2021	2023	2022	2021
Board of Directors	57	57	57	43	43	43
Executive Committee	45	45	50	55	55	50
Management teams of Group companies, including Group and staff management	54	56	52	46	43	48
Employees in management positions	49	49	53	51	51	47
Employees, salaried	51	47	53	49	53	47
Employees in warehouses, e-commerce and transport	81	81	76	19	19	24
Employees, stores	36	35	34	64	65	66
<b>Total</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>54</b>	<b>54</b>	<b>54</b>

The share of men in Axfood in 2023 was 46% (46) and the share of women was 54% (54). Axfood has set a target to have a gender breakdown in management positions within a range of 40–60%. During the year, the share of women in management positions was 51% (51). Axfood's Executive Committee consists of six women and five men.

### Diversity

Share of employees with international background, %	2023	2022	2021
Management teams of Group companies and Group and staff management	8	8	7
Managers (including team managers)	18	17	16
Employees, salaried	17	15	15
Employees in warehouses, e-commerce and transport	45	44	43
Employees, stores	28	28	28
<b>Total</b>	<b>29</b>	<b>29</b>	<b>28</b>

Axfood's target has been that 20% of the Group's managers will have an international background, meaning individuals who were either born outside Sweden or whose parents were both born outside Sweden. In 2023, this share amounted to 18% (17).

### Business ethics and discrimination

To maintain a high level of trust among customers, suppliers and other stakeholders, it is important to uphold and strive for transparency and good business ethics. All individuals who perform work for Axfood or who in some other way represent the Group are – in addition to acting in accordance with applicable regulations and laws – obligated to adhere to the Group's ethical conduct rules and equal treatment policy. Contract suppliers are required to certify that they accept Axfood's Code of Conduct. In addition, to ensure adherence to the ethical guidelines and Code of Conduct, all employees with an authorisation right, or who can in some other way influence purchasing decisions for products or services, are required to sign the ethical conduct rules when they are hired and then every year thereafter.

Axfood's whistleblower service contributes to compliance with the Code. It is a key tool for upholding sound corporate governance and contributing to an effective process in which risks and deficiencies in the operations are identified, so that they can be investigated and remedied. The whistleblower service, which covers all companies in Axfood, consists of one Group-wide reporting channel and several company-specific reporting channels. The whistleblower chooses the appropriate channel to use. This technical solution is provided by an external contractor, which enables anonymous reporting. Reported cases are initially addressed by a law firm. The number of cases reported and handled is reported to the Board annually.

The cases reported via the whistleblower function in 2023 were addressed in accordance with the established guidelines and procedures. 11 (3) of the cases reported qualified as whistleblower cases and were addressed and concluded. The cases that did not qualify as whistleblower cases were either handed over to the relevant function at the company in question to be addressed, usually by the responsible HR manager, or the reporting party was encouraged to make similar contact themselves.

### Healthy habits

Ill-health is a major societal problem, where eating habits, lifestyle and work environment are common contributors. Axfood will work to support a healthier Sweden by offering its employees a healthy work environment with good working conditions that contribute to a low rate of sickness-related absence. Through quality assurance work, Axfood ensures and offers a varied assortment of healthy products that encourage good food habits and good health.

### Work environment and employee health

Axfood is developing at a rapid rate, and increased complexity is placing new demands on Axfood's employees. It is also becoming increasingly important to attract, develop and retain the right competence. Employees are to be offered a safe and healthy work environment which, together with good working conditions, creates a sustainable work climate with low sickness-related absence and good health.

### Governance and work approach

Work environment and health are addressed in Axfood's Code of Conduct, and a Group-wide work environment policy covers all companies and employees. Work environment and health initiatives are included as a natural part of the operations and are conducted through cooperation between employers, employees and the employee unions. Managers, employees and the unions are to actively participate in the effort to achieve a good work environment that promotes employees' health. Axfood has a central HR organisation and local HR departments in the Group's companies. At the central level, HR specialists work with Group-wide processes, systems and training. This work is supported by an employee manual, a work environment committee and employee support. The Group works both closely with operations and strategically on issues pertaining to employees and their development.

Axfood has a Group-wide training unit for skills development, Axfood Academy. All employees have both the opportunity and an obligation to pursue continuing education and skills development. Employees receive relevant training for their roles and participate in performance reviews with their immediate supervisors at least once a year. Together they draw up, decide on and follow up every employee's development plan. Leaders take leadership courses, where they receive training in matters such as Axfood's core values and leadership model, sickness-related absence, rehabilitation, recruitment and the work environment. They are also provided with tools to be able to act on early signs of ill-health and strive to decrease the sickness-related absence rate through proactive wellness initiatives.

Axfood acts in accordance with labour and work environment laws as well as with collective bargaining agreements. Axfood believes that its governance of strategic employee matters is appropriate. All employees are employed by companies in the Group and are thus covered by collective bargaining agreements. Parts of operations are conducted by contractors or consultants, and for these individuals, work environment laws and regulations that apply for the respective workplaces are followed.

### Monitoring

Axfood has high demands for a good working environment. Trends in incidents, injuries, employee turnover and the sickness-related absence rate are monitored closely, which is a way of evaluating the effectiveness of the continuing work with employee health and the work environment.

Employee turnover and the sickness-related absence rate are monitored internally at the Group and company levels on a monthly basis and are communicated externally on a quarterly and yearly basis. Key ratios are also monitored per contract area. Significant deviations from previous periods may be an indication of shortcomings in the operations and dissatisfaction among employees. The earlier these are detected, the greater the potential there is to influence, investigate and remedy.

Work environment initiatives within Axfood are governed, conducted and monitored through work environment committees. At the Group level, there is a work environment group made up of union representatives, a chief occupational safety officer, representatives from Axfood's companies and Axfood's central work environment function. At the company level, work environment committees are normally established at three different levels: central,

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regional and local. The local safety committees cover operations in warehouses and stores. At smaller workplaces without their own local safety committee, work environment activities take the form of safety inspections and employee meetings. This means that also employees at these workplaces have an influence over their work environment activities.

Axfood has system support and procedures to identify early signs of ill-health. Managers conduct well-being talks with employees in cases of repeated sickness-related absence. Talks are aimed at deciding together on measures for preventing ill-health and sick leave.

To ensure that managers have knowledge about procedures, training in systematic work environment initiatives, sickness-related absence, the rehabilitation process, and organisational and social work environments is mandatory.

Sickness-related absence			
%	2023	2022	2021
Share of sickness-related absence	6.4	7.0	6.7

The rate of sickness-related absence in 2023 was the lowest since 2019 and totalled 6.4% (7.0). Absence declined as the effects of the pandemic subsided. Axfood's target is for sickness-related absence not to exceed 5.3%.

Product safety

All of Axfood's products are to comply with legislative requirements for health and food safety. If serious deficiencies in food safety, hygiene, the cold chain or product liability are identified for a specific product that risks customers' health and safety, the product is recalled immediately.

Deficiencies related to product safety could cause financial loss as well as harm to the brand. Axfood therefore works actively in this area, through measures including extensive internal inspection programmes in stores and quality assurance of private label products. Work encompasses the entire process, from recipe formulation and choice of additives to manufacturing. Relevant requirements are stated in the quality and sustainability strategy, which serves as an internal governance document and guidance on matters pertaining to product and food safety as well as other important requirements for product and production quality. The strategy stipulates specific requirements for the respective product categories. Information on ingredients and composition is reviewed with respect to both internal policies and applicable laws. Only products that fulfil all internal and external criteria may be sold. This ensures that products sold in Axfood's stores are safe for consumption and that information on constituent ingredients is accurate.

Compliance with and follow-up of the quality and sustainability strategy are integral parts of daily operations. Axfood has a policy that food suppliers must be certified according to a standard approved by the Global Food Safety Initiative (GFSI). For Axfood's household chemical products, cosmetics, skin care products and non-food products, the suppliers must be certified according to ISO 9001. The quality and sustainability strategy is updated annually as existing requirements are expanded or new ones are implemented. Dagab's quality and sustainability department is responsible for ensuring that both existing and new products meet requirements. In stores and warehouses, daily arrival and temperature checks are conducted, and clear procedures are in place for handling, for example, unpackaged foods to ensure that food hygiene is maintained and to uphold the integrity of the cold chain.



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## Product recalls

Despite Axfood's quality work and internal inspection programme, products are sometimes recalled. This happens when a product is deemed to pose a health risk or due to incorrect labelling or a quality defect. Clear internal procedures and action plans are in place for product recalls, and serious recalls are communicated to the public via press release.

## Product recalls

**416-2 Incidents of non-compliance concerning the health and safety impacts of products and services**

Number of recalls due to quality defects	2023	2022	2021
Private label products <sup>1)</sup>	23	25	33
Branded products	78	63	100
<b>Total</b>	<b>101</b>	<b>88</b>	<b>133</b>

1) Of which, 13 (5) were of a serious nature.

In 2023, a total of 101 (88) product recalls were conducted, most of which pertained to branded products. Listeria and salmonella in eggs was one of the reasons for the increase in recalls. 13 (5) recalls of private label products were of a serious nature. No recalls resulted in the imposition of fines.

## Healthy choices

Axfood offers a varied assortment of healthy products that encourage good food habits. Both existing and new products in the assortment are continuously reviewed from a health perspective with the goal of minimising ingredients with negative health effects. The basic rule is not to use unnecessary additives, and additives such as for example azo dyes are never used. Any additives used must fulfil key functions.

Long term work is ongoing to reduce the amount of salt and sugar in private label products without affecting the taste. Goods that consumers do not expect to contain sugar are prioritised. A proposal to introduce mandatory thresholds for sugar and salt in some foods, and for Sweden to accept financial support from an EU programme to promote fruits and vegetables at school, was introduced in the annual Food 2030 report, Axfood's proposals for a sustainable food strategy.

In 2023, several new private label products with a health profile were launched, such as grilled frozen vegetables, salad meals, smoothies, dried banana snacks, ginger and turmeric shots, and Keyhole-labelled mince (Nöt & Grönt) with equal parts vegetables and beef.

Axfood will contribute to a healthier Sweden by encouraging its customers and employees to live a healthier and more sustainable lifestyle. Better public health and good food habits for everyone can be promoted by increasing knowledge and facilitating healthy choices among consumers. Axfood has initiated a long-term partnership with Generation Pep to ensure that children and young people have the right and the opportunity to live an active, healthy life. The organisations will work together to spread information about making healthier choices, and facilitate and conduct activities that encourage children and young people in this area.

## Employees

## GRI 2-7 Employees

Gender breakdown by employment contract	Men			Women			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Permanent and probationary	6,774	6,556	6,046	7,814	7,512	7,141	14,588	14,068	13,187
Temporary employment	467	503	426	771	787	814	1,238	1,290	1,240
<b>Total</b>	<b>7,241</b>	<b>7,059</b>	<b>6,472</b>	<b>8,585</b>	<b>8,299</b>	<b>7,955</b>	<b>15,826</b>	<b>15,358</b>	<b>14,427</b>

Employment contract by contract area	Retail			Warehouses			Salaried employees			Transport			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Permanent and probationary	9,921	9,436	8,615	2,367	2,436	2,587	2,267	2,159	1,947	33	37	38	14,588	14,068	13,187
Temporary employment	1,078	1,129	1,055	70	98	131	90	63	54	0	0	0	1,238	1,290	1,240
<b>Total</b>	<b>10,999</b>	<b>10,565</b>	<b>9,670</b>	<b>2,437</b>	<b>2,534</b>	<b>2,718</b>	<b>2,357</b>	<b>2,222</b>	<b>2,001</b>	<b>33</b>	<b>37</b>	<b>38</b>	<b>15,826</b>	<b>15,358</b>	<b>14,427</b>

Gender breakdown by employment type	Men			Women			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Full-time employment	4,363	4,380	4,069	3,201	3,025	2,839	7,564	7,405	6,908
Part-time employment	2,878	2,679	2,403	5,384	5,274	5,116	8,262	7,953	7,519
<b>Total</b>	<b>7,241</b>	<b>7,059</b>	<b>6,472</b>	<b>8,585</b>	<b>8,299</b>	<b>7,955</b>	<b>15,826</b>	<b>15,358</b>	<b>14,427</b>

The disclosure above shows the total number of employees, which is different from the calculation of total number of full-time equivalents (FTEs).



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## New employee hires and employee turnover

## GRI 401-1 New employee hires and employee turnover

Age	-29 years			30-49 years			≥50 years			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Number of new employee hires	1,449	1,290	1,010	518	537	453	122	138	93	2,089	1,965	1,556
Hiring turnover, %	23.7	23.8	21.4	8.8	9.0	9.6	4.7	5.1	3.5	14.3	14.0	11.8
Number of employees who have left	1,865	1,823	1,416	685	918	711	179	190	134	2,729	2,931	2,261
Employee turnover, %	30.5	33.6	30.1	11.6	15.4	15.1	7.0	7.0	5.1	18.7	20.8	17.1

Gender breakdown <sup>1)</sup>	Men			Women			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Number of new employee hires	980	856	700	1,109	1,109	856	2,089	1,965	1,556
Hiring turnover, %	14.5	13.1	11.6	14.2	14.8	12.0	14.3	14.0	11.8
Number of employees who have left	1,140	1,202	958	1,589	1,729	1,303	2,729	2,931	2,261
Employee turnover, %	16.8	18.3	15.8	20.3	23.0	18.2	18.7	20.8	17.1

1) Reported figures only include employees stating a binary gender designation.

Contract area	Retail			Warehouses			Salaried employees			Transport			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Number of new employee hires	1,388	1,441	881	476	288	502	224	233	164	1	3	9	2,089	1,965	1,556
Hiring turnover, %	13.9	15.3	10.2	20.1	11.8	19.4	9.9	10.8	8.4	3.0	8.1	23.7	14.3	14.0	11.8
Number of employees who have left	2,181	2,222	1,578	387	452	512	157	252	164	4	5	7	2,729	2,931	2,261
Employee turnover, %	22.0	23.5	18.4	16.3	18.6	19.8	6.9	11.7	8.4	12.1	13.5	18.4	18.7	20.8	17.1

The number of new employees increased year on year to 2,089 (1,965). Employee turnover amounted to 18.7% (20.8).



# Reporting principles and definitions

## Boundaries

Axfood's sustainability report mainly covers the parts of the operations that have a significant and direct impact from a sustainability perspective – primarily the Group's own operations. Information that includes the independent retailers is presented when it is significant for providing a comprehensive picture of the Group's sustainability efforts. Activities that are outside the Group's direct control, such as the operations of suppliers of branded products, as well as customers' activities are not included in the report unless stated otherwise.

## Significant changes in the scope and boundaries of the reporting

- Reporting of indirect greenhouse gas (GHG) emissions from food sales (carbon dioxide equivalents, CO<sub>2</sub>e) have been added during the year.
- During the year, the key performance indicator for the share of women in management positions was redefined to also include team managers. Comparison figures for 2022 have been restated, which results in an increase in the key ratio outcome of approximately 15 percentage points (35 percent to 51 percent for 2022).
- The key performance indicator for the share of sales of sustainability-labelled fish and shellfish has been redefined and is now reported in volume (kilos) instead of in SEK. This leads to better follow-up of actual consumption. Comparison figures have been restated.
- Emissions from company cars in 2022 has been restated due to access to more accurate activity data. The value thus increases from 357 to 392 tonnes of CO<sub>2</sub> equivalents.
- Emissions from purchased supplementary heat from 27 of stores in Willys and 17 of stores in Snabbgross are included from 2023. Emissions from purchased heat (Scope 2) thus increased from 273 to 467 tons of CO<sub>2</sub> equivalents, and emissions associated with fuel production of purchased heat (Scope 3) increased from 30 to 53 tonnes of CO<sub>2</sub> equivalents. Comparison figures have been restated.

## Emissions and climate impact

Data is collected internally and from relevant suppliers. Climate data is generally associated with a certain level of uncertainty owing to varying measurement methods and data quality. A GHG emissions disclosure is also prepared within the framework of the Haga Initiative corporate climate action network. Total greenhouse gas emissions is reported in tonnes of carbon dioxide equivalents (CO<sub>2</sub>e). Recalculation to CO<sub>2</sub>e consists of mainly carbon dioxide, methane and nitrous oxide as well as f-gases. Reporting is in line the GHG protocol, with Axfood applying operational control as its consolidation method. This means that emissions are broken down according to who generates them in the use of resources. Specific emissions factors have been used to calculate Scope 1, 2, and 3 emissions in accordance with the market-based method. For calculations of Scope 2 emissions in accordance with the location-based method, the Nordic average mix for the full-year 2022 has been used: 90.4 g CO<sub>2</sub>/kWh. As a comparison, the Nordic average mix for 2021 was 90.4 g CO<sub>2</sub>/kWh. In 2023, Axfood initiated a screening and review of the Group's direct and indirect emissions with the assistance of external consultants in order to quality-assure its existing climate calculations and map out and measure emissions in various stages of the value chain. A complete report on the results of the review will be published in the Annual and Sustainability Report 2024.

## Emissions and climate impact from food sales

Reported in absolute numbers and according to the intensity measurement average CO<sub>2</sub> equivalents per kilo of food sold. These calculations include land use and emissions factors taken from the RISE food climate database. The calculations exclude changes in land use, non-food items, packaging, and other goods and services. The selection includes Group-owned stores for Willys, Eurocash, Hemköp and Snabbgross.

