

# Axfood

Annual and Sustainability Report 2024

Broad presence and  
efficiency through  
collaboration





A close-up photograph of a hand holding a white ceramic cup filled with dark coffee. In the background, a teal and white checkered bag of Cantuccini cookies is visible, with the text 'ITALIENSKA SKORPOR CANTUCCINI MED MANDEL' and 'DE TILLAGGAS KLADDIGT BAKES TILL DE SMÅT KOPPARNA' printed on it. The scene is set on a light-colored surface with green leaves in the foreground.

**“We summarise a year with a continued positive trend in customer traffic, increased volumes and strengthened market positions.”**

Simone Margulies, President and CEO

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**About the Annual and Sustainability Report 2024**  
Pages 9–144 constitute the statutory annual report including the administrative report. Pages 9–32 and 103–144 have been audited and pages 33–39 and 43–102 have been reviewed by the auditors. The sustainability report constitutes the statutory sustainability report in accordance with the Swedish Annual Accounts Act. Axfood applies the updated requirements in the Annual Accounts Act and presents a sustainability report in accordance with the European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation. This document is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall prevail.



AXFOOD IN BRIEF

# This is Axfood

## Leading food retail company

Axfood is a leader in food retail in Sweden and a family of different concepts in collaboration. Each week, approximately five million customer meetings take place through almost 400 Group-owned stores, e-commerce and over 700 collaborating retailer-owned stores. Axfood has a total of more than 15,000 employees (FTEs) and net sales of over SEK 80 billion.

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

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



## Unique family of companies

Axfood is primarily represented in the Swedish food retail market through the leading discount grocery chain Willys, Hemköp in the traditional grocery segment and the hyper-market chain City Gross. With Tempo, Handlar'n and Matöppet, Axfood also has a position in mini-marts, while Eurocash operates stores in cross-border shopping adjacent to Norway. In addition to these concepts, Axfood 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. 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. The ambition for Axfood IT is to have the market's most attractive IT organisation that through innovative thinking creates value and efficiency. Axfood IT plays a crucial role in the Group's digital development, automation and data-driven work approach to meet future needs.

Number of customers reached through Axfood's concepts every week

**5 million**

Net sales

SEK **84.1** bn

Operating profit

SEK **3.3** bn

Growth in net sales

**3.6%**

Operating margin

**3.9%**

AXFOOD IN BRIEF

# Different concepts in collaboration

Each Axfood concept has a solid position in its respective market segment and should offer the best experience for its customers. The breadth of brands is a competitive advantage, and collaboration creates economies of scale and cost efficiency.

## Axfood

Joint-Group functions primarily comprise Finance, Legal Affairs, Communications, Business Development, New Establishments, HR and IT.

## DAGAB

Dagab is responsible for and develops the assortment, purchasing and logistics for Axfood's own concepts and external customers. Dagab plays a key role in Axfood's efforts to continuously streamline the product flow.

### Food retail

#### Discount

## 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.

## 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.

#### Hypermarkets

## CITY GROSS

City Gross operates hypermarkets and is primarily present in the south of Sweden. At its stores, customers find a food market hall and hypermarket under the same roof, along with one of the market's broadest assortment of food.

#### Traditional grocery

## 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.

## Tempo

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

## HANDLARN

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

## MATÖPPET

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

### Restaurant and café

#### Wholesale

## 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.

#### Restaurant

## URBAN DELI

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

### Other

#### Pharmacy

## apohem

Apothem is a full-scale online pharmacy 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.





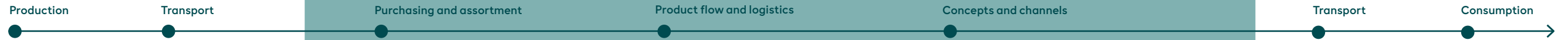
AXFOOD IN BRIEF

# Central role in the value chain

Axfood’s business model covers purchasing and assortment, product flow and logistics as well as concepts and channels. While the operations in each area are impacted by prevailing drivers and market conditions, Axfood also plays a central role in the entire food supply chain and thus also has an impact beyond its own operations.

## Axfood’s own operations

The customer is always in focus and value is created for Axfood and the Group’s stakeholders in every step.



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

Axfood offers an attractive, efficient, wide, sustainable 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 Group’s joint purchasing and logistics company, which is also responsible for development of the assortment. Through its private label products, Axfood can ensure a distinctive and efficient assortment in all sales channels and concepts.

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 increasingly turning to sustainable fuels and electricity as alternatives to fossil fuels.

Axfood interacts with its customers where they are, through accessible, effective and attractive concepts and sales channels, 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 and a relevant and attractive assortment as well as value-creating peripheral services such as digital tools, postal services and package pick-up. Sustainable business requires work on preventing food waste while inspiring and making it easy for customers to buy healthy and sustainable products.

Each week, Axfood’s various concepts reach around five 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 concerns in this final stage of the value chain.





## Increased market share for the tenth consecutive year

Axfood is summarising a year characterised by higher growth than the market and continued progress to further strengthen and streamline the Group in areas such as customer meeting, automation and digitalisation. The performance of our distinctive concepts and store chains, along with the strategic investments in the base operations, provides us with excellent opportunities to continue to challenge and grow also in the years ahead.

At the time of writing this message, I have had the role of President and CEO of Axfood for just over six months. Having worked in the Group for many years, both at the purchasing and logistics company Dagab and as Managing Director of Hemköpskedjan, I have the utmost confidence in the Group's ability to lead the development of affordable, good and sustainable food.

2024 was another year of uncertainty in the world around us, with challenging economic conditions for households, geopolitical turbulence and significant adverse effects of climate change. Going into the year, we were aware that we would be operating in an environment characterised by low inflation, cost pressure and intense competition. While surveys have shown that households have a slightly brighter outlook as a result of the low inflation, this has not had a significant impact on consumption patterns as price value and low prices remain more important than ever.

Axfood is summarising a strong year and is once again growing more than the market, despite exceptionally high comparison figures. We have consistently outperformed the market for many years, in periods of both economic growth and recession, which enabled us to increase the Group's market share for the tenth consecutive year. In our Group, we are used to dealing with a changing environment and are able to quickly adapt and adjust our customer offering based on the prevailing circumstances. Our enduring performance is a clear testament to the success of our business model, with different concepts and businesses working in collaboration.

A high level of loyalty among our existing customers and a continued strong inflow of new customers during the year led to higher volumes and positive earnings effects. However, a lower gross margin combined with high cost inflation had a negative impact on our earnings, resulting in a slightly lower operating margin than last year.

### Competitive concepts with the customer in focus

Willys is Sweden's most recommended grocery chain and has a unique position in the market, offering a combination of low prices with a broad, high-quality assortment, modern and attractive stores, and online shopping. Despite exceptionally high comparison figures, Willys has never been stronger, and the chain once again gained market share, demonstrating yet again how much its customers appreciate the concept, whether they have been shopping with us for years or are one of our many new customers. The rate of establishment remained high during the year, and we see excellent potential going forward to open more new stores around the country and reach even more consumers who want to shop at Willys.

Within cross-border shopping with Norway, Eurocash noted strong growth during the year. It is clear that the chain is benefiting from recent investments in stores and concept and is strengthening its position as the leading grocery chain along the border.





## Important events in 2024

- Strong volume growth and improved market positions thanks to a positive trend in customer traffic and a high level of loyalty to Axfood's concepts
- Acquisition of the hypermarket chain City Gross
- High rate of expansion with the establishment of a total of twelve new Group-owned stores and 42 stores through the acquisition of City Gross
- Progress in the restructuring of the logistics operations and completed ramp-up for all stores at the new logistics centre in Bålsta
- Innovative product launches in the assortment of sustainable and healthy products
- Continued focus on sustainable energy and an accelerated transition to renewable fuels in transports

Hemköp progressed well during the year, outperforming the market in terms of like-for-like growth and delivering strong earnings and margin growth. The success of the chain can be attributed to last years' efforts to develop its assortment, including its range of fresh products and meal solutions, its focus on price value, and its rapid rate of store modernisation. In the same segment of the market – traditional grocery – Tempo delivered a weaker performance due to a continued challenging market environment for smaller store formats.

With a flexible and affordable offering and a unique market position in terms of physical stores, our restaurant wholesaler Snabbgross continued to navigate a restrained and cautious café and restaurant market. Snabbgross delivered strong growth and strengthened its positions, gaining market share. The member-based consumer concept Snabbgross Club expanded through additional store conversions.

The Axfood Group's smaller development companies bring a high degree of innovation and a strong focus on sustainability, with long-term potential. Our online pharmacy Apohem is Sweden's fastest-growing pharmacy, challenging other players in the market with a focus on health and inspiration. The Urban Deli restaurant chain continued to focus on the future of food throughout the year, expanding its presence through an exciting new food concept at a newly established restaurant.

### Efforts to boost efficiency and competitiveness

In addition to strengthening our market positions, we also made strategically important investments during the year to further strengthen the Group. At Axfood, we are constantly evolving and making investments for the future as part of our efforts to be the leader in affordable, good and sustainable food. In addition to improving the customer meeting and store concepts, we have intensified our strong focus on cost efficiency and productivity in order to continue to deliver an attractive and competitive customer offering.

We have made extensive investments in logistics, aiming to streamline our operations and create capacity to continue to grow more than the market. During the year, we completed the ramp-up for all stores at the new, highly automated logistics centre in Bålsta, which marked a major milestone after several years of planning, construction and installation. As we now optimise the facility, we are seeing increased productivity and efficiency, and we expect a continued gradual improvement in productivity. The implementation of the e-commerce flows also commenced toward the end of the year. In addition to the investments in

Bålsta, we have also made progress on the expansion of the existing high-bay warehouse in Backa, Gothenburg and the optimisation of the fruit and vegetable warehouse in Landskrona.

Digitalisation and automation are fundamental aspects of the development of our business. Using a data-driven approach and leveraging AI to optimise our operations and create attractive customer meetings, in response to changing customer needs and behaviours, is becoming increasingly important. In addition to logistics, ongoing development projects include new tools for planning and optimising prices, campaigns and the assortment. During the year, we also devoted a great deal of focus to improving the way we work in stores through the implementation of a new store IT platform.

### Broader presence through acquisition of City Gross

To increase our market presence and create new growth opportunities, we acquired the City Gross store chain during the year, an exciting acquisition with excellent potential. The City Gross concept belongs to the attractive hypermarket segment, which represents a large and growing part of the food retail market. The chain has 42 stores and online shopping, mainly in southern Sweden, and following a review by the Swedish Competition Authority, we were finally able to welcome all City Gross employees to the Axfood family on 1 November. With our know-how and experience, we will create the conditions to further develop and strengthen City Gross' position. We have a clear plan and, since completing the acquisition, have introduced a number of initiatives in areas such as branding, store operations and assortment, and sales management. We also plan to implement structural measures at a handful of stores, mainly pertaining to conversions to other concepts within Axfood. Our ambition is to strengthen City Gross and make the chain profitable at some point during the second half of 2026.

### Progress on climate agenda and reduced food waste

During the year, climate change continued to cause extreme weather conditions and devastation in many parts of the world. Combating this development and helping to reduce the negative impact on the climate and biodiversity are more important than ever. At Axfood, we have a high level of ambition, and as a group, we want to take the lead in promoting a more sustainable food system. The fact that we touch the lives of millions of people every week through our concepts and offerings gives us an excellent opportunity to make a positive impact and inspire others, and we took important new steps in 2024.



**In addition to strengthening our market positions, we also made strategically important investments during the year to further strengthen the Group.**



During the year, we accelerated our transition to renewable fuels in our transports from warehouses to stores, resulting in a reduction of over 30% in the carbon footprint from our own transports since last year and more than 50% over a three-year period. In addition, we continued to invest in sustainable energy through large rooftop solar power facilities on our new warehouse facilities and the construction of Sweden's largest onshore solar park. Together, we also achieved our target of a 50% reduction in food waste in our own operations compared with the base year 2015, a full year ahead of schedule, and set new challenging targets for 2030 in order to further reduce our food waste.

Despite taking steps in the right direction, it has been challenging to navigate the fact that changing consumer purchasing behaviour in the wake of high inflation has had an adverse impact on sustainable and healthy consumption. In general, consumers have been less inclined to make sustainable choices at the expense of price. Rather than slowing down, we are setting new ambitious targets for sustainable sales, carrying out innovative product launches linked to the food of the future, and guiding and rewarding customers who make more sustainable and healthy choices. We are taking a long-term perspective and are determined to keep striving to reverse the trend.

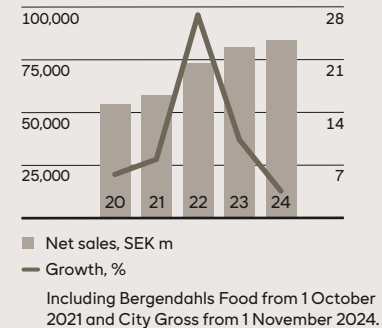
**A strong position to remain a challenger**

With an eventful and important year behind us, we have now entered 2025 – which will also mark the Axfood Group's 25th anniversary – with full energy. When I took over as President and CEO six months ago, I spent a lot of time getting to know the business from my new perspective and meeting people in many different parts of the Group. Meeting our dedicated employees and witnessing our strong culture has been incredibly valuable and makes me confident that we have what it takes to write the next chapter of our history together. We have a plan in place and a development agenda to ensure our continued competitiveness and to increase our market share in all segments of the market. I am convinced that with our model and structure, we are well positioned to navigate a dynamic market in the coming years by being bolder and more efficient than our competitors. Axfood will continue to challenge, and this is something that my colleagues and I truly feel passionate about.

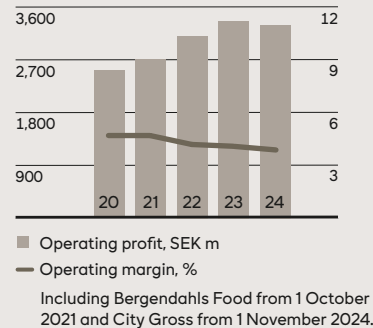
Stockholm, February 2025

Simone Margulies  
President and CEO

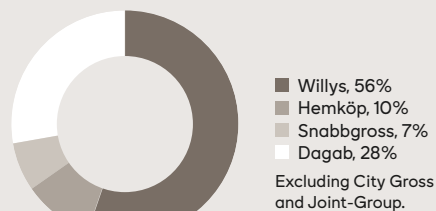
**Net sales**



**Operating profit and operating margin**



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



**Share of operating profit by operating segment**



**Key ratios**

	2024	2023	Change
Net sales, SEK m	84,057	81,111	3.6%
Retail sales, SEK m	68,052	63,703	6.8%
Net sales in e-commerce, SEK m	3,559	3,285	8.4%
Operating profit, SEK m	3,290	3,353	-1.9%
Operating profit excl. items affecting comparability, SEK m	3,433	3,602	-4.7%
Operating margin, %	3.9	4.1	-0.2
Operating margin excl. items affecting comparability, %	4.1	4.4	-0.4
Sustainability-labelled products, share of sales, %	27.2	26.7	0.6
Share of food waste, %	0.9	1.1	-0.2
Carbon footprint per kg of food sold, kg CO <sub>2</sub> eq	2.01	1.94	0.07

**Acquisition of City Gross**

On 1 November 2024, Axfood acquired all of City Gross, having previously owned a minority stake of 9.9% in the store chain since 2021. City Gross is a hypermarket concept with 42 stores and a total market share of approximately 3%. The acquisition thus extends Axfood's reach through a presence in the hypermarket segment, the fastest-growing segment on the market after discount. It also provides new opportunities for growth by creating the conditions to further develop and strengthen City Gross with the Group's know-how, resources and experience. Axfood intends to carry out a number of improvement initiatives and investments to strengthen the customer offering, implement a chain management structure and streamline operations. For more information about City Gross and the acquisition, see pages 110–111 and page 126.





