Axfood

Interim report
1 January - 31 March 2024

Q1

Continued high inflow of customers and solid earnings

First quarter summary

- Net sales totalled SEK 20,252 m (19,252), an increase of 5.2%.
- Retail sales totalled SEK 16,281 m (15,225), an increase of 6.9%.
- Operating profit amounted to SEK 817 m (695) including items affecting comparability of SEK — m (-55). The operating margin was 4.0% (3.6).
- Adjusted operating profit amounted to SEK 817 m (750), an increase of 9.0%. The adjusted operating margin was 4.0% (3.9).
- Net profit for the period was SEK 560 m (472) and earnings per share before dilution amounted to SEK 2.60 (2.20).
- The Annual General Meeting (AGM) on 20 March approved a dividend to shareholders of SEK 8.50 (8.15) per share. The amount is divided into two equal payments of SEK 4,25 each, in which the first payment was made in March and the second will be made in September. The AGM also elected Thomas Ekman as the new Chairman, and the Board of Directors resolved on the repurchase of no more than 385,000 shares related to the long-term share-based incentive programme LTIP 2024.
- On 6 February it was announced that Klas Balkow chooses to leave his role as President and CEO of Axfood by year-end 2024 the latest.

Significant events after the balance sheet date

- On 17 April, it was announced that Axfood's Board of Directors has appointed the current Managing Director of Hemköpskedjan, Simone Margulies, as Axfood's new President and CEO from 15 August 2024.

5.2%

Net sales growth for the first quarter 2024

6.9%

Retail sales growth for the first quarter 2024

Key ratios	Q1 2024	Q1 2023	Change	R12	Full-year 2023
Net sales, SEK m	20,252	19,252	5.2%	82,110	81,111
Retail sales, SEK m	16,281	15,225	6.9%	64,759	63,703
Operating profit, SEK m	817	695	17.6%	3,475	3,353
Operating profit excl. items affecting comparability, SEK m[1)]	817	750	9.0%	3,670	3,602
Operating margin, %	4.0	3.6	0.4	4.2	4.1
Operating margin excl. items affecting comparability, %[1)]	4.0	3.9	0.1	4.5	4.4
Net profit for the period, SEK m	560	472	18.7%	2,462	2,373
Earnings per share before dilution, SEK	2.60	2.20	18.1%	11.32	10.92
Earnings per share before dilution excl. items affecting comparability, SEK[1)]	2.60	2.40	8.2%	12.04	11.84
Cash flow from operating activities, SEK m	1,695	481	252.4%	7,021	5,807
Equity ratio, %	19.4	18.1	1.3	19.4	23.9
Net working capital R12, SEK m	-2,804	-2,602	7.7%	-2,804	-2,620
Return on capital employed R12, %	21.5	20.3	1.2	21.5	20.3
Sustainability-labelled products, share of sales, %[2)]	27.5	27.4	0.1	26.7	26.7

1) See *Note 8 Items affecting comparability* for more information.
2) The key ratio has been restated and comparison figures have been recalculated. See sustainability key ratio definitions for more information.

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 25 April 2024.

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

CEO message

Axfood summarises a quarter characterised by a continued positive trend in customer traffic, volume growth and strengthened market positions. Despite very high comparison figures, growth was once again higher than the market's, leading to a solid earnings performance. Additional steps were also taken as part of the Group's investments to strengthen its competitiveness over time.

During the first quarter of the year, food price inflation continued to decrease, following on from the trend we have noticed in the past year. According to Statistics Sweden, the rate of inflation was 1.4% overall – and even lower at the end of the quarter. The market is now displaying a solid recovery with volume growth in the quarter and support from a positive calendar effect of 2.2% due to the leap day and Easter. In total, the market grew 6.4% in an intensified competitive environment, characterised by a continued focus on price value among consumers.

Continued momentum for Axfood into the new year

Given that we were facing uniquely high comparison figures, the beginning of the year was strong, with 6.9% growth in retail sales. The fact that we posted solid growth in a market with low inflation was a result of significant volume growth. This confirms that our customers appreciate the offerings in our various concepts.

Willys has a competitive offering, with the ambition to deliver Sweden's cheapest bag of groceries, and has attracted many new customers for a long time. During the first quarter, Willys continued to gain market share, albeit at a somewhat slower rate than previously, which is natural given the exceptionally high comparison figures. Compared with the same period two years ago, Willys has grown more than twice as much as the market.

The first quarter saw another excellent performance from Hemköp, with like-for-like growth of 7.0%. With a focus on price value and store modernisations, more consumers are being drawn to Hemköp's concept. I would also like to highlight the initiatives in sustainability. Hemköp is an industry leader in the sale of organic goods, and during the quarter the chain was recognised for its work with an award from Sweden's organic farmers.

In the café and restaurant market, the beginning of the year was weak, including a negative effect from Easter. This was reflected in Snabbgross's performance, even though Snabbgross once again gained market share during the quarter. While Snabbgross navigated a challenging market, Snabbgross Club expanded and two additional stores were converted to the membership-based consumer concept during the quarter.

With continued volume growth and a positive trend in customer traffic, Axfood delivered a solid earnings performance for the first quarter.

High rate of development through digitalisation and automation

Our development clearly shows that we have continuously strengthened our competitiveness, and to carry on doing so in the future, we are continuing to make investments.

In the back-end operations, we are establishing a new logistics structure and are still in a ramp-up phase at the new logistics centre in Bålsta. The deployment of automation and transfer of inventory for dry and refrigerated goods is now complete, and operations within the frozen assortment were also initiated recently according to plan. E-commerce logistics will be added later in the year. We continue to expect improvements in efficiency from the second half of the year. During the quarter, we also put the automation solution at our new fruit and vegetable warehouse in Landskrona into operation.

"The fact that we posted solid growth in a market with low inflation was a result of significant volume growth. This confirms that our customers appreciate the offerings in our various concepts."

Significant events during the first quarter

- Strong start to the year through volume growth
- High inflow of customers and increased loyalty
- Continued progress with initiatives for the future within digitalisation and automation

Promoting healthier and more sustainable consumption

Sustainability work at Axfood is wide-ranging and we are continuously taking steps in many areas. Right now, we are accelerating the transition to renewable fuel in our transports from warehouses to stores, which meant that we drastically reduced our climate impact per tonne of goods transported during the quarter. We also increased the amount of self-generated energy from solar panels.

We are continuing to develop an assortment of sustainable and healthy products, and it is gratifying to see consumers' increased interest in hybrid products. Through Nöt & Grönt, a mince from Garant that is half minced beef and half vegetables, customers are offered a healthier and more sustainable product at an attractive price.

Focus on continued growth

We can now look back at a positive beginning to the year, during which we continued to attract new customers and gained market share in an increasingly competitive market. With an ambitious agenda for continued development, we have a good opportunity to take additional steps towards being the leader in affordable, good and sustainable food.

Klas Balkow
President and CEO, Axfood AB

Selection of press releases during the quarter

1 February 2024

Axfood gearing up and phasing out fossil fuels over two-year period

6 February 2024

Klas Balkow will leave his role as President and CEO of Axfood

23 February 2024

Axfood publishes Annual and Sustainability Report 2023

20 March 2024

Resolutions at Axfood's 2024 Annual General Meeting

Financial calendar

- The interim report for the second quarter of 2024 will be published at 7:00 a.m. CET on 12 July 2024
- The interim report for the third quarter of 2024 will be published at 7:00 a.m. CET on 24 October 2024
- The year-end report for 2024 will be published at 7:00 a.m. CET on 30 January 2025

Presentation of the interim report

Axfood will present the interim report for the first quarter of 2024 in a webcast at 9:30 a.m. CET, today, Thursday, 25 April 2024. The report will be presented by Klas Balkow, President and CEO, and Anders Lexmon, CFO.

A link to the webcast is available at axfood.com.

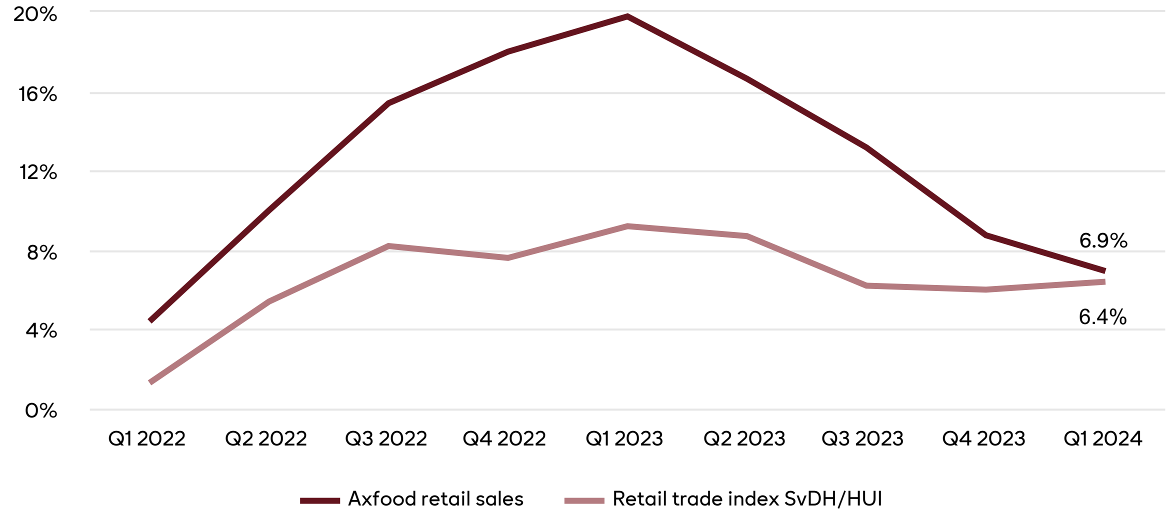
A link to register to participate via conference call is also available at axfood.com. Upon registration, a telephone number and conference ID for the conference call will be provided.