## Energy consumption

Reported in megawatt hours (MWh) and includes electricity consumption, heating and cooling. Calculations include only offices, warehouses and stores for which Axfood is the lease holder, except for three warehouses where certain data is provided directly by the lessor. Stores where district heating is part of the rental cost are not included. Purchased supplemental heat is included for five warehouses, 27 of Willys' stores and 15 of Snabbgross' stores. In 2023, one of Snabbgross' stores had measurement errors which meant that these were excluded. Newly established stores and warehouses are included in reporting starting from the opening month. The selection includes electricity consumption under joint contracts for a total of 303 of Axfood's Group-owned stores, three office buildings and ten warehouses. Retailer-owned stores are not included. Self-generated energy pertains to solar power from 19 of the Group's own solar panel systems and self-produced heat from refrigeration units at four warehouses. Data pertains to consumption during the 2023 calendar year.

## Energy intensity

Electricity consumption (MWh) under joint agreements as a percentage of Axfood's net sales (SEK m). The data presented pertains to actual consumption during the 2023 calendar year.

## Electricity consumption in stores and warehouses

Electricity consumption is reported as the number of kilowatt hours (kWh) of purchased electricity used per square metre. The number of square metres corresponds to the total area of all stores and warehouses under the centralised agreement. All data pertains to consumption during the 2023 calendar year.

## Refrigerants

Includes refills of refrigerants in all warehouses and stores, and refrigeration units in trucks. The data is based on statutory refrigerant reports. Information on refrigerants in warehouses and stores pertains to the preceding year's consumption. For carbon dioxide emissions, the Global Warming Potential (GWP) for the respective types of refrigerants has been calculated using emissions factors from the IPCC (2006).

## Transports

Primarily pertains to transports between warehouses and stores, but also e-commerce.

## Group-owned transports

Reported data is based on consumption from 200 (180) heavy-duty trucks and 86 (90) light trucks. Data is collected from fuel suppliers. Emissions factors are compiled with the aid of documentation from the Swedish Energy Agency and fuel producers. Reported data for

Group-owned transports is presented for the period December 2022–November 2023.

Emissions have been calculated in accordance with the so-called reduction obligation.

The volume of emissions (kilos) per tonne of delivered goods is based on purchased fuel (litres) in relation to total transported goods (tonnes) between warehouses and stores. Data pertains only to goods delivered using the Group's own fleet.

## Procured transports

For procured transports, reported data is based on 374 (317) trucks. Data on fuel consumption and emissions has been obtained from the Swedish Association for Road Transport Companies. Data for procured transports is presented for October 2022–September 2023.

Emissions have been calculated in accordance with the so-called reduction obligation.

## Waste

Reported waste is attributable to data from waste handling contractors, based on the number of collections made during the current reporting period. Data is reported as the number of tonnes for Group-owned stores and warehouses. Stores opened or closed are included from the date they were included in or eliminated from the financial reporting.

## Employees

Reported data includes employees in Axfood's operations except for employees of Urban Deli AB and Hall Miba AB. Internal consultants are not included. Active employees without a specified binary gender designation are not included in the calculations of gender equality or employee turnover. Since Axfood's operations are conducted exclusively in Sweden, the number of employees is not reported by region.

## Employee turnover

Employee turnover pertains to the number of persons who began and left during the year in relation to the total number of employees. Reported numbers do not include deaths, terminations, retirements as well as acquired or divested businesses.

## Gender equality

Calculated as the share of women in management positions at the end of the period. Management position refers to employees who are defined as managers, including team managers with employee responsibility and members of the Executive Committee. The calculation is based on data from Statistics Sweden.

## Sickness-related absence

Based on hours of sickness-related absence in relation to scheduled work time. Internal consultants and employees on parental leave or leave of absence are not included. Sickness-related absences for 2023 pertain to time worked during December 2022–November 2023.

## Diversity

Diversity is defined as the number of employees with an international background in relation to the total number of employees. Employees with an international background refers to employees who were either born outside of Sweden or whose parents were both born outside of Sweden. The calculation is based on data from Statistics Sweden.



**REPORTING PRINCIPLES AND DEFINITIONS****Suppliers**

Information about socially audited suppliers pertains to active suppliers of the Group's private label products in high risk countries whose production facilities have undergone either an initial or follow-up social audit in accordance with any of the third-party audits that Axfood accepts. How long a supplier is considered to be approved depends on the pertinent standard's principles or the audit report. Main suppliers are contractual partners or the suppliers that the Group makes its direct purchases from. Production facility refers to a factory, warehouse or farm. Countries with a high risk level are defined in accordance with Amfori BSCI's definition for the current reporting period.

**Assortment****Share of organic sales**

Sales of organic-labelled products with a valid sustainable label as a percentage of total food sales. Includes Group-owned stores for Willys, Eurocash, Hemköp and Snabbgross.

**Share of sustainability-labelled products**

Sales of sustainability-labelled products with a valid sustainable label as a percentage of Axfood's total retail sales. The selection includes Group-owned stores for Willys, Eurocash, Hemköp and Snabbgross.

**Share of KRAV-certified meat**

Sales of KRAV-certified meat items (fresh and frozen) as a percentage of the total sales of meat products. Includes Group-owned stores for Willys, Eurocash, Hemköp and Snabbgross.

**Growth in vegetarian protein substitutes**

Growth in sales of vegetarian protein substitutes compared with the corresponding period a year ago. Refers to all items included in the refrigerated and deep frozen main categories. The selection includes Group-owned stores for Willys, Eurocash, Hemköp and Snabbgross.

**Fresh and frozen fish and shellfish**

The per kilo share of Axfood's total sales attributable to sales of fish and shellfish products certified according to MSC, ASC and/or KRAV (fresh and frozen). The selection includes Group-owned stores for Willys, Eurocash, Hemköp and Snabbgross.

**Food waste**

The purchase price of products thrown out in relation to Axfood's food sales. Defined as the registered amount of total waste plus returns and unknown waste from fruits and vegetables that has been taken stock of. Food waste that is donated to charity is not included. The reporting includes Willys, Hemköp (including retailer-owned stores), Snabbgross and Dagab. Reported data pertains to the 2023 calendar year.

**Precautionary principle**

The precautionary principle is one of the fundamental principles for generally accepted reporting standards and is central to environmental legislation and international standards. The precautionary principle is applied to sustainability where necessary, such as in reporting estimates. The precautionary principle, as defined in environmental legislation, international standards and principles, and the UN Global Compact, is also to be followed in all stages of Axfood's value chain and in the Group's business relationships.





# Axfood's reporting in accordance with the EU Taxonomy Regulation

The purpose of the EU Taxonomy (EU 2020/852) is to make it easier to identify and compare environmentally sustainable investments through a common classification system. Large undertakings which are public-interest entities affected by the sustainability reporting requirements of the Non-Financial Reporting Directive must report the proportion of their economic activities that is Taxonomy-eligible.

The Taxonomy is based on economic activities that research shows are responsible for a large share of GHG emissions, and that the EU deems to have a critical role to play in the transition to a climate-neutral, climate-resilient and more resource-efficient economy. Axfood's food retail business is not one of the above referenced activities, so only a limited proportion of the company's economic activities is Taxonomy-eligible. Although Axfood's main activities are not Taxonomy-eligible, the Group is still considered able to contribute to the transition. Axfood has engaged in thorough sustainability efforts, with sustainability as an integral part of the business, for many years. Even if the Group's sustainability targets are not currently Taxonomy-eligible, several of them reflect the UN Sustainable Development Goals (SDGs).

Only a very limited proportion of Axfood's turnover qualifies as direct revenue-generating activities according to the Taxonomy. However the Group has an indirect impact on the economic activities mentioned in the Taxonomy on climate change mitigation and adaptation. The Group's investments in property, plant and equipment and right-of-use assets as well as related costs are the main parts of the activities that are Taxonomy-eligible. Axfood's Taxonomy-eligible activities, which may be environmentally sustainable now or in the future, are disclosed here together with the relevant reporting policies.

During the reporting year, new appendixes for the remaining four environmental objectives have been published, which means that additional economic activities may become relevant for reporting under the Taxonomy. Companies must report on alignment with these four environmental objectives from 1 January 2024. One such potential activity that has been identified for Axfood is the production of plastic packaging for the Group's private label products. Since Axfood uses external suppliers for the production of plastic packaging, an assessment needed to be carried out to determine the degree of responsibility and control that Axfood is assumed to have in order to be required to report this activity under the Taxonomy. However, the Group was not deemed to have a sufficiently high level of control over the production processes to conduct such an assessment since Axfood does not own raw materials or packaging but rather buys finished products directly from suppliers.

## Assessment of Taxonomy-eligible activities

### Freight transport services by road

Axfood conducts economic activities in category 6.6 Freight transport services by road that qualify as contributing substantially to the environmental objective Climate change mitigation with respect to turnover from e-commerce, capital expenditures for own trucks and operating expenses for maintenance and repairs of own trucks.

Approximately 0.1% of Axfood's retail sales corresponds to invoiced shipments for the e-commerce deliveries shipped by own trucks. Axfood is becoming increasingly dependent on transports with the growth of e-commerce. The Group's own fleet is being converted to reduce carbon emissions by using more renewable fuels and becoming more fuel-efficient.

Dagab is responsible for the Group's logistics flow. Products from suppliers are distributed from the store warehouses to stores belonging both to the Group and to external customers. Separate e-commerce warehouses handle home deliveries in the Stockholm and Gothenburg areas. Home deliveries from the Group's e-commerce warehouses are primarily distributed using own trucks, while store-to-home deliveries are made using a service provider.

Taxonomy-eligible capital expenditures pertains to Group-owned trucks, which have a clear connection to the core business.

A complete assessment of Taxonomy-aligned economic activities has not yet been concluded. Axfood is dependent on third parties and has not received complete information regarding whether the vehicles qualify as not doing significant harm to the other environmental objectives in the Taxonomy. While it was not possible to determine whether the economic activity qualifies as Taxonomy-aligned, adjustments have been made to the purchasing terms to ensure that, going forward, the Group chooses tire classes that are Taxonomy-eligible.

### Transport by motorbikes, passenger cars and light commercial vehicles

Axfood conducts economic activities in category 6.5 Transport by motorbikes, passenger cars and light commercial vehicles that qualify as contributing substantially to the environmental objective Climate change mitigation with respect to purchases of Taxonomy-eligible goods and services. More specifically, this relates to capital expenditures for leases of passenger cars and company cars. Axfood is dependent on data from third parties to confirm whether these activities are Taxonomy-aligned and began conducting assessments during the year by gathering the necessary information from its lessors. However, the Group has not received complete information regarding whether the vehicles qualify as not doing significant harm to the other environmental objectives in the Taxonomy.

## Acquisition and ownership of buildings

Axfood conducts economic activities in category 7.7 Acquisition and ownership of buildings that qualify as contributing substantially to the environmental objective Climate change mitigation with respect to purchases of Taxonomy-eligible goods and services. More specifically, this relates to capital expenditures for new and renegotiated leases for premises that house stores and warehouses.

Axfood began conducting assessments during the year by gathering the necessary information from property owners in order to confirm whether these activities are Taxonomy-aligned. To evaluate significant contribution to the climate goal, it was assessed whether the properties in question have a valid energy declaration of class A. In a next step to assess the criteria for not causing significant harm (DNSH), documentation has been requested from property owners for a climate risk analysis to be carried out, documentation with information about the property's exposure to various climate-related risks and suggestions for appropriate actions and adaptations. However, information from property owners in 2023 was still insufficient to a large extent, and verification of whether activities are Taxonomy-aligned could only be completed for 0.5% of the buildings. This lack of information is a clear indication that many companies have not yet achieved a sufficient level of maturity in reporting. However, the work that has been carried out has laid a foundation for the Group's collaboration with third parties that will likely facilitate future reporting.

## Reporting principles

The proportion of environmentally sustainable activities in accordance with the Taxonomy is to be disclosed through three financial key performance indicators (KPIs), broken down by each of the EU's six environmental objectives. Axfood's methodology for calculating these three KPIs is described below. The risk for double counting is mitigated as Axfood is only reporting on one environmental objective, *Climate change mitigation*. The other environmental objectives are deemed as not relevant with respect to the Group's economic activities.

Economic activities must meet the criteria for substantial contribution and DNSH, however in addition must also ensure that minimum protective measures are met. This means that Axfood has to ensure that the Group has routines and processes in place for managing human rights, anti-corruption, taxation, and fair competition. The Group's Code of Conduct also stipulates that the Group is in line with guidelines such as the UN's Human Rights Declaration, the International Labour Organisation's (ILO) fundamental conventions, the UN Global Compact, the UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Convention on the Rights of the Child and Business Principles. Axfood works according to a due diligence process for human rights which is described on page 93, and the work with anti-corruption is handled on page 95. Axfood has a compliance policy and has also not breached its compliance with respect to legislation and regulations in taxation or competition law. Questions about honourable competition is handled in Axfood's ethical rules of conduct. The general assessment is therefore that the Group's existing routines and processes are adequate to fulfil the minimum protective measures.

TAXONOMY

Turnover

Net turnover corresponds to the reported revenue for the financial year (see net sales for the Group on page 45 and in Note 3). Policies for consolidated revenue recognition are described in more detail in Note 1. The proportion of Axfood's turnover that is Taxonomy-eligible corresponds only to e-commerce revenue from deliveries/freight.

Capital expenditures

Axfood's non-current assets often comprise right-of-use assets for warehouse and store premises, vehicles and some other equipment. Axfood mainly leases its warehouse and store premises, which is why a majority of the Group's reported non-current assets are attributable to right-of-use assets for leases signed by the Group. The property owner is usually responsible for maintenance, renovation and repairs (see Note 15). Other investments in non-current assets consist of store and warehouse equipment, machinery and IT equipment, and vehicles.

The value of Taxonomy-eligible assets corresponds to the cost for these assets divided by total acquired non-current assets, including right-of-use assets during the current reporting period (see notes 14, 15 and 20). Total capital expenditures concerns additions to property, plant and equipment and intangible assets during the year after deducting depreciation/amortisation and any impairment, with the exception of changes to fair value. Also included are additions to, and revaluations of, right-of-use assets as well as property, plant and equipment and intangible assets related to business combinations. Goodwill is not included.

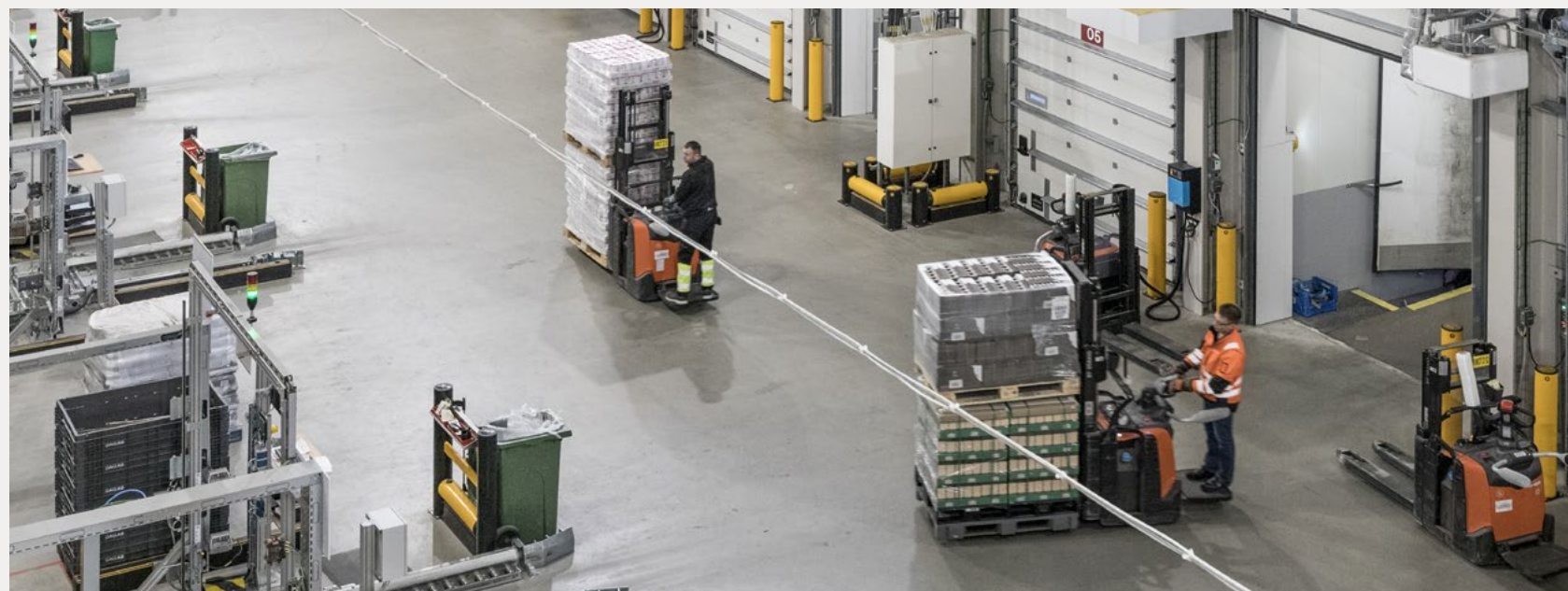
Operating expenses

According to the Taxonomy, Taxonomy-eligible operating expenses corresponds to direct, non-capitalised costs for day-to-day servicing that may be environmentally sustainable now or in the future. More specifically, this relates to, among other things, building renovation measures, short-term leases, maintenance and repair. For Axfood, this pertains mainly to maintenance costs for trucks. From a Group perspective, this share of costs is negligible since the financial impact is very limited. Accordingly, costs deemed to contribute to Axfood's transition efforts by reducing GHG emissions, such as operating costs related to the Group's solar panel systems, purchased green electricity and costs for fuels, are not covered by the Taxonomy.

Nuclear and fossil gas related activities

On 1 January 2023, a supplementary delegated act entered into force, whereby companies must now report the Taxonomy-alignment of certain nuclear and fossil gas related activities. Nuclear energy and fossil gas have been deemed environmentally sustainable for the time being by the European Parliament, as they are considered important components of the transition to lower GHG emissions. Axfood does not currently conduct any activities in any of these areas.

Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO



## TAXONOMY

**Turnover**

Financial year 2023	Year	Substantial contribution criteria								DNSH criteria (Does Not Significantly Harm)						Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2022	Category enabling activity	Category transitional activity		
		Code	Turnover	Proportion of Turnover, year 2023	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy				Biodiversity	Minimum safeguards
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																				
<b>Turnover of environmental sustainable activities (Taxonomy-aligned) (A.1)</b>		–	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	–	
<b>Of which enabling</b>		–	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	–	E
<b>Of which transitional</b>		–	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	–	T
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)</b>																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Freight transport services by road	CCM 6.6	44	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL									0.1%	
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		44	0.1%	0.1%	0%	0%	0%	0%	0%	0%									0.1%	
<b>A. Turnover of Taxonomy eligible activities (A.1+A.2)</b>		44	0.1%	0.1%	0%	0%	0%	0%	0%	0%									0.1%	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
<b>Turnover of Taxonomy-non-eligible activities</b>		81,067	99.9%																	
<b>Total (A+B)</b>		<b>81,111</b>	<b>100.0%</b>																	

Y = Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
N = Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
N/EL = Not eligible, Taxonomy non-eligible activity for the relevant environmental objective  
EL = Taxonomy eligible activity for the relevant objective  
T = Transitional  
E = Enabling  
CCM = Climate Change Mitigation  
CCA = Climate Change Adaptation  
WTR = Water and Marine Resources  
CE = Circular Economy  
PPC = Pollution Prevention and Control  
BIO = Biodiversity and ecosystems

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.1%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%



## TAXONOMY

CapEx																			
Financial year 2023	Code	Year		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity
		CapEx	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity				
		SEK m	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																			
Acquisition and ownership of buildings	CCM 7.7	22	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
<b>CapEx of environmental sustainable activities (Taxonomy-aligned) (A.1)</b>		22	0.5%	0.5%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%		
<b>Of which enabling</b>		0	0%	0%	0%	0%	0%	0%	0%								–	E	
<b>Of which transitional</b>		0	0%	0%	0%	0%	0%	0%	0%								–		T
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	2,026	50.6 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								63.0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	62	1.5 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
Freight transport services by road	CCM 6.6	124	3.1 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.4%		
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		2,212	55.2 %	55.2%	0%	0%	0%	0%	0%								64.8%		
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>		2,234	55.8 %	55.8%	0%	0%	0%	0%	0%										
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>CapEx of Taxonomy-non-eligible activities</b>		1,773	44.2%																
<b>Total (A+B)</b>		<b>4,007</b>	<b>100.0%</b>																

Y = Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective

N = Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective

N/EL = Not eligible, Taxonomy non-eligible activity for the relevant environmental objective

EL = Taxonomy eligible activity for the relevant objective

T = Transitional

E = Enabling

CCM = Climate Change Mitigation

CCA = Climate Change Adaptation

WTR = Water and Marine Resources

CE = Circular Economy

PPC = Pollution Prevention and Control

BIO = Biodiversity and ecosystems

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.5%	55.8%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

## TAXONOMY

OpEx																			
Financial year 2023		Year		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Proportion of Taxonomy aligned (A.1) or eligible (A.2.) OpEx, year 2022		Category enabling activity	Category transitional activity
Economic activities	Code	OpEx	Proportion of OpEx, year 2023	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	%	E	T
		SEK m	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N			
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																			
<b>OpEx of environmental sustainable activities (Taxonomy-aligned) (A.1)</b>		—	0%	0%	0%	0%	0%	0%	0%								—		
<b>Of which enabling</b>		—	0%	0%	0%	0%	0%	0%	0%								—	E	
<b>Of which transitional</b>		—	0%	0%	0%	0%	0%	0%	0%								—		T
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)</b>																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Freight transport services by road	CCM 6.6	12	1.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.3%		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		12	1.9%	1.9%	0%	0%	0%	0%	0%								1.3%		
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>		12	1.9%	1.9%	0%	0%	0%	0%	0%								1.3%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy-non-eligible activities</b>		615	98.1%																
<b>Total (A+B)</b>		<b>627</b>	<b>100.0%</b>																

Y = Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
N = Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
N/EL = Not eligible, Taxonomy non-eligible activity for the relevant environmental objective  
EL = Taxonomy eligible activity for the relevant objective  
T = Transitional  
E = Enabling  
CCM = Climate Change Mitigation  
CCA = Climate Change Adaptation  
WTR = Water and Marine Resources  
CE = Circular Economy  
PPC = Pollution Prevention and Control  
BIO = Biodiversity and ecosystems

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	1.9%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

# GRI content index

## Statement of use

Axford has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.

## GRI 1 used

GRI 1: Foundation 2021

GRI Standard/other source	Disclosure	Location	Requirement(s) omitted	Reason	Omission Explanation
<b>GENERAL DISCLOSURES</b>					
GRI 2: General Disclosures 2021	2-1 Organisational details	35			
	2-2 Entities included in the organisation's sustainability reporting	51, 109			
	2-3 Reporting period, frequency and contact point	76			
	2-4 Restatements of information	100			
	2-5 External assurance	109			
	2-6 Activities, value chain and other business relationships	92–95			
	2-7 Employees	98, 100			
	2-8 Workers who are not employees	–	a), b), c)	Incomplete information	Axford does not currently have access to the requested information.
	2-9 Governance structure and composition	96, 117–120, 124			
	2-10 Nomination and selection of the highest governance body	117–119			
	2-11 Chair of the highest governance body	124			
	2-12 Role of the highest governance body in overseeing the management of impacts	28–31, 76–77, 90, 96			
	2-13 Delegation of responsibility for managing impacts	76–77			
	2-14 Role of the highest governance body in sustainability reporting	76			
	2-15 Conflicts of interest	118–119			
	2-16 Communication of critical concerns	28–31, 76, 90, 96			
	2-17 Collective knowledge of the highest governance body	118–119			
	2-18 Evaluation of the performance of the highest governance body	118–119			
	2-19 Remuneration policies	Remuneration report			The report is available on Axford's website.
	2-20 Process to determine remuneration	55–58			
	2-21 Annual total compensation ratio	Remuneration report	a)	Incomplete information	The calculation reports the mean number of employees rather than the median. In addition to the remuneration of the highest-paid individual (the CEO), the rest of the Executive Committee is also included.
	2-22 Statement on sustainable development strategy	10, 116			
	2-23 Policy commitments	77, 93			
	2-24 Embedding policy commitments	76–77, 93			
	2-25 Processes to remediate negative impacts	93–95			
	2-26 Mechanisms for seeking advice and raising concerns	96			
	2-27 Compliance with laws and regulations	–	a), b), c), d)	Confidentiality constraints	The total number of cases of non-compliance and the value of any fines are confidential.
	2-28 Membership associations	80			
	2-29 Approach to stakeholder engagement	78–79			
	2-30 Collective bargaining agreements	35			



**GRI CONTENT INDEX**

GRI Standard/other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>MATERIAL TOPICS</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	78–79			
	3-2 List of material topics	78			
<b>Anti-corruption</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	77, 79, 95			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	95			
<b>Energy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	100			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	87			
	302-3 Energy intensity	86, 100			
<b>Emissions</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	100			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	84–86			
	305-2 Indirect (Scope 2) GHG emissions	84–86			
	305-3 Other indirect (Scope 3) GHG emissions	84–86			
<b>Waste</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	100			
GRI 306: Waste 2020	306-3 Waste generated	87–88			
<b>Employment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	96, 100			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	99–100			
<b>Non-discrimination</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	96, 100			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	96			
<b>Supplier social assessment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	77, 79, 95			
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	94–95			
<b>Customer health and safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	77, 97–98			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	97–98			

## Statutory sustainability report

Axfood is required to publish a statutory sustainability report, in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act. The Statutory Sustainability Report covers the entire Axfood Group, including all subsidiaries, and is presented in the Annual and Sustainability Report under the following headlines and includes reporting requirements such as environmental, social conditions, employees, human rights and anti-corruption.

### Index: Swedish Annual Accounts Act and sustainability report

The following shows where the requirements for sustainability information pursuant to the Swedish Annual Accounts Act are reported in this Annual and Sustainability Report.

Area	Disclosure	Location
General	– Business model	6–7
Environment	– Policy and environmental issues	76–79
	– Risks and their management regarding environmental issues	28–32
	– Targets and results related to environmental issues	17, 84–91
Social conditions	– Policy and social issues	76–79
	– Risks and their management regarding social issues	28–32
	– Targets and results related to social issues	17, 92–99
Respect for human rights	– Policy and human rights	76–79
	– Risks and their management regarding human rights	28–32
	– Targets and results related to human rights	17, 92–99
Anti-corruption	– Policy for anti-corruption efforts	76–79
	– Risks and their management regarding anti-corruption	28–32
	– Targets and results related to anti-corruption	95
EU Taxonomy Regulation	– Reporting in accordance with the EU Taxonomy Regulation	102–106

### Auditor's Limited Assurance Report on Axfood's Sustainability Report and statement regarding the Statutory Sustainability Report

#### To Axfood AB (publ), corporate identity number 556542-0824

#### Introduction

We have been engaged by the Board of Directors of Axfood AB (publ) to undertake a limited assurance engagement of the Axfood Sustainability Report for the year 2023. The Company has defined the scope of the Sustainability Report on page 76 in the Annual and Sustainability Report 2023 and the Statutory Sustainability Report on page 109.

#### Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 76 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

#### Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Axfood in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

#### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Date as evidenced by our digital signature.

Signature on Swedish original

Deloitte AB

**Didrik Roos**  
Authorized Public Accountant

**Adrian Fintling**  
Expert Member of FAR

*This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.*

# Axfood's sustainability programme

Axfood's sustainability programme includes short- and long-term targets. A majority of the targets are linked to Sweden's Environmental Objectives and the UN SDGs. Of the SDGs, Responsible consumption and production and Climate action are the most relevant for Axfood.

Axfood's sustainability programme is revised annually and is also available on the Group's website. New targets are added as the Group's sustainability work develops, and certain targets are replaced with new ones. The targets in the sustainability programme are arranged in accordance with the following areas – food, the environment and people.



## Selection of the UN Sustainable Development Goals

	No poverty		Affordable and clean energy		Life below water
	Good health and well-being		Decent work and economic growth		Life on land
	Quality education		Reduced inequalities		Peace, justice and strong institutions
	Gender equality		Responsible consumption and production		Partnerships for the goals
	Clean water and sanitation		Climate action		

## Selection of Sweden's Environmental Objectives

	Reduced climate impact		A balanced marine environment, flourishing coastal areas and archipelagos
	Natural acidification only		Sustainable forests
	A non-toxic environment		A varied agricultural landscape
	Zero eutrophication		A rich diversity of plant and animal life
	Flourishing lakes and streams		A good built environment



SUSTAINABILITY PROGRAMME

Food					
No.	Sustainability target	Link to Sweden's Environmental Objectives	Link to UN SDGs	Results and comments	Status
1	The share of sales of sustainability-labelled products is to amount to at least 30% by 2025 the latest.			The share of sales of sustainability-labelled products, mainly Green Keyhole and organic products, amounted to 26.6% (26.6) for the year. Customers' increased price consciousness as a result of high food price inflation has had a negative impact on these sales in the last few years.	●
2	Axfood is to promote more sustainable agriculture, including more biodiversity and reduced use of chemicals, by increasing the share of sales of organic food to at least 10% by 2025.			The share of sales of organic food amounted to 4.6% (5.1) for the year. This decrease was partly due to an increased price consciousness among customers as a result of high food price inflation, while the trend for the share of organic sales has declined for the industry as a whole in recent years.	●
3	The share of KRAV- and/or Svenskt Sigill-labelled meat will increase for all store chains, and by at least 10% for Hemköp in particular.			The sale of KRAV and/or Svenskt Sigill-labelled meat increased slightly during the year, amounting to 2.8% (2.7).	●
4	Axfood's store chains will sell only ecolabelled fish and shellfish products or products green-listed in the WWF's fish guide by 2025 at the latest. The approved labels are MSC, ASC, KRAV and Svenskt Sigill.			During the year, 65.4% (80.8) of the volume of fish and shellfish products sold in Axfood's stores were certified or green-listed according to the WWF's fish guide. This decline was largely due to the fact that caviar lost its sustainability labelling, together with increased in-store sales of fish without sustainability labels.	●
5	Private label organic meat and charcuterie products will be certified primarily according to KRAV, and secondarily according to the EU organic certification. KRAV labels are preferred for organic products in other categories.			Dagab takes a systematic approach to these guidelines, which are part of Axfood's quality and sustainability strategy.	●
6	All suppliers of private label meat and meat products will meet the requirement for animal welfare certification or equivalent by 2025 at the latest.			Dagab works systematically with the demand for animal welfare certification and is following up on the progress made with a quality assurance system. In procurement processes demands are placed through general terms and/or the agreement.	●
7	Food waste from Willys, Hemköp, Snabbgross and Dagab will be cut in half by 2025 at the latest, compared to 1.7 percent in the base year 2015.			Food waste as a percentage of food retail sales decreased slightly during the year and amounted to 1.1% (1.2). Clearance prices for products nearing their best-before dates, fruit and vegetable bargain bags and boxes in stores, and donations are examples of initiatives that have helped to reduce food waste.	●
8	Axfood is to offer a large and highly varied assortment of healthy products by developing the assortment and promoting offerings that guide consumers toward more fruit, vegetables, vegetable fats and products with less added sugar and salt.			Axfood offers a large range of healthy products, both private label and branded. The assortment of private label products is continually developed through launches of new sustainable and healthy products. Through Klubb Hemköp, customers are guided and rewarded for making more sustainable choices, such as purchasing organic products.	●
9	Only suppliers that actively promote reduced use of antibiotics according to current industry agreements are to be used for private label products. These requirements are also to be communicated to suppliers of branded products.			Dagab is systematically addressing the antibiotics requirement, and monitoring is taking place through a quality assurance system. In procurement processes demands are placed through general terms and/or the agreement.	●

● Achieved ● Ongoing ● Not achieved





SUSTAINABILITY PROGRAMME

The environment					
No.	Sustainability target	Link to Sweden's Environmental Objectives	Link to UN SDGs	Results and comments	Status
10	Axfood will have net zero emissions from its own operations by 2030 at the latest. Emissions from own operations include emissions from Scope 1, Scope 2 and parts of Scope 3.			Emissions from own operations amounted to 46,475 tonnes of CO <sub>2</sub> equivalents (44,571) for the year. The increase was mainly driven by increased emissions from procured transports due to the Group's growth. Emissions from own transports and refrigerants decreased.	●
11	Axfood is to promote a more sustainable production and consumption of food by annually reducing its climate impact per kilo of food sold through changes to the sales mix, by advocating for fossil-free agriculture in Sweden by 2030 and by encouraging the industry, authorities and politicians to support a reduced climate impact from food production.			In 2023, the estimated carbon footprint per kilo of food sold was 1.9 CO <sub>2</sub> equivalents (1.9). Changing consumption patterns as a result of food price inflation, with increased meat consumption, impacted the sales mix. Collaboration is ongoing with both suppliers as well as with organisations, and Axfood annually publishes its suggestions for a sustainable food strategy in the Food 2030 report.	●
12	Axfood is to promote biodiversity and reduced deforestation from production of private label products. At least three projects to replace soy with sustainable food crops are to be carried out by no later than 2025.			Axfood has created a soy-free quark sold under the private label brand Garant and is participating in a project to develop alternative feeds for fish, birds and pigs.	●
13	Axfood will carry out a risk analysis regarding climate and biodiversity in the supply chain. This analysis will be the basis for measures to be initiated during 2024.			A risk analysis was carried out during the year to gain a better understanding of how climate change and biodiversity loss are affecting Axfood and its supply chain.	●
14	By 2025 at the latest, suppliers of private label products will have a publicly announced climate target of net zero emissions from operations (Scope 1 and 2) by no later than 2030. They will also have at least one publicly announced climate target aimed at significantly reducing the climate footprint of their supply chain (Scope 3) by 2025 at the latest. For additional information about this target, visit Axfood's website.			The status of supplier climate agendas and emissions goals was determined during the year via a survey. Based on the results, work has been initiated that will form the basis for setting future procurement requirements in categories with significant climate footprints. The Climate Education Tool, designed to help formulate and follow up on emissions targets, was revised and translated to more languages.	●
15	Axfood will strive to increase the share of renewable ingredients in household chemical products, such as detergent and cleaners, by gradually phasing out fossil-based ingredients where alternatives exist.			Work is being carried out, with requirements regarding renewable ingredients included directly in the procurement of relevant products.	●
16	Axfood will reduce electricity consumption by 10% per square metre by no later than 2025 (base year 2020). When establishing and refurbishing stores and warehouses, sustainability performance with respect to energy and choice of materials will maintain a high commercially available standard. Particular consideration will be given to a circular economy.			The target was achieved, since electricity consumption per square metre decreased by approximately 18% in 2023 compared with the base year.	●
17	Electricity consumption in warehouses will be reduced by at least 10% in relation to sales by no later than 2025 (base year 2020).			By the end of 2023, electricity consumption in relation to sales had decreased by approximately 9% compared with the base year.	●
18	For investments in store refrigeration systems, climate-friendly refrigerants shall always be used.			For investments in store and warehouse refrigeration systems, climate-friendly refrigerants are used.	●
19	Axfood will have at least 40 solar power facilities in operation by no later than 2025.			In total, 19 solar power facilities were in operation at year-end 2023. Large rooftop solar panels went into operation at the new warehouses in Bålsta and Landskrona.	●
20	Dagab's vehicle fleet will be differentiated with respect to sustainable fuels. No single vehicle type will make up more than half of the vehicle fleet by 2025 at the latest.			The fleet of vehicles is differentiated and includes a number of different types of vehicles that can be driven on various fuels. No single type of vehicle accounts for more than half of the total fleet.	●