# Clear strategy for the future



MARKETS AND DRIVERS

# The Swedish food retail market

Food retail 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 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. With its distinctive concepts, Axfood has a presence in every segment in the market. Including City Gross, which was acquired late in the year, its market share at year-end 2024 is estimated at about 25% (22).

For some time now, growth in food retail has been strongest in the discount segment, where Willys is the leading player. The discount segment represents just over a fifth of the market and can be divided into two sub-segments: hard discount and soft discount. The biggest differences between the segments consist of the offering and breadth of assortment as well as the peripheral services offered. During the years 2018–2023, average annual growth for the discount segment is estimated at around 11%. This is compared with the market's average annual growth of approximately 5%. The corresponding growth rates in the hypermarket and traditional grocery segments were around 5% and 4%, respectively.

One long-term trend in the market is an increased share of online food sales. This trend accelerated significantly during the pandemic, but the subsequent return to shopping in physical stores is clear. E-commerce still accounts for a small share of the

market, 4.1% in 2024.<sup>1)</sup> Sales within e-commerce are relatively evenly distributed between store pick-up and home delivery. Axfood's market share in e-commerce in 2024 is estimated at around 28% (28), the majority of which is attributable to Willys.

### Development during the year

In 2024, the Swedish food retail market grew by 4.1%, and sales excluding VAT amounted to approximately SEK 301 billion (290).<sup>1)</sup> After the high rate of price increases in recent years, food price inflation normalised during the year and, according to Statistics Sweden, amounted to 1.4%. Accordingly, market growth was mainly driven by a positive volume/mix effect. Market dynamics continued to be characterised by high price awareness among consumers as a result of a sharp deterioration in household buying power in recent years. After a negative trend in recent years, growth in e-commerce was again positive at 4.9%.<sup>1)</sup>

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

### Food retail market segments

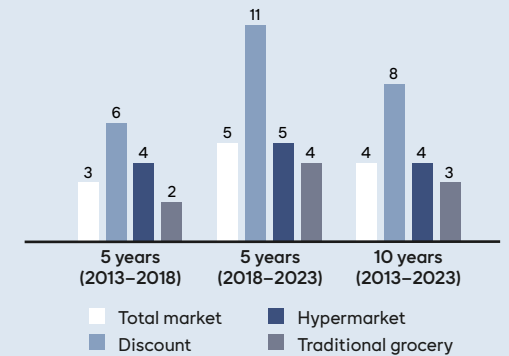
Discount		Hypermarkets		Traditional grocery	
Hard discount	Soft discount			Larger formats	Smaller formats
<b>6%</b>	<b>15%</b>	<b>27%</b>	<b>43%</b>	<b>9%</b>	
Items:	3,000–4,000	5,000–12,000	20,000–45,000	10,000–15,000	1,000–5,000
Brands:	Lidl	Willys, Willys Hemma, Eurocash,	City Gross, ICA Maxi, Stora Coop and others	Hemköp, Coop, ICA Supermarket, ICA Kvantum, Mathem and others	Tempo, Handlar'n, Matöppet, ICA Nära and others
Locations:	Residential and external	Residential and external	External	City centres, residential, pure-play online retail	Roadside and residential

Source: Axfood's estimates. Full-year 2023 is used since complete public information is not available for 2024.

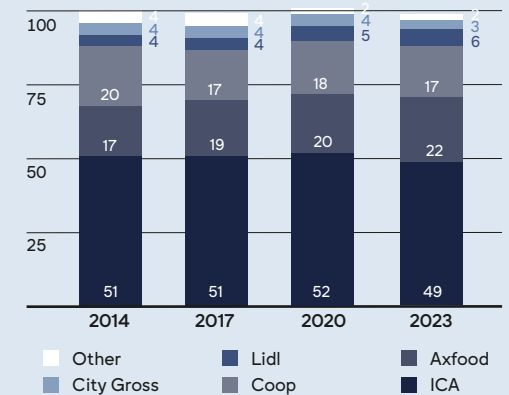
Market size (excluding VAT)

# SEK 290bn

### Average annual growth by market segment, %



### Market share development, %



Source: Axfood's estimates. Full-year 2023 is used since complete public information is not available for 2024. Totals may be affected by rounding.



MARKETS AND DRIVERS

# Swedish foodservice

The restaurant wholesalers 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.

Axfood's concept Snabbgross focuses mainly on the private market, where the four largest players – Martin & Servera, Menigo, Snabbgross and Svensk Cater – together account for more than 85% of sales.<sup>1)</sup>

### Development during the year

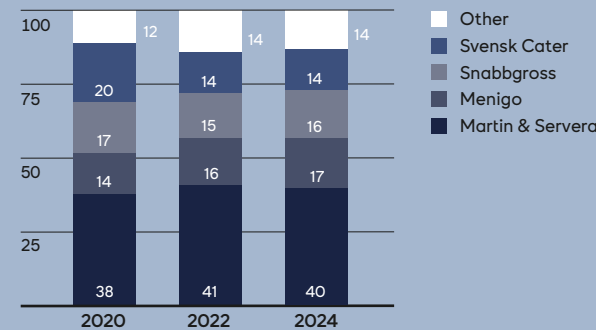
Sales in the private foodservice market increased by 2% in 2024 and amounted to approximately SEK 32 bn (31).<sup>1)</sup> Growth for wholesalers was higher than for direct distribution. Growth on the café and restaurant market to consumers amounted to just over 2% during the first nine months of the year.<sup>2)</sup> Volume growth was however negative and amounted to -2%. The segments on the market that displayed the largest increases during the year were hotel restaurants, lunch and dinner restaurants, and road-side restaurants.

1) Source: Delfi Marknadspartner AB. Private foodservice market, index Jan–Dec 2024/Jan–Dec 2023.

2) Source: Statistics Sweden/Visita.



Market share development, %



Source: Delfi Marknadspartner AB. Private foodservice market, index Jan–Dec 2024/Jan–Dec 2022/Jan–Dec 2020. Totals may be affected by rounding.



MARKETS AND DRIVERS

# A changing market and operating environment

Price value, digitalisation, health and sustainability are examples of long-term trends that are having a major impact on society, the food retail industry and Axfood. The pace of change has been rapid for quite some time, but in recent years, developments in the economy and deteriorating household buying power have resulted in certain shifts in these trends, primarily with an increased focus on price value and low prices among consumers.



## Price value and discount

### How changes are taking place

- In recent years, the discount trend has grown stronger in the market
- A low price is however 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 for perception
- Increased digitalisation in society is leading to greater price transparency

### Impact on the food retail market

- 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 differentiation and efficiency
- 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

## Digitalisation, data and automation

### How changes are taking place

- Increased digitalisation, technical development 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

- New and changed shopping behaviours opening up for new business models and businesses
- Growing degree of personalisation and increasing importance of consumer insight to respond to changing customer needs and behaviour
- Demand for new technical solutions and more in-store digital tools
- Stringent requirements from consumers concerning user-friendly online shopping platforms
- Challenging business model in e-commerce, especially for pure-play online retailers and for home delivery

## 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

- 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

## How Axfood operates

- A flexible in-store shopping experience with digital tools that simplify the shopping process
- Investments in digitalisation and automation of underlying processes within pricing and assortment, product supply and stores
- Good access to data through loyalty programmes and modern systems for leveraging the opportunities created by technology
- Using data and artificial intelligence to better understand customer behaviour, improve customer offerings and communication, and optimise and streamline processes in operations
- Continued initiatives in e-commerce and development of the digital customer meeting, flexible delivery options including home delivery as well as store pick-up

## How Axfood operates

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

MARKETS AND DRIVERS

# A changing market and operating environment



## Competition

### How changes are taking place

- Traditional food retail companies invest more in price
- The market's players are creating ecosystems of products and services
- The line between sectors is becoming blurred as products and services are offered that are not traditionally part of the core business
- Innovative companies are challenging

### 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

## Demographics

### How changes are taking place

- Aging population
- 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

## Resilience and regulatory compliance

### How changes are taking place

- More uncertain and turbulent geopolitical environment
- Increase in cybercriminal activity, with a higher frequency of IT attacks in society
- Increased regulatory pressure from legislators and authorities, especially in areas such as sustainability, consumer protection and cyber security

### Impact on the food retail market

- Global uncertainty is placing new demands on robustness in supply chains and operations
- Increased regulatory pressure and greater focus on securing the food supply in times of crisis are driving costs and complexity
- Digitalisation presents major opportunities but at the same time places greater demands in terms of cyber security and the ability to protect information and customer data

## How Axfood operates

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

## How Axfood operates

- Continual assortment development to meet different kinds of needs and preferences, while 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

## How Axfood operates

- Work to promote local primary food production
- Strategic purchasing with regular evaluations of alternative solutions in terms of suppliers and geographic distribution
- Information and cyber security is a prioritised area and a natural part of the strategic agenda
- Increased cooperation between and within different value chains
- Increased focus on implementation of new legislation and compliance



TARGETS AND OUTCOMES

# Strategic 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.



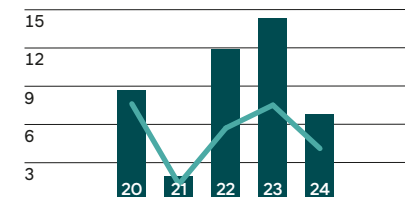
## Financial targets

### Growth

**Target: >the market**  
**Outcome: 6.8%**

Axfood will grow faster than the market. In 2024, Axfood's retail sales increased by 6.8% (14.3), while market growth was 4.1% (7.5)<sup>1)</sup>.

Growth in retail sales, %



**Comments**

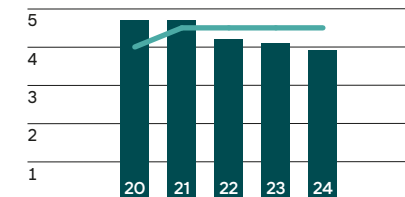
With different concepts and strong market positions, Axfood has grown faster than the market for many years, both in physical stores and in e-commerce. This trend continued in 2024 despite exceptionally high comparison figures from the past two years. The acquisition of City Gross contributed to the Group's growth.

### Profitability

**Target: ≥4.5%**  
**Outcome: 3.9%**

The operating margin will be at least 4.5% over the long term. The operating margin in 2024 was 3.9% (4.1).

Operating margin, %



**Comments**

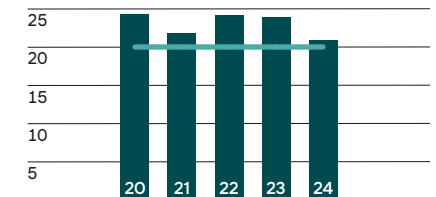
Due to investments in logistics, acquisitions and initiatives to strengthen the Group's price position in the market, the operating margin has been below the profitability target in recent years. However, investments in the base operations, together with the development of the store chains, are expected to create favourable conditions for increased profitability over time.

### Financial position

**Target: ≥20%**  
**Outcome: 20.9%**

The equity ratio is to amount to at least 20% at year-end. As of 31 December 2024, the equity ratio was 20.9% (23.9).

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. The equity ratio at year-end was affected by the acquisition of City Gross, which was primarily financed through increased borrowing.

— Target  
■ Outcome

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

TARGETS AND OUTCOMES

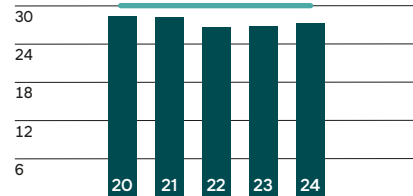
# Sustainability targets

## Sustainability-labelled products

**Target: ≥30%**  
**Outcome: 27.2%**

In 2024, Axfood's target was for the share of sustainability-labelled products to amount to at least 30% of retail sales by 2025. In 2024, sustainability-labelled products accounted for 27.2% (26.7). Beginning in 2025, the new target is for this key ratio to amount to at least 30% by 2030 at the latest.

Share of sales from sustainability-labelled products, %



**Comments**

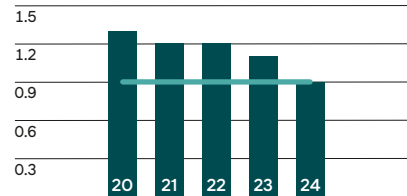
Sustainability-labelled goods guides consumers to products that are made in a way that takes environmental and social aspects into account. These products are often higher in price since they are generally more expensive to produce, and in recent years, their share of sales has declined, partly due to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

## Food waste

**Target: 50% reduction from 1.7%**  
**Outcome: 0.9%**

Axfood's target was a 50% reduction in food waste as a share of retail sales for the Group's own operations by 2025 at the latest, compared with 1.7% in the base year 2015. The target was achieved in 2024 when the share of food waste was 0.9% (1.1). Beginning in 2025, the target is for the share of food waste to be below 0.7% by 2030 at the latest.

Share of food waste, %



**Comments**

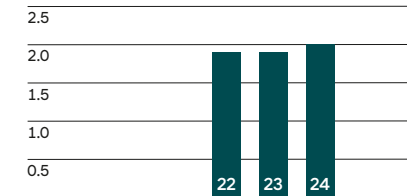
Food waste occurs throughout the entire food supply chain. It is a waste of resources when food that is grown, processed, transported and packaged is thrown away. The most important measures involve optimising orders and reducing prices for products that are nearing their best-before dates or are believed to be hard to sell at regular prices for other reasons.

## Carbon footprint, food sold

**Goal: annual decrease**  
**Outcome: slight increase**

In 2024, Axfood's target was to annually reduce its carbon footprint per kg of food sold. In 2024, the carbon footprint per kilo of food sold was 2.01 kg CO<sub>2</sub>eq (1.94). Beginning in 2025, the new target is for the carbon footprint to decrease by at least 10% per kg by 2030 at the latest compared to the base year 2023.

GHG emissions per kg of food sold, kg CO<sub>2</sub>eq



**Comments**

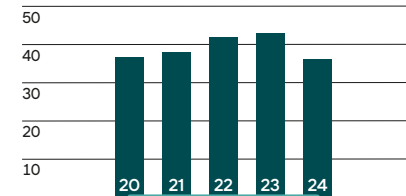
Axfood is to promote more sustainable consumption and production of food and reduce the assortment's carbon footprint by offering products that contribute to more sustainable protein consumption, such as a wide selection of sustainable plant-based products. To achieve this transition, new products are 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.