The Swedish food retail market

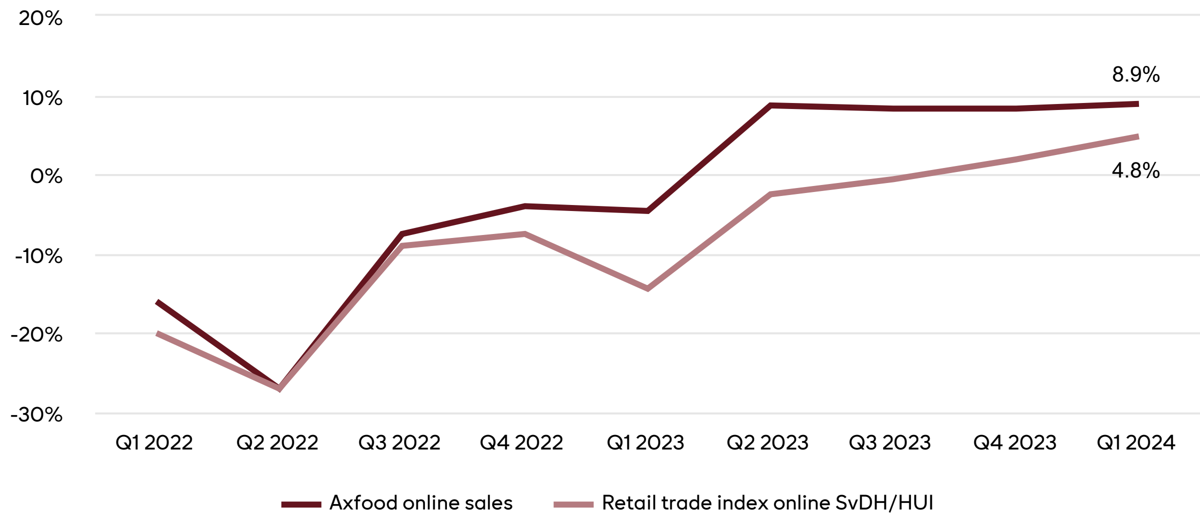
According to the Swedish Food Retail Index, total sales growth during the first quarter of 2024 amounted to 6.4%. The calendar effect amounted to 2.2% as a result of the leap day and a positive effect from Easter. The trend of declining inflation continued and the price trend for food amounted to 1.4% according to Statistics Sweden, which was substantially lower than the level of 6.0% in the fourth quarter of 2023. Inflation decreased from the previous quarter due to higher comparison figures, since the absolute price level was relatively unchanged. Adjusted for calendar and price effects, sales growth is estimated at 2.8% compared with year-earlier quarter, which is the highest annual growth in three years. The lower rate of inflation was offset by positive volume effects, which resulted in a stable total growth rate for the market compared with the fourth quarter of 2023.

Broken down into sales channels, sales growth amounted to 6.5% in physical stores and 4.8% in e-commerce. While growth in physical stores remained good, the growth in e-commerce represented a certain level of recovery following a weak performance in the last few years, with the highest annual growth in nearly three years. The share of food retail sales from e-commerce was in line with the year-earlier quarter and amounted to 4.7%.

Growth in Axfood's retail sales[1] compared with the Swedish Food Retail Index



Growth in Axfood's online sales[1] compared with the Swedish Food Retail Index



1) Mat.se is included in the sales figures until February 2022.

Group performance

Net sales

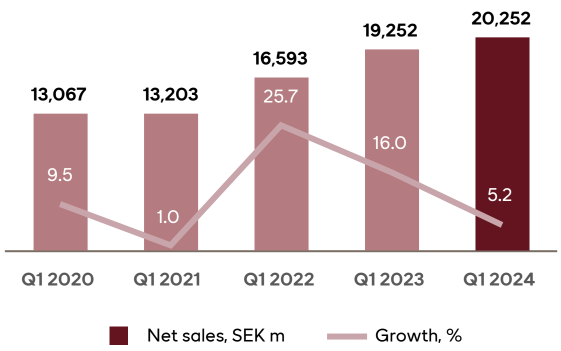
Net sales totalled SEK 20,252 m (19,252), an increase of 5.2%. Retail sales totalled SEK 16,281 m (15,225), an increase of 6.9%, which was higher than the market growth of 6.4%. Volume growth was the primary driver to this performance. Like-for-like sales grew 6.0%, driven by a strong performance for both Willys and Hemköp.

E-commerce sales totalled SEK 958 m (880), an increase of 8.9% which was higher than the market's growth of 4.8%. The share of retail sales attributable to e-commerce was 5.9% (5.8), which was higher than the e-commerce penetration on the market of 4.7%.

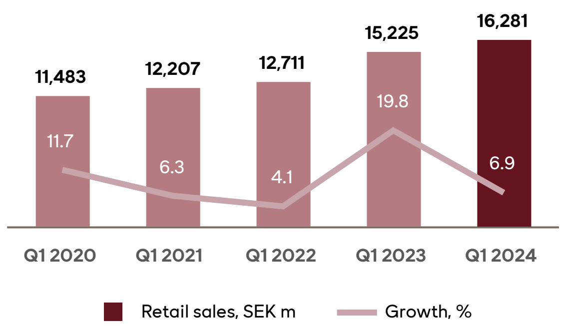
The share of retail sales attributable to private label products was 33.3% (33.1).

Read about the performance of the Willys, Hemköp, Snabbgross and Dagab operating segments on pages 9-12.

Net sales and growth



Retail sales and growth



Net sales per segment

SEK m	Q1 2024	Q1 2023	Change	R12	Full-year 2023
Willys	11,245	10,465	7.5%	44,538	43,757
Hemköp	1,956	1,818	7.6%	7,570	7,432
Snabbgross	1,178	1,147	2.8%	5,348	5,317
Dagab	18,518	17,753	4.3%	74,940	74,175
Joint-Group	379	331	14.4%	1,413	1,365
Internal sales between segments					
Dagab	-12,702	-11,977	6.1%	-50,512	-49,786
Joint-Group/other	-322	-283	13.8%	-1,187	-1,148
Total	**20,252**	**19,252**	**5.2%**	**82,110**	**81,111**

Retail sales

SEK m	Q1 2024	Q1 2023	Change	Change like-for-like stores	R12	Full-year 2023
Willys	11,248	10,467	7.5%	5.6%	44,544	43,763
Hemköp[1]	5,033	4,758	5.8%	7.0%	20,215	19,940
Total	**16,281**	**15,225**	**6.9%**	**6.0%**	**64,759**	**63,703**

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

Operating profit

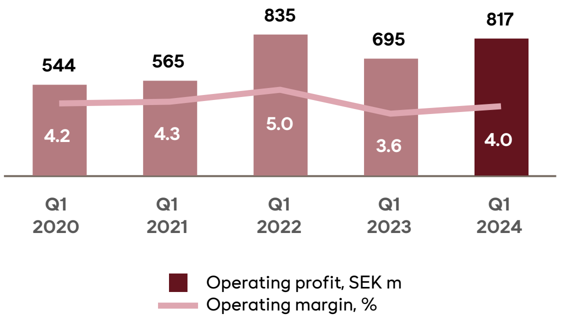
Operating profit amounted to 817 m (695). Operating profit includes items affecting comparability totalling SEK — m (-55). Items affecting comparability in the prior year period pertained to parallel warehouse operations during the transition to the new logistics centre in Bålsta. The operating margin was 4.0% (3.6).

Operating profit excluding items affecting comparability amounted to SEK 817 m (750), an increase of 9.0 percent. The increase was mainly attributable to strong growth and effective cost control. Operating profit was negatively affected by increased rental levels and personnel costs, including the discontinuation of lower employer payroll tax for young people. The operating margin excluding items affecting comparability was 4.0% (3.9).