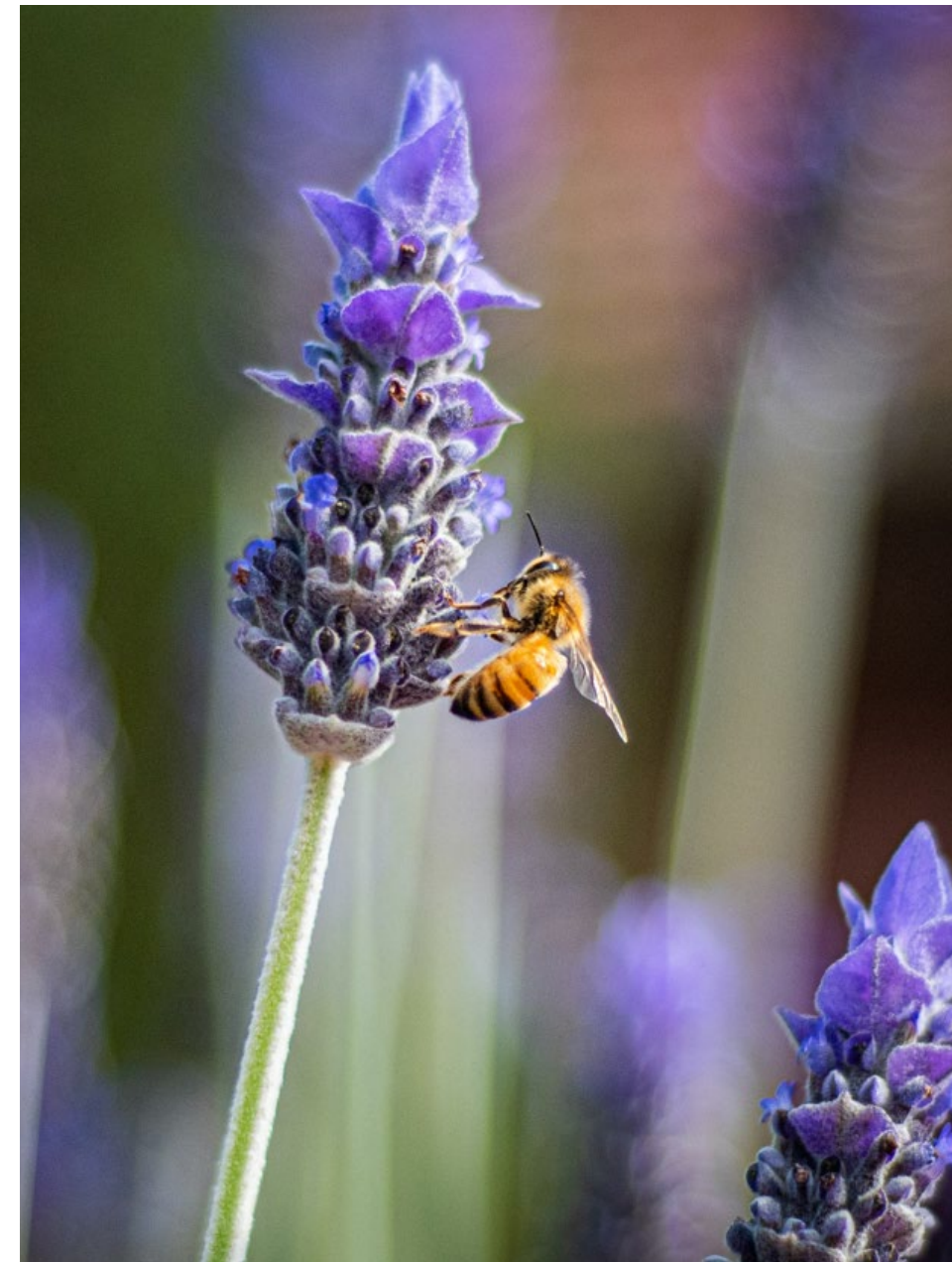
● Achieved ● Ongoing ● Not achieved



SUSTAINABILITY PROGRAMME







The Environment, cont.					
No.	Sustainability target	Link to Sweden's Environmental Objectives	Link to UN SDGs	Results and comments	Status
21	Dagab is to reduce CO <sub>2</sub> emissions from Group-owned trucks by 30% by 2025 (base year: 2020).			In 2023, emissions declined to 9,235 tonnes CO <sub>2</sub> equivalents, a reduction of 23% compared with the base year. A decision has been made to phase out fossil fuels in own as well as procured transports by using renewable fuel or electricity by 2025 at the latest.	●
22	Transports by external transport companies by road from warehouses to Axfood's stores will be fossil-free by 2030. To support the Group's transition, a transport model has been developed to facilitate procurement.			CO <sub>2</sub> emissions from procured transports are increasing. A decision has been made, however, to phase out fossil fuels in own as well as procured transports by using renewable fuel or electricity by 2025.	●
23	Dagab will also conduct carbon footprint reporting for incoming transports to warehouses by 2024 at the latest.			Work is ongoing to ensure reporting of external climate data.	●
24	The ambition at Axfood and its chains is to limit the assortment of fruits and vegetables transported by air and to promote an industry consensus.			A list of goods that are periodically shipped by air is available on the Group's websites. Snabbgross no longer sells fruits, vegetables or meat transported by air.	●
25	Axfood will reduce the share of combustible residual products in relation to the number of kilos of goods sold.			Incinerated waste as a share of consolidated net sales decreased to 15.3% (17.1).	●
26	All relevant suppliers that supply either private label products or fruits and vegetables with a large water footprint will use a recognised water standard or the equivalent by 2025 at the latest.			Work to develop water procedures for fresh fruits and vegetables is ongoing. Tests have been carried out to include additional goods. At the same time, follow-ups are being carried out for relevant fruit and vegetable suppliers to ensure they develop a water standard.	●
27	Axfood will have integrated extended sustainability criteria for the environmental and carbon footprint of products into the procurement process by 2024 at the latest.			A pilot project is ongoing to identify how requirements for climate and biodiversity agendas can be developed in the procurement process. The plan is to introduce the requirements in 2024.	●
28	Dagab will avoid SIN-listed chemicals in products and packaging by 2025. Axfood is working to promote the SIN list as the industry standard for chemical requirements.			Work is ongoing to drive the industry and increase the level of awareness about demands on suppliers. In addition, the existence of PFAS and bisphenols is being mapped.	●
29	Use of plastics for private label products and internal plastic flows will be reduced by 25% by no later than 2025 (base year 2019). Axfood will also help reduce the use of plastics and promote sustainable plastic use through partnerships with suppliers of branded products.			Work is ongoing to remove packaging components that do not serve a significant function. This initiative is being carried out throughout the sector to drive change. Extensive efforts are being made to change to packaging containing less or no plastic.	●
30	Packaging for private label products is to be made from circular materials, such as renewable or recycled raw materials, by no later than 2030. The use of FSC-labelled material in forestry goods will increase.			Using recycled raw materials is possible for most materials. The largest challenge is within plastics, where progress is nevertheless moving forward. Sweden's updated packaging legislation will drive this development.	●
31	Packaging for private label products will be recyclable by 2025.			The conditions for what can be recycled are improving thanks to legislation and technological developments.	●
32	Cut the number of domestic flights in half by 2025 (base year 2019).			The share of flights for business travel decreased to 55% in 2023, which compares to 76% in the base year.	●
33	By 2025 at the latest, Axfood's current requirements for IP Sigill, Global GAP or another equivalent system for fruits and vegetables will also be met for its single-ingredient private label products.			A survey for reporting and following up on the target will be developed in 2024.	●

● Achieved ● Ongoing ● Not achieved





SUSTAINABILITY PROGRAMME

People					
No.	Sustainability target	Link to Sweden's Environmental Objectives	Link to UN SDGs	Results and comments	Status
34	By 2030, Axfood will, as far as possible, establish a living wage in the supply chain for products from prioritised countries where there is a large gap between minimum wage and living wage. Agricultural operations and Axfood's private label products will be top priorities.		 	In 2023, Axfood began requiring a living wage programme for single-ingredient products from a select number of countries.	●
35	By 2030 at the latest, eradicate poverty as far as possible in Axfood's supply chain for its private label products by ensuring that the people who work in production and farming earn above the UN's poverty level. Sales of Fairtrade-labelled products shall increase with a focus on the prioritised products coffee, tea, cocoa, and bananas.		 	Work is ongoing to set targets and key performance indicators for prioritised countries.	●
36	Rate of sickness-related absence is not to exceed 5.3%.		 	The rate of sickness-related absence in 2023 totalled 6.4% (7.0). Absence declined during the year as the effects of the pandemic subsided.	●
37	Axfood is to have an even gender breakdown in management positions, meaning that men and women will be represented within a range of 40–60%.			During the year, the share of women in management positions was 51.2% (50.7). Axfood's Executive Committee consists of six women and five men.	●
38	At least 20% of Axfood's employees in management positions will come from an international background.			In 2023, the share of Axfood's employees in management positions with an international background amounted to 17.8% (17.2).	●
39	A minimum of 75% of Axfood's managers will be recruited internally.			In 2023, the share of managers that was recruited internally amounted to 74%.	●
40	All employees will have completed mandatory sustainability training.			Just over 41% of employees have completed the training.	●

● Achieved ● Ongoing ● Not achieved





Sustainable,  
responsible and  
effective governance





“  
I am proud of Axfod's achievements and that the company is well positioned to continue creating value for its stakeholders.

## CHAIRMAN'S MESSAGE

## Effective governance that creates the right conditions

Effective corporate governance and a clear framework are creating the conditions for Axfod to develop. The Axfod Group is maintaining a high rate of development and a consistent approach of combining social responsibility and long-term thinking with growth. In 2023, the Group strengthened its position in all market segments, and Axfod took significant steps in the form of extensive future investments in digitalisation, automation and sustainability.

With the ability to consistently navigate a changing and uncertain environment, Axfod can once again look back on an eventful and successful year. The market over the past year was challenging in many respects, characterised by high food price inflation and a related shift in customer behaviour. Willys' performance was exceptional again this year, while Hemköp also succeeded in growing more than the market. The progress in the development of the Group's other operations also confirms that Axfod's model stands the test of time and holds up well in different market climates.

2023 was another year of rapid structural change. It has been gratifying to see the new logistics structure take shape, particularly the ramp-up of the new, highly automated logistics centre in Bålsta outside Stockholm. Together with other initiatives in areas such as digitalisation and sustainability, this is creating a new and stronger platform that will serve as the basis for future competitiveness. Axfod's favourable position in the market, and its recent investments in efficient operation and an attractive customer offering will lay the foundation for many years of continued growth and profitability.

### Sustainability an integral part of the business model

Through its various concepts and activities, Axfod reaches millions of people every week. This creates excellent opportunities and also entails great responsibility. Axfod's purpose is to create a better quality of life for everyone by being a leader in affordable, good and sustainable food. Sustainability is a central and integral part of the business model and governance, and there is a strong commitment to taking the lead in promoting a sustainable food system. Household financial strain has created challenges for product categories with a price premium, including organic products. Even in this climate, Axfod wants to continue to raise its ambition level in areas such as renewable energy, renewable fuels and product development, with a focus on sustainable production and consumption of food with a lower climate impact. In addition, Axfod is expanding and strengthening its sustainability work in the parts of the value chain that lie outside the Company's own operations, in areas such as climate, biodiversity and human rights.

### Corporate governance that creates order and the right conditions

Effective corporate governance is crucial for delivering a successful earnings performance and assuming social responsibility. The Board of Directors is responsible for ensuring the right organisation is in place, which in turn facilitates effective decision-making, a clear distribution of roles and responsibilities between management and control bodies, effective follow-up within internal systems, and internal control over financial reporting. The Board is also responsible for ensuring that the Company's disclosure of information is characterised by openness and transparency in relation to the capital market.

Our Board work is carried out in close dialogue with the Executive Committee and is characterised by deep commitment and a variety of perspectives. Over the past year, the Board supported management in strategic decisions and priorities related to changes in the macro environment and the Group's major investments, which are made to ensure continued profitable growth. The Board also focused on sustainability issues, and all directors completed Axfod's mandatory sustainability training during the year. As in previous years, the annual evaluation of the Board's work showed very positive results.

### Well positioned to create long-term value

I am proud of Axfod's achievements and that the company is well positioned to continue creating value for its stakeholders in the years to come. Based on the Group's strong financial position and stable cash flow, the Board proposes to the AGM a dividend of SEK 8.50 (8.15) per share. President and CEO Klas Balkow has given us notice that he will be leaving his current role by year-end 2024 at the latest, but will thereafter be available for Axfod in an advisory role. The recruitment process to find Klas' replacement has been initiated.

I would like to take this opportunity to thank my fellow directors for their solid teamwork and constructive contributions over the past year. I would also like to thank Axfod's Executive Committee and employees for their commitment and dedication. Finally, I would like to thank you, our shareholders, for your confidence and support.

Stockholm, February 2024

Mia Brunell Livfors  
Chairman of the Board



# Corporate governance

## Introduction

Axfood AB (publ) ("Axfood") is a Swedish limited liability company domiciled in Stockholm. Axfood's shares have been listed on Nasdaq Stockholm since 1997.

The Corporate Governance Report has been reviewed by the Company's auditor, Deloitte, and the results of this audit are described in the auditor's examination statement on page 123 of this Annual and Sustainability Report.

Corporate governance is regulated by principles laid out in both external and internal rules and regulations. External rules and regulations include relevant laws and statutes (such as the Swedish Companies Act, the Swedish Annual Accounts Act and the EU Market Abuse Regulation) and Nasdaq Stockholm's Nordic Main Market Rulebook for Issuers of Shares. Axfood also follows the Swedish Corporate Governance Code ("the Code"). In 2023, there were no deviations from Nasdaq Stockholm's Rulebook, the Code or good stock market practice. Internal rules and regulations include the Company's Articles of Association and the governance instruments adopted by the Company, which are mainly the Board's rules of procedure, the President's instructions, the Code, policies, guidelines and internal instructions. Internal rules and regulations are followed up annually and are revised as necessary.

Sustainability is an integrated part of Axfood's operations and governance, and the strategic direction is set by the Board of Directors. Read more about sustainability on pages 75–114.

## Shareholders and shares

Axfood's shares have been traded on Nasdaq Stockholm's Large Cap list since 2006. All shares have equal voting power and equal entitlement to the Company's profit. Provided that notification of participation has been submitted, every shareholder has the right to vote for all owned, directly registered and represented shares at the general meeting. There are no stipulations in the Articles of Association that restrict a shareholder's right to transfer shares.

As of 31 December 2023, Axfood had 124,252 shareholders. The largest single shareholder since the Company's listing has been the Axel Johnson Group, which controlled 50.1% of the shares and votes in the Company as of 31 December 2023.

During the year, Axfood repurchased 155,000 shares through a share repurchase programme to secure delivery of shares linked to the long-term share-based incentive programme and thereby owns a total of 1,065,652 treasury shares. The number of shares outstanding thereby amounts to 215,777,588. Axfood's employees own no shares for which the voting rights cannot be exercised directly (such as through pension foundations or similar).

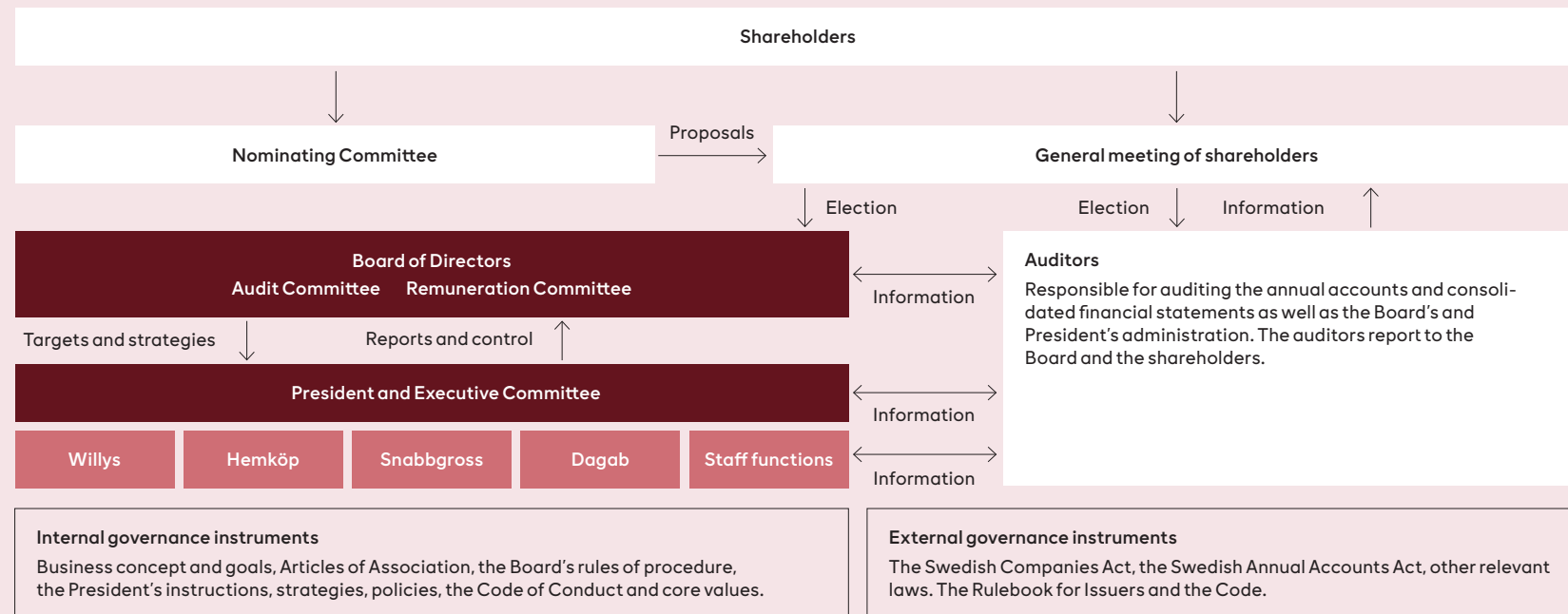
For further information on Axfood's ownership structure and share, see pages 131–132.