## Carbon footprint, own operations

**Target: net-zero**  
**Outcome: 36,926 tCO<sub>2</sub>eq**

Axfood will have net-zero emissions from its own operations by 2030 at the latest. This target means that emissions are to be reduced by at least 85% compared with the base year 2020 and that the remaining emissions need to be climate compensated. In 2024, GHG emissions (Scope 1, 2 and part of Scope 3) amounted to 36,926 tCO<sub>2</sub>eq (43,030).

GHG emissions, thousand tCO<sub>2</sub>eq



**Comments**

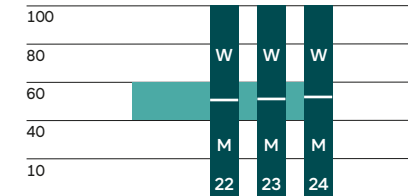
The climate target helps to limit GHG emissions to meet both national environmental objectives and the Paris Agreement. In 2024, emissions decreased, primarily as a result of the transition to using more renewable fuels in transports. Historical data has been revised due to previous errors in reported sustainability information with regards to emissions from external transports.

## Gender equality

**Target: 40–60%**  
**Outcome: 52.2%/47.8%**

Axfood will have an even long-term gender breakdown in management positions, defined as women and men being represented within a range of 40%–60%. In 2024, the share of women/men in management positions was 52.2/47.8% (51.2/48.8).

Share of women and men in management positions, %



**Comments**

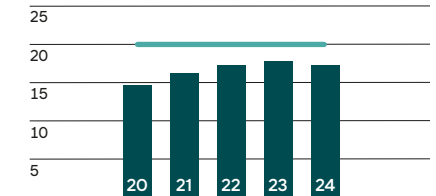
Axfood is a values-driven company that aspires to reflect society as a whole. Axfood has an even gender breakdown in management positions and in total. The key performance indicator "share of women/men in management positions" was redefined in 2023 to also include team managers. Comparison figures have been restated for 2022, but not for prior periods.

## Diversity

**Target: ≥20%**  
**Outcome: 17.3%**

Axfood's target is for at least 20% of the Group's managers to have an international background. In 2024, 17.3% (17.8) of Axfood's managers had an international background.

Share of managers with international background, %



**Comments**

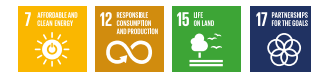
Axfood endeavours to reflect the diversity found in society, and is to offer all of its employees fair opportunities to contribute and grow. Axfood strives for a broad international representation among its employees.

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.



# Strategy that sets direction

Axfood’s 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 long-term development. The strategy rests upon a values-steered culture and core values, and consists of six growth-promoting and efficiency-improving focus areas.



## Purpose

Better quality of life for everyone

## Vision

A leader in affordable, good and sustainable food

## Business concept

A family of different concepts working in collaboration

## Objectives

**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.

**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.

## Focus areas

### Customer meeting

With relevant concepts and high accessibility, Axfood will meet customers’ various and changing needs.

### Customer offering

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

### Expansion

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

### Supply chain

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

### Work approach

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

### Employees

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.

## 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



CUSTOMER MEETING

# The customer in focus

It should be easy and convenient for customers to shop for affordable, good and sustainable food. With a broad presence and a high degree of accessibility, Axfood's retail concepts reach five million customers every week in stores and through e-commerce.

Everyone has different needs and preferences. Demographics, budgets, daily routines and family situations are just a few of the 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 its 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 of using digital tools to improve customers' in-store experience are also continually being introduced.

Willys continuously works on concept development, and in 2024 the new store concept "Willys 5.0" was launched. In addition, Hemköp has also launched a new store concept in recent years and has accelerated its work to modernise its stores.

### Broad e-commerce offering

Axfood has a strong digital presence, with multiple omnichannel players. It is important that customers feel at home and find the same prices online as in stores, and the various food concepts therefore reflect the same market position 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. In total, e-commerce accounts for about 5% of Axfood's retail sales, which is higher than the e-commerce share in the market, which amounts to approximately 4%.

### Popular customer loyalty programmes

The vast majority of the store chains' sales are made through their respective 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 3.8 million members. Customer data is used to create better offerings, and all campaign materials are uniquely tailored to the individual customer to ensure relevant content. Willys' ambition is to offer Sweden's cheapest bag of groceries, and through membership in Willys Plus, customers are given access to an even larger selection of campaigns.

Hemköp's Klubb Hemköp loyalty programme has increased customer loyalty through personalisation and relevance. Klubb Hemköp inspires and guides its nearly 2.1 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. At year-end, Snabbgross Club had nearly 120,000 registered members.

### Digital development

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

A major focus area for Axfood's concepts during the year was to develop the digital customer meeting to make it more inspiring, relevant and easier to shop. Willys upgraded its digital channels and app to create an even better customer experience. Hemköp launched the Matkonto service, a payment card with an associated app that allows customers to keep track of their food budget and at the same time collect extra bonus points. During the year, Tempo also expanded the roll-out of a hybrid solution for stores where staffed opening hours can be supplemented with unstaffed opening hours.

### Concept development through Willys 5.0

Willys' brand, customer meeting and offering have developed significantly over time as the chain has strengthened its position in the market. In 2024, a new, updated store concept, Willys 5.0, was tested through the renovation and updating of two existing stores in the Gothenburg area, with a focus on store interiors, customer in-store laps, and assortment, for example. With this new store concept, Willys is making further strides in the market and further strengthening its store experience for both new and existing customers.

With relevant concepts and high accessibility, Axfood will meet customers' various and changing needs.

#### Priorities for 2025

- Develop the digital customer meeting
- Develop and optimise the store base
- Develop the customer meeting with respect to price value, sustainability and health





CUSTOMER OFFERING

# An affordable, good and sustainable assortment

Axfood offers a wide assortment that meets 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.

In recent years, price value has become increasingly important for consumers. There is also growing demand for a large selection of products, inspiration and convenient meal solutions, along with a growing awareness of food's impact on the climate and health, for example, which is imposing increasing demands on 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 nearly 33% of the Group's sales consist of private label products.

At Axfood, major emphasis is placed on cultivating good relationships with suppliers, and thousands of supplier negotiations are carried out each year. Suppliers rate Axfood highly as an appreciated partner.

### Clear focus on price value

Assortment and category work revolves around Axfood's 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.

In 2024, consumer demand continued to be characterised by a significant interest in discount and campaign products. Price value is highly prioritised at Axfood and largely drives the Group's work on the assortment.

In recent years, work has been under way to integrate Axfood's customer offering into City Gross and more private label products have been launched. Work on assortment development is continuing through Axfood's expanded ownership in City Gross.

### 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 demand. Meal solutions are developed under private labels at the same time as the offering of warm food in stores is growing.

In recent years, the offering of ready meals in stores has been 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 is now available in some 40 stores. Many Hemköp stores also offer store-made 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.

### 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 80–84.



### Innovative and sustainable product development

In 2024, Axfood took major steps to promote innovative, sustainable and healthy food. The new snack product RäggyBerry increases the body's mineral uptake and uses residues from white cheese that would otherwise have been food waste. Axfood also launched a nutritious patty with a low carbon footprint, made of broad beans and herring that otherwise would have become animal feed. The hybrid-mince Nöt & Grönt was supplemented with a hamburger with a lower carbon footprint compared with traditional mince. In addition to product launches, several innovative projects were initiated, such as a methane-reducing feed supplement for cattle and fossil-free fertiliser.

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

#### Priorities for 2025

- Develop and strengthen the assortment of affordable, good and sustainable food
- Accelerate private label products as a distinctive and effective assortment
- Strengthen Axfood's concepts in terms of price value
- Develop the offering with regard to sector convergence



CUSTOMER OFFERING

# Distinctive and attractive private label products

Axfood's extensive range of private label products, including Garant, Eldorado, Minstingen, Fixa, Såklart, Mevolution and Gastrino, is 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 assortment developers are innovation-driven and identify niches in the market, using customer data to develop products that are at the forefront of current trends, health and sustainability.

Of Axfood's private labels, Garant and Eldorado are the most strongly positioned. Garant is a well-known brand with a distinct added-value profile. Eldorado aims to be the best discount alternative with a focus on basic products.

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 280 new private label products were launched during the year. The number of launches doubled compared with the previous year, when the number of launches was affected by challenging circumstances linked to high inflation and product availability.

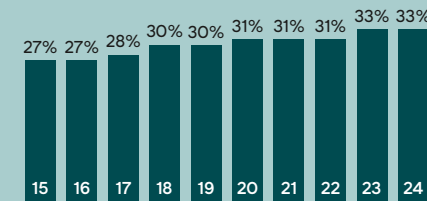


Number of private label product launches

# 280



Development of share of sales from private label products



Axfood's share of sales of private label products has increased over time, and in 2024 the share of sales amounted to closer to 33 percent.







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.

### 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 buying power are included in the assessment of the right concept for the location.

While Axfood has a broad presence, there remains potential for expansion. The Group sees extensive opportunities to establish more stores in many parts of the country in both larger and smaller cities and in the countryside. In general, the Group has also historically had a somewhat smaller presence in northern Sweden, but as major investments are being made in industry and infrastructure in these parts of the country, there is significant potential there.

A total of twelve new Group-owned stores and seven retailer-owned stores were established during the year, and Axfood had a total of 389 Group-owned stores and 258 retailer-owned stores at year-end. The acquisition of City Gross expanded Axfood’s store base with 42 Group-owned stores, mainly in southern Sweden. In addition, a new unit was established during the year under the Urban Deli concept with a combination of a restaurant, bistro and store.

### A strategy that creates establishment opportunities

Axfood’s strategy with different concepts working in collaboration is favourable when it comes to establishment opportunities. Size of premises, customer base and operating model are taken into consideration when assessing 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. The brand portfolio also includes Handlar’n and Matöppet, which perform well in smaller local markets.

### A competitive e-commerce

Axfood’s store network also offers customers a high degree of accessibility when it comes to online shopping. Willys is Axfood’s strongest concept in e-commerce, with store pick-up proving 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, 166 Willys stores and 67 Hemköp stores offered online shopping.

All Snabbgross stores offer online shopping for B2B customers.

Apothem, which is partly owned by Axfood, is a full-scale online retail pharmacy that offers home delivery of pharmacy products throughout Sweden. Apothem has continued to grow strongly in recent years, and with its focus on health and inspiration, it is challenging traditional players in the market.

Due to a weak market development for meal kits, Axfood closed the meal kit company Middagsfrid during the year.

### Different operating models

The number of Hemköp retailer-owned stores can vary depending on agreements and a continuous evaluation of which form would enable a particular store to best strengthen the store chain’s position in the market. For Hemköp, having different operating models is a strength that allows it to maintain a presence in several cities in Sweden, while the combination of a chain management structure and entrepreneurship promotes and creates growth. Hemköp has a financing programme that enables selected store managers to acquire a store.

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

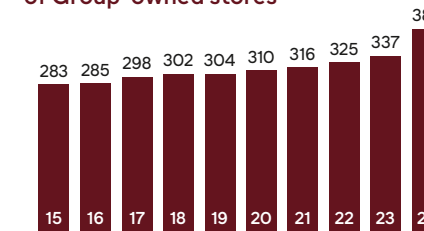
### Priorities for 2025

- Expand the store base through a higher rate of establishment
- Integrate City Gross and drive development toward profitable growth
- Strengthen market positions of the development companies Apothem and Urban Deli

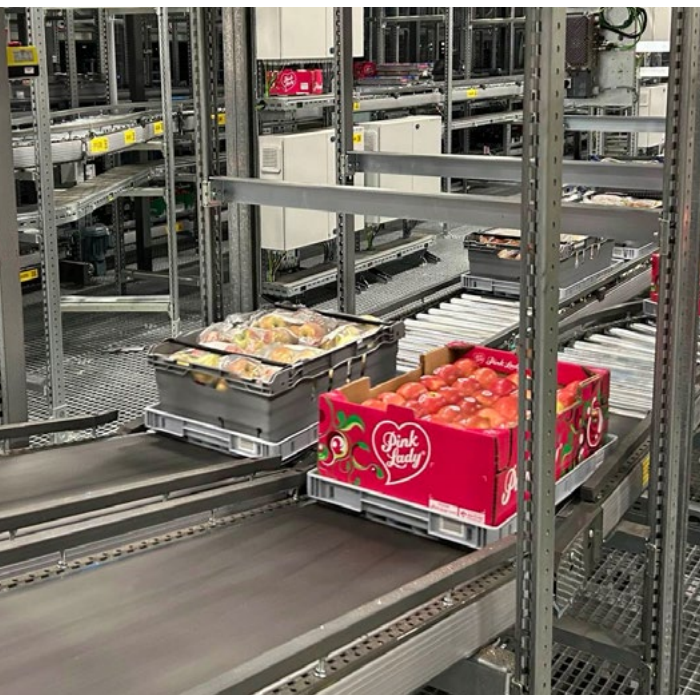


With Axfood’s different concepts, there are extensive opportunities to establish more stores in many parts of the country.

Development in number of Group-owned stores



The number of Axfood stores has increased over time, mainly through new Willys stores. In 2024, 42 stores were added through the acquisition of City Gross.



SUPPLY CHAIN

# Major strides toward greater efficiency and capacity in logistics

Changing consumption patterns, digitalisation and the importance of ensuring competitiveness are driving the development of a 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 in the Group’s logistics structure to increase capacity and productivity through more automated processes.

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. In addition, home deliveries are made directly to consumers in e-commerce.

The vehicle fleet is made up of 210 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 of Dagab’s volumes are handled by the Group’s own truck 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 72 light trucks for e-commerce deliveries.

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.

### Investments in logistics of the future

Investments to create a more sustainable, efficient and competitive product supply continued in 2024. Significant investments are being made to ensure a logistics structure of the highest class.

The new, highly automated logistics centre in Bålsta is one of the largest of its kind in Europe and the restructuring has been extensive. The investment is unique in that it will gather the entire flow and processes in all temperature zones for stores and e-commerce under one roof. In this way, the flow of goods will be further optimised through a faster and more flexible supply chain, and underlying processes will also be streamlined. The establishment is taking place in phases, and in 2024 a major step was taken in connection with the completion of the ramp-up for all stores covered by the product flow. At year-end, the roll-out of e-commerce also began. In order to optimise logistics, the logistics centre in Bålsta will primarily serve the food retail market, while volumes for convenience retailers will be concentrated to the existing warehouse in Örebro.

To add additional capacity and streamline operations, the existing high-bay warehouse at the Backa distribution centre in Gothenburg is being expanded to include two new automated aisles. Work on the expansion intensified in 2024, and it is scheduled for completion in 2025.

To streamline operations and accommodate future volume growth, Axfood established a new, larger semi-automated nationwide warehouse for fruit and vegetables in Landskrona in 2022. In 2024, the automation solution was put into operation and focus then shifted to optimisation for increased productivity.