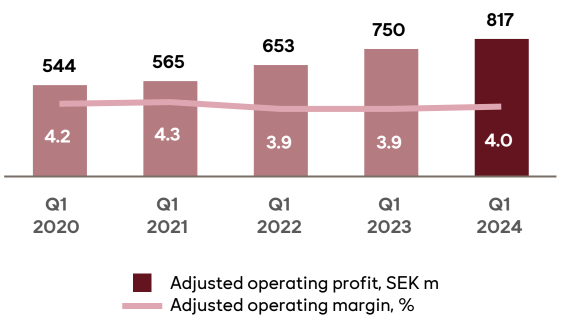
Net financial items for the period amounted to SEK -93 m (-80). Profit after financial items amounted to SEK 724 m (615) and net profit for the period to SEK 560 m (472).

Read about the performance of the Willys, Hemköp, Snabbgross and Dagab operating segments on pages 9-12.

Operating profit and operating margin



Adjusted operating profit and adjusted operating margin



Operating profit per segment excluding items affecting comparability

SEK m	Q1 2024	Q1 2023	Change	R12	Full-year 2023
Willys	484	454	6.6%	2,107	2,077
Hemköp	101	71	41.5%	329	300
Snabbgross	27	30	-10.6%	262	265
Dagab	268	261	2.8%	1,278	1,271
Joint-Group	-63	-67	-5.4%	-307	-311
Operating profit excl. items affecting comparability	**817**	**750**	**9.0%**	**3,670**	**3,602**
Items affecting comparability[1]	–	-55		-195	-249
Operating profit	**817**	**695**	**17.6%**	**3,475**	**3,353**
Net financial items	-93	-80		-329	-315
Profit after financial items	**724**	**615**	**17.7%**	**3,146**	**3,037**

1) See *Note 8 Items affecting comparability* for more information.

Operating margin per segment excluding items affecting comparability

%	Q1 2024	Q1 2023	Change	R12	Full-year 2023
Willys	4.3	4.3	0.0	4.7	4.7
Hemköp	5.2	3.9	1.2	4.4	4.0
Snabbgross	2.3	2.6	-0.3	4.9	5.0
Dagab	1.4	1.5	0.0	1.7	1.7
Operating margin excl. items affecting comparability	**4.0**	**3.9**	**0.1**	**4.5**	**4.4**
Operating margin	**4.0**	**3.6**	**0.4**	**4.2**	**4.1**

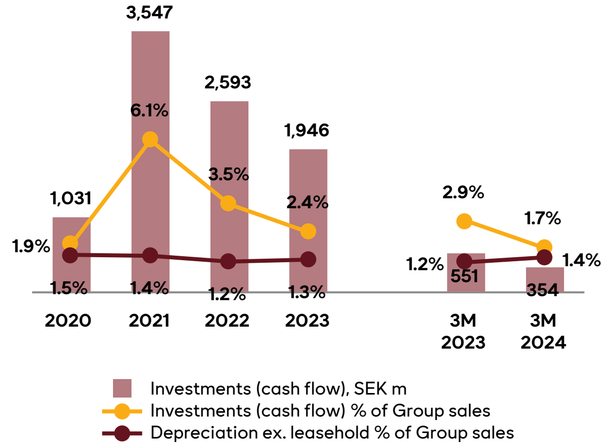
Capital expenditures

Total cash flow-affecting capital expenditures in intangible assets and property, plant and equipment during the January - March period amounted to SEK 354 m (551), of which SEK 52 m (124) related to automation.

Investments (cash flow) per segment

SEK m	Q1 2024	Q1 2023
Willys	91	206
Hemköp	14	19
Snabbgross	9	8
Dagab	127	190
Joint-Group	113	128
Total investments in intangible assets and PP&E	**354**	**551**

Investments (incl. aquisitions, excl. IFRS16)



Financial position and cash flow

Cash flow from operating activities improved and amounted to SEK 1,695 m (481) during the January - March period mainly due to improved working capital. Paid tax amounted to SEK -144 m (-233). Net capital expenditures had an impact of SEK -353 m (-644) on cash flow. Cash flow from financing activities was SEK -1,213 m (-85) during the January - March period, affected by higher amortisations. Cash and cash equivalents held by the Group amounted to SEK 817 m compared with SEK 688 m at 31 December 2023.

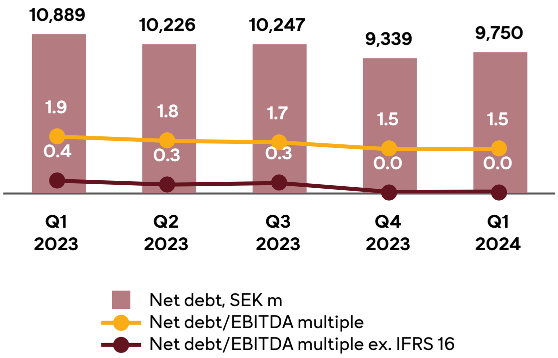
Net working capital amounted to SEK -2,804 m over a rolling 12 month basis compared with SEK -2,620 m at 31 December 2023, with a positive impact from reduced parallel warehouse operations and accounts payable as well as a positive calendar effect at the end of the quarter. Working capital as a share of net sales amounted to -3.4 percent compared to -3.2 percent as of 31 December 2023.

Interest-bearing liabilities and provisions totalled SEK 10,567 m compared with SEK 10,027 m at 31 December 2023. Interest bearing net debt amounted to SEK 9,750 m compared with SEK 9,339 m at 31 December 2023.

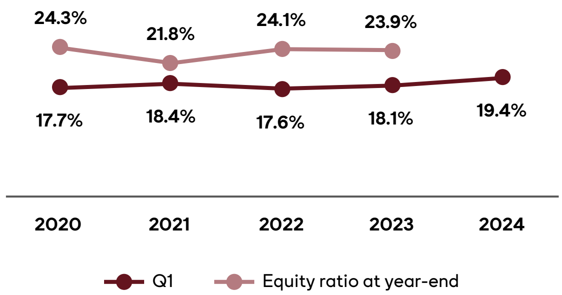
The equity ratio was 19.4% compared with 23.9% at 31 December 2023.

Net debt/EBITDA was 1.5 compared with 1.5 at 31 December 2023. Net debt/EBITDA excluding IFRS 16 was 0.0 compared with 0.0 at 31 December 2023.

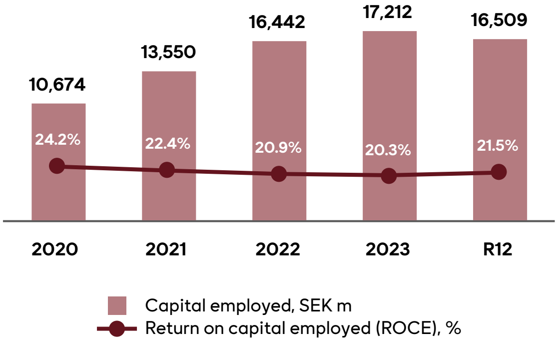
Net debt/EBITDA



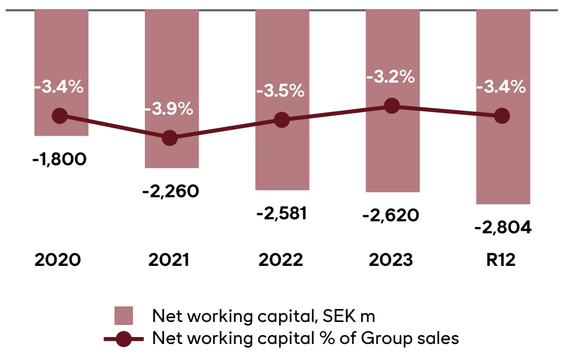
Equity ratio



Capital employed



Net working capital



Sustainable development

For Axfood, sustainable development is about seeing the whole picture and the relentless pursuit of improvements. Sustainability permeates all operations and encompasses the entire food supply chain, taking into account the environment, animal welfare, and the people who produce, sell and consume food.

Food
Axfood strives to make it easier for consumers to make sustainable and healthy choices through a broad and affordable assortment of sustainability-labelled products. Axfood also aims to promote more sustainable production and consumption of food.

During the first quarter, sustainability-labelled products accounted for 27.5% (27.4) of total sales. The share of sales from organic products was 4.6% (4.8), and the share of sales of KRAV-certified meat was 2.9% (2.6). Hemköp is the leader in the industry with regards to organic food and during the quarter the share of sales was 6.5% (6.9). Hemköp offers, for example, double points on purchases of organic and KRAV-certified products for members of the Klubb Hemköp loyalty programme. During the quarter, Sweden's organisation for organic farmers, "Ekologiska Lantbrukarna", awarded Hemköp their "Ekoinsats" prize for 2023.

During the quarter, the assortment was expanded with innovative, sustainable products including "Sillenbergaren", which consists of broad beans and residual raw materials from herring that would otherwise become animal feed, that is sold by Middagsfrid and Urban Deli. Garant's new hybrid product Nöt & Grönt, which contains equal parts minced beef and vegetables, was also followed up with a hamburger that has half the carbon footprint of a more traditional hamburger.

Environment
Axfood is striving to reduce the climate impact of food production as far as possible. The Group's climate targets encompass both its own and suppliers' operations as well as reducing the climate impact per kilo of food sold.