## General meeting of shareholders

The general meeting of shareholders is Axfood's highest decision-making body, where the shareholders exercise their right to decide on the Company's affairs. The AGM resolves on, among other things, election of directors and the Chairman of the Board, adoption of the Parent Company's and consolidated income statements and balance sheets, discharge from liability of the directors and President and CEO, disposition of the Company's profit, and election of auditors (when applicable), instructions to the Nominating Committee and remuneration guidelines. No restrictions on shareholders' rights are stipulated in the Articles of Association or – to the Company's knowledge – in shareholder agreements.

## Axfood's governance model

Decision-making and control of the Company is exercised by the shareholders, the Board of Directors, the President and CEO, and the auditors in accordance with the Swedish Companies Act.



## GOVERNING BODIES, RULES AND REGULATIONS

### 2023 Annual General Meeting

The AGM was held in Stockholm on Wednesday, 22 March 2023. A total of 135,821,268 shares were represented in the voting, corresponding to 62.94% of the number of votes in the Company that could be represented at the meeting (excluding Axfood's treasury holding).

The AGM approved the following resolutions, among others:

- Ordinary dividend of SEK 8.15 per share for the 2022 financial year, to be paid out on two occasions.
- That the Board shall consist of seven AGM-elected directors with no deputy directors.
- That directors' fees shall be payable in the following amounts:
  - SEK 800,000 for the Chairman of the Board.
  - SEK 510,000 for each of the other AGM-elected directors who are non-executive directors.
  - An additional SEK 200,000 for the Chairman of the Audit Committee and an additional SEK 100,000 for the other members of the Audit Committee, and an additional SEK 75,000 for the Chairman of the Remuneration Committee and an additional SEK 50,000 for the other members of the Remuneration Committee; in addition to directors' fees, an additional SEK 20,000 per physical meeting that takes place in Stockholm for participating directors not residing in Sweden.
- Election of the Chairman of the Board and directors:
  - Re-election of Mia Brunell Livfors as a director and as Chairman.
  - Re-election of Fabian Bengtsson, Caroline Berg, Christian Luiga, Peter Ruzicka and Sara Öhrvall as directors.
  - Election of Thomas Ekman as a new director.
- Resolution concerning updated guidelines for remuneration to senior executives in Axfood, to apply until the 2027 AGM at the latest.
- Introduction of a long-term share-based incentive programme, and in connection with this, authorisation of the Board to decide on purchases of own shares and transfers of treasury shares.
- Amendment to the Company's Articles of Association through the addition of a new paragraph that permits the Board of Directors to decide that individuals who are not shareholders of the Company are to be entitled, on the terms determined by the Board, to attend or otherwise follow the proceedings of the general meeting of shareholders.

The complete minutes of the AGM are available on Axfood's website.

### Nominating Committee

The Nominating Committee is tasked with submitting proposals to the AGM on the number of directors, the Board's composition and directors' fees. The Nominating Committee is also tasked with submitting proposals for the person to be elected as Chairman of the Board, a Chairman to preside over the AGM and, when applicable, election of auditors and their fees.

According to the Code, a nominating committee shall have at least three members, and the majority shall be independent in relation to the company and its executive management. Directors may be a member of the Nominating Committee but may not comprise a majority of its members. The Nominating Committee's work is based on an annual evaluation of the Board's work, the Code's diversity policy and Axfood's company-specific needs.

The Nominating Committee applies Rule 4.1 of the Code as its diversity policy. Axfood's Board shall have a suitable composition with a diverse and broad membership with respect to

the competence, experience and background of its directors. To achieve this, the Board shall have depth of knowledge about Axfood's business, and extensive and broad experience in food retail, both physical and digital. In other respects, the Board shall have such competencies needed to direct Axfood's strategic work in a responsible and successful manner. Through its proposals, the Nominating Committee also aims to achieve the most even balance possible of men and women. The Nominating Committee's reasoned proposals are presented in the AGM notice. The proposal for the composition of the Board is also to be presented together with a reasoned statement posted on Axfood's website in connection with the publication of the AGM notice. All shareholders have the right to submit proposals to the Nominating Committee by email at [valberedning@axfood.se](mailto:valberedning@axfood.se).

### Nominating Committee ahead of the 2024 Annual General Meeting

A Nominating Committee was appointed in September 2023 based on the Company's ownership structure as of 31 August 2023. The owners that are represented on the Nominating Committee are Axel Johnson, Swedbank Robur Funds, Handelsbanken Funds and Lannebo Funds. In addition, Axfood's Chairman, Mia Brunell Livfors, serves as a co-opted member of the Nominating Committee. All members of the committee are considered to be independent in relation to the Company and the Executive Committee.

Ahead of the 2024 AGM, the Nominating Committee held three meetings and also maintained regular contact. No fees have been paid to the members for their work on the Nominating Committee.

#### Nominating Committee's composition

Name	Representing	Share of votes as of 31 Aug 2023, %
Marie Ehrling	Axel Johnson AB, Committee Chairman	50.1
Caroline Sjösten	Swedbank Robur Funds	4.6
Sussi Kvart	Handelsbanken Funds	3.2
Hjalmar Ek	Lannebo Funds	1.6

### Board of Directors

According to the Articles of Association, Axfood's Board shall consist of a minimum of three and maximum of ten directors elected by a general meeting of shareholders with a maximum of two deputy directors. Election of directors takes place yearly at the AGM. The Articles of Association do not contain any other stipulations on the appointment or dismissal of directors.

The Board is responsible for ensuring that the Company's organisation is suited for its purpose and that operations are conducted in accordance with the Articles of Association, the Swedish Companies Act and other applicable laws and regulations.

The Board shall conduct its Board work jointly under the direction of the Chairman. Each year, the Board adopts its rules of procedure, which clarify the Board's work and regulate the Board's and directors' internal division of duties and the decision-making process within the Board. The rules of procedure also regulate the Board's meeting schedule, notices, agendas and minutes of Board meetings, and the Board's work with accounting, auditing and remuneration matters. In addition, the rules of procedure stipulate how the Board is to be provided with information and documentation as a basis for its work so as to be able to make well-grounded decisions.

A statutory meeting is held immediately after the AGM. Thereafter, the Board is to hold at least four meetings per calendar year. Each of the regular Board meetings follows a set

agenda that is stipulated in the Board's rules of procedure and includes such items as the President and CEO's report, financial reports, investments and strategic matters. Prior to Board meetings, the directors are provided with written material on the items of business to be addressed.

The Board also adopts annual instructions for the President and CEO.

### Composition of the Board of Directors

Since the 2023 AGM, Axfood's Board has been composed of seven AGM-elected directors with no deputy directors. In addition, three directors and three deputy directors are appointed by the employees. Each of the directors has important competencies and experience for Axfood that amply cover the areas considered to be important for the Company. Of the AGM-elected directors, three are women. The Board's members have a breadth and depth of experience in relevant areas. A more detailed presentation of the directors is provided on page 124.

The President and CEO is not a director, but participates at Board meetings in a reporting role, as do the CFO and the General Counsel, who also serves as secretary to the Board.

### Directors' independence

According to the Code, a majority of directors elected by a general meeting of shareholders shall be independent in relation to the company and its executive management. At least two of these shall also be independent in relation to the company's major shareholders.

All of Axfood's AGM-elected directors have been determined to be independent in relation to the Company and the Executive Committee. Three of the directors – Fabian Bengtsson, Christian Luiga, and Peter Ruzicka – have been determined to have met the requirement for independence in relation to the major shareholders throughout all of 2023. Three directors have been determined as being non-independent in relation to the Company's major shareholders throughout the entire 2023. Mia Brunell Livfors was President and CEO of Axfood's largest shareholder, Axel Johnson, up to and including 7 September 2023 and was succeeded by Thomas Ekman. In addition, Sara Öhrvall had an advisory role with Axel Johnson until September 2023, and Caroline Berg is Chairman of the Board of Axel Johnson.

### The Board's work in 2023

The Board held 14 meetings in 2023, of which one was the statutory meeting held immediately after the AGM and four were held per capsulam (one to adopt the Annual Report, one to approve the AGM documentation, one to decide on the acquisition of Humla AB and one to decide on a new share issue in Mathem). Standing agenda items at regular Board meetings include a status report from the President and CEO, a follow-up of the Company's earnings performance, the market situation, sustainability issues, and matters concerning investments and establishments. The Remuneration and Audit Committees submit reports from their meetings at the following Board meeting, and interim reports are addressed quarterly.

During the year, the Board adopted rules of procedure for the work of the Board, the Audit Committee and the Remuneration Committee as well as the Group's Supplier Code of Conduct, credit and finance policy, investment policy, insider policy, guidelines on non-auditing services from Axfood's auditors, compliance policy and communication policy. All directors underwent the Group's mandatory sustainability training during the year.

In June, a strategy meeting was held to address Axfood's strategy along with the sustainability agenda. Strategy work subsequently continued at the subsidiary level and in the Executive Committee, after which the Board adopted a business plan for 2024 in December 2023. Other important business matters were the global situation (including inflation) and ownership matters related to Mathem.

## GOVERNING BODIES, RULES AND REGULATIONS

Overall, meetings have been held at Axfood's head office. However, the strategy meeting was held externally, and the September meeting was held at Willys' head office in Gothenburg.

The Company's auditors attended the first Board meeting of the year to report on their audit of the annual accounts for the 2022 financial year. The auditors also attended the year's last meeting to inform on planning ahead of 2024 and to report on their continuing audit.

The Board addressed the auditors' reports and reviewed the Company's internal control and compliance, and performed the annual evaluation of the Board. An overview of the Board's work for the year is presented in the illustration below.

## Remuneration Committee

The Board has appointed a Remuneration Committee to deal with remuneration matters more in-depth. Among other tasks, the Remuneration Committee sets salaries, variable remuneration and other terms of employment for all members of Axfood's Executive Committee except for the President and CEO, whose terms are decided on by the Board as a whole based on a recommendation by the Remuneration Committee. The Remuneration Committee is responsible for monitoring and evaluating the application of the guidelines for remuneration

to senior executives adopted by the AGM. The Remuneration Committee is also responsible for drafting proposals for any share-based incentive programmes, deciding who shall be invited to participate in these and making proposals to the Board on decisions to allot shares in such incentive programmes. The committee is also tasked with monitoring and evaluating variable remuneration programmes for senior executives.

Early on every year, the Remuneration Committee sets the targets to apply for variable remuneration for members of the Executive Committee, excluding the President and CEO.

As of the start of the year, the members of the Remuneration Committee were Mia Brunell Livfors (Committee Chairman), Caroline Berg and Peter Ruzicka. As of the AGM, Peter Ruzicka was replaced by Fabian Bengtsson. Axfood's President and CEO is a co-opted member of the Remuneration Committee, and Axfood's Head of Human Resources is committee secretary. The Remuneration Committee drafted a proposal for the Board to introduce an additional long-term share-based incentive programme for key persons in Axfood. The Remuneration Committee held five meetings in 2023. The committee's members were paid a fee in accordance with the AGM's resolution for work on the Remuneration Committee.

## Audit Committee

The Board has appointed an Audit Committee, which is tasked with, among other things, monitoring the efficiency of the Group's internal control and risk management with respect to financial reporting. The Audit Committee is furthermore tasked with monitoring the financial reporting, and together with the Executive Committee following and assessing the handling of complicated matters related to accounting and valuation. The Audit Committee also follows and evaluates the external audit and the impartiality, independence, and performance of the auditors.

The Company's auditors attend the Audit Committee's meetings, during which the committee is informed about the focus and scope of the audit and the auditors' views of the Group's risks and work with internal control. The Audit Committee's assignment also includes recommending guidelines for any services other than the audit that the Group may procure from the Company's auditors.

As of the start of the year, the members of the Audit Committee were Christian Luiga (Chairman), Sara Öhrvall and Christer Åberg. As of the AGM, Christer Åberg was replaced by Peter Ruzicka. Axfood's President and CEO and CFO are co-opted members of the Audit Committee, and Axfood's Head of Group Accounting is committee secretary. During the year, the

## The Board's work in 2023

## First quarter

## January

- Status report from the President and CEO
- Results 2022
- Report from the auditors
- Matters ahead of AGM
- Year-end report
- Investment matters
- Report from the Board's committees
- 2022 evaluation of the Board and the President and CEO
- Remuneration to the President and CEO for 2023

## February

- Resolutions ahead of AGM (per capsulam)
- Decision regarding the Annual and Sustainability Report (per capsulam)

## March

- AGM
- Statutory Board meeting

## April

- New issue in Mathem (per capsulam)
- Status report from the President and CEO
- Forecast update
- Q1 interim report
- Rules of procedure for the Board of Directors and its committees and instructions for the President and CEO
- Group-wide policies and guidelines
- Composition of subsidiary Boards
- Investment matters
- Long-term share-based incentive programme
- Succession planning
- Report from the Board's committees

## May

- Acquisition of Humla AB (per capsulam)

## June

- Status report from the President and CEO
- Strategy discussions
- Investment matters

## July

- Status report from the President and CEO
- Half-year report
- Report from the Board's committees

## September

- Status report from the President and CEO
- Strategy discussions
- Investment matters

## October

- Status report from the President and CEO
- Q3 interim report
- Investment matters
- Sustainability
- Report from the Board's committees

## November

- Decision concerning merger of Mathem and Oda

## December

- Status report from the President and CEO
- Report from the auditors
- Strategic priorities and budget 2024
- Yearly reports (internal control, whistleblower service, compliance, disputes, Supplier Code of Conduct, risks and insurance)
- Decision concerning updated Supplier Code of Conduct
- Results of employee survey
- Investment matters
- Report from the Board's committees
- 2023 evaluation of the Board and the President and CEO
- Remuneration to the President and CEO for 2024



## GOVERNING BODIES, RULES AND REGULATIONS

committee dealt with proposed revisions of the finance and credit policy and the investment policy. In addition, the Audit Committee reviewed the Group's financial reports, risk management, internal control as well as forthcoming sustainability regulations. The Audit Committee held six meetings in 2023. The committee's members were paid a fee in accordance with the AGM's resolution for work on the Audit Committee.

### Evaluation of the Board's work

The Chairman of the Board is responsible for conducting an evaluation of the Board's work by soliciting the directors' views on how the Board work is conducted and how it can be improved. The evaluation also serves as important documentation for the Nominating Committee's work ahead of the AGM.

During the year, a survey among all of the directors as well as the President and CEO was carried out. The results, which showed high scores in all categories, demonstrates that the Board's work is well-functioning and also indicates a good relationship with a high level of trust between the Board and management. The company has a clear strategy and well-considered financial targets with a clear link to the business plan in which the operations are followed up against. The Board's engagement is strong and all Board members have high participation rates in meetings. The results of this evaluation were reported to the Nominating Committee in November and to the Board in December.

### Composition of the Board of Directors

Name	Year elected	Independent – Company and Executive Committee	Independent – major shareholders	Remuneration Committee	Audit Committee	Meeting attendance		
						Board	Remuneration Committee	Audit Committee
Mia Brunell Livfors (Chairman)	2016	Yes	No	Yes	–	13/14	5/5	–
Fabian Bengtsson <sup>1)</sup>	2016	Yes	Yes	Yes	–	14/14	4/4	–
Caroline Berg	2014	Yes	No	Yes	–	13/14	5/5	–
Thomas Ekman <sup>2)</sup>	2023	Yes	No	–	–	11/11	–	–
Christian Luiga	2020	Yes	Yes	–	Yes	14/14	–	6/6
Peter Ruzicka <sup>1) 3)</sup>	2021	Yes	Yes	Yes	Yes	13/14	1/1	5/5
Christer Åberg <sup>2) 3)</sup>	2017	Yes	Yes	–	Yes	3/3	–	1/1
Sara Öhrvall <sup>4)</sup>	2022	Yes	No/Yes	–	Yes	13/14	–	6/6
Anders Helsing (employee representative)	–	–	–	–	–	13/14	–	–
Michael Sjöbrén (employee representative)	–	–	–	–	–	13/14	–	–
Lars Östberg (employee representative)	–	–	–	–	–	12/14	–	–
Frida Antbrink (deputy director) <sup>5)</sup>	–	–	–	–	–	1/1	–	–
Ann-Katrin Alnervik (deputy director) <sup>5)</sup>	–	–	–	–	–	1/1	–	–
Patrik Thorin (deputy director) <sup>5)</sup>	–	–	–	–	–	1/1	–	–

1) Peter Ruzicka left the Remuneration Committee in connection with the 2023 AGM, at the same time as Fabian Bengtsson was elected to the committee. Accordingly, they were not summoned to all Remuneration Committee meetings during the year.

2) Christer Åberg left the Board in connection with the 2023 AGM, at the same time as Thomas Ekman joined the Board. Accordingly, they were not summoned to all Board meetings during the year.

3) Christer Åberg left the Board in connection with the 2023 AGM, after which Peter Ruzicka was elected to the Audit Committee. Accordingly, they were not summoned to all Audit Committee meetings during the year.