### Green transition of delivery fleet

Emissions from transports account for a large share of the Group’s total carbon footprint. All Group-owned trucks can be driven on fossil-free fuels, and in 2024 a decision was made to

accelerate the transition over a two-year period to fully renewable fuels, such as biogas, RME and HVO, or electricity, in both the Group’s own and procured transports from warehouses to stores. During the year, this shift resulted in a significant decrease in the Group’s carbon footprint from its own transports.

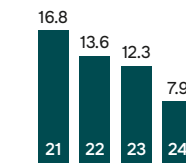
As part of the green transition of transports, an effort is being made to rapidly electrify part of the vehicle fleet. Dagab and Scania have collaborated for several years, using advanced analytics of transport data to investigate how quickly this transition could occur. In 2021, the first fully electric heavy-duty truck went into operation, and thereafter the vehicle fleet has been gradually expanded to include more electric vehicles.

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

#### Priorities for 2025

- Streamline and continue developing the future warehouse structure
- Streamline and develop sustainable transport solutions of the future
- Ensure a consistently high level of service in logistics

**Emissions from own transports, kg CO<sub>2</sub>e per tonne of transported goods**



In recent years, Axfood’s carbon footprint from its own transports has decreased significantly. In 2024, the transition to fully renewable fuels was accelerated, resulting in further emission reductions.





## WORK APPROACH

# A robust and efficient organisation

A changing world demands continuous development of the organisation and working methods. In addition, like many other industries, food retail is undergoing a transition, with a strong focus on digitalisation and a need for greater redundancy and information security, among other things. Through agility and drive, Axfood can be at the forefront and ensure a long-term sustainable and resilient business model.

Axfood is to be a customer-oriented, dynamic and sustainable organisation with a focus on efficiency and development. To adopt a more agile work approach and ensure quality and high business value, cooperation and development takes place cross-functionally between companies, departments and experts. The work of engaged employees results in an ability to change, flexibility, and more satisfied customers and users.

## Data-driven organisation

To stay at the forefront, Axfood continuously works to develop and streamline processes and data-driven working methods. Upgrades of technical platforms and the Group's cloud platforms lead to flexibility, increased automation and better input for decisions based on data and faster analysis. More capacity and data with higher performance and security is also enabled. In addition, work to integrate AI has accelerated in recent years, with a particular focus on exploring the possibilities of generative AI to take processes and customer experiences to the next level. Internal expertise in advanced data analysis has been built up, enabling better control of the assortment and prices to increase customisation. Communication with customers and consumers is increasingly being personalised, enabling more relevant recommendations and offers.

## Efficiency with a digital work approach

The level of automation and digitalisation is continuously increasing in both stores and warehouses. Data and AI are being used to optimise inventory levels, product flows and routes,

enabling automated orders that ensure that the right product quantity is delivered at the right time. In stores, digital tools such as handheld computers are used to provide better control over the assortment and reduce food waste. In 2024, a modern new store platform was also implemented to increase efficiency and improve the Group's working methods and management of prices, campaigns and inventory balances.

Through digital training courses and guides, employees are encouraged to continuously improve their digital working methods. Robotic process automation (RPA) is used to automate time-consuming administrative tasks such as quality checks, final approvals and document management, which streamlines and standardises processes and removes this burden from the employees.

## 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 in order to detect and manage threats and disruptions and ensure operational continuity in the event of unforeseen events. In addition, efforts are ongoing to raise awareness internally about information security issues.



**To stay at the forefront, Axfood works to develop and streamline the Group's processes and data-driven working methods.**

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

### Priorities for 2025

- Accelerate advanced analytics, AI and digital ways of working
- Increase cost-effectiveness
- Ensure stable IT operations and modernise priority systems and platforms
- Active social advocacy efforts and focus on work processes linked to regulatory compliance



## EMPLOYEES

# A strong, purpose-driven culture

At Axfood, diversity, gender equality and inclusion are natural and crucial aspects of business. Every week, the store personnel meets millions of customers, and the Group strives to continuously develop the organisation to make the most of employees' different skills, perspectives and potential – all to be able to meet and exceed the customers' needs.

With more than 15,000 employees (FTEs), Axfood promotes a culture where its employees are actively committed and contribute to the Group's development. In recent years, Axfood's reputation as a stable and responsible employer has been strengthened – offering an attractive workplace for both established professionals and future talents.

## Reflection of customers

Axfood endeavours to reflect the diversity found among its customers, and offers its 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.

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 and creating business value.

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 2024.

Axfood is an attractive employer, and during the year, the job listings page on the Group's website received 2.6 million ad-driven visitors, resulting in a total of 1.2 million applications for the 2,500 positions advertised.

## Many development opportunities

Being part of Axfood offers many development opportunities, and the Group's perspective is that everyone can grow, regard-

less of their position. Employees at every level 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 practice exercises, employees are prepared to take the next step in their careers at Axfood. Specific leadership steps have been developed to provide store employees with the opportunity to become team managers or store managers. Just over 70% 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 business and the customers and of how their own efforts impact in-store operations.

## 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. 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. An annual follow-up is carried out in the form of an internal work environment audit, which forms the basis for any measures taken. 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 illness 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 promotes a culture where its employees are actively committed and contribute to the Group's development.**

**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 for 2025

- Secure staffing and reduce employee turnover
- Strengthen the culture and the Group's managers
- 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 is something you cannot 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 in collaboration. With us, you have security and great development opportunities. Here 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 third annual Axfoodloppet run was held as part of the Group's focus on health. Over 400 employees ran or walked a five-kilometre stretch in Hagaparken in Stockholm.

SUSTAINABILITY

# The strongest driving force for sustainable food in Sweden

Sustainability is integrated into Axfood’s business model and operating activities. On the strength of the long-term work and commitment of its employees, Axfood aims to be the leading driving force for sustainable food in Sweden. Ambitious sustainability efforts lay the foundation to strengthen the Group’s market position and long-term profitable growth.

Axfood’s sustainability work covers the entire operations and all of the sustainability matters that the Group impacts or is impacted by – sustainability has an effect on everything. It permeates all activities from purchasing and assortment to distribution and sales, and the Group’s sustainability efforts are divided into three areas – food, the environment and people. This means that all employees, regardless of where they work in the operations, are impacted and contribute to sustainable development.

Axfood inspires, takes a stance and provides guidance on affordable, good and sustainable food, and new sustainability projects are continuously being initiated to lead development. Many sustainability issues require collaboration to achieve solu-

tions that lead to long-term change, and Axfood therefore collaborates with various suppliers, industry organisations and networks. In addition, there is a dialogue with politicians and authorities in order to increase knowledge about food retail and drive development within sustainability and health issues. An important tool in this work is the Food 2030 report, Axfood’s proposal for a sustainable food strategy with over 100 solutions to make food production and consumption more sustainable and healthy. Axfood is also an active voice in public debate.

A detailed description of Axfood’s sustainability work is provided in the Sustainability Report on pages 43–102.

## Food

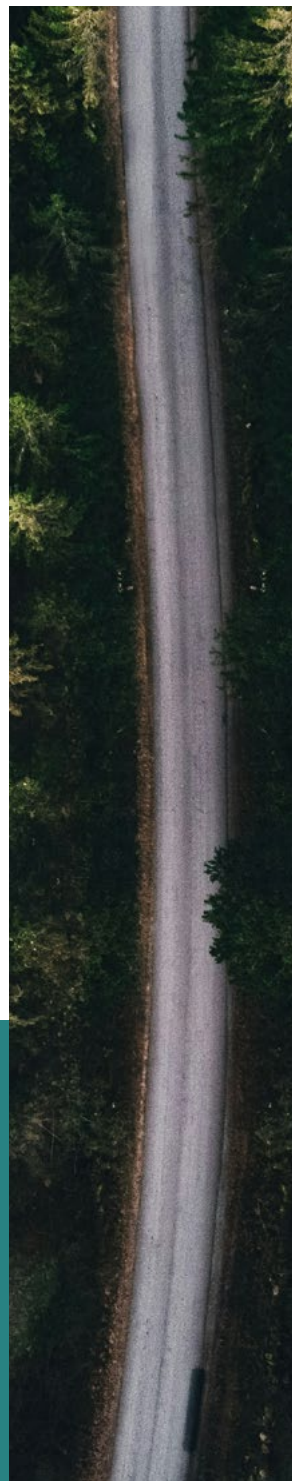
Axfood offers affordable, good and sustainable food. A wide assortment of sustainability-labelled products makes it easier for consumers to make sustainable choices. Reduced food waste and good animal welfare are other important issues.

## The environment

Axfood works to reduce the impact on the environment and biodiversity. This is done by shifting to fossil-free transports, developing sustainable packaging and investing in renewable energy.

## People

Axfood is an inclusive company that works to improve working and social conditions throughout the entire food supply chain. Its focus on healthy products contributes to improved public health.



## A positive force in society

Axfood aims to be a positive force in society and actively participates in public debate to drive issues that are important from a sustainability perspective. In 2024, issues concerning organic production and sales, consumers’ right to sustainable food, food waste and the preservation of cattle grazing rights were prioritised. In cooperation with the BalticWaters Foundation, the importance of sustainable fishing in the Baltic Sea was stressed. In addition, public health and good food habits were highlighted in cooperation with Generation Pep, an organisation that works to support the health of young people.

## Establishment of Sweden’s largest solar park

Outside Hallstavik in Uppland, Axfood is establishing and commissioning Sweden’s largest solar park in cooperation with the energy company Alight. The park comprises approximately 92,000 solar panels covering an area of 71 hectares. Its capacity enables an output of approximately 64 MW or 63 GWh annually, which corresponds to around 15% of the Group’s electricity consumption. The aim is to secure the Group’s supply of electricity and contribute to increasing the amount of renewable electricity in the power grid. The project follows the commissioning of Sweden’s largest rooftop solar power facility on the logistics centre in Bålsta and a large solar power facility on the roof of the fruit and vegetable warehouse in Landskrona. Axfood has long invested in solar energy and has been purchasing exclusively renewable electricity since 2008.

## Accelerated transition to fossil-free transports

In 2024, Axfood accelerated the transition to renewable fuels and electricity in its transports. This work resulted in a sharp decrease in the carbon footprint per tonne of products transported by 36% since the previous year and nearly 53% since 2021. By the end of 2025, both the Group’s own and procured transports between warehouses and stores are to be made using exclusively renewable fuels or electricity. An ambitious effort is also being made to electrify part of the Group’s own truck fleet.

## 50% reduction in food waste

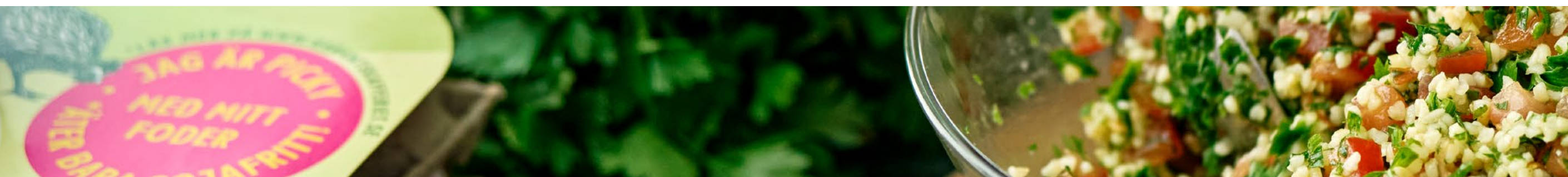
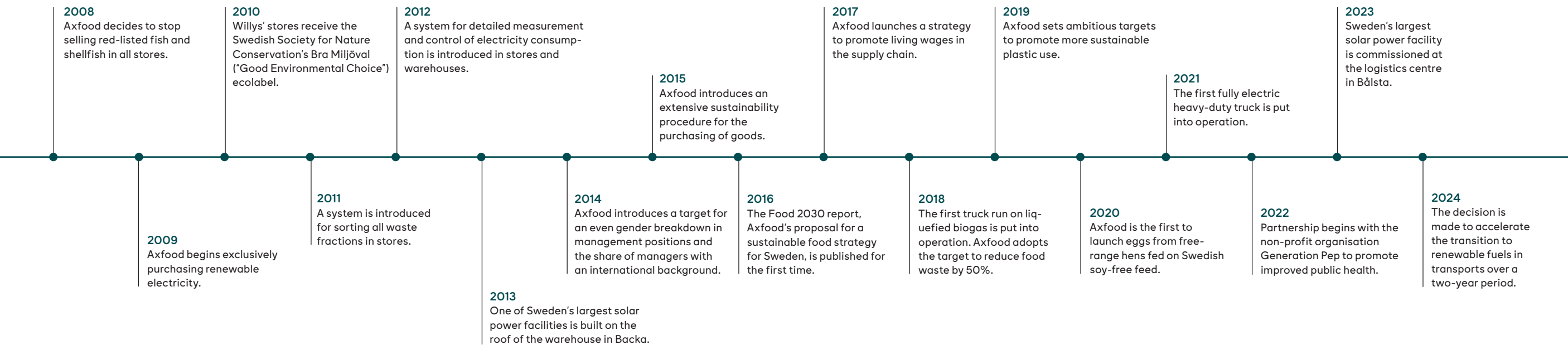
In 2024, through innovative solutions and collaboration, Axfood achieved its target of a 50% reduction in food waste at the Group’s stores compared with the base year 2015. Sales of products nearing their best-before date, collaborations with charity organisations and new waste procedures contributed to the results. The Group’s various efforts have not only reduced food waste, but also contributed to a more sustainable food supply chain with a lower environmental impact. The efforts to reduce food waste are continuing, and a new target has been set stating that food waste should amount to less than 0.7% of food sales by 2030. This corresponds to a reduction of just over 20% compared with 2024.



SUSTAINABILITY

# A sustainability journey that never ends

For many years, Axfood has conducted ambitious sustainability work to make a difference and drive sustainable development. As a food retail pioneer, Axfood has initiated many sustainability initiatives and led the way for others. Below is an overview of progress during the years, and this journey is now continuing, with more initiatives under way.



# Rapid pace of development for the future

To further strengthen its competitiveness and market positions, Axfood is investing in developing the Group's business at a rapid pace. The following provides an overview of the largest ongoing development projects in the Group.

## A new world-class logistics structure

Through significant investments, a new logistics structure has been established in recent years. The Group is strengthening its competitiveness through a broader assortment and enhanced efficiency in the delivery of goods to stores and e-commerce customers.



## An optimised product flow and assortment with the customer in focus

Consumer demand governs the product supply, customer offering and marketing, thereby enabling efficiency, sustainability and competitiveness. Better conditions are being established for planning and optimising prices, campaigns and the assortment.



## Optimal in-store work approach

A modern new store platform is implemented to increase efficiency and improve working methods in stores. Employees find new systems easy to use, enhancing the efficiency of store operations.



## A relevant and inspirational customer meeting

The customer meeting is continuously being strengthened through a focus on concept development, store modernisations and loyalty programmes. In addition, in-store digital services and the online offering are being further developed.