Axfood is working to phase out fossil fuel and to convert the company's own and procured transports between warehouses and stores to renewable fuel or electricity by 2025. The carbon footprint of the Group's own transports decreased significantly during the quarter to 10.6 CO_2e (14.9) per tonne of delivered goods by halving the use of diesel for the Group's own trucks through the use of renewable fuel.

The Group's annual energy intensity amounted to 246.3 kWh (244.6) per square meter. Work is under way to reduce electricity consumption in the Group's operations, for example by optimising lighting and store refrigeration.

People
Axfood aspires to be a positive force in society and is working to improve work and social conditions throughout the food supply chain, including customers, agricultural and production workers, and its own employees.

Social audits are conducted in all risk countries in order to ensure compliance with Axfood's Code of Conduct among suppliers of private label products. Of the 15 audits conducted by Amfori BSCI during the quarter, 15, or 100.0% (100.0), had acceptable results.

Axfood is committed to diversity and inclusion, and firmly believes that a mix of skills and perspectives produces better results. To utilise people's expertise and facilitate integration into Swedish society for foreign-born academics in a variety of professional industries, Axfood participates in the national "Jobbsprånget" programme.

Gender balance in senior positions is an important part of diversity work. The share of women/men in management positions during the quarter totalled 52.2%/47.8% (50.8/49.9), and was thereby continued in line with the Group's long-term target.

Sickness-related absence during the first quarter decreased to 6.9% (7.2), due in part to investments in proactive health initiatives. Axfood's target is for sickness-related absence not to exceed 5.3%.

For more information on Axfood's sustainability work and key ratios, see the website and the 2023 Annual and Sustainability Report.

Sustainability key ratios	Q1 2024	Q1 2023	Change	R12	Full-year 2023
Sustainability-labelled products, share of sales, %[1]	27.5	27.4	0.1	26.7	26.7
Organic products, share of sales, %	4.6	4.8	-0.2	4.5	4.6
KRAV-certified meat, share of sales, %	2.9	2.6	0.3	2.8	2.8
Share of approved social audits, %	100.0	100.0	–	94.3	94.5
Electricity consumption, kWh/m2 (stores and warehouses)	–	–	–	246.3	244.6
CO2e, kg/tonne of goods	10.6	14.9	-4.3	11.3	12.3
Share of women/men in management positions, %	52.2/47.8	50.8/49.2	–	–	51.2/48.8
Sickness-related absence, %	6.9	7.2	-0.3	6.3	6.4

1) The key ratio has been restated and comparison figures have been recalculated. See sustainability key ratio definitions for more information.

Operating segment performance

Willys

Net sales totalled SEK 11,245 m (10,465), an increase of 7.5%, despite exceptionally high comparison figures. Growth in the prior year period amounted to a full 24.3% which compared to market growth of 8.9%.

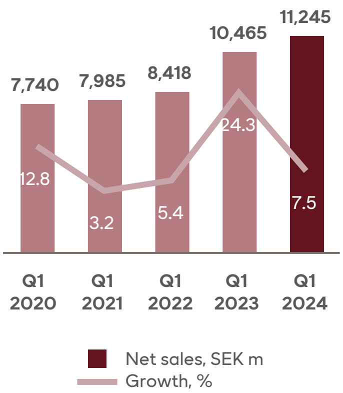
Growth in retail sales amounted to 7.5%, which was higher than the market. Growth in like-for-like sales amounted to 5.6%.

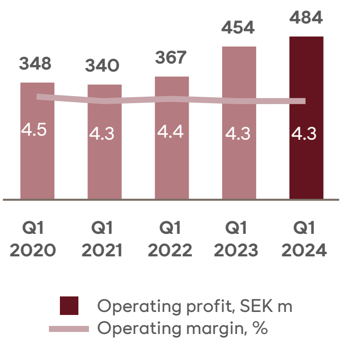
Volume growth was the primary contributor to the Willys chain's strong performance. Price value remained relevant for consumers, which benefited Willys as Sweden's leading discounter. It also helped foster loyalty among existing customers and led to an increased inflow of new customers. The rate of increase in new members in the Willys Plus loyalty programme remained strong and the total number of members increased to just over 3.6 million.

In cross-border shopping, both total and like-for-like sales increased significantly for Eurocash due to high levels of customer traffic and a positive Easter performance.

The number of stores in the segment amounted to 241 (236). There was no new establishments during the quarter, however several new establishments are planned for the rest of year of both Willys and Willys Hemma. At the end of the quarter, online shopping was offered in 159 stores (151).

Operating profit totalled SEK 484 m (454), which corresponded to an operating margin of 4.3% (4.3). The increase in operating profit was primarily attributable to the strong growth in like-for-like sales and effective cost control. Operating profit was negatively impacted by increased personnel costs and higher rent levels.





With the business concept of offering Sweden's cheapest bag of groceries, Willys is the country's leading discount grocery chain, offering a broad assortment both in Group-owned stores and online. The Willys operating segment includes the concepts Willys, Willys Hemma, the partly owned cross-border grocery chain Eurocash and a minority stake in the City Gross hypermarket chain.

Willys key ratios	Q1 2024	Q1 2023	Change	R12	Full-year 2023
Net sales, SEK m	11,245	10,465	7.5%	44,538	43,757
Operating profit, SEK m	484	454	6.6%	2,107	2,077
Operating margin, %	4.3	4.3	0.0	4.7	4.7
Retail sales, SEK m	11,248	10,467	7.5%	44,544	43,763
Like-for-like sales growth, %	5.6	21.5	-15.9	–	13.9
Number of stores	241	236	5	–	241
of which, Willys	*180*	*176*	*4*	–	*180*
of which, Willys Hemma	*54*	*53*	*1*	–	*54*
of which, Eurocash	*7*	*7*	–	–	*7*
Stores offering online shopping	159	151	8	–	158
Private label products, share of sales, %	35.2	34.8	0.5	34.3	34.2
Sustainability-labelled products, share of sales, %	28.5	28.1	0.3	27.5	27.4
Organic products, share of sales, %	4.2	4.3	-0.2	4.1	4.2
Average number of employees	6,848	6,555	293	–	7,052
Share of women/men in management positions, %	63.5/36.5	60.1/39.9	–	–	63.1/36.9
Sickness-related absence. %	7.0	7.1	-0.1	6.3	6.3

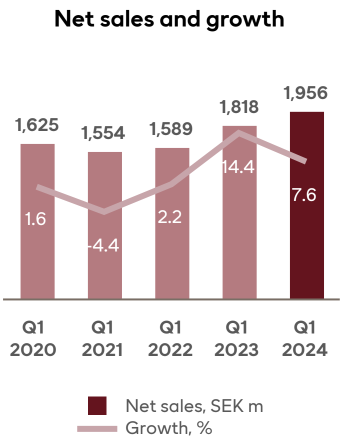
Hemköp

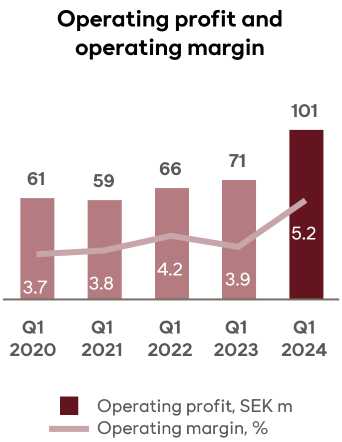
Net sales (including franchise fees) amounted to SEK 1,956 m (1,818), an increase with 7.6%.

Growth in retail sales (including Tempo) amounted to 5.8%. Growth in like-for-like sales amounted to 7.0%. Hemköp is continuing to strengthen its position by focusing on price value through popular everyday products, campaigns and communication as well as investing in the modernisation of existing stores and strengthening its sustainability profile. The total number of members in the Klubb Hemköp loyalty programme increased to just over 2.0 million. Tempo delivered a weaker performance than Hemköp as a result of the challenging market climate for smaller store formats.

The number of stores in the segment amounted to 321 (326)[1]. One new retailer-owned Tempo store was established during the quarter. The plan for the rest of the year includes new establishments of Group- and retailer-owned stores in both Hemköp and Tempo. At the end of the quarter, online shopping was offered in 66 (68) stores.

Operating profit was SEK 101 m (71), corresponding to an operating margin of 5.2% (3.9). The increase in operating profit was primarily attributable to growth in like-for-like Group-owned stores and lower costs related to campaigns. The quarter also saw improved operational efficiency and good cost control with lower electricity costs.





Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Through Group-owned stores, retailer-owned stores and an online business, Hemköp inspires good meals. The Hemköp operating segment also includes Tempo, a mini-mart format comprising retailer-owned stores.