4) Sara Öhrvall ended her assignment with Axel Johnson in September 2023 and has been an independent director since then.

5) Deputy directors only participated in Board meetings when regular employee representatives were unable to participate.

For information on directors' fees, see Note 6.

### Auditors

Auditors are elected by the AGM based on a proposal by the Nominating Committee and are elected for a period of two years. The accounting firm Deloitte AB was re-elected by the 2022 AGM for a term until the 2024 AGM. Didrik Roos, Authorised Public Accountant and President of Deloitte Sweden, has served as chief auditor since the 2023 AGM. In addition to his assignment with Axfood, Didrik Roos is chief auditor for Boozt, H&M Hennes & Mauritz and Tele2.

Services provided by the auditors aside from the audit assignment shall only be provided in a scope that is compatible with the rules of the Swedish Auditors Act and FAR's professional ethics rules regarding auditors' impartiality and independence.

### Executive Committee

The Executive Committee is made up of Axfood's President and CEO, the managing directors of subsidiaries that conduct business activities and heads of staff.

The Executive Committee holds monthly meetings to address continuing matters and for discussions, and at least one annual strategy meeting. The store establishment and financing committee, which is linked to the Executive Committee, also meets once a month to address matters concerning store investments, store divestments, new leases and renewals of existing leases. The Executive Committee is also part of a sustainability forum that meets quarterly to address issues related the Group's sustainability efforts. An annual business plan is adopted by Axfood's Board at the end of the year after being drafted by the subsidiaries and the

Executive Committee. The work on the business plan thereby involves employees from several levels within the Group. The business plan is addressed by the Executive Committee and is thus a dynamic planning and follow-up document.

The subsidiaries are governed by their respective Boards. Axfood's President and CEO serves as Chairman of the larger subsidiaries' Boards. The other directors on the subsidiaries' Boards consist of various representatives from the Executive Committee as well as a number of other Group executives with relevant expertise regarding each company. The subsidiaries hold Board meetings on a regular basis, and the larger subsidiaries hold at least four regular Board meetings a year.

A more detailed presentation of the Executive Committee is provided on page 125.

### Guidelines for remuneration to senior executives

Guidelines for remuneration to senior executives were adopted by the 2023 AGM based on a proposal by the Board of Directors and are to apply not longer than until the 2027 AGM.

The guidelines cover the President and CEO of Axfood and members of the Executive Committee, who report directly to the President and CEO. The guidelines do not cover remuneration decided on by the general meeting of shareholders, such as directors' fees or share-based incentive programmes. The guidelines are to be applied for remuneration that is agreed upon – and changes made to already agreed-upon remuneration – after the guidelines were adopted by the 2023 AGM. The guidelines govern the decisions on remuneration that are made by the Board's Remuneration Committee with respect to senior executives who report directly to the CEO and by the Board as a whole with respect to the CEO.

Axfood shall offer remuneration that is in line with the going rate in the market and that is based on factors such as the importance of the work duties and the executive's expertise, experience, performance and, as regards variable remuneration, achievement of previously set targets. Remuneration may consist of a fixed base salary, short-term variable remuneration, pension benefits, insurance and other benefits. In addition, a general meeting of shareholders may – and independent of these guidelines – decide on share-based and share price-related remuneration.

For a complete account of the adopted guidelines, see Note 6.

Every AGM since 2017 has resolved to introduce long-term incentive programmes covering long-term variable remuneration for senior executives.

Short-term variable remuneration is expensed during the financial year and is paid out after the AGM has adopted the income statement and balance sheet. The guidelines adopted by the 2023 AGM have been followed, and all previously decided remuneration not yet paid out is within the described framework.

# The Board's report on internal control

In accordance with the Swedish Companies Act and the Code, the Board is responsible for ensuring that the Company has well-designed internal controls and solid processes in place to ensure that the financial reporting is controlled in a satisfactory manner. Internal control at Axfood is based on the COSO Internal Control Integrated Framework, which has been adapted to the operation. The framework consists of the following components: control environment, risk assessment, control activities, information and communication, and monitoring.

Axfood's CFO has the primary responsibility for ensuring that the work with and monitoring of the internal controls are conducted in accordance with the method decided on by the Board. The internal control function is responsible for the ongoing work and for reporting results and conclusions to the Audit Committee and the Board.

## Control environment

The control environment forms the basis of the internal control framework. Decision-making channels, authorisations and responsibilities are clearly defined and communicated throughout the organisation. In addition, governance documents such as internal policies, guidelines, manuals and handbooks are available to all employees. Axfood's Board has established defined processes and rules of procedure for the Board and its committees. An Audit Committee has been established for the reporting.

To create a solid foundation for internal control and to maintain a high standard within the Group, the Board has adopted a number of fundamental governance documents, including rules of procedure for the Board and President, a finance and credit policy, and a compliance policy. In addition, the Board has ensured that the organisational structure lays out clear roles, responsibilities and processes that ensure effective management of risks and internal control, thereby enabling goal achievement.

The internal control function works continuously on developing, adapting and improving Axfood's control environment. The purpose of this is to maintain a control environment that is functional and effective, while also ensuring high-quality and reliable reporting.

## Risk assessment

Axfood continuously evaluates the risk of errors in the financial reporting to ensure that they are managed. Risk are assessments at least twice a year and on a continuing basis as needed. Based on the results, the Audit Committee evaluates and decides which risks to take into consideration in order to ensure reasonable internal control over financial reporting. For a more detailed description of risks and risk management, see pages 28–32.

## Control activities

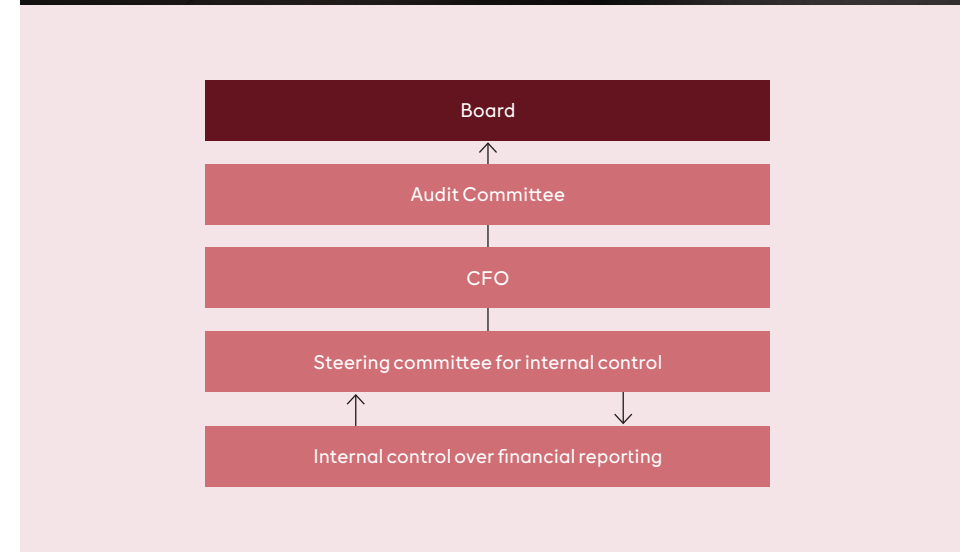
Axfood's control activities derive from the most material risks that impact the reporting. These control activities are defined in the Group's risk and control matrixes. The matrixes are specified by company and business-critical processes related to the financial reporting defined by the steering committee. Furthermore, an additional risk and control matrix is implemented to ensure that risks within Group-wide processes are effectively managed.

The control activities are designed according to a structure aimed at detecting and preventing risks of errors in the reporting. In addition, the structure also ensures efficiency and reasonable control in all of the Group's processes related to financial reporting. Examples of control activities include reconciliation of accounts, analyses of profit/loss items, inventory counts and user access reviews.

## Information and communication

All of Axfood's governance documents are communicated via the Group's intranet and are updated annually to reflect any changes to internal and external requirements. Guidelines for internal control are announced in accordance with the Group's communication structure and procedures for governance documents.

The internal control function reports the results of the year to the Audit Committee, primarily focusing on observations, recommendations and mitigating activities.



THE BOARD'S REPORT ON INTERNAL CONTROL

**Monitoring**

The Board, through the Audit Committee, is responsible for the quality assurance of the Group's monitoring of internal control. The internal control work, together with the external audit, provides support to the Board and Executive Committee in assessing and identifying material risk areas in the reporting process. This enables the possibility to assess efforts and follow-up initiatives in selected areas. Furthermore, the Group has a central risk management function.

The internal control function is responsible for the results and efficiency of the internal control, which is monitored through self-assessments. Any deviations are reported to the control and process owner to remediate noted deficiencies. The results of the self-assessments and the outcome of the external audit are reported to the Audit Committee and the Board.

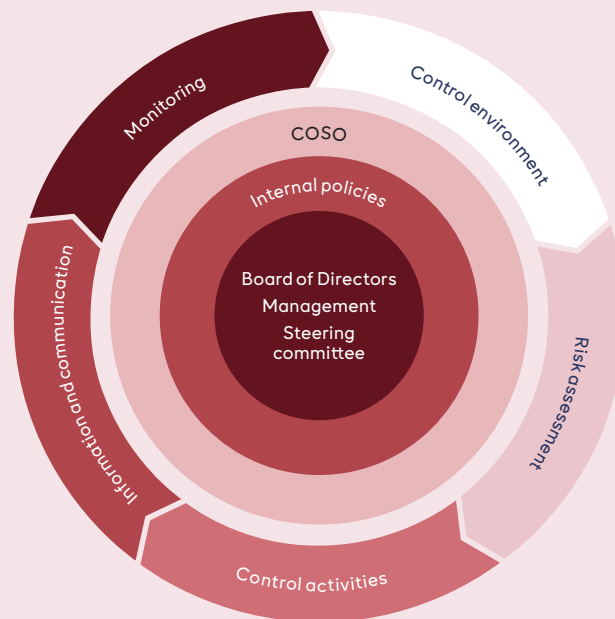
**Focus areas during the year**

During the year, Axfood worked to further improve and strengthen the shared control framework, with a particular focus on sustainability reporting. In addition, training in internal control was carried out to create a better understanding and basis for a solid performance in this area.

Stockholm, February 2024

Board of Directors of Axfood AB

**Internal control**



**Assessment of a separate audit function**

Axfood does not have a separate audit function, meaning an internal audit function. The Audit Committee and the Board have considered the matter of a separate audit function and concluded that the existing risk management structure and monitoring of internal control provide a satisfying level of reliability. The Board evaluates the need for a separate audit function every year and its decision is noted in the minutes.





## Auditor's report on the corporate governance report

To the general meeting of the shareholders in Axfood AB (publ)  
corporate identity number 556542-0824

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance report for the financial year 1 January 2023 to 31 December 2023 on pages 115-125 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Signature on Swedish original.

Deloitte AB

**Didrik Roos**  
Authorized Public Accountant

*This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.*







## Board of Directors

### 1. Mia Brunell Livfors

Chairman of the Board

*Born:* 1965

*Other assignments:* Director of Axel Johnson, Dustin Group, Eutelsat Communications SA, Efva Attling Stockholm and Snäckedjupet.

*Education:* Economics studies, Stockholm University.

*Professional experience:* Former President and CEO of Axel Johnson, President and CEO of Kinnevik, many years of experience from Board work with listed Swedish and international companies.

*Director since:* 2016

*Committee membership:* Remuneration Committee (Chairman) Independent in relation to the Company and Executive Committee.

Non-independent in relation to major shareholders of the Company.

*No. of Axfood shares:* 0

### 2. Fabian Bengtsson

Director

*Born:* 1972

*Other assignments:* Chairman of SIBA Invest and Företagarnas Riksstyrelse. Director of Komplet Group AS.

*Education:* B.Sc. Business and Economics, Lund University.

*Current position:* CEO of SIBA Fastigheter.

*Professional experience:* Long track record of experience in retail and digital trade, including as CEO of the SIBA Group, Chairman of Netonnet, and as director/Chairman of CE-Konsumentelektronikbranschen.

*Director since:* 2016

*Committee membership:* Remuneration Committee Independent in relation to the Company and Executive Committee, and to major shareholders of the Company.

*No. of Axfood shares:* 20,085

### 3. Caroline Berg

Director

*Born:* 1968

*Other assignments:* Chairman Axel Johnson. Director Novax and AxFast. Also Chairman of the Erik and Göran Ennerfelt Foundation for International Studies for Young Swedes, the Global Village Foundation and Axel and Margaret Ax:son Johnson Foundation.

*Education:* BA from Middlebury College, USA.

*Professional experience:* Active in the family-owned Axel Johnson Group since 2005 and management team member. Many years of experience from Board work in listed and unlisted companies.

*Director since:* 2014

*Committee membership:* Remuneration Committee Independent in relation to the Company and Executive Committee.

Non-independent in relation to major shareholders of the Company.

*No. of Axfood shares:* 13,226

### 4. Thomas Ekman

Director

*Born:* 1969

*Other assignments:* Chairman of Dustin Group, Axel Johnson International, AxSol and Martin & Servera. Director of Novax.

*Education:* MSc in Business Administration and Economics, Stockholm University.

*Current position:* President and CEO of Axel Johnson.

*Professional experience:* CEO of Dustin, CEO of Cabonline Group, and CEO of Tele2 Sweden. Director of Com Hem and Sportamore.

*Member since:* 2023

Independent in relation to the Company and Executive Committee.

Non-independent in relation to major shareholders of the Company.

*No. of Axfood shares:* 0

### 5. Christian Luiga

Director

*Born:* 1968

*Other assignments:* Chairman of Combitech AB and Saab Dynamics. Director of UMS Skeldar AG, the non-profit association Beredskapslyftet (Skill Shift Initiative) and Saab Emerging Technologies.

*Education:* Economics studies, Stockholm University.

*Current position:* CFO and Deputy CEO at Saab AB.

*Professional experience:* Executive Vice President, CFO and Head of Corporate Control at Telia Company, CFO of Teleca and Framfab.

*Director since:* 2020

*Committee membership:* Audit Committee (Chairman)

Independent in relation to the Company and Executive Committee, and to major shareholders of the Company.

*No. of Axfood shares:* 4,000

### 6. Peter Ruzicka

Director

*Born:* 1964

*Other assignments:* Chairman of Pandora AS, Royal Unibrew AS and Aspelin Ramm Gruppen AS. Director of AKA AS.

*Education:* Bachelor's degree in business administration and MBA, BI Norwegian Business School.

*Professional experience:* President and CEO of Orkla, President of Norwegian investment company Canica AS and Deputy CEO of ICA AB, etc.

*Director since:* 2021

*Committee membership:* Audit Committee

Independent in relation to the Company and Executive Committee, and to major shareholders of the Company.

*No. of Axfood shares:* 400

### 7. Sara Öhrvall

Director

*Born:* 1971

*Other assignments:* Director of Investor, Bonnier Books and Dagens Nyheter, SNS, and SSE Ventures, and member of the International Advisory Board for the Stockholm Resilience Center.

*Education:* MSc International Business, Umeå University.

*Professional experience:* COO at Axel Johnson, Chief Transformation Officer at SEB, Senior Vice President R&D at Bonnier AB, co-founder and CEO of Differ and Mindmill Networks, and Product Development Director at Volvo Cars.

*Director since:* 2022

*Committee membership:* Audit Committee

Independent in relation to the Company, the Executive Committee and, as of September 2023, to major shareholders of the Company.

*No. of Axfood shares:* 162

### 8. Anders Helsing

Employee representative

*Born:* 1966

*Other assignments:* Employee representative for Axel Johnson and Axfood IT.

*Professional experience:* Axfood employee since 1998.

*Director since:* 2016

Non-independent in relation to the Company and Executive Committee.

*No. of Axfood shares:* 59

### 9. Michael Sjören

Employee representative

*Born:* 1960

*Other assignments:* Employee representative for Snabbgross and Dagab Inköp & Logistik.

*Professional experience:* Axfood employee since 1995.

*Director since:* 2010

Non-independent in relation to the Company and Executive Committee.

*No. of Axfood shares:* 0

### 10. Lars Östberg

Employee representative

*Born:* 1968

*Other assignments:* Employee representative for Willys.

*Professional experience:* Willys employee since 2002.

*Director since:* 2016, previously director 2009–2011.

Non-independent in relation to the Company and Executive Committee.

*No. of Axfood shares:* 0

Own and related parties' shareholdings,  
31 December 2023





## Executive Committee

### 1. Klas Balkow

President and CEO, Axfood

*Born:* 1965

*Employee since:* 2017

*Other assignments:* Director of the Swedish Food Retailers Federation and the Swedish Trade Federation.

*Education:* Upper-secondary school engineering, SSE Executive Education.

*Professional experience:* CEO of Clas Ohlson, CEO of Aximage (previously a business area in Axel Johnson), senior positions with Procter & Gamble in the Nordic countries and the USA and with Bredbandsbolaget.

*Member of the Executive Committee since:* 2017

*No. of Axfood shares:* 50,000

### 2. Sandra Brånstad

General Counsel

*Born:* 1975

*Employee since:* 2018

*Other assignments:* Director of Ortala AB and Pensan AB.

*Education:* Master of Laws, Stockholm University.

*Professional experience:* Lawyer, most recently as partner and Director of Ramberg Advokater.

*Member of the Executive Committee since:* 2022

*No. of Axfood shares:* 11,759

### 3. Thomas Evertsson

Managing Director of Willys until 31 January 2024

*Born:* 1964

*Employee since:* 2008

*Other assignments:* Chairman of Eurocash Food AB, Director of Best Transport AB, Julia AB, City Gross Sverige AB and Svensk Plaståtervinning i Motala AB.