# Systematic and effective risk management





# Risks and risk management

Like all business activities, Axfood’s business is exposed to risks. Risks can negatively impact the operations. Managed properly, however, they can also add value. How risks are managed is therefore 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. All risks are assessed based on likelihood 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. The risk owners are the members of the Executive Committee, who are responsible for the risk maps in their respective areas. An assessment is made of the changed level of existing risks as well as of potential new risks. Strategic risks related to, for example, increased competition, changes in the assortment and other changes in the external business environment that can affect Axfood’s strategic targets, 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. Axfood has a Risk Committee, which is headed by the Group’s Risk Manager. The Risk Committee is tasked with, among other things, following 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 risk management, see the illustration to the right. The acquisition of City Gross was completed on 1 November 2024 and City Gross will be included in the Group’s risk management process from 2025.

## Incident management

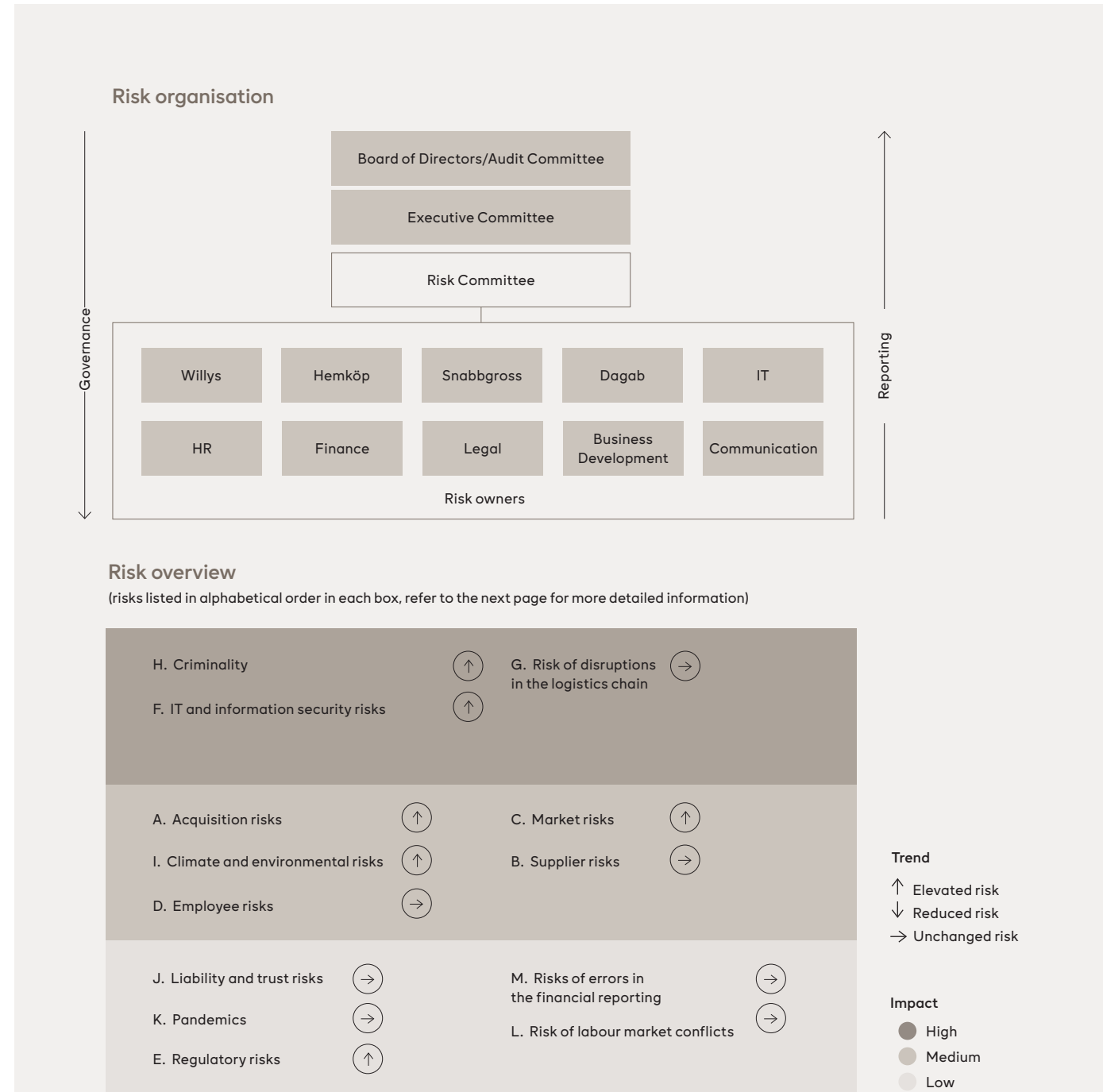
Incident reporting systems are in place in Axfood. Through these systems, a compilation is made that provides documentation for determining how operational risks are to be prioritised and managed effectively and systematically.

## Crisis management and continuity plans

Crisis management plans are in place in Axfood, and practice drills are carried out regularly by all of the Group companies’ crisis management teams. The aim is to ensure preparedness for a crisis and that the right actions are taken at the right time by the designated key functions. The purpose is to minimise acute damage in a situation in which normal procedures are insufficient. For events where there is a risk that a crisis may become drawn-out, active and preventive work is carried out with continuity plans to minimise the duration of any business interruption.

## Insurance

Axfood has Group-wide insurance that is reviewed yearly by an independent, external party. The insurances cover, among other things, property, business interruption, product liability, cyber-attacks, transports, and director and senior executive liability. All of the Group’s insurance policies are renewed before expiration.





RISKS AND RISK MANAGEMENT

# Strategic and operational risks

## Strategic risks

Risk	Main risks	Management	Trend
A	Acquisition risks	Thorough market analyses of, for example, competition and demographics, where every investment calculation stretches over several years.	↑
B	Supplier risks	Alternative solutions are evaluated on a regular basis. Having multiple suppliers of a particular product or ingredient, and often also geographic diversification of purchasing, results in lower risks in the event of potential disruptions in product supply. For suppliers where the risk is deemed to be high, more frequent follow-ups are conducted to identify deviations. High demands are placed on fire safety and financial stability.	→
C	Market risks	Market analyses, such as customer and consumer surveys, which together with other analyses form the basis of the Group's strategies.	↑
D	Employee risks	Axfood works continuously with succession planning. The Group also has a strong focus on diversity, zero tolerance for discrimination and offensive treatment, a good work environment and maintaining a healthy work/life balance.	→
E	Regulatory risks	Axfood has a Code of Conduct and an effective system of internal control, and takes an ethical approach that permeates the operations. In connection with new laws or regulations, measures are reviewed before the new regulations are implemented.	↑

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

### Trend

- ↑ Elevated risk
- ↓ Reduced risk
- Unchanged risk

### Impact

- High
- Medium
- Low

## Operational risks

Risk	Main risks	Management	Trend
F	IT and information security risks	Major emphasis is placed on preventive work and continuity planning. Operations are secured through redundant systems with a geographic spread of risk. Awareness about information security issues is high, with measures such as training and technical solutions.	↑
G	Risk of disruptions in the logistics chain	The focus is on systematic fire safety work, where considerable 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, ongoing continuity management that results in continuity plans and proposals for specific technical solutions.	→
H	Criminality	Preventive safety work including training, procedures, and technical and human resources for being able to handle various situations, such as fraud or shoplifting.	↑
I	Climate and environmental risks	Strong focus on development of the assortment to attract environmentally aware 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 the Group's work related to climate and environmental risks is provided in the Sustainability Report.	↑
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 business trade associations. Long contract periods reduce the risk of conflict.	→
M	Risks of errors in the financial reporting	Axfood continuously analyses and assesses risks that could lead to errors in the Group's financial reporting. A more detailed description of Axfood's work with internal control is provided in the Corporate Governance Report.	→

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

## RISKS AND RISK MANAGEMENT

## Strategic and operational risks

### (A) Acquisition risks

Axfod acquires and establishes new operations on a regular basis. If the conditions in the operations do not correspond to the information provided prior to an acquisition being carried out, there is a risk that this could have a negative impact on Axfod. With respect to acquisitions, a well-executed integration and retaining key persons are also important. All acquisitions and new store establishments are preceded by thorough market analyses of the competition as well as demographics, with every investment calculation stretching over several years. In addition, the external operating environment as well as the business profile are analysed, in part based on sustainability-related aspects.

City Gross was acquired in 2024. Axfod intends to carry out a number of improvement initiatives to strengthen the customer offering, implement a chain management structure and streamline operations.

### (B) Supplier risks

Axfod conducts extensive quality, safety and sustainability work particularly regarding its private label products, but also for other products in its assortment. To uphold and strengthen the trust of customers and other stakeholders, it is also important to maintain good control of the supply chain. Mapping of risks at the supplier level is based on a number of different dimensions such as work environment, water supply, human 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 sustainability work. Purchasing is steered toward suppliers with structured sustainability work or a willingness to change. Axfod 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.

### (C) Market risks

Axfod operates in a competitive and dynamic market, which requires flexibility in the operations 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 Group's strategies. In 2024, Axfod's assessment is that competition in the market intensified, and this development is being carefully monitored.

### (D) Employee risks

The food retail market is changing rapidly, and change management is becoming increasingly important. Recruiting, developing and retaining competent and committed employees is a prerequisite for Axfod's development. To counter the negative effects of losses of key persons, the Group works continuously with succession planning. Axfod also devotes a great deal of focus to diversity and inclusion. All workplaces are to be free from all forms of discrimination and offensive treatment, which is clearly specified in an equal treatment policy. Axfod 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 Axfod, 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.

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 reviewed well before the new regulations are enacted. Axfod also strives to influence regulatory processes by, for example, actively participating in comment rounds or sub-reporting to ensure that the upcoming requirements are adapted and applicable.

### (F) IT and information security risks

Digitalisation presents opportunities, but also places greater demands on the ability to protect information and customer data as well as ensuring stable IT operations. In the past few years, an increase in cybercriminal activity has been observed. Information security is therefore a prioritised area and part of the strategic agenda. Systematic efforts are ongoing 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. Axfod has an updated IT security architecture based on Zero Trust and 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 Axfod must manage is the risk of disruptions in the logistics chain, especially the risk of fire in its warehouses and distribution centres, which would result in property loss and business interruption losses. The Group 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 Axfod's IT structure; see more information under Risk (F), IT and information security risks.

### (H) Criminality

Crime in society impacts both Axfod's operations and its employees, and the retail industry have seen an increase in threats, violence and organised crime in recent years. Within the Group, 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. 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 deteriorated competitiveness. However, risks are also opportunities for those in the industry that are far ahead. More information about climate and environmental risks is provided in the Sustainability Report.

### (J) Liability and trust risks

Axfod is one of the leading players in Swedish food retail, 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



## RISKS AND RISK MANAGEMENT

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. To ensure Axfood's competitiveness, it is important to continually develop the assortment according to customers' needs and preferences, which for example may involve offering sustainable food, such as sustainability-labelled and organic products. Weak goal fulfilment in the area of sustainability could, over time, undermine customers' trust in the Axfood brand and the various 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 social responsibility to deliver food to Swedish consumers. 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, risks related to the supply chain and employee risks, could be managed without significant disruptions in operations. While established correlations between climate change and the spread of diseases and pandemics will probably entail new challenges for Axfood, risk management has been developed and improved as a result of the experiences from Covid-19.

### (L) Risk of labour market conflicts

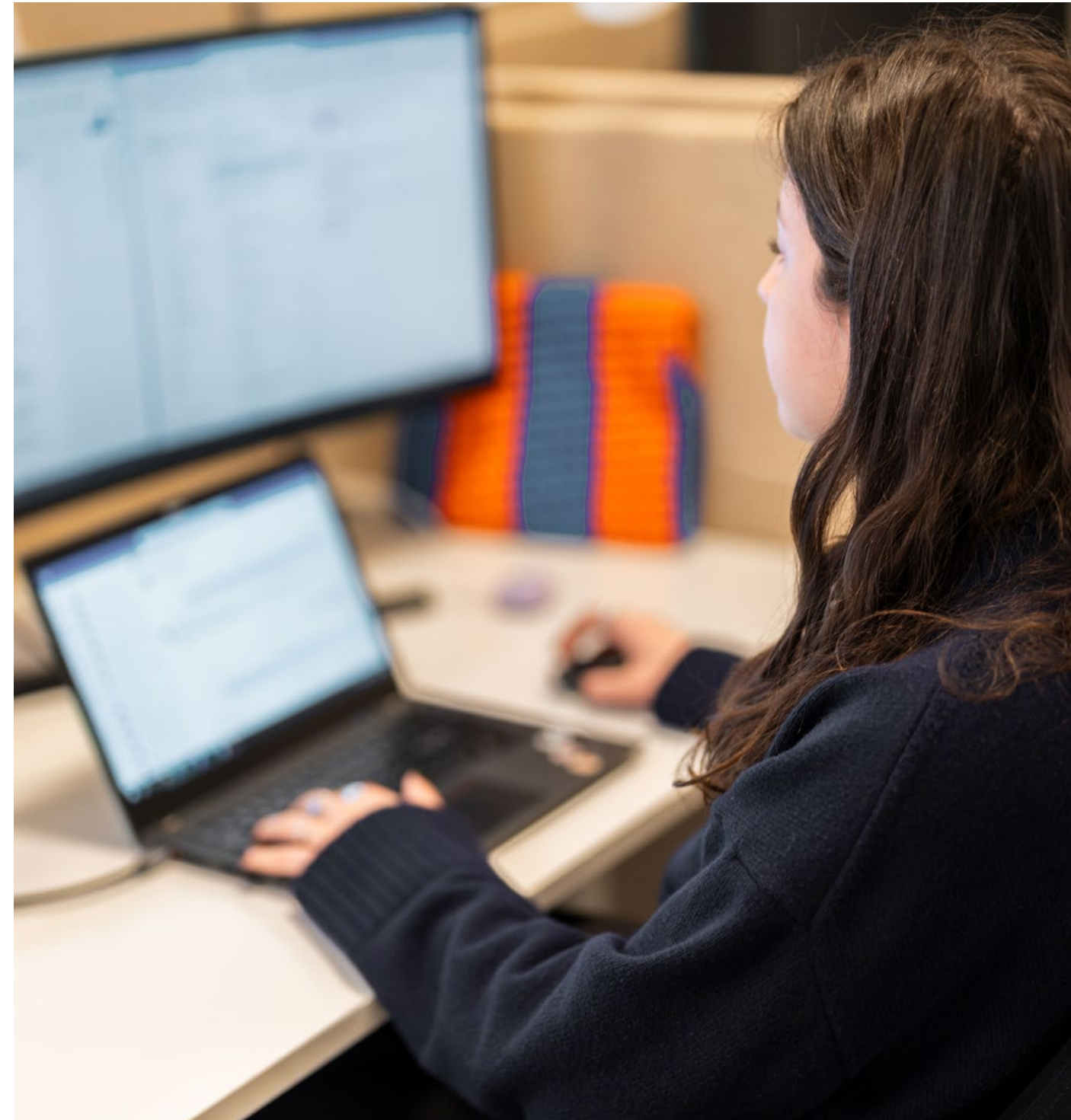
There is a risk that labour market conflicts, such as a strike or lockout in any area of the business, could result in operational disruptions. Negotiations of collective bargaining agreements for Axfood's operations are conducted through the auspices of Swedish Commerce, in which Axfood is a member. At the end of 2024, a new round of collective bargaining began.