Hemköp key ratios	**Q1 2024**	**Q1 2023**	**Change**	**R12**	**Full-year 2023**
Net sales, SEK m	1,956	1,818	7.6%	7,570	7,432
Operating profit, SEK m	101	71	41.5%	329	300
Operating margin, %	5.2	3.9	1.2	4.4	4.0
Retail sales, SEK m	5,033	4,758	5.8%	20,215	19,940
Like-for-like sales growth, %	7.0	9.4	-2.4	–	7.9
Number of stores[1]	321	*326*	-5	–	326
of which, Group-owned Hemköp/Tempo stores	*65*	*65*	–	–	*66*
of which, retailer-owned Hemköp stores	*133*	*136*	-3	–	*136*
of which, retailer-owned Tempo stores[1]	*123*	*125*	-2	–	*124*
Hemköp stores offering online shopping	66	68	-2	–	67
Private label products, share of sales, %	27.7	28.0	-0.3	27.1	27.2
Sustainability-labelled products, share of sales, %	27.0	27.4	-0.4	26.6	26.7
Organic products, share of sales, %	6.5	6.9	-0.5	6.4	6.5
Average number of employees	1,613	1,550	63	–	1,649
Share of women/men in management positions, %	52.4/47.6	50.7/49.3	–	–	50.7/49.3
Sickness-related absence. %	6.6	6.8	-0.2	6.1	6.1

1) Comparison figures for the number of retailer-owned Tempo stores have been adjusted down by 6 stores due to an adjustment of historical periods. The adjustment has not had any other effect on the financial reports.

Snabbgross

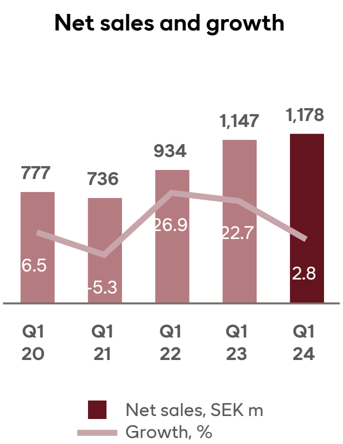
Net sales totalled SEK 1,178 m (1,147), an increase of 2.8%. Growth in like-for-like sales amounted to 1.5%. Unlike in the food retail market, the calendar effect from Easter was negative.

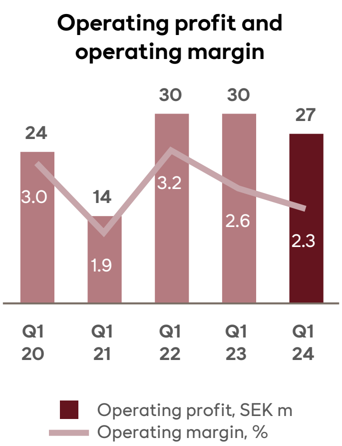
The trend in the market was weak, which had a negative impact on Snabbgross's sales to restaurant and café customers. However, the number of B2B customers continued to increase and now amounts to more than 100,000.

The trend in B2C sales through Snabbgross Club was positive in terms of total as well as like-for-like figures. The number of members in Snabbgross Club continued to increase and now amounts to more than 85,000.

The number of stores in the segment amounted to 30 (29). In addition to establishments of new Snabbgross Club stores, existing stores are being converted to the concept on an ongoing basis, with stores converted in Luleå and Västerås during the quarter.

Operating profit amounted to SEK 27 m (30), which corresponded to an operating margin of 2.3% (2.6). Weak growth in like-for-like sales could not fully offset increased costs primarily related to personnel and higher rent levels.





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 concept Snabbgross Club, which is directed at consumers.

Snabbgross key ratios	Q1 2024	Q1 2023	Change	R12	Full-year 2023
Net sales, SEK m	1,178	1,147	2.8%	5,348	5,317
Operating profit, SEK m	27	30	-10.6%	262	265
Operating margin, %	2.3	2.6	-0.3	4.9	5.0
Wholesale sales, SEK m	1,183	1,151	2.8%	5,367	5,335
Like-for-like sales growth, %	1.5	19.2	-17.7	–	10.4
Number of stores	30	29	1	–	30
of which, Snabbgross	*21*	*24*	*-3*	–	*23*
of which, Snabbgross Club	*9*	*5*	*4*	–	*7*
Sustainability-labelled products, share of sales %	20.7	21.3	-0.5	20.7	20.8
Organic products, share of sales, %	1.3	1.2	0.1	1.3	1.3
Average number of employees	537	495	42	–	568
Share of women/men in management positions, %	41.7/58.3	43.6/56.4	–	–	40.7/59.3
Sickness-related absence. %	6.8	7.7	-0.9	6.1	6.3

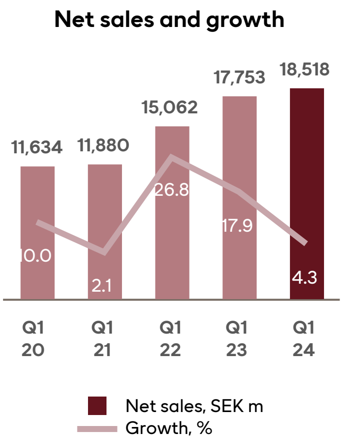
Dagab

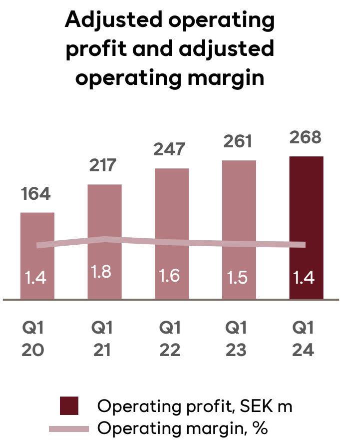
Net sales totalled SEK 18,518 m (17,753), an increase of 4.3%. The increase was mainly attributable to higher sales to Axfood's group-owned stores.

Operating profit amounted to SEK 268 m (207), corresponding to an operating margin of 1.4% (1.2). Operating profit includes items affecting comparability of SEK — m (-55), In the previous year, items affecting comparability pertained entirely to parallel warehouse operations during the transition to the new logistics centre in Bålsta. The ramp-up of the logistics centre is still ongoing, however since parallel warehouse operations are being phased out gradually during 2024, related costs are no longer deemed as affecting comparability.

Operating profit excluding items affecting comparability amounted to SEK 268 m (261), which corresponded to an operating margin excluding items affecting comparability of 1.4% (1.5). The higher operating profit was primarily attributable to volume growth and positive currency effects. However, higher logistics costs due to the transition to the new logistics platform had a negative impact on operating profit. The accelerated climate transition to renewable fuel in transports from warehouses to stores also negatively impacted operating profit.

Work on the Group's new warehouse and logistics structure is proceeding. During the first quarter, the ramp-up of the new logistics centre in Bålsta continued and dry goods were fully transferred to the centre. Refrigerated goods were also fully transferred to Bålsta. The installed automation solution at the new fruit and vegetable warehouse in Landskrona was deployed during the quarter.





Dagab operates and develops the Group's assortment, purchasing and logistics, but also conducts sales to external customers. The Dagab operating segment also includes retailer-owned Handlar'n and Matöppet, the meal kit company Middagsfrid, the online pharmacy Apohem and the restaurant chain Urban Deli.

Dagab key ratios	Q1 2024	Q1 2023	Change	R12	Full-year 2023
Net sales SEK m	18,518	17,753	4.3%	74,940	74,175
Operating profit, SEK m	268	207	30.0%	1,083	1,021
Operating profit excl. items affecting comparability, SEK m[1]	268	261	2.8%	1,278	1,271
Operating margin, %	1.4	1.2	0.3	1.4	1.4
Operating margin excl. items affecting comparability, %[1]	1.4	1.5	0.0	1.7	1.7
Average number of employees	3,191	3,295	-104	–	3,351
Share of women in management positions, %	30.9	28.2	2.7	–	30.0
Share of women/men in management positions, %	30.9/69.1	28.2/71.8	–	–	30.0/70.0
Sickness-related absence. %	7.3	7.9	-0.6	7.0	7.1

1) See *Note 8 Items affecting comparability* for more information.

Other information

Long-term targets and capital expenditures 2024

Axfood's long-term financial targets:

- Grow faster than the market
- Long-term operating margin of at least 4.5%
- Equity ratio of at least 20% at year-end

Axfood's dividend policy is that the shareholder dividend shall be at least 50% of profit after tax. The dividend is to be paid out on two occasions.

Investments in 2024 are expected to amount to between SEK 1,600 m and SEK 1,700 m, excluding acquisitions and right-of-use assets, of which SEK 300 m is attributable to automation in the new logistics centre in Bålsta outside Stockholm, the distribution centre in Backa in Gothenburg and the new fruit and vegetables warehouse in Landskrona.

During 2024, Axfood plans to establish 10–15 new stores.

2024 Annual General Meeting

Axfood's AGM was held on 20 March 2024 in Stockholm. The AGM re-elected all proposed directors, and elected Thomas Ekman as new Chairman. The AGM also resolved to pay a dividend of SEK 8.50 per share, divided into two equal payments in which the first payment was made in March and the second payment will be made in September. The AGM also resolved to implement an additional long-term incentive programme, LTIP 2024.

President and CEO

Axfood's Board of Directors has appointed Simone Margulies, currently Managing Director of Hemköpskedjan, as Axfood's new President and CEO from 15 August 2024. Simone Margulies thereby succeeds Klas Balkow, who during the quarter announced that he is concluding his executive career and as such has made an agreement with the Board to leave the role as President and CEO. Klas Balkow will remain available until year-end 2024 to secure the best possible handover to Simone Margulies.