*Education:* M.Sc. Econ., School of Business, Economics and Law at the University of Gothenburg.

*Professional experience:* Hypermarket Manager, Head of Chain Operations at Coop Supermarkets, President of Coop Sverige, Vice President of Coop Norden.

*Member of the Executive Committee since:* 2008

*No. of Axfood shares:* 12,400

### 4. Karin Hedlund

Head of IT

*Born:* 1966

*Employee since:* 2020

*Education:* M. Sc. Mechanical Engineering, KTH Royal Institute of Technology, Stockholm.

*Professional experience:* CIO at Lantmännen, Head of Project Delivery and Build & Deploy at Ericsson, Head of IT Development at Axfood, Senior Manager at Accenture.

*Member of the Executive Committee since:* 2020

*No. of Axfood shares:* 4,608

### 5. Sara Kraft Westrell

Head of Corporate Communications

*Born:* 1974

*Employee since:* 2018

*Education:* M. Sc. Business Administration, Lund University and National University of Singapore.

*Professional experience:* Director of Information at Clas Ohlson and Hexagon, Marketing and Communications Director at JB Education, Communications Adviser at Kreab and Brunswick.

*Member of the Executive Committee since:* 2018

*No. of Axfood shares:* 7,500

### 6. Anders Lexmon

Chief Financial Officer

*Born:* 1968

*Employee since:* 2002

*Education:* Agricultural Economics and Management, Swedish University of Agricultural Sciences (SLU).

*Professional experience:* Head of Financial Control at Axfood, Head of Group Accounting at Axfood, Head of Group Accounting at SJ, auditor at KPMG.

*Member of the Executive Committee since:* 2017

*No. of Axfood shares:* 18,500

### 7. Monica Långbo

Head of Human Resources

*Born:* 1963

*Employee since:* 2019

*Education:* Executive MBA, Stockholm University College of Education.

*Professional experience:* Head of HR Sweden and Denmark, HR Director and Head of Security & Legal Counsel, HR Director and Head of Information/PR/PA/Communication, Head of Leadership Development & Executive Recruitment at Manpower Group, leadership and organisational consultant at own firm.

*Member of the Executive Committee since:* 2019

*No. of Axfood shares:* 9,045

### 8. Simone Margulies

Managing Director, Hemköpskedjan

*Born:* 1978

*Employee since:* 2016

*Other assignments:* Director of KRAV.

*Education:* M. Sc. Mechanical Engineering, KTH Royal Institute of Technology, Stockholm.

*Professional experience:* Deputy Managing Director of Dagab Inköp & Logistik, Business Area Manager at Dagab, Business Area Manager at ICA Sweden, Analyst Manager at ICA Sweden, Supply Chain Development at ABB.

*Member of the Executive Committee since:* 2020

*No. of Axfood shares:* 8,909

### 9. Eva Pettersson

Managing Director, Snabbgross

*Born:* 1966

*Employee since:* 2004

*Education:* M.Sc. Econ., Linköping University, and studies at the University of East Anglia.

*Management training at Novare. Professional experience:* Managing Director of Axfood Närlivs, Head of Business Development, Dagab, Systems Manager, Axfood IT, food retailing consultant, Accenture.

*Member of the Executive Committee since:* 2014

*No. of Axfood shares:* 24,358

### 10. Nicholas Pettersson

Managing Director of Dagab Inköp & Logistik until 31 January 2024, and thereafter Managing Director of Willys

*Born:* 1976

*Employee since:* 2004

*Other assignments:* Chairman of Hall Miba.

*Education:* M. Sc. Econ., Växjö University.

*Professional experience:* Managing Director of Axfood Närlivs, Market Manager at Axfood Närlivs, Business Area Manager at Snabbgross, Supply Chain Manager at Svenska Shell, Business Analyst at Shell Detaljist.

*Member of the Executive Committee since:* 2009

*No. of Axfood shares:* 17,133

### 11. Carl Stenbeck

Head of Strategy and Business Development

*Born:* 1979

*Employee since:* 2018

*Other assignments:* Chairman of Urban Deli, Director of Apohem and Mathem.

*Education:* M. Sc., Chalmers University of Technology, and M.Sc., School of Business, Economics and Law at the University of Gothenburg.

*Professional experience:* Global Head of Digital Development at H&M, management consultant at Boston Consulting Group and Accenture, Programme Manager at Papyrus.

*Member of the Executive Committee since:* 2018

*No. of Axfood shares:* 8,000

### Hans Bax

Managing Director of Dagab Inköp & Logistik from 1 February 2024

*Born:* 1978

*Employee since:* 2011

*Education:* M. Sc. Business Administration, Jönköping International Business School.

*Professional experience:* Business Area Manager at Dagab Inköp & Logistik, Category Manager at ICA Sweden, Head of Purchasing at ICA Sweden, Category and Purchasing Manager at Lidl Sweden, Supply Chain Manager at Lidl Sweden.

*Member of the Executive Committee since:* 2024

*No. of Axfood shares:* 4,500

Own and related parties' shareholdings, 31 December 2023





# Other information

# Definitions and glossary

## Financial key ratios

In addition to the financial key ratios prepared in accordance with IFRS, Axfood presents financial key ratios that are not defined by IFRS or by the Swedish Annual Accounts Act, so-called alternative performance measures (APMs). These APMs aim to provide supplementary information that contributes to analysing Axfood's operations and development. The APMs used are considered generally accepted in the industry. APMs should not be seen as a substitute for financial information presented in accordance with IFRS, but as a complement. The APMs are defined below under the financial key ratio definitions.

Some APMs are also reported excluding IFRS 16 to enable a follow-up of operational development excluding the technical accounting effects as a result of IFRS 16. Some APMs are also reported excluding items affecting comparability since the adjusted performance measure provides a better understanding of the operations' underlying development when comparing between periods.

### Reconciliation of EBITDA

SEK m	2023	2022
<b>Operating profit (EBIT)</b>	<b>3,353</b>	<b>3,101</b>
Depreciation/amortisation/impairment	2,993	2,615
<b>EBITDA</b>	<b>6,345</b>	<b>5,716</b>
IFRS 16 Lease fees	-2,198	-1,904
<b>EBITDA excl. IFRS 16</b>	<b>4,148</b>	<b>3,812</b>

## Financial key ratio definitions

**Capital employed:** Total assets less non-interest-bearing liabilities and non-interest-bearing provisions. Measures the Group's capital use and efficiency.

**Cash flow from operating activities per share:** Cash flow from operating activities for the period divided by the average number of shares outstanding before dilution. Indicates cash flow generated from operating activities.

**Cash flow per share:** Cash flow for the period divided by the average number of shares outstanding before dilution. Indicates cash flow generated per share.

**EBITDA:** Operating profit before depreciation, amortisation and impairment. Also reported excluding the effects of reporting in accordance with IFRS 16 as EBITDA excl. IFRS 16. Indicates the underlying development of the operations.

**Earnings per share (defined in IFRS):** Net profit for the year attributable to owners of the parent divided by the average number of shares outstanding. Reported both before and after dilution. Earnings per share are also reported based on earnings excluding items affecting comparability.

**Equity per share:** Share of equity attributable to owners of the parent divided by the number of shares outstanding at the end of the period. Indicates shareholders' share of the Company's total equity per share.

**Equity ratio:** Equity including non-controlling interests as a percentage of total assets. An equity ratio of at least 20% at year-end is one of Axfood's Group-wide strategic targets.

**Items affecting comparability:** Financial effects in connection with major acquisitions and divestments or other major structural changes as well as material non-recurring items that are relevant in order to understand the results when comparing between periods.

**Net debt/EBITDA:** Net debt divided by EBITDA. Also reported excluding the effects of reporting in accordance with IFRS 16. Indicates the Group's ability to pay its debt.

**Net debt/net receivable:** Interest-bearing non-current and current receivables and liabilities less cash and cash equivalents and interest-bearing financial assets. Used to show the Company's net interest-bearing assets and liabilities.

**Net debt/net receivable excluding IFRS 16:** Interest-bearing non-current and current receivables and liabilities, excluding lease liabilities, less cash and cash equivalents and interest-bearing financial assets.

**Net debt-equity ratio/net receivable-equity ratio:** Net debt/net receivable divided by equity including non-controlling interests. Also reported excluding the effects of reporting in accordance with IFRS 16. Indicates the Company's debt-equity ratio.

**Operating margin:** Operating profit as a percentage of net sales for the period. An operating margin of at least 4.5% is one of Axfood's strategic Group-wide targets.

**Operating margin excluding items affecting comparability:** Operating profit excluding items affecting comparability as a percentage of net sales for the period. Also referred to as adjusted operating margin.

**Operating profit:** Profit before net financial items and tax. Indicates profitability for operating activities.

**Operating profit excluding items affecting comparability:** Profit before net financial items and tax adjusted for items affecting comparability. Also referred to as adjusted operating profit.

**Return on capital employed:** Profit after financial items, plus financial expenses as a percentage of average capital employed. Indicates profitability in both equity and borrowed capital in the Company.

**Return on equity:** Net profit for the year attributable to owners of the parent as a percentage of the share of average equity attributable to owners of the parent. Indicates the return that owners receive on capital invested.

**Sales growth:** Percentage change in sales between two periods. Axfood monitors growth in both retail sales and net sales. One of Axfood's Group-wide strategic targets is to grow faster than the market, and growth in retail sales is the target Axfood uses to measure this.



## DEFINITIONS AND GLOSSARY

**Operating key ratio definitions and glossary**

**Average number of employees:** Total number of hours worked divided by the number of hours worked per year of 1,920. Also referred to as FTEs.

**Dividend payout, %:** Dividend per share divided by earnings per share before dilution.

**Dividend yield:** Dividend per share divided by the share price at year-end.

**Inventory turnover rate:** The cost of delivered goods divided by the average inventory value.

**Joint-Group:** Pertains to head office support functions, such as the Executive Committee, Finance, Legal Affairs, Communications, Business Development, HR and IT.

**Like-for-like sales:** Sales for stores that existed and generated sales in both the current period and the comparison period.

**Market capitalisation:** Share price at year-end multiplied by the number of shares outstanding.

**Online sales:** Reported online sales of the Willys concept, Hemköp Group-owned stores and Hemköp retailer-owned stores.

**P/E ratio:** Share price in relation to earnings per share before dilution.

**Private label products, share of sales:** Sales of private label products, excluding meat, fruits and vegetables, as a percentage of retail sales.

**Retail sales:** Reported store sales including online sales for the concepts Willys, Willys Hemma, Eurocash, Hemköp Group-owned stores, Hemköp retailer-owned stores and Tempo, excluding adjustments mainly related to customer bonuses.

**Share price:** Closing share price.

**Share turnover rate:** The number of shares traded during the year divided by the number of shares outstanding at year-end.

**Sustainability glossary**

**Amfori Business Social Compliance Initiative (BSCI):** European network for social audits of suppliers.

**Aquaculture Stewardship Council (ASC):** International organisation that promotes ecolabels for farmed fish and shellfish. The ASC reviews environmental and social topics in fish and shellfish farming. The standard is supported by the WWF and products with its certification are automatically green-listed.

**Ethical Trading Initiative (ETI):** Initiative that gathers companies, unions, civil society and public institutions to secure good working conditions and human rights in global supply chains.

**Fairtrade:** Product label for goods that aim to improve working and living conditions for farmers and workers in developing countries. The label means that the product meets the international criteria.

**Forest Stewardship Council (FSC):** Independent international organisation that advocates for a more environmentally adapted, socially responsible and economically sustainable use of the world's forests through a certification system.

**Global Compact:** The UN's initiative to encourage companies to support developments within human rights, working conditions and the environment.

**Global Deal:** Declaration of undertakings that will help the world's countries reach the UN Sustainable Development Goals (SDGs) pertaining to working conditions, economic growth and gender equality.

**Global Food Safety Initiative (GFSI):** A business-led initiative for constant improvement in management systems for health and food safety.

**Global Reporting Initiative (GRI):** Standard with guidelines for sustainability reporting. The guidelines are based on principles and indicators that organisations use to measure and report their sustainability work.

**Greenhouse Gas Protocol (GHG):** Global standard to calculate, handle and report emissions of greenhouse gases.

**IP Sigill:** Standard for certification of a more sustainable production of food and flowers based on criteria including food safety, animal welfare, environmental responsibility and working conditions.

**Marine Stewardship Council (MSC):** International organisation that promotes ecolabels for fish and shellfish. The label shows that the fish come from viable stocks and have been caught with a low impact on the environment.

**Roundtable on Sustainable Palm Oil (RSPO):** Organisation that stipulates criteria for sustainably produced palm oil with regards to for example the preservation of forest areas with particularly sensitive ecosystems and use of pesticides.

**Science Based Targets initiative (SBTi):** Organisation that assists companies in setting climate targets in line with the Paris Agreement to limit emissions of greenhouse gases and global warming.

**Substitute it Now (SIN):** Database of particularly hazardous substances that are not yet covered by legislation.



# Ten-year overview

Each year is recognised as reported for the respective year and in accordance with the accounting policies applicable at the time. Previous years have not been restated when new accounting standards are applied, unless stated otherwise.

SEK m	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Result of operations</b>										
Net sales	81,111	73,474	57,891	53,696	50,740	48,085	45,968	43,355	41,247	38,484
Operating profit	3,353	3,101	2,704	2,510	2,288	2,025	1,886	1,902	1,760	1,447
Profit after financial items	3,037	2,935	2,582	2,394	2,173	2,016	1,881	1,894	1,749	1,430
Tax	-664	-564	-488	-531	-494	-439	-414	-421	-388	-326
<b>Net profit for the year</b>	<b>2,373</b>	<b>2,370</b>	<b>2,094</b>	<b>1,862</b>	<b>1,679</b>	<b>1,577</b>	<b>1,467</b>	<b>1,473</b>	<b>1,361</b>	<b>1,104</b>
<b>Financial position</b>										
Intangible assets	5,065	4,990	5,295	3,519	3,472	3,449	3,388	2,478	2,528	2,536
Property, plant and equipment	6,019	5,294	3,815	2,912	2,744	2,202	2,032	1,799	1,930	1,894
Right-of-use assets	9,210	9,025	6,384	5,656	5,407	-	-	-	-	-
Financial and other non-current assets	874	850	731	286	259	168	215	199	155	134
Inventories and other current assets	8,163	7,900	6,772	4,906	4,614	4,750	4,458	4,337	3,991	4,019
Cash and cash equivalents and assets held for sale	688	559	734	1,534	798	1,675	1,376	1,726	1,933	1,109
<b>Assets</b>	<b>30,018</b>	<b>28,618</b>	<b>23,731</b>	<b>18,814</b>	<b>17,293</b>	<b>12,244</b>	<b>11,469</b>	<b>10,539</b>	<b>10,537</b>	<b>9,692</b>
Equity	6,877	6,609	4,952	4,331	4,020	4,304	4,266	4,117	4,530	4,029
Non-controlling interests	308	292	224	232	229	224	212	1	1	36
Lease liabilities	9,246	9,050	6,404	5,708	5,509	-	-	-	-	-
Other interest-bearing liabilities and provisions	781	492	1,971	403	421	524	528	498	504	585
Other liabilities	12,805	12,176	10,181	8,139	7,115	7,192	6,463	5,923	5,502	5,042
<b>Equity and liabilities</b>	<b>30,018</b>	<b>28,618</b>	<b>23,731</b>	<b>18,814</b>	<b>17,293</b>	<b>12,244</b>	<b>11,469</b>	<b>10,539</b>	<b>10,537</b>	<b>9,692</b>
<b>Cash flow</b>										
Cash flow from operating activities	5,807	5,927	4,590	4,851	3,555	2,702	2,534	2,241	2,495	2,029
Cash flow from investing activities	-2,210	-2,778	-3,842	-1,080	-1,386	-992	-1,500	-559	-751	-582
Cash flow from financing activities	-3,468	-3,324	-1,548	-3,036	-2,943	-1,515	-1,384	-1,889	-920	-795
<b>Cash flow for the year</b>	<b>129</b>	<b>-175</b>	<b>-800</b>	<b>735</b>	<b>-774</b>	<b>195</b>	<b>-350</b>	<b>-207</b>	<b>824</b>	<b>652</b>

## TEN-YEAR OVERVIEW

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Key ratios</b>										
Operating margin, %	4.1	4.2	4.7	4.7	4.5	4.2	4.1	4.4	4.3	3.8
Equity ratio, %	23.9	24.1	21.8	24.3	24.6	37.0	39.0	39.1	43.0	41.9
Net debt (+)/net receivable (-), SEK m	9,339	8,982	7,640	4,577	5,131	-	-	-	-	-
Net debt (+)/net receivable (-) excl. IFRS 16, SEK m	93	-68	1,236	-1,131	-377	-1,047	-871	-1,249	-1,449	-524
Net debt/EBITDA, multiple	1.5	1.6	1.5	1.0	1.2	-	-	-	-	-
Net debt/EBITDA excl. IFRS 16, multiple	0.0	0.0	0.4	-0.4	-0.1	-0.4	-0.3	-0.5	-0.6	-0.2
Net debt-equity ratio (+)/net receivable-equity ratio (-), multiple	1.3	1.3	1.5	1.0	1.2	-	-	-	-	-
Net debt-equity ratio (+)/net receivable-equity ratio (-) excl. IFRS 16, multiple	0.0	0.0	0.2	-0.2	-0.1	-0.2	-0.2	-0.3	-0.3	-0.1
Capital employed, SEK m	17,212	16,442	13,550	10,674	10,178	5,052	5,006	4,616	5,035	4,650
Return on capital employed, %	20.3	20.9	22.4	24.2	30.1	40.4	39.4	39.5	36.5	32.4
Return on equity, %	35.0	40.8	46.3	45.7	39.6	36.2	34.9	34.1	31.8	28.1
Average number of employees during the year	13,185	12,772	12,202	11,451	10,854	10,215	9,903	9,211	8,803	8,481
Total capital expenditures, SEK m	4,087	6,967	3,565	2,755	2,452	1,021	1,934	580	764	643
Investments in intangible assets and in property, plant and equipment, SEK m	1,946	2,593	1,825	1,031	1,481	1,021	1,934	580	764	643
Depreciation/amortisation, SEK m	-2,993	-2,580	-2,399	-2,252	-2,146	-760	-744	-719	-696	-693
Number of shares outstanding at end of period	215,777,588	215,805,384	209,104,732	209,198,604	209,298,712	209,494,712	209,676,712	209,870,712	209,870,712	52,467,678
<b>Key data per share</b>										
Earnings per share before dilution, SEK	10.92	11.04	10.20 <sup>2)</sup>	9.12	7.87	7.41	6.98	7.02	6.48	5.22 <sup>1)</sup>
Earnings per share after dilution, SEK	10.87	10.99	10.16 <sup>2)</sup>	9.09	7.85	7.40	6.98	7.02	6.48	5.22 <sup>1)</sup>
Ordinary dividend per share, SEK	8.50 <sup>3)</sup>	8.15	7.75	7.50	7.25	7.00	7.00	6.00	5.00	4.25 <sup>1)</sup>
Extra dividend per share, SEK	-	-	-	-	-	-	-	-	4.00	-
Equity per share, SEK	31.87	30.62	23.68	20.70	19.21	20.54	20.35	19.62	21.58	19.20 <sup>1)</sup>
Cash flow per share, SEK	0.60	-0.82	-3.82	3.51	-3.70	0.93	-1.67	-0.99	3.93	3.11 <sup>1)</sup>
Cash flow from operating activities per share, SEK	26.91	27.81	21.95	23.18	16.98	12.89	12.08	10.68	11.89	9.67 <sup>1)</sup>

1) In 2015, Axfood carried out a 4:1 share split. Comparison figures have been adjusted.