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

Axfood continuously analyses and assesses risks that could lead to errors in the Group'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 and the President and CEO. The Group's external financing and financial risk management is handled by Group Treasury within 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. For further information about financial risks, see Note 22.







# Sustainable, responsible and effective governance



## CHAIRMAN'S MESSAGE

# Governance for long-term value creation

Axfood has a business concept and model that stand the test of time and different economic environments. It is the Board of Directors' task to ensure effective corporate governance, which makes it possible for the Group to effectively carry out its strategy and establish the conditions for long-term value creation. In 2024, the Group's stronger market positions of recent years were reinforced, and important steps were taken in such areas as digitalisation, automation and sustainability. City Gross was also acquired, strengthening the Group's presence in the market.

Axfood has a uniquely wide range of brands and concepts and successfully combines this with distinct collaboration in its base operations. This has been a cornerstone of Axfood's strategy since the Group was founded at the turn of the millennium and remains the Group's foremost means of competition. In 2024, Axfood navigated a market that was challenging in many ways and reinforced its market positions, which has improved considerably in recent years. This is proof of the strength of the business concept and provides a solid foundation for the future. At the same time, important steps were taken in such areas as digitalisation, automation and sustainability, which shows an ability to combine a short-term market focus with a long-term perspective. In addition, City Gross was acquired, creating new opportunities and establishing a presence in a part of the market where the Group was not previously represented. Maintaining a long-term perspective is critical in every business decision, and the Board is in agreement that the strategic decisions made during the year will make Axfood a stronger corporate group moving forward.

## Effective corporate governance that contributes to development

Robust corporate governance and a strong corporate culture are crucial to sustainability and responsible business. The Board is responsible for ensuring that the right organisation is in place to enable effective decision-making, a clear distribution of roles and responsibilities, effective follow-up within internal systems, and internal control over financial reporting. The Board is also responsible for ensuring open and transparent communication.

The Board's work is characterised by a broad base of expertise and experience, valuable perspectives and extensive commitment, and the annual evaluation of the Board's work once again indicates

a very high level of commitment yielding positive results. In close dialogue with the Executive Committee, the Board contributes with governance and a framework that allows the Company to continue to develop and combine growth with social responsibility and a long-term approach.

Over the past year, the Board supported management in strategic decisions and priorities related to changes in the market and the Group's major investments. An important focus area for the Board was the recruitment of a new President and CEO as Klas Balkow chose to step down from his operational career. After a comprehensive recruitment process, Simone Margulies, a committed leader with strong commercial drive and extensive experience from the Group and the industry, was chosen to succeed him. Another focus area for the Board during the year was developing governance and formal processes through regulatory compliance, policies and guidelines. In addition, the Board devoted a great deal of time to governance and reporting on the Group's sustainability work.

## Sustainability and responsibility

Sustainability is a central and integral part of Axfood's business model and governance, and there is a strong commitment to sustainability in the Group. A broad presence and reach provide an opportunity to drive sustainable development, and the Board focuses extensively on sustainability matters to contribute to this work. Unfortunately, 2024 was also a year characterised by weaker consumer demand for sustainable products, but as with all else in Axfood, the Company maintains a long-term perspective on this front. It is therefore gratifying to see that the Group is continuing to develop in such areas as diversity and inclusion, sustainable energy and climate, biodiversity and human rights in the supply chain.

## Strategy and long-term initiatives for value creation

This has been an exciting and intensive time as the Chairman of the Board of Axfood. The Group is currently in an important phase, with shifts in the market and major transitions under way in its base operations. With well-positioned concepts and clear efforts to strengthen the Group's competitiveness, I am convinced that the right conditions are in place for long-term value creation. Given the Group's strong financial position, the Board proposes that the Annual General Meeting approve a dividend of SEK 8.75 (8.50) per share.

I would like to take this opportunity to thank the Executive Committee and all our employees for your strong drive and hard work, and all of our shareholders for your trust. Of course, I also want to thank my colleagues on the Board for your constructive and committed cooperation.

Stockholm, February 2025

Thomas Ekman  
Chairman of the Board



**Robust corporate governance and a strong corporate culture are crucial to sustainability and responsible business.**

# Corporate governance

## Introduction

Axfood AB (publ) ("Axfood") is a Swedish limited liability company domiciled in Stockholm.

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 40 of this Annual and Sustainability Report.

At Axfood, corporate governance is guided by the principles laid out in various external and internal 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 2024, 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 of Directors' 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 integral part of Axfood's operations and governance, and the strategic direction is set by the Board, in part through a sustainability policy and strategic sustainability targets. Read more about sustainability on pages 43–102.

## Shareholders and shares

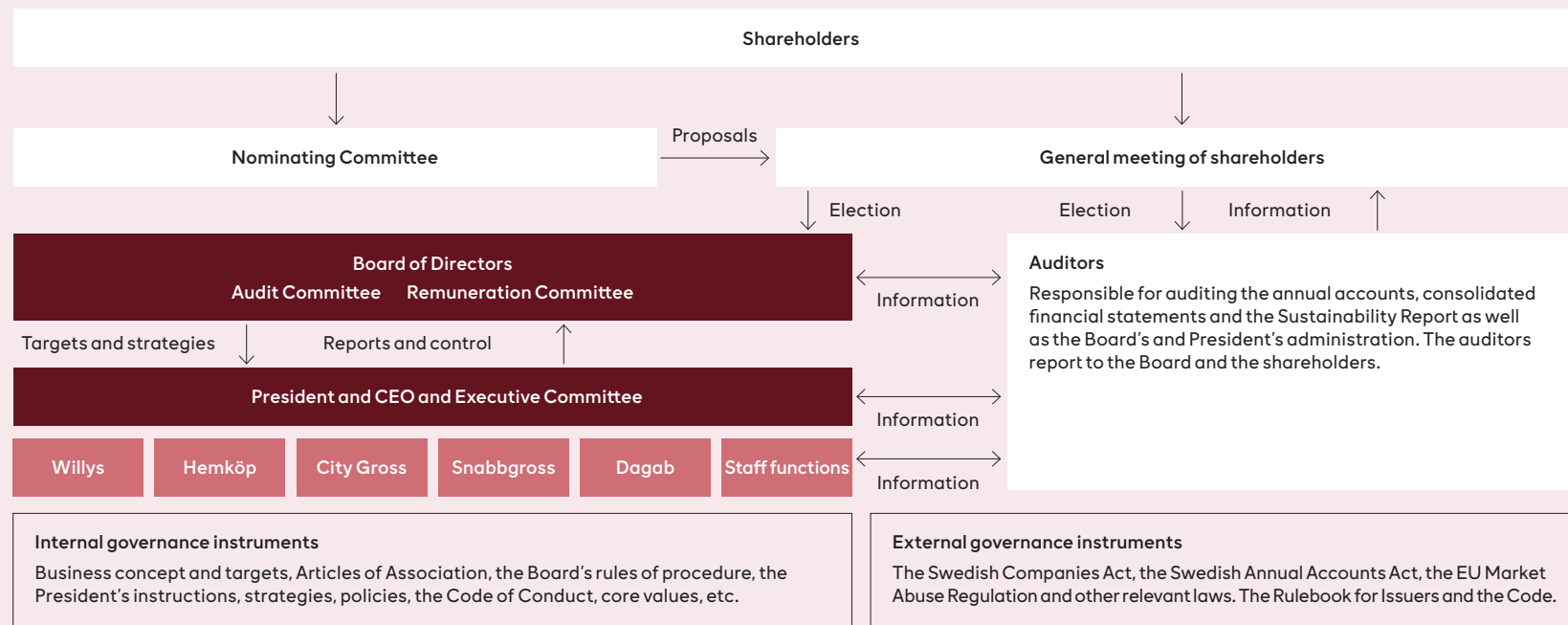
Axfood's shares have been listed on Nasdaq Stockholm since 1997 and have been traded on the Large Cap list since 2006. All shares have equal voting power and entitlement to the Company's profit. If notification of participation has been submitted, every shareholder has the right to vote for all owned and directly registered 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 2024, Axfood had 129,953 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 2024.

During the year, Axfood repurchased 148,000 shares through a share repurchase programme to secure delivery of shares linked to the long-term share-based incentive programme, and, after distribution, owns a total of 1,098,345 treasury shares. The number of shares outstanding thereby amounts to 215,744,895. Axfood's employees own no shares for which the voting rights cannot be exercised directly (such as through pension foundations or similar).

## 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.





For further information on Axfood’s ownership structure and share, see pages 155–156.

**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, when applicable, election of auditors, 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.

**2024 AGM**

The Annual General Meeting (AGM) was held in Stockholm on Wednesday, 20 March 2024. A total of 161,017,437 shares were represented in the voting, corresponding to 74.6% 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 8.50 per share for the 2023 financial year, to be paid out on two occasions.
- Approval of the Board’s 2023 remuneration report.
- 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 820,000 for the Chairman of the Board.
  - SEK 525,000 for each of the other AGM-elected directors who are non-executive directors.
  - An additional SEK 230,000 for the Chairman of the Audit Committee and an additional SEK 105,000 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:
  - Election of Thomas Ekman as the new Chairman of the Board.
  - Re-election of Fabian Bengtsson, Caroline Berg, Mia Brunell Livfors, Christian Luiga, Peter Ruzicka and Sara Öhrvall as directors.
- Re-election of the accounting firm Deloitte AB for a term until the end of the 2026 AGM.

- A resolution was passed regarding revised instructions for Axfood’s Nominating Committee to apply until other instructions are adopted.
- 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 transfer of treasury shares.

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. The Nominating Committee’s proposals and reasoning 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.

**Nominating Committee ahead of the 2025 AGM**

A Nominating Committee was appointed in September based on the Company’s ownership structure as of 31 August. Ownership changes did not subsequently give rise to any adjustment to the composition of the Nominating Committee. The owners that are represented on the Nominating Committee are Axel Johnson, Swedbank Robur Funds, Handelsbanken Funds and Odin Funds. In addition, Axfood’s Chairman, Thomas Ekman, 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 2025 AGM, the Nominating Committee held eight meetings noted with minutes 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 2024, %
Marie Ehrling	Axel Johnson AB, Committee Chairman	50.1
Caroline Sjösten	Swedbank Robur Funds	4.2
Sussi Kvart	Handelsbanken Funds	3.1
Carolina Ahnemark	Odin Funds	1.8

**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, and reviews of financial statements, 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 2024 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 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 41.

Axfood’s 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. Four directors – Fabian Bengtsson, Christian Luiga, Peter Ruzicka and Sara Öhrvall – have also been determined to have met the requirement for independence in relation to the major shareholders. Three directors have been determined as being non-independent in relation to the Company’s major shareholders throughout the entire 2024. Thomas Ekman was President and CEO of Axfood’s largest shareholder, Axel Johnson, up to and including 4 November 2024. Caroline Berg is President and CEO of Axel Johnson and also the Chairman of the Board of Axel Johnson. Mia Brunell Livfors is a member of Axel Johnson’s Board of Directors.

**The Board’s work in 2024**

The Board held 18 meetings in 2024, of which one was the statutory meeting held immediately after the AGM and four were held per cap-sulam. 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, a market update, sustainability matters, 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.

The Board adopts a number of governance documents annually. During the year, the Board adopted rules of procedure for the work of the Board, the Audit Committee and the Remuneration Committee, and adopted a Group-wide Code of Conduct and a Supplier Code of Conduct, a policy for governance documents, a finance policy, an insider policy, a policy for risk and regulatory compliance, an HR and work environment policy, a sustainability policy, a security policy, a communication policy and guidelines on non-auditing services from Axfood’s auditors.

In June, a 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 2025 in December 2024. Other important business issues were the recruitment of the new President and CEO, market dynamics, the operating environment and inflation as well as the acquisition of City Gross. Sustainability was also addressed at other meetings, with a focus on the Group’s double materiality assessment and work to set science based targets in line with the Paris Agreement through the Science Based Targets initiative (SBTi).

The Company’s auditors attended the first Board meeting of the year to report on their audit of the annual accounts for the 2023 financial year. The auditors also attended the year’s last meeting to inform on planning ahead of 2025 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 annual planning for the Board’s work is presented in the illustration below.

### Remuneration Committee

The Board has appointed a Remuneration Committee to deal with remuneration matters. Among other tasks, the Remuneration Committee sets salaries, variable remuneration and other terms of

employment for members of Axfood’s Executive Committee. However, the terms for the President and CEO 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 Fabian Bengtsson. As of the AGM, Mia Brunell Livfors was succeeded by Thomas Ekman who assumed the role of Chairman of the Board. Axfood’s President and CEO is a co-opted member of the Remuneration Committee, and Axfood’s Head of

Human Resources is committee secretary. During the year, the Remuneration Committee drafted a proposal to introduce an additional long-term share-based incentive programme for key individuals at Axfood. In addition, the terms for the new President and CEO were prepared and the terms for a new member of the Executive Committee were decided. The Remuneration Committee held five meetings in 2024. 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 appointed an Audit Committee tasked with supporting the Board’s work of ensuring that the financial reporting, sustainability reporting and risk management comply with applicable regulations. The Audit Committee is also tasked with examining the quality assurance of the process for the Company’s financial reporting and sustainability reporting, reviewing and evaluating the effectiveness of internal control regarding financial reporting and sustainability reporting, and together with the Executive Committee following and assessing the handling of complicated matters related to accounting and valuation. The Audit Committee monitors and follows up on the

external audit of the Annual and Sustainability Report and the consolidated financial statements as well as the auditor’s impartiality and independence.

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 view of the Company’s risks. The Audit Committee’s assignment also includes establishing guidelines for which services may be procured from the auditor other than the audit.

In 2024, the members of the Audit Committee were Christian Luiga (Chairman), Sara Öhrvall and Peter Ruzicka. The President and CEO and CFO are co-opted members of the Audit Committee, and the Head of Group Accounting is committee secretary. During the year, the committee dealt with proposed revisions of the finance policy and the work with new regulations linked to sustainability reporting. The Audit Committee also reviewed the Group’s financial reports and work on risks and internal control. The Audit Committee held seven meetings in 2024, of which six were ordinary meetings and one was a special meeting concerning sustainability reporting, including governance and organisation. The committee’s members were paid a fee in accordance with the AGM’s resolution for work on the Audit Committee.

## The Board’s work in 2024

In addition to the matters below, the Board of Directors addressed the CEO succession, the acquisition of City Gross and the discontinuation of Middagsfrid.