This interim report has not been reviewed by the Company's auditors.

Stockholm, 25 April 2024

Klas Balkow,
President and CEO Axfood AB

Parent Company

The Parent Company's net sales and other operating income during the January - March period amounted to SEK 109 m (96). After operating expenses of SEK -146 m (-132) and net financial items of SEK 29 m (2), profit after financial items amounted to SEK -9 m (-34).

The Parent Company had an interest-bearing net receivable of SEK 4,029 m at the end of the quarter, compared with SEK 1,995 m at 31 December 2023. The Parent Company has no significant transactions with related parties, other than transactions with subsidiaries.

Financial statements, Group

Condensed statement of profit or loss and other comprehensive income, Group

SEK m	Q1 2024	Q1 2023	R12	Full-year 2023
Net sales	20,252	19,252	82,110	81,111
Cost of goods sold[1]	-17,289	-16,528	-70,546	-69,785
Gross profit	**2,963**	**2,724**	**11,564**	**11,326**
Selling expenses	-1,019	-1,003	-4,032	-4,015
Administrative expenses	-1,266	-1,171	-4,719	-4,625
Share of profit in associated companies and joint ventures	-19	-7	-70	-59
Other operating income	172	161	754	743
Other operating expenses	-14	-10	-22	-18
Operating profit	**817**	**695**	**3,475**	**3,353**
Interest income and similar profit/loss items	13	4	78	69
Interest expense and similar profit/loss items	-107	-84	-407	-384
Profit before tax	**724**	**615**	**3,146**	**3,037**
Tax	-163	-143	-684	-664
Net profit for the period	**560**	**472**	**2,462**	**2,373**
Other comprehensive income				
Items that cannot be reclassified to profit or loss for the period, net after tax				
Revaluation defined benefit pensions	-4	1	4	8
Changes in holdings measured at fair value[2]	–	-273	–	-273
Items that can be reclassified to profit or loss for the period, net of tax				
Changes in hedging reserve	24	-9	-32	-64
Other comprehensive income for the period	**20**	**-281**	**-28**	**-329**
Total comprehensive income for the period	**581**	**191**	**2,434**	**2,044**
Net profit for the period attributable to				
Owners of the parent	561	475	2,443	2,357
Non-controlling interest	-1	-3	18	16
Total comprehensive income for the period attributable to				
Owners of the parent	581	194	2,415	2,028
Non-controlling interest	-1	-3	18	16
Earnings per share before dilution, SEK	2.60	2.20	11.32	10.92
Earnings per share after dilution, SEK	2.59	2.19	11.27	10.87

1) Includes items affecting comparability,, see *Note 8 Items affecting comparability* for more information.
2) See *Note 5 Financial assets and liabilities* for more information.

Condensed statement of financial position, Group

SEK m	31 Mar 2024	31 Mar 2023	31 Dec 2023
Assets			
Goodwill	3,606	3,606	3,606
Other intangible assets	1,508	1,499	1,459
Property, plant and equipment	6,033	5,502	6,019
Right-of-use assets	9,511	9,413	9,210
Financial assets	606	420	625
Deferred tax assets	228	243	249
Total non-current assets	**21,491**	**20,682**	**21,167**
Inventories	4,384	4,521	4,247
Trade receivables	2,241	2,070	2,195
Other current assets	1,769	1,911	1,721
Cash and cash equivalents	817	311	688
Total current assets	**9,211**	**8,813**	**8,851**
Total assets	**30,702**	**29,496**	**30,018**
Equity and liabilities			
Equity attributable to owners of the parent	5,634	5,059	6,877
Equity attributable to non-controlling interests	308	289	308
Total equity	**5,942**	**5,348**	**7,185**
Non-current lease liabilities	7,806	7,667	7,497
Provisions for pensions	260	281	262
Deferred tax liabilities	1,351	1,290	1,348
Other non-current liabilities	7	6	7
Total non-current liabilities	**9,424**	**9,245**	**9,114**
Current lease liabilities	1,742	1,754	1,748
Current interest-bearing liabilities	759	1,499	519
Trade payables	8,102	7,130	7,538
Other current liabilities	4,733	4,520	3,913
Total current liabilities	**15,336**	**14,902**	**13,718**
Total equity and liabilities	**30,702**	**29,496**	**30,018**

Condensed statement of cash flows, Group

SEK m	Q1 2024	Q1 2023	R12	Full-year 2023
Operating activities				
Operating profit	817	695	3,475	3,353
Depreciation, amortisation, impairment	802	703	3,091	2,993
Interest paid and similar items	-107	-84	-404	-381
Interest received and similar items	13	4	78	69
Adjustments for non-cash items	42	48	182	188
Paid tax	-144	-233	-495	-584
Changes in working capital	272	-652	1,093	169
Cash flow from operating activities	**1,695**	**481**	**7,021**	**5,807**
Investing activities				
Acquisitions of operations	–	–	-3	-3
Acquisitions of intangible assets	-97	-159	-361	-423
Acquisitions of property, plant and equipment	-257	-392	-1,388	-1,523
Acquisitions of financial assets	–	-103	-171	-274
Other changes in investing activities	1	10	4	13
Cash flow from investing activities	**-353**	**-644**	**-1,919**	**-2,210**
Financing activities				
Loans raised	759	1,799	2,518	3,558
Amortisation of debt	-1,055	-988	-5,275	-5,208
Share repurchases	–	–	-59	-59
Dividend paid out	-917	-896	-1,780	-1,759
Cash flow from financing activities	**-1,213**	**-85**	**-4,596**	**-3,468**
Cash flow for the period	**129**	**-248**	**506**	**129**

Condensed statement of changes in equity, Group

SEK m	31 Mar 2024	31 Mar 2023	31 Dec 2023
Amount at start of year	7,185	6,901	6,901
Total comprehensive income for the period	581	191	2,044
Change in non-controlling interests	0	–	0
Share repurchases	–	–	-59
Share-based payments	10	15	58
Dividend to shareholders	-1,834	-1,759	-1,759
Amount at end of period	**5,942**	**5,348**	**7,185**

Financial statement, Parent Company

Condensed income statement, Parent Company

SEK m	Q1 2024	Q1 2023	Full-year 2023
Net sales	6	6	22
Selling and administrative costs	-146	-132	-576
Other operating income	103	90	379
Operating profit	**-37**	**-36**	**-176**
Net financial items	29	2	725
Profit/loss after financial items	**-9**	**-34**	**550**
Appropriations, net	–	–	2,818
Profit before tax	**-9**	**-34**	**3,367**
Tax	-4	3	-562
Net profit for the period	**-12**	**-32**	**2,805**

Net profit/loss for the period corresponds to total comprehensive income for the period.

Condensed balance sheet, Parent Company

SEK m	31 Mar 2024	31 Mar 2023	31 Dec 2023
Assets			
Property, plant and equipment	33	32	34
Participations in Group companies	4,427	4,397	4,421
Other financial assets	2	1	1
Deferred tax assets	7	8	7
Total non-current assets	**4,469**	**4,437**	**4,463**
Receivables from Group companies[1)]	5,420	5,054	8,123
Other current assets	65	187	26
Cash and cash equivalents	4	10	12
Total current assets	**5,490**	**5,251**	**8,161**
Total assets	**9,959**	**9,689**	**12,624**
Equity and liabilities			
Restricted equity	296	296	296
Non-restricted equity	3,271	2,286	5,107
Total equity	**3,567**	**2,582**	**5,403**
Untaxed reserves	**3,965**	**3,661**	**3,965**
Provisions	**–**	**4**	**–**
Non-current liabilities	**9**	**8**	**9**
Current interest-bearing liabilities	759	1,499	519
Trade payables	17	34	23
Liabilities to Group companies[2)]	602	935	2,505
Other current liabilities	1,040	965	201
Total current liabilities	**2,418**	**3,433**	**3,247**
Total equity and liabilities	**9,959**	**9,689**	**12,624**
1) Of which, interest-bearing receivables	5,385	5,022	4,949
2) Of which, interest-bearing liabilities	602	934	2,447

Notes

Note 1 Accounting policies

Axfood applies the International Financial Reporting Standards (IFRS) as endorsed by the EU. The accounting policies, measurement principles and definitions applied correspond with those described in the 2023 Annual and Sustainability Report, except for what is stated below.

This interim report has been prepared for the Group in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. For the Parent Company, the interim report has been prepared in accordance with recommendation RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR), and the Swedish Annual Accounts Act.

New accounting policies effective in 2024 and later
Axfood has determined that new or amended standards and interpretations do not and will not have any material effect on the consolidated financial statements.

Significant estimates and assessments
Preparing the financial statements in accordance with IFRS requires the Board and Executive Committee to make judgements and estimates as well as assumptions 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 assessments.