2) Comparison figures for 2021 were restated for the bonus issue element of the rights issue that was completed in 2022. Other years have not been restated.

3) Proposed by the Board of Directors.

# The share and ownership structure

**LISTING:** NASDAQ STOCKHOLM, LARGE CAP

**SYMBOL:** AXFO

**MARKET CAPITALISATION AT YEAR-END:** SEK 59 BILLION

**NUMBER OF SHARES:** 216,843,240

**ISIN:** SE0006993770

Axfood's shares are listed on Nasdaq Stockholm. The share capital as of 31 December 2023 was SEK 271 m, distributed among 216,843,240 shares with a share quota value of SEK 1.25. Each share carries entitlement to one vote.

## Trading volume

A total of 226.8 million (278.0) Axfood shares were traded in all marketplaces in 2023, with an average daily trading volume of 903,657 shares (1,098,775). Trading on Nasdaq Stockholm accounted for 32% (33) of the total trading volume in Axfood shares. Daily trading in relation to Axfood's market capitalisation on Nasdaq Stockholm amounted to 0.13% (0.17), compared with an average of 0.18% (0.24) for the Large Cap list. Daily trading in relation to Axfood's market capitalisation on all marketplaces amounted to 0.41% (0.51), compared with an average of 0.53% (0.57) for the Large Cap list.

## Share performance and market capitalisation

Based on the closing share price on 31 December 2023, SEK 273.00, the Group's market capitalisation was SEK 59,198 m (61,995). The share price trend was -4.5% during the year, while the trend for the total index (OMXSPI) was +15.5%. The total return for Axfood's shares, including reinvested dividends, was -1.4%. The highest closing price quoted during the year was SEK 293.70 on 10 January. The lowest closing price quoted during the year was SEK 223.60 on 26 June.

## Ownership structure

The number of shareholders in 2023 increased to 124,252 at year-end (117,685). The principal owner is the Axel Johnson Group, with 50.1% of the shares (votes and capital). No other shareholder owns – directly or indirectly – more than 10% of the shares in Axfood (votes and capital). Axel Johnson's shareholding was unchanged in 2023. Foreign ownership at year-end corresponded to 14.2% of the share capital, a decrease of -5.4 percentage points compared with the previous year. Swedish ownership, which corresponded to 85.8% of the share capital, was distributed between Axel Johnson, institutional shareholders (18.0%), private persons (14.5%) and other Swedish owners (3.2%). The largest foreign ownership is in the US, Norway, France, Finland and the UK.

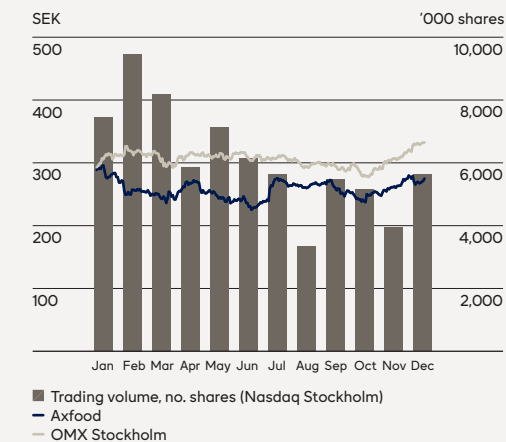
## Dividend

The Board of Directors proposes that the AGM resolve in favour of an increased dividend for the 2023 financial year of SEK 8.50 per share (8.15), corresponding to 78% of net profit for the year. During the last five years, the ordinary dividend has averaged 80% of profit after tax.

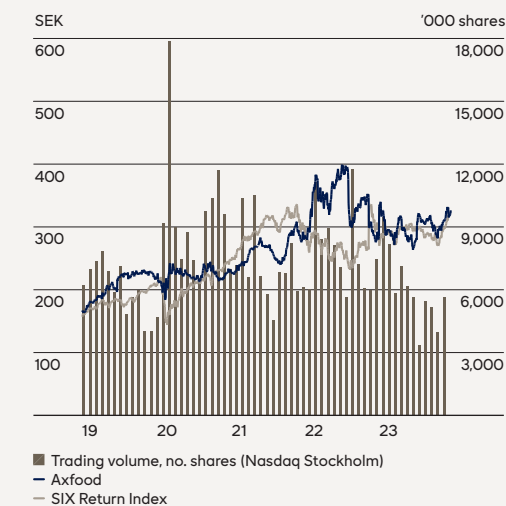
## Share repurchases

To secure delivery of shares linked to Axfood's long-term share-based incentive programmes, Axfood conducts share repurchases. At year-end, Axfood's holding of treasury shares amounted to 1,065,652 shares, corresponding to 0.5% of the total number of shares. More information about Axfood's share repurchase programmes is provided in Note 6.

Axfood share price and trading volume, 2023



Total return, Axfood share, index





## THE SHARE AND OWNERSHIP STRUCTURE

## Breakdown of ownership, 31 December 2023

Size class	No. shareholders	Shareholders, %	No. of shares	Share of votes and capital, %
1-500	112,262	90.4	7,896,904	3.6
501-1,000	5,788	4.7	4,248,951	2.0
1,001-5,000	5,167	4.2	10,260,186	4.7
5,001-10,000	529	0.4	3,690,103	1.7
10,001-20,000	222	0.2	3,114,101	1.4
20,001-	284	0.2	184,350,111	85.0
Breakdown unknown	-	-	3,282,884	1.5
<b>Total</b>	<b>124,252</b>	<b>100.0</b>	<b>216,843,240</b>	<b>100.0</b>

Source: Monitor by Modular Finance AB, with data from various sources, including Euroclear Sweden AB and Morningstar as of 31 December 2023. Totals may be affected by rounding.

## Ten largest shareholders at 31 December 2023

Name	No. of shares	Capital and votes, %
Ax:son Johnson (family and companies)	108,541,606	50.1
Swedbank Robur Funds	9,034,998	4.2
Handelsbanken Funds	6,882,779	3.2
Vanguard	3,990,099	1.8
Lannebo Funds	3,103,401	1.4
Odin Funds	2,880,602	1.3
Spiltan Funds	2,665,369	1.2
Norges Bank	2,456,012	1.1
Göran Sax	1,904,034	0.9
BlackRock	1,888,125	0.9
<b>Total</b>	<b>143,347,025</b>	<b>66.1</b>
Others	73,496,215	33.9
<b>Total</b>	<b>216,843,240</b>	<b>100.0</b>

Source: Monitor by Modular Finance AB, with data from various sources, including Euroclear Sweden AB and Morningstar as of 31 December 2023. Totals may be affected by rounding.

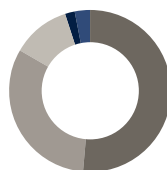
## Key data per share

Amounts in SEK	2023	2022	2021	2020	2019
Ordinary dividend	8.50 <sup>1)</sup>	8.15	7.75	7.50	7.25
Dividend payout, %	77.8 <sup>1)</sup>	73.8	76.0 <sup>2)</sup>	82.2	92.1
Number of shares outstanding	215,777,588	215,805,384	209,104,732	209,198,604	209,298,712
Share price at year-end	273.00	285.90	260.40	191.80	208.40
Market capitalisation at year-end, SEK m	59,198	61,995	54,650	40,253	43,737
Highest/lowest closing share price	293.70/ 223.60	333.60/ 233.20	260.40/ 192.70	217.60/ 168.40	212.50/ 151.90
Dividend yield, %	3.1 <sup>1)</sup>	2.9	3.0	3.9	3.5
Earnings per share before dilution	10.92	11.04	10.20 <sup>2)</sup>	9.12	7.87
Equity per share	31.87	30.62	23.68	20.70	19.21
P/E ratio	25.0	25.9	25.5 <sup>2)</sup>	21.0	26.5
Daily trading in relation to market capitalisation, all marketplaces, %	0.41	0.51	0.44	0.51	-
Volatility, standard deviation, %	22.7	28.6	14.7	27.6	19.1
Beta	0.15	0.30	0.27	0.23	0.39
Number of shareholders	124,252	117,685	97,249	80,342	61,592

1) Proposed by the Board of Directors.

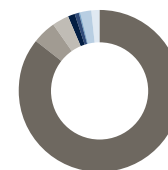
2) Comparison figures for 2021 were restated for the bonus issue element of the rights issue that was completed in 2022. Other years have not been restated.

## Trading volume for Axfood shares on various marketplaces



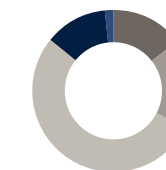
■ CBOE Global Markets, 51.4%  
■ Nasdaq Stockholm, 32.2%  
■ London Stock Exchange, 11.5%  
■ Acquis Stock Exchange, 2.0%  
■ Other, 2.9%

## Geographic distribution of shareholders



■ Sweden, 85.8%  
■ USA, 4.7%  
■ Norway, 3.2%  
■ France, 1.5%  
■ Finland, 0.6%  
■ Denmark, 0.4%  
■ Other, 2.4%  
■ Anonymous ownership, 1.4%

## Breakdown of ownership



■ Swedish private persons, 14.5%  
■ Swedish institutions, 18.0%  
■ Other Swedish owners, 53.6%  
■ Foreign institutions, 12.5%  
■ Other and anonymous ownership, 1.4%

Source: Monitor by Modular Finance AB, with data from various sources, including Euroclear Sweden AB and Morningstar as of 31 December 2023. Totals may be affected by rounding.



# Shareholder information

Axfood keeps the capital market continuously informed about the Company's operations and development. Through regular meetings with Swedish and international institutional investors and analysts, a dialogue is maintained and continuous information is provided. Presentations are made during conferences and meetings, and always in connection with the publication of interim reports and year-end reports. In 2023, a Capital Markets Day was held at the Group's new, highly automated logistics centre in Bålsta outside Stockholm.

Topics of particular interest for investors and analysts in 2023 included the extent to which the Group's various operations have developed and handled the changed market dynamics in conjunction with high inflation. Focus was also placed on Axfood's development of a new logistics platform and the ramp-up of the new logistics centre in Bålsta, digital development and sustainability efforts.

Axfood is also engaged in a continuous dialogue with non-institutional shareholders. For example, presentations are held during events organised by the Swedish Shareholders Association, an independent organisation for private persons who invest in equity-based securities. During the year, Axfood participated in events in locations such as Gothenburg, Landskrona and Södertälje.

» Read more about Investor Relations at Axfood

## Axfood's website

Axfood's website, axfood.com, provides information for the capital market and other stakeholders. It provides current as well as historical information about, for example, the Group's operations, vision, purpose, business concept and strategy, corporate governance and sustainability work. Visitors to the website can also find information about the performance of Axfood's shares over time. Press releases, presentations, financial reports and information about the AGM are posted on the website. A service is provided that enables interested parties to subscribe for press releases and financial reports via email.

## Financial statements

Axfood's financial reports from 2000, the year in which Axfood was established, and onwards are available from the Company's website. The financial reports are only distributed in digital format via the website. Conference calls are held in English in connection with publication of Axfood's interim reports and year-end reports.

## Analysts who cover Axfood

ABG Sundal Collier	Fredrik Ivarsson
Bloomberg Intelligence	Ignacio Canals Polo
BNP Paribas Exane	Anna Schumacher
Carnegie Investment Bank	Niklas Ekman
Danske Bank	Daniel Schmidt
DNB	Simen Aas
Handelsbanken	Nicklas Skogman
Kepler Chevreux	Magnus Råman
Nordea	Daniel Ovin
SEB	Gustav Hagéus

## Contact

Head of Investor Relations  
 Alexander Bergendorf  
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 alexander.bergendorf@axfood.se

## Financial calendar 2024

**12 March**  
Record date for AGM

**20 March**  
AGM

**21 March**  
Ex-dividend date

**22 March**  
Proposed record date for payment of dividend

**27 March**  
Proposed date for payment of dividend

**25 April**  
Interim report January–March

**12 July**  
Interim report January–June

**19 September**  
Ex-dividend date

**20 September**  
Proposed record date for payment of dividend

**25 September**  
Proposed date for payment of dividend

**24 October**  
Interim report January–September

## Axfood's website best at IR communications

In 2023, Axfood's website received top points in the category IR communications in PR agency Comprend's Webranking, a survey of the websites of the 125 largest listed Swedish companies. The survey, the largest of its kind in Europe, measures how well corporate websites meet the requirements of various stakeholders, including the capital markets. In its commendation, Comprend highlighted how Axfood clearly presents its investment case, with links to relevant information.





# 2024 AGM

The Annual General Meeting (AGM) of Axfood AB (publ) will be held on Wednesday, 20 March 2024 at 5:00 p.m. at Münchenbryggeriet (Torkel Knutssonsgatan 2) in Stockholm, Sweden. Registration opens at 4:00 p.m. The Board of Directors has decided that shareholders may also exercise their voting rights by postal voting.

## Registration and notification

To be entitled to participate in the AGM, shareholders must be recorded in the register of shareholders maintained by Euroclear Sweden AB not later than Tuesday, 12 March 2024, and must notify the Company of their intention to participate in the AGM not later than Thursday, 14 March 2024. Shareholders who wish to participate in the AGM venue must notify the Company by 14 March 2024. Notifications may be submitted by post to Computershare AB, "Årsstämma Axfood", Box 5267, SE-102 46 Stockholm, Sweden, by telephone at +46 771 24 60 00, or on Computershare's website, which can be reached via a link provided on Axfood's website. The notification must include the shareholder's name and personal identity number or corporate registration number, address, telephone number, and the number of assistants (a maximum of two) accompanying the shareholder. Shareholders who wish to participate in the AGM by postal voting must submit their postal votes so that their postal votes have been received by Computershare not later than 14 March 2024. The postal voting form and other information are available on Axfood's website. If a shareholder is represented by a power of attorney, a power of attorney (together with any authorisation documents such as a registration certificate) must be submitted to Axfood in ample time prior to the AGM.

Shareholders whose shares are registered in the name of a nominee must, in addition to notifying the Company of their participation in the AGM, temporarily re-register their shares in their own names in the register of shareholders (so-called voting rights registration) to be able to participate in the AGM, so that the shareholder is included in the register of shareholders by the record date 12 March 2024.

## Dividend

The Board of Directors recommends that the AGM resolve in favour of a dividend of SEK 8.50 per share (8.15) for the 2023 financial year. The dividend is to be split into two payments, SEK 4.25 per share in March 2024 and SEK 4.25 per share in September 2024. 22 March and 20 September are proposed as the record dates for the payment of dividends. If the AGM votes in favour of the proposal, payment is expected to take place on 27 March and 25 September, respectively.

## Notice of AGM

Notice of the AGM has been made through an advertisement in the Official Swedish Gazette (Post- och Inrikes Tidningar) and Svenska Dagbladet and through publication on the Company's website. Documents that will be presented at the AGM are made available on the Company's website. They will also be sent, upon request, to shareholders who provide their postal address.





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info@axfood.se, axfood.com  
Linkedin.com/company/axfood  
Instagram: @axfoodkoncernen  
facebook.com/axfoodkoncernen  
Corp. reg. no.: 556542-0824

**Willys AB**

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Visitors' address:  
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Tel: +46 31 733 3100  
info@willys.se  
www.willys.se  
Corp. reg. no.: 556163-2232

**Hemköpskedjan AB**

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Tel: +46 8 553 990 00  
info@hemkop.se  
www.hemkop.se  
Corp. reg. no.: 556113-8826

**Axfood Snabbgross AB**

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Tel: +46 8 553 990 00  
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Corp. reg. no.: 556000-3575

**Dagab Inköp & Logistik AB**

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Tel: +46 8 553 990 00  
www.dagab.se  
Corp. reg. no.: 556004-7903

**Axfood AB**

Shared Service Center  
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