### First quarter

#### January

- Status report from the President and CEO
- Earnings performance in 2023
- Report from the auditors
- Matters ahead of AGM
- Year-end report
- Investment matters
- Report from the Board’s committees

#### February

- Resolutions ahead of AGM
- Decision regarding the Annual and Sustainability Report

#### March

- Annual General Meeting and related resolutions
- Statutory Board meeting

### Second quarter

#### April

- 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
- Codes of Conduct, policies and guidelines
- Composition of subsidiary Boards
- Investment matters and insurance policies

- Long-term share-based incentive programme
- Report from the Board’s committees
- Sustainability and sustainability reporting

#### June

- Status report from the President and CEO
- Strategy
- Investment matters

### Third quarter

#### 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
- Investment matters

### Fourth quarter

#### October

- Status report from the President and CEO
- Q3 interim report
- Investment matters
- Report from the Board’s committees
- Finance policy

#### December

- Status report from the President and CEO
- Report from the auditors
- Strategic priorities and budget 2025
- Internal control and risk reports
- Employee survey
- Analysis of incidents and workplace accidents
- Investment matters
- Report from the Board’s committees
- Evaluation of the Board’s work



### 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 and sustainability targets with a clear link to the business plan in which the operations are followed up against. The Board is considered to have the collective knowledge and experience required to support the implementation of the Company's strategy and the internal financial controls are considered to function well. 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 and to the Board at the end of the year.

### 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 2024 AGM for a term until the 2026 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 Axfod, Didrik Roos is chief auditor for Boozt, H&M Hennes & Mauritz, Loomis and New Wave Group.

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 the President and CEO, the managing directors of Willys, Hemköp, Snabbgross and Dagab, and the heads of staff. On 15 August 2024, Klas Balkow stepped down as President and CEO and was succeeded by Simone Margulies.

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 investments, new leases and renewals of existing leases. The Executive Committee is also part of a sustainability forum that meets quarterly to address issues related to the Group's sustainability efforts in addition to the ongoing sustainability-related matters handled at the Executive Committee's monthly meetings. An annual business plan is drafted by the subsidiaries and the Executive Committee and adopted by Axfod's Board at the end of the year. 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. Axfod's President and CEO serves as the Chairman of most 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 Board of Directors of City Gross also includes Thomas Evertsson, former Managing Director of Willys and Axfod's representative on City Gross' Board during the period in

which Axfod held a minority stake in the 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 42.

### 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 and are to apply not longer than until the 2027 AGM.

The guidelines cover the President and CEO of Axfod 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 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. They are to be applied to agreed remuneration and any changes made to previously agreed remuneration.

Axfod 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, the general meeting of shareholders may – and independent of these guidelines – decide on share-based and share price-related remuneration.

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.

For a complete account of the adopted guidelines, see Note 6.

## Composition of the Board of Directors in 2024

Name	Year elected	Independent – Company and Executive Committee	Independent – major shareholders	Remuneration Committee	Audit Committee	Meeting attendance		
						Board	Remuneration Committee	Audit Committee
Thomas Ekman (Chairman) <sup>1) 2)</sup>	2023	Yes	No	Yes	–	18/18	4/4	–
Mia Brunell Livfors (Chairman) <sup>1) 2)</sup>	2016	Yes	No	Yes	–	18/18	1/1	–
Fabian Bengtsson	2016	Yes	Yes	Yes	–	17/18	5/5	–
Caroline Berg	2014	Yes	No	Yes	–	16/18	4/5	–
Christian Luiga	2020	Yes	Yes	–	Yes	18/18	–	7/7
Peter Ruzicka	2021	Yes	Yes	–	Yes	18/18	–	7/7
Sara Öhrvall	2022	Yes	Yes	–	Yes	17/18	–	6/7
Anders Helsing (employee representative)	–	–	–	–	–	17/18	–	–
Michael Sjöörn (employee representative)	–	–	–	–	–	16/18	–	–
Lars Östberg (employee representative)	–	–	–	–	–	16/18	–	–
Frida Antbrink (deputy) <sup>3)</sup>	–	–	–	–	–	2/2	–	–
Ann-Katrin Alnervik (deputy) <sup>3)</sup>	–	–	–	–	–	0/0	–	–
Patrik Thorin (deputy) <sup>3)</sup>	–	–	–	–	–	1/1	–	–

1) Mia Brunell Livfors stepped down as Chairman of the Board in connection with the 2024 AGM, at which point Thomas Ekman succeeded her as Chairman.

2) Mia Brunell Livfors left the Remuneration Committee in connection with the 2024 AGM, at which point Thomas Ekman was elected to the committee.

3) Deputies has only participated in Board meetings when regular employee representatives were unable to participate.

For information on directors' fees, see Note 6.

# 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 and sustainability 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 five 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 through the Audit Committee. The internal control function is responsible for the ongoing work and for reporting results and conclusions to the Audit Committee.

## 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 and manuals 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 instructions for the President and CEO, codes of conduct for employees and for supplies and policies for risk and regulatory compliance, finance, security, communication, sustainability, insider information, and HR and work environment. 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 in order 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 and sustainability 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 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 Group's 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 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. This also ensures efficiency and reasonable control in all of the Group's processes related to financial and sustainability reporting. Examples of control activities include reconciliation of accounts, inventory counts, quality assurance 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 governance and 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.

## Monitoring

The Board, through the Audit Committee, is responsible for 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.

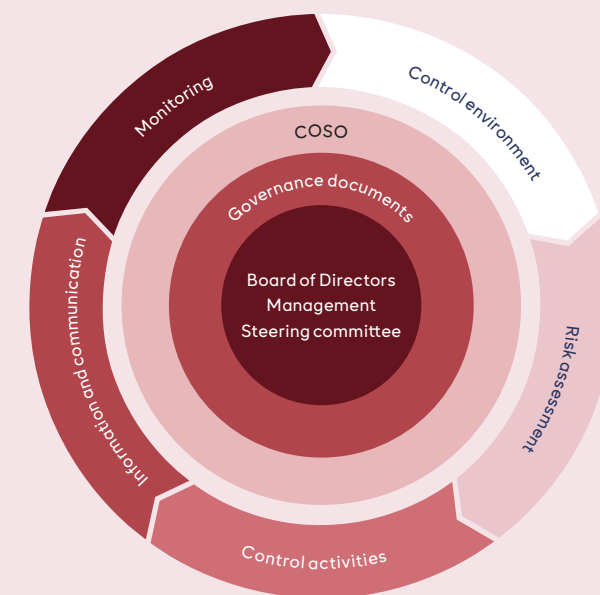
## Focus areas during the year

During the year, Axfood worked to further develop the control framework for sustainability reporting to meet the requirements in the ESRS. In addition, system support was implemented to ensure an effective and secure internal control process in all areas.

Stockholm, February 2025

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.



# Auditor's report on the corporate governance statement

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 statement for the financial year 1 January 2024 to 31 December 2024 on pages 33–39 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 statement 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 statement 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.*







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## Board of Directors

### 1. Thomas Ekman

Chairman of the Board

*Born:* 1969

*Education:* MSc in Business Administration and Economics, Stockholm University.

*Professional experience:* CEO of Axel Johnson, President and CEO of Dustin, President and CEO of Cabonline Group, and CEO of Tele2 Sweden. Chairman of Dustin Group, Axel Johnson International, AxSol, Martin & Servera and Novax. Director of Com Hem and Sportamore.

*Director since:* 2023

*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 Axfod shares:* 3,000

### 2. Fabian Bengtsson

Director

*Born:* 1972

*Other assignments:* Chairman of SIBA Invest. 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 Axfod shares:* 20,085

### 3. Caroline Berg

Director

*Born:* 1968

*Other assignments:* Director of Axel Johnson and Chairman of Axel Johnson International. Also Chairman of the Erik and Göran Ennerfelt Foundation for International Studies for Young Swedes, the Järvaveckan Foundation, and the Axel and Margaret Ax:son Johnson Foundation.

*Education:* BA from Middlebury College, USA.

*Current position:* CEO of Axel Johnson.

*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 Axfod shares:* 13,226

### 4. Mia Brunell Livfors

Director

*Born:* 1965

*Other assignments:* Director of Axel Johnson, 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 (Chairman 2016–2023)

Independent in relation to the Company and Executive Committee. Non-independent in relation to major shareholders of the Company.

*No. of Axfod shares:* 0

### 5. Christian Luiga

Director

*Born:* 1968

*Education:* Economics studies, Stockholm University.

*Current position:* CFO of Spotify.

*Professional experience:* CFO and Deputy CEO at Saab AB, 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 Axfod shares:* 5,000

### 6. Peter Ruzicka

Director

*Born:* 1964

*Other assignments:* Chairman of Pandora AS, AKA AS, The Nutriment Company AB, Royal Unibrew AS and Aspelin Ramm Gruppen 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 Axfod shares:* 400

### 7. Sara Öhrvall

Director

*Born:* 1971

*Other assignments:* Chairman of SSE Ventures. Vice Chairman of the Ahlström Oy Advisory Board. Director of Investor, Bonnier Books and Dagens Nyheter, SNS, and 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 and Executive Committee, and to major shareholders of the Company.

*No. of Axfod shares:* 162

### 8. Anders Helsing

Employee representative

*Born:* 1966

*Other assignments:* Employee representative for Axel Johnson and Axfod IT.

*Professional experience:* Axfod employee since 1998.

*Director since:* 2016

Non-independent in relation to the Company and Executive Committee.

*No. of Axfod shares:* 59

### 9. Michael Sjören

Employee representative

*Born:* 1960

*Other assignments:* Employee representative for Snabbgross and Dagab Inköp & Logistik.

*Professional experience:* Axfod employee since 1995.

*Director since:* 2010

Non-independent in relation to the Company and Executive Committee.

*No. of Axfod 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 Axfod shares:* 0





## Executive Committee

**1. Simone Margulies**  
 President and CEO of Axfood from 15 August 2024, previously Klas Balkow was President and CEO  
*Born:* 1978  
*Employee since:* 2016  
*Other assignments:* Director of Swedish Commerce, the Swedish Food Retailers Federation and KRAV.  
*Education:* M. Sc. Mechanical Engineering, KTH Royal Institute of Technology, Stockholm.  
*Professional experience:* Managing Director of Hemköpskedjan, 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:* 12,469

**2. Hans Bax**  
 Managing Director of Dagab from 1 February 2024, previously Nicholas Pettersson was Managing Director  
*Born:* 1978  
*Employee since:* 2011  
*Education:* M. Sc. Business Administration, Jönköping International Business School.  
*Professional experience:* Business Area Manager at Dagab, 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:* 5,212

**3. 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:* 15,319

**4. Shoan Etemadi**  
 Managing Director of Hemköpskedjan from 15 August 2024, previously Simone Margulies was Managing Director  
*Born:* 1981  
*Employee since:* 2021  
*Education:* B.Sc. Political Science, Lund University.  
*Professional experience:* Deputy Managing Director of Hemköpskedjan, Sales Director at Hemköpskedjan, Business Area Manager at ICA Sweden, Category and Purchasing Manager at Lidl Sweden, District Manager at Lidl Sweden.  
*Member of the Executive Committee since:* 2024  
*No. of Axfood shares:* 2,514

**5. 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:* 8,168

**6. 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:* 7,560

**7. Anders Lexmon**  
 CFO  
*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:* 22,060

**8. 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:* 12,605

**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:* 23,918

**10. Nicholas Pettersson**  
 Managing Director of Willys from 1 February 2024, previously Thomas Evertsson was Managing Director  
*Born:* 1976  
*Employee since:* 2004  
*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:* 20,693

**11. Carl Stenbeck**  
 Head of Strategy and Business Development  
*Born:* 1979  
*Employee since:* 2018  
*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:* 4,560



# Taking the lead in promoting sustainable food in Sweden





# Sustainability report

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### A revised sustainability report

Axfood’s sustainability report this year is more comprehensive than ever. The sustainability work has indeed continued to expand with new challenges, objectives, and activities since last year. However, the revised structure has other reasons. The additional pages in the report are mainly due to the new EU reporting standards ESRS (European Sustainability Reporting Standards), which we have already implemented for reporting in 2024.

ESRS brings comparability and increased transparency in companies’ transition work and social responsibility. This is positive for us and our stakeholders, and therefore we have chosen to implement the regulations one year in advance. Lack of guidance and best practice is certainly challenging, but uniformity in reporting is more important as it makes it easier for anyone who wants to learn more about and compare our sustainability work with other companies and industries.

The new sustainability report has a completely different structure than before. It is based on a double materiality assessment that includes how

Axfood affects the outside world and how the outside world, in turn, affects our business. The fact that we produce and sell food means that we cover many different areas of sustainability, which is reflected in the sustainability report. The reporting covers a total of eleven standards with descriptions of, among other things, material impacts, risks, opportunities, measures, and goals in areas such as climate, water resources, biodiversity and workers in the value chain.

We are in the early stages of a new phase for sustainability reporting. The coming years will provide us with guidance, best practice, and experiences that will help us improve and advance further. Just as we continue to find new ways forward and challenge ourselves within sustainability work, we also want to contribute to developing and improving sustainability reporting.

Enjoy the read.  
Sara Kraft Westrell  
*Head of Corporate Communications*



## ESRS 2: General disclosures

### About this sustainability report

This sustainability report constitutes Axfod's statutory sustainability report in accordance with the Swedish Annual Accounts Act. Axfod has chosen to prospectively apply the updated requirements of the Annual Accounts Act and has prepared the sustainability report in accordance with the European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation.

The sustainability report has been prepared at the consolidated level for the Axfod Group. Unless otherwise stated, the scope of the consolidation is the same as that of the financial reporting. It mainly covers activities upstream in the value chain, since the majority of Axfod's material impacts, risks and opportunities arise upstream in primary production. As a purchaser, Axfod can primarily have an indirect impact upstream in the value chain through the demands it imposes in its business relationships. Activities downstream in the value chain are also covered, though to a much smaller extent. These activities are often influenced by external factors and consumer behaviour over which Axfod has little control. For more detailed descriptions of such impacts, risks and opportunities, see the results of Axfod's double materiality assessment on page 52.

Axfod has not chosen to exclude any material information, as permitted by ESRS 1, when the content is considered confidential or sensitive or if it relates to intellectual property, know-how or results of innovation.

Axfod prepares segment reporting according to IFRS 8, with the following identified operating segments: Willys, Hemköp, City Gross, Snabbgross and Dagab. For more information about how the Group's revenue is allocated across these segments, see Note 3.

Material impacts, risks and opportunities for operations are presented throughout the sustainability report. When time horizons are included in the reporting of policies, procedures, measures, targets and metrics, they are based on the definition of short-, medium- and long-term time horizons established in ESRS 1 unless otherwise stated.

The reported metrics have not been validated by any external body other than the auditor who reviews the sustainability report.

### Phasing in disclosure requirements

Axfod has applied the phase-in rules for the following disclosure requirements:

- SBM-1: Strategy, business model and value chain
- SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model
- E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- E2-6: Anticipated financial effects from pollution-related impacts, risks and opportunities
- E3-5: Anticipated financial effects from water and marine resources-related impacts, risks and opportunities
- E4-6: Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities
- E5-6: Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities
- S1-7: Characteristics of non-employee workers in the undertaking's own workforce

- S1-11: Social protection
- S1-12: Persons with disabilities
- S1-13: Training and skills development
- S1-15: Work-life balance

### Estimates, outcomes and sources of uncertainty

Axfod has identified the following sources of uncertainty in the sustainability information that has been reported. This information includes uncertainties related to methodology limitations, data collection, and assumptions and estimates as well as external factors that could influence the results.

