

Axfood

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Strengthened market positions and completed acquisition of City Gross

With a continued positive trend in customer traffic and higher volumes, Axfood is summarising a fourth quarter, and full year, characterised by stronger market positions. At the same time, strategically important investments were made during the year, and going forward there is a clear plan to further strengthen the Group. Axfood is taking position in the attractive hypermarket segment through the acquisition of City Gross, and several improvement initiatives have at full force been initiated to develop the chain towards growth and profitability. In addition, there is a gradual effect from the optimisation of the new logistics centre in Bålsta, which together with a focus on cost efficiency and productivity strengthens the Group's competitiveness.

President and CEO Simone Margulies comments on the year-end report for 2024:

"In 2024 we increased our market shares despite high comparison figures. Retail sales growth was 14.1% in the fourth quarter. The market dynamics is characterised by more cautious and price-conscious consumers as well as intense competition in the market. Our focus on productivity and cost efficiency has been intensified, and with our structure and the investments we are making in the base operations we have a good platform to gradually improve our competitiveness over time.

Willys continued to grow more than the market during the final quarter of the year, with growth of 4.8%. Willys have never before had a stronger market position, and it is clear the its momentum is continuing with continued high customer traffic and increased loyalty. The fourth quarter saw another strong development for Hemköp, with like-for-like growth of 4.6%. The chain has made great strides in recent years to strengthen its position in the market, and several new store establishments will create the conditions to further improve its position. Snabbgross has been navigating a challenging café and restaurant market for the last few years, with increased volumes and a higher number of customers, resulting in a stronger market position and growing market share. This trend continued into the fourth quarter, with strong growth of 6.3%.

Following completion of the ramp-up of the new logistics centre in Bålsta in the autumn, our focus has been on optimising the operations. E-commerce flows are also being implemented in parallel with the optimisation of store flows. We are now seeing increased productivity and efficiency, and we expect a gradual improvement in productivity in the coming year.

City Gross gives us presence in hypermarkets, the fastest-growing segment in the market after discount, and we see great potential in the chain. We have a clear plan and have since completing the acquisition introduced several initiatives to strengthen City Gross' competitiveness. To create a healthier foundation, we are also planning structural measures at a handful of stores during the year, mainly related to conversions to other concepts. Our ambition is to strengthen City Gross and the estimate is now that we will reach profitability at some point during the second half of 2026.

To encourage even more customers to shop with us, we will continue to maintain a high rate of new store establishments in 2025 and beyond. Our ambition for 2025 is to expand the store network by 10–15 new Group-owned stores, the majority of which will be Willys. Axfood has a strong financial position, and the Group's investment needs are expected to amount to between SEK 1.6 billion to 1.7 billion in 2025. The Board of Directors proposes that the Annual General Meeting approve an increased dividend of SEK 8.75 per share, to be paid out on two occasions.

We are entering 2025 with a lot of energy and see major opportunities to further challenge, strengthen our positions and take advantage of our longer-term initiatives."

Fourth quarter summary

- Net sales totalled SEK 21,860 m (20,769), an increase of 5.3%.
- Retail sales totalled SEK 18,836 m (16,507), an increase of 14.1%. Excluding City Gross, retail sales increased 4.2%.
- Operating profit was SEK 629 m (744) including items affecting comparability of SEK -143 m (-71). The operating margin was 2.9% (3.6).
- Adjusted operating profit amounted to SEK 772 m (815). The adjusted operating margin was 3.5% (3.9).
- Net profit for the period amounted to SEK 361 m (533) and earnings per share before dilution to SEK 1.62 (2.42).
- The acquisition of City Gross Sverige AB was completed on 1 November.

Summary January - December

- Net sales totalled SEK 84,057 m (81,111), an increase of 3.6%.
- Retail sales totalled SEK 68,052 m (63,703), an increase of 6.8%. Excluding City Gross, retail sales increased 4.3%.
- Operating profit was SEK 3,290 m (3,353) including items affecting comparability of SEK -143 m (-249). The operating margin was 3.9% (4.1).
- Adjusted operating profit was SEK 3,433 m (3,602). The adjusted operating margin was 4.1% (4.4).
- Net profit for the period amounted to SEK 2,219 m (2,373) and earnings per share before dilution to SEK 10.16 (10.92).

Significant events after the balance sheet date

- The Board of Directors proposes an increased dividend of SEK 8.75 per share (8.50) to be split into two payments, SEK 4.50 per share in March 2025 and SEK 4.25 per share in September 2025.

Investments and store establishments in 2025

- Investments in 2025 are expected to amount to between SEK 1,600 m and SEK 1,700 m, excluding acquisitions and right-of-use assets.
- In 2025, Axfood plans to establish 10-15 new group-owned stores.

Axfood will present the year-end report for 2024 in a webcast at 9:30 a.m. (CET) today, 30 January 2025. The report will be presented by Simone Margulies, President and CEO, and Anders Lexmon, CFO. You can find a link to the webcast at [axfood.com](https://www.axfood.com). A link to register to participate via conference call is also available at [axfood.com](https://www.axfood.com). Upon registration, a telephone number and conference ID for the conference call will be provided.

For further information, please contact:

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The information herein is such that Axfood AB (publ) is required to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person listed above, at 7:00 a.m. CET on 30 January 2025.

This document is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.

Axfood aspires to be the leader in affordable, good and sustainable food. Our family of companies includes the store chains Willys, Hemköp and City Gross as well as Tempo, Handlar'n and Matöppet. B2B sales are handled through Snabbgross, and our support company Dagab is responsible for the Group's product development, purchasing and logistics. The Axfood family also includes Urban Deli as well as the partly owned companies Apohem and Eurocash. Together the Group has more than 15,000 employees and sales of more than SEK 80 billion. Axfood has been listed on Nasdaq Stockholm since 1997, and the principal owner is Axel Johnson AB. Read more at www.axfood.com.