Note 2 Other material information

Seasonal effects
Axfood's sales are affected to some degree by seasonal variations. Sales increase in the quarter in which Easter falls, which is either the first or second quarter. Sales also increase ahead of Midsummer during the second quarter as well as ahead of the major holiday season during the fourth quarter.

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

Significant risks and uncertainties
Like all business activities, Axfood's business is exposed to risks. The risks are broken down into operational, strategic and financial risks. Climate and environmental risks are included in operational risks. The risks that could have the greatest impact on the Group are the risk of disruptions in the logistics chain, IT and information security risks, and criminality. Axfood works continuously with risk identification and assessment. Major emphasis is placed on preventive work and on planning to maintain operating continuity in the event of unforeseen events. For a thorough account of the risks that affect the Group, please refer to the 2023 Annual and Sustainability Report..

Note 3 Operating segments

Segments have been defined based on how Axfood's Executive Committee monitors and governs the operations to evaluate performance and allocate resources. The operating segments that have been identified are Willys, Hemköp, Snabbgross and Dagab. Joint-Group pertains to support functions, such as the Executive Committee, Accounting, Legal Affairs, HR, Communications, Business Development and IT. The Executive Committee reviews the segments' operating profit or loss, both including and excluding items affecting comparability.

For information about Axfood's operating segments, see pages 9-12 of this interim report. For a more detailed description of the segments, please refer to the 2023 Annual and Sustainability Report..

Note 4 Acquired and divested operations

No significant acquisitions or divestment took place in the first quarter of 2024.

Note 5 Financial assets and liabilities

Financial assets measured at fair value amounted to SEK 157 m (91). SEK 23 m (57) is attributable to Level 2 of the fair value hierarchy and SEK 134 m (34) is attributable to Level 3. Financial liabilities measured at fair value amounted to SEK 0 m (—). The entire amount is attributable to Level 2 of the fair value hierarchy.

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.

The carrying amount of the call option agreement entered into with City Gross in conjunction with the acquisition 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.

In the first quarter of 2024, Mathem merged with the Norwegian company Oda, and as a result of the merger, Axfood's shareholding in Mathem has been transferred to a shareholding in the combined company Oda Group. Axfood's shareholding in Oda Group amounts to 4.7%, which is equivalent to its previous shareholding in Mathem of 18.5%. The carrying amount of the participation in Oda (Mathem) amounted to SEK 134 m (34). The value of Axfood's share corresponds to the valuation that was carried out in conjunction with the merger of Mathem and Oda.

Changes in the fair value of financial assets attributable to Level 3, SEK m	
Amount at start of year	134
Amount at end of period	134

Note 6 Pledged assets and contingent liabilities

Group, SEK m	31 Mar 2024	31 Mar 2023	31 Dec 2023
Pledged assets	–	–	–
Contingent liabilities	47	19	19

Parent Company, SEK m	31 Mar 2024	31 Mar 2023	31 Dec 2023
Pledged assets	–	–	–
Contingent liabilities	264	256	264

Note 7 Long-term share-based incentive programmes

The 2024 AGM resolved to adopt a new long-term share-based incentive programme that runs over a three-year period, LTIP 2024. The programme corresponds in all essential respects to LTIP 2023. Allotment of LTIP 2021 will be carried out in April 2024 using treasury shares.

The 2024 AGM resolved to authorise Axfood's Board of Directors to decide on the purchase of a maximum of 385,000 own shares for the purpose of securing the Company's obligations under LTIP 2024, which the Board has decided to do.

Prior to the allotment of LTIP 2021 and share repurchases related to LTIP 2024, the holding of treasury shares amounts to 1,065,652 shares, which is sufficient to secure the delivery of shares for all of the Company's incentive programmes.

For more information about incentive programmes, see Axfood's 2022 Annual and Sustainability Report 2023.

Note 8 Items affecting comparability

No items affecting comparability are reported in the first quarter 2024.

Items affecting comparability in the first quarter 2023 comprised parallel warehouse operations within Dagab. The costs mainly included premises and personnel costs and were entirely attributable to the transition to the new logistics centre in Bålsta. The costs were included in cost of goods sold.

	Segment	Q1 2024	Q1 2023	R12	Full-year 2023
Parallel warehouse operations	Dagab	–	-55	-195	-249
Total		**–**	**-55**	**-195**	**-249**

Note 9 Significant events after the balance sheet date

On 17 April, it was announced that Axfood's Board of Directors has appointed the current Managing Director of Hemköpskedjan, Simone Margulies, as Axfood's new President and CEO from 15 August 2024.

Key ratios

Change in store structure

Number of stores	Dec 2023	New establishment/ acquisitions	Sales/ closures	Conversions	March 24	March 23
Willys/Willys Hemma/Eurocash	241	–	–	–	241	236
Hemköp/Tempo, Group-owned stores	66	–	–	-1	65	65
Snabbgross/Snabbgross Club	30	–	–	–	30	29
Total, Group-owned stores	**337**	**–**	**–**	**-1**	**336**	**330**
Hemköp, retailer-owned stores	136	–	-4	1	133	136
Tempo, retailer-owned stores[1]	124	1	-2	–	123	125
Total, retailer-owned stores	**260**	**1**	**-6**	**1**	**256**	**261**
Total, Group-owned and retailer-owned stores	**597**	**1**	**-6**	**–**	**592**	**591**

1) Comparison figures for the number of retailer-owned Tempo stores have been adjusted down by 6 stores due to an adjustment of historical periods. The adjustment has not had any other effect on the financial reports.

New establishments and acquisitions Group-owned stores
During the first quarter, no group-owned stores were established or acquired.

Key ratios and other information, Group

	3 mos. 2024	3 mos. 2023	Full-year 2023
Operating margin, %	4.0	3.6	4.1
Operating margin excl. items affecting comparability, %	4.0	3.9	4.4
Equity ratio, %	19.4	18.1	23.9
Net debt (+)/net receivable (-), SEK m	9,750	10,889	9,339
Net debt (+)/net receivable (-) excl. IFRS 16, SEK m	202	1,468	93
Net debt/EBITDA, multiple	1.5	1.9	1.5
Net debt/EBITDA excl. IFRS 16, multiple	0.0	0.4	0.0
Net debt-equity ratio (+)/net receivable-equity ratio (-), multiple	1.6	2.0	1.3
Net debt-equity ratio (+)/net receivable-equity ratio (-), excl. IFRS 16, multiple	0.0	0.3	0.0
Capital employed, SEK m	16,509	16,549	17,212
Return on capital employed R12, %	21.5	20.3	20.3
Return on equity R12, %	45.7	47.1	35.0
Average number of employees	12,803	12,421	13,185
Total capital expenditures, SEK m	1,178	1,417	4,087
Investments in intangible assets and in property, plant and equipment, SEK m	354	551	1,946
Depreciation/amortisation, SEK m	-796	-700	-2,993
Number of shares outstanding at end of period	215,777,588	215,805,384	215,777,588
Average number of shares outstanding before dilution	215,777,588	215,805,384	215,798,253
Average number of shares outstanding after dilution	216,843,240	216,843,240	216,837,527
Key data per share			
Earnings per share before dilution, SEK	2.60	2.20	10.92
Earnings per share before dilution excl. items affecting comparability, SEK	2.60	2.40	11.84
Earnings per share after dilution, SEK	2.59	2.19	10.87
Ordinary dividend per share, SEK[1]	–	–	8.50
Equity per share, SEK	26.11	23.44	31.87
Cash flow per share, SEK	0.60	-1.15	0.60

1) Paid out on two occasions.

Quarterly overview, Group

SEK m	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Net sales	20,252	20,769	20,293	20,797	19,252	19,740	18,674	18,468
Operating profit	817	744	1,036	878	695	502	975	789
Operating profit excl. items affecting comparability	817	815	1,095	942	750	734	1,015	828
Operating margin, %	4.0	3.6	5.1	4.2	3.6	2.5	5.2	4.3
Operating margin excl. items affecting comparability, %	4.0	3.9	5.4	4.5	3.9	3.7	5.4	4.5
Net profit for the period	560	533	738	631	472	353	745	590
Earnings per share before dilution, SEK	2.60	2.42	3.38	2.93	2.20	1.62	3.40	2.75
Earnings per share before dilution excl. items affecting comparability, SEK	2.60	2.68	3.60	3.16	2.40	2.47	3.55	2.90
Cash flow from operating activities	1,695	2,219	1,423	1,684	481	1,844	1,487	1,167
Cash flow from operating activities per share, SEK	7.86	10.28	6.59	7.80	2.23	8.54	6.89	5.51
Return on capital employed R12, %	21.5	20.3	20.5	20.6	20.3	20.9	25.8	26.4
Return on equity R12, %	45.7	35.0	34.8	37.4	47.1	40.8	49.9	51.3
Net working capital R12	-2,804	-2,620	-2,597	-2,645	-2,602	-2,581	-2,479	-2,389
Equity ratio, %	19.4	23.9	22.7	19.9	18.1	24.1	26.4	24.8
Equity per share, SEK	26.11	31.87	29.44	26.11	23.44	30.62	28.70	28.15
Total capital expenditures (incl. IFRS 16)	1,178	1,242	594	835	1,417	4,046	544	1,247
Investments in intangible assets and property, plant and equipment	354	528	309	558	551	883	274	904
Depreciation/amortisation (incl. IFRS 16)	-796	-779	-758	-756	-700	-651	-642	-644
Depreciation/amortisation of intangible assets and property, plant and equipment	-285	-279	-272	-264	-227	-223	-218	-221
Items affecting comparability	–	-71	-60	-64	-55	-232	-40	-39
Net debt (+)/net receivable (-)	9,750	9,339	10,247	10,226	10,889	8,982	6,868	7,005
Share price, SEK	311.20	273.00	250.40	228.20	253.20	285.90	254.90	294.30

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. Certain 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	Q1 2024	Q1 2023	R12	Full-year 2023
Operating profit	**817**	**695**	**3,475**	**3,353**
Depreciation, amortisation, impairment	802	703	3,091	2,993
EBITDA	**1,619**	**1,398**	**6,566**	**6,345**
IFRS 16 Lease fees	-608	-531	-2,275	-2,198
EBITDA excl. IFRS 16	**1,011**	**867**	**4,291**	**4,148**

For reconciliation of additional key ratios, see Axfood´s website, axfood.com.

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.

Earnings per share (defined in IFRS): Net profit for the period 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.

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.

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 on a rolling 12-month basis. Also reported excluding the effects of reporting in accordance with IFRS 16. Indicates the Group's ability to pay its debt.

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.

Net debt/net receivable: Interest-bearing non-current and current receivables and liabilities less cash and cash equivalents and interest-bearing financial assets. Net indebtedness is also referred to as net debt. Net receivable is also referred to as net receivables. 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 working capital: Average current assets less current liabilities (adjusted for dividend), on a rolling 12-month basis. Indicates the average financing need for the group's working capital.

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 on a rolling 12-month basis as a percentage of average capital employed. Indicates profitability in both equity and borrowed capital in the Company.

Return on equity: The share of net profit for the period on a rolling 12-month basis 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.

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.

Joint-Group: Pertains to support functions, such as the Executive Committee, Finance/Accounting, Legal Affairs, Communications, Business Development, HR and IT.

Like-for-like sales: Sales in stores that existed and generated sales in the current period and the comparison period.

Online sales: Reported online sales of the concepts Willys, Hemköp Group-owned stores and Hemköp retailer-owned stores.

Private label products, share of sales: Sales of private label products, excluding meat, fruits and vegetables, as a percentage of retail sales.

R12: The sum of the past 12 months determined on a rolling basis.

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.

Wholesale sales: Company and private customer sales including online for the concepts Dagab and Snabbgross (including Snabbgross Club).

Key ratio definitions for sustainability

Electricity consumption in stores and warehouses: Reported as the number of kilowatt hours (kWh) of purchased electricity used per square metre (sq. m.). The selection includes electricity consumption under joint contracts for a total of 300 of Axfood's Group-owned stores and ten warehouses. The number of square metres corresponds to the total area of all stores and warehouses in the selection. Reported data is presented on a rolling 12-month basis.

Emissions from own transports: Emissions (kg CO_2e) from purchased fuel (litres) in relation to total transported goods (tonnes) between warehouses and stores or consumer. Transports between warehouses and consumers pertain to e-commerce transports and amounts to only a small share of the total. Reported data pertains only to goods delivered by own transports. Reported data is presented with a one-month lag.

Gender equality: The share of women in management positions at the end of the current period. Management positions are defined as employed managers with employee responsibility, including the Executive Committee.

KRAV-certified meat, share of sales: Sales from KRAV-certified meat items (fresh and frozen) as a percentage of the Axfood Group's total sales of meat products. The selection includes stores in the Willys, Hemköp (also franchise) and Snabbgross store chains.

Organic products, share of sales: Sales from organic-labelled products with a valid country of origin marking as a percentage of Axfood's total food sales. The selection includes stores in the Willys, Eurocash, Hemköp (also franchise) and Snabbgross store chains.

Share of approved social audits: Share of social audits where the supplier received a score of A, B or C on a scale of A to E, where A is without remarks and E is unacceptable. Social audits comprise on-site visits and inspections to ensure suppliers fulfil the requirements of Axfood's Code of Conduct. The selection includes on-site visits carried out by the organisation Amfori BSCI.

Sickness-related absence: The number of reported hours of sickness-related absence in relation to scheduled work time. The selection includes active employees in Axfood. Active employees pertains to all employees in the Group except for employees of Urban Deli AB and Hall Miba AB. Internal consultants and employees on parental leave or leave of absence are not included. Sickness-related absence for the first quarter pertains to time worked during the December–February period.

Sustainability-labelled products, share of sales: Sales from sustainability-labelled products with a valid country of origin marking as a percentage of Axfood's total food sales. The selection includes stores in the Willys, Eurocash, Hemköp (also franchise) and Snabbgross store chains. Frozen fruits, berries and vegetables are included as of the first quarter 2024, which leads to a slight increase in the share of sustainable sales. It has furthermore been discovered that Eurocash has not been included in the Willys segment reporting in previous periods. Comparison figures have been restated.

About Axfood

Axfood is a leader in food retail in Sweden and a family of different concepts in collaboration. The Group has approximately 13,000 employees (FTEs) and net sales of more than SEK 80 billion. Axfood aspires to be a strong force in society that drives development toward more sustainable food production and consumption. The share is listed on Nasdaq Stockholm and the principal owner is Axel Johnson.

Purpose	Vision	Business concept
Better quality of life for everyone.	A leader in affordable, good and sustainable food.	A family of different concepts in collaboration.

Business model and strategy

Axfood's business model covers purchasing and assortment, logistics and sales channels and concepts. The customer is always in focus and value is created for Axfood and the Group's stakeholders in every step. Axfood pursues a strategy of growth-promoting and efficiency enhancing priorities. The strategy is built on six strategic focus areas: customer offering, customer meeting, expansion, supply chain, work approach and people. 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 the e-commerce roll-out and establishment of new formats and more stores. The Group strives to increase efficiency in the organisation through a more data-driven work approach and continuous development of logistics solutions of the future. To stay at the forefront, Axfood continues to build a culture that enables the industry's best employees to be attracted and developed. Axfood aspires to take the lead in promoting a sustainable food system and to be a strong force for change in society.

Long-term financial targets and dividend policy

Axfood's long-term financial targets:
- Grow faster than the market
- Long-term operating margin of at least 4.5%
- Equity ratio of at least 20% at year-end

Axfood's dividend policy is that the shareholder dividend shall be at least 50% of profit after tax. The dividend is to be paid out on two occasions.

2030 targets

Axfood's purpose is to create a better quality of life for everyone. The Group works to improve and simplify life around food for everyone it impacts through its different concepts, operations and brands. The ambition is to, by 2030:
- be Sweden's most inclusive food company
- be the strongest driving force for sustainable food in Sweden
- have created a healthier Sweden
- be a leader in the development of the simplest and best food experiences

Operating segments

- Willys has the ambition to offer Sweden's cheapest bag of groceries and is the leading discount grocery chain. Willys aims to develop the discount segment in food retail with a wide assortment in Group-owned stores and online. The Willys operating segment includes the concepts Willys, Willys Hemma, the partly owned cross-border grocery chain Eurocash and a minority stake in the City Gross hypermarket chain.
- Hemköp offers a broad, attractively priced assortment with a rich offering of fresh products. Through Group-owned stores, retailer-owned stores and an online business, Hemköp inspires good meals. The Hemköp operating segment also includes Tempo, a mini-mart format comprising retailer-owned stores.
- 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 concept Snabbgross Club, which is directed at consumers.
- Dagab operates and develops the Group's assortment, purchasing and logistics, but also conducts sales to external customers. The Dagab operating segment also includes retailer-owned Handlar'n and Matöppet, the meal kit company Middagsfrid, the online pharmacy Apohem and the restaurant chain Urban Deli.

Investment case

- The food retail market is relatively unaffected by economic swings and is driven largely by population growth and inflation. Axfood has a clear strategy for addressing the trends in the market through concrete priorities in six focus areas. The goal is to grow faster than the market with a long-term operating margin of at least 4.5%.
- To meet customers' varying needs, Axfood is a family of different concepts with strong market positions. With a clear expansion plan, a focus on the customer meeting in physical stores and in e-commerce as well as the development of meal solutions, customers' evolving behaviours in the market are being met.
- Economies of scale and cost efficiency are achieved through close collaboration between the central functions and Group companies. Dagab is the joint purchasing and logistics company, setting high demands for price, quality and sustainability. Axfood's common IT company has a crucial role in the Group's digital development, automation and data-driven work approach to meet future needs.
- Axfood has a solid balance sheet, and the business model generates stable cash flow with efficient management of working capital. During the last five years, the dividend yield has on average been slightly more than 3%.
- Axfood has long been working to be a positive force in society. Axfood is taking the lead in promoting a sustainable food system, and innovative and sustainable products are being launched through the private label assortment.

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