Certain sources of sustainability information that Axfod reports in this report are based on a higher degree of uncertainty. This may relate to uncertainties related to methodological limitations, data collection, assumptions and estimates, as well as external factors that may affect the results.

Data with higher uncertainty during the period is mainly due to the increasing use of secondary data, which mainly links to data on activities that affect operations upstream in the value chain. This mainly relates to Axfod's reporting of emissions within Scope 3 under ESRS E1: Climate change and reporting of resource inflows, as well as resource outflows on products, packaging and material use under ESRS E5: Resource use and circular economy.

Accounting principles and details of prevailing uncertainties are reported on an ongoing basis in connection with the respective information presented.

### Changes to how sustainability information is prepared or presented

No material changes were made to the preparation or presentation of previously reported sustainability information during the reporting period.

### Reporting errors in prior periods

In 2024, Axfod identified a material error in previously reported sustainability information concerning emissions from external transports. While updating its mass balance calculation during the year, a transport operator discovered that the data reported to Axfod included all emissions from transports, without taking co-loading or the Group's actual share of the transports into account. As a result, Axfod has therefore historically over-reported its emissions by 3,000–4,000 tonnes per year. The comparison periods up to and including 2020 have therefore been restated, taking into account the base year for the Group's net-zero target for its own operations.

### Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

The Task Force on Climate-related Financial Disclosures (TCFD) is a framework of recommendations that guides the work of identifying climate-related financial risks and opportunities. Similarly, the Taskforce on Nature-related Financial Disclosures (TNFD) is a framework for measuring and reporting risks, impacts and dependencies on biodiversity. In recent years, Axfod has worked to implement the frameworks as part of its strategy work and existing risk management. From 2024, this reporting is integrated into the Group's sustainability reporting according to the ESRS standards E1 (see pages 54–59) and ESRS E4 (see pages 63–65). This

is because the standards consider financial risks and opportunities linked to climate change and biodiversity in a similar way to the frameworks.

### Sustainability governance

Axfod's sustainability governance is integrated into the management structure, with clear responsibilities assigned to both the Board of Directors and the Executive Committee. The Board monitors strategies and strategic targets, while the Executive Committee is responsible for other targets, operational implementation and follow-up. Regular reporting and internal controls ensure that sustainability work is effective and transparent.

### Composition of the Board of Directors and the Executive Committee

Axfod's Board consists of ten non-executive members, seven of whom are elected by the Annual General Meeting (AGM), and three of whom are elected by employee organisations. Of these, 40% are independent in relation to the Company and Executive Committee, and to major shareholders of the Company. The gender breakdown is 30% women and 70% men.

The Executive Committee is made up of 11 executive members, including the President and CEO, the managing directors of subsidiaries that conduct business activities and heads of staff. The gender breakdown is 55% women and 45% men.

### Delegation of responsibility for sustainability matters

Ultimate responsibility for the Group's sustainability work rests with Axfod's President and CEO. In consultation with the Executive Committee, the Risk Committee and the Head of Sustainability, strategies, guidelines and targets as well as annual and quarterly sustainability reports are drafted, and sustainability efforts are followed up. The Executive Committee is responsible for Axfod's management of material impacts, risks and opportunities. It is also responsible for policy advocacy, as part of a policy council led by the Head of Public Affairs.

The Board has delegated responsibility for monitoring internal control and risk management to the Audit Committee. The Executive Committee, in turn, has delegated responsibility for preparing the materiality assessment, guidelines and revised sustainability targets to the Group's central sustainability function as well as the accounting and finance department. Risk management is delegated and carried out by the relevant operations, while the Group's Risk Committee is responsible for compiling, assessing, reporting and managing risks.

The Board's Audit Committee oversees the effectiveness of the internal controls and risk management regarding material impacts, risks and opportunities. The Audit Committee also reviews the sustainability reporting and assesses the management of complicated matters related to accounting and valuation. The President and CEO as well as the Audit Committee report directly to the Board. The Board is responsible for oversight and establishing policies, materiality assessments and strategic sustainability targets as part of the Group's long-term strategy and business plan.

The Board has good knowledge of Axfod's operations and solid and broad experience in food retail, both physical and digital. Furthermore, the Board has experience of sustainability from its previous and existing assignments. For more detailed information, see page 41. In addition, updates and training in specific sustainability areas have taken place during the year, such as regarding Axfod's double materiality assessment and reporting according to ESRS. For more examples, see the table under Rules of Procedure.



GENERAL DISCLOSURES

The delegation of responsibilities for work with material impacts, risks and opportunities is stipulated in an overall sustainability policy and guidelines for each sustainability area. An overview of the contents of the guidelines and the need for any new guidelines is carried out continuously and at least once per year. A list of guidelines is presented on pages 92–93.

Work on supplier relationships is primarily the responsibility of the quality and sustainability department at Dagab, Axfood’s purchasing and logistics company. The Managing Director of Dagab holds the ultimate responsibility.

Axfood’s central and subsidiary HR departments are responsible for monitoring and following up incidents reported through the Group’s whistleblower function. The HR functions also ensure compliance with the Group’s culture and values. The Managing Director of each subsidiary holds the ultimate responsibility.

Process for sustainability targets

Axfood’s Executive Committee sets and has insight into the Group’s sustainability targets through the decision processes involved in the Group’s operating activities and sustainability forums. Sustainability coordinators of the different businesses within Axfood review the existing targets and propose changes on an annual basis. These changes are validated and approved or rejected by the Executive Committee. The Board approves and validates the Group’s long-term strategic sustainability targets annually.

The role of the sustainability function

The central sustainability function coordinates activities across the Group and follows up on the overall sustainability work, at a strategic as well as an operational level. This includes carrying out work on material matters and sustainability targets as well as ensuring that this work is coordinated and prioritised. With help from the central accounting and finance department as well as internal networks and steering committees, the sustainability function follows up targets and outcomes. The sustainability function supports and guides the subsidiaries’ sustainability work and pursues joint sustainability matters through partnerships with industry organisations and community stakeholders. Together with the accounting and finance department, the sustainability function prepares and audits the Group’s materiality assessment annually. The Board is regularly informed about how the operations address business conduct matters, such as preventive internal anti-corruption work, in addition to the annual report on this work from the General Counsel. The Board also receives an annual report on whistleblower cases.

The Board and Executive Committee are updated about the sustainability work through the sustainability function, which is led by the Head of Sustainability. The function consists of experts in matters such as supply chains, animal care, transportation, product and packaging development, healthy and sustainable food, and food waste. The central accounting and finance department and legal department have expertise within international and national requirements regarding topics such as human rights, business conduct, internal controls, risk management, regulatory compliance and sustainability reporting. Significant internal sustainability expertise is also available and integrated into the departments for product development, store establishment, IT, HR, communication, packaging development, purchasing, transportation and logistics at the Group companies. These functions keep the Board and the Executive Committee updated about current matters. The Board and the Executive Committee are both deemed to have sufficient expertise to review and challenge sustainability work.

When conducting sustainability work, the sustainability officers at the subsidiaries collaborate with the central sustainability function, which reports to Axfood’s Head of Sustainability. The Head of Sustainability, in turn, reports to the Head of Corporate Communications, who is part of the Executive Committee. The Executive Committee regularly discusses sustainability

and is also updated about any current issues on a quarterly basis via a sustainability forum, an informational and preparatory body led by the Head of Sustainability specially focused on sustainability matters. Relevant employees are invited to sustainability forums to report on specific areas. Policies, guidelines, procedures, action plans, targets and metrics are also discussed during these meetings.

Subsidiaries report data to the Group’s accounting and finance department in connection with internal or external reporting. Data is consolidated and analysed before being forwarded to the CFO and the Audit Committee. The CFO then reports to the Executive Committee.

Rules of procedure

Measures and results related to sustainability targets and materiality assessments are reported to the Board at the beginning of every year. The President and CEO ensures that the Board continuously receives information about important events related to sustainability.

The Executive Committee meets eleven times per year. The Board met a total of 18 times in 2024.

Matters pertaining to sustainability reporting and internal controls are continuously reported to the Audit Committee through the accounting and finance department. Two of the Audit Committee’s seven annual meetings in 2024 focused largely on sustainability matters.

The results of the materiality assessment form the basis for the Executive Committee’s choice of Group-wide sustainability targets, which are connected to the overall strategy. The Board validates the strategic sustainability targets as part of the Group’s long-term strategy and business plan. Risks identified in the materiality assessment are integrated into the overall risk management.

The acquisition of City Gross, a hypermarket concept, was completed on 1 November 2024. Its assortment varies slightly from Axfood’s, especially in terms of consumables and special goods, requiring stringent checks regarding chemical matters. This is something Axfood is aware of and took into consideration when acquiring City Gross.

The following sustainability-related matters were addressed at the meetings of the Board and the Executive Committee during 2024.

Board of Directors	Executive Committee
Sustainability policy	Sustainability targets
Materiality assessment	Sustainability policy and guidelines
Climate targets (Science Based Targets initiative)	Quality and sustainability strategy
Long-term strategic sustainability targets	ESRS reporting
Transition to fossil-free transports	Climate data for food
ESRS reporting	TNFD and TCFD
	Food 2030 report

Sustainability-related incentive programmes

Axfood has long-term share-based incentive programmes (LTIPs) that are decided on by the AGM and offered to senior executives and other key individuals in the Group. The programmes cover three-year periods and entitle the participants to performance shares provided that certain performance targets are met and the participants remain employed at Axfood. The participants must also purchase and retain a certain number of shares in Axfood (“savings shares”) during the term of the programme. The goal is to align the interests of shareholders, the Executive Committee and other key individuals over the long-term in order to encourage own shareholding and to make it easier to recruit and retain key individuals.

Each savings share is matched with up to seven performance shares depending on the fulfilment of a number of targets. The performance shares are divided into groups (Class A, B, C and D) and allotment is based on how well each group meets the terms of the programme during the vesting periods. Class D is linked to sustainability and is assessed based on the target to increase the share of sales of sustainability-labelled products. Full vesting requires that the key performance indicator increases at least 10% during the three-year vesting period compared with 31 December of the previous period. Straight-line allotment of Class D shares starts at zero performance shares. The minimum level for allotment is for the share of sales of sustainability-labelled products to remain unchanged compared with the previous period. If the share of sales exceeds the minimum level, but is lower than the maximum level, allotment takes place on a straight-line basis according to the values between the minimum and maximum levels. The incentive programme’s terms for allotment pertaining to the share of sales of sustainability-labelled products are regulated in Axfood’s annual remuneration reports, which are available on the website. Class D corresponds to approximately 14% of the total number of performance shares in the incentive programme.

Axfood does not currently have any incentives linked to climate-related matters.

The Board’s Remuneration Committee is responsible for the design and management of the incentive programme. In the event of significant changes in the Group or its operating environment that render the agreed terms no longer appropriate, the Board has the right to adjust them.

Due diligence in the value chain

Axfood’s due diligence process is based on the Group’s Supplier Code of Conduct, which all business partners are obligated to follow. The Code of Conduct is in line with the UN Guiding Principles on Business and Human Rights and is based on the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. By implementing these principles, Axfood ensures that social and environmental risks in the value chain are assessed and managed.

The purchasing process includes continuous monitoring of social and environmental risks and setting requirements for actions be taken. Axfood requires suppliers to describe their systematic work to follow the Code of Conduct and manage sustainability risks. This may include providing evidence of social site audits, collective bargaining agreements with union organisations or ongoing projects with relevant stakeholders. When needed, a risk database from Maplecroft is used to provide a comparison with the suppliers’ own risk assessments.

Axfood played an influential role in the formation of the Ethical Trading Initiative (ETI) in Sweden, in which it is also a member, where industry works together with trade unions and volunteer organisations to improve environmental considerations and respect for human rights in global purchasing.

For information about Axfood’s work with due diligence, see pages referenced in the table below.

Steps in Axfood’s due diligence process	Pages in sustainability report
1. Embedding due diligence in governance, strategy and business model	46, 49, 90
2. Engaging with affected stakeholders in all key steps of due diligence	46, 80–81, 84, 90
3. Identifying and assessing adverse impacts	49, 76, 83, 84–85, 90
4. Taking actions to address those adverse impacts	80, 82, 85, 90
5. Tracking the effectiveness of these efforts and communicating	84

## GENERAL DISCLOSURES

### Risk management and internal controls

Axfod has introduced internal controls to manage risks that could impact the reliability and accuracy of its sustainability reporting. Their management follows the same structure and system as the controls for financial reporting and is divided into four categories.

The first category consists of controls for overall reporting processes, such as the materiality assessment, the sustainability policy, guidelines for sustainability reporting, and targets and metrics. The three other categories are based on the Group's focus areas for sustainability – food, the environment and people. The categories address the controls that ensure that data collection for each area is accurate and reliable. For more information about the Group's risk management process, see pages 29–32.

Internal controls ensure that data collection related to the Group's material impacts, risks and opportunities is managed correctly. The results of the internal controls are reported to the Audit Committee, which then reports to the Board. For more information about internal controls for sustainability reporting, see page 39.

### *Risks in sustainability reporting*

Risks related to sustainability reporting include non-compliance with regulations and legislation as well as external requirements and targets. If definitions are not managed in a consistent manner, this could result in reporting being carried out on the wrong basis. Having processes that have not been formalised or documented can lead to dependencies on certain individuals or to errors in reporting definitions, calculations and summaries. This can also lead to discrepancies between internal targets and external sustainability reporting.

As with risks associated with financial reporting, risks associated with sustainability reporting are continuously analysed and assessed. Automated, system-supported and manual internal controls are used preventively to minimise these risks.

Each year, the Board decides which risks are material in order to ensure a high level of internal control over reporting. The Board, through the Audit Committee, is responsible for the quality assurance of the Group's monitoring of internal control. This 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 as well as reviewing potential actions and follow-up initiatives. The internal control function reports annually to the Audit Committee, focusing on observations, recommendations and mitigating activities. As of 2024, this work also includes internal control of sustainability reporting.

### Business model, strategy and value chain

Axfod operates in the Swedish market, and in 2024 net sales amounted to SEK 84,057 m (81,111). For more information on segment reporting, see pages 122 and 125. With 18,472 employees (15,898), Axfod is a major employer in Sweden. The Group's employees are essential to its operations and their material impacts, risks and opportunities.

### *Business model*

Axfod's business model consists of three primary processes: purchasing and assortment, product flow and logistics, and sales channels and concepts. Axfod is to create value for the Group's stakeholders in all of these areas through an affordable, good and sustainable assortment with the customer in focus.

The first process, purchasing and assortment, covers activities early in the value chain. Work with the assortment is based on customer needs, and the Group strives for long-term supplier relationships that emphasise price value, sustainability, health and innovation. Dagab, Axfod's purchasing and logistics company, carries out development work related to purchasing and assortment. Offering a combination of private label and branded products

ensures that the various concepts and sales channels have distinct assortments. This process is where most GHG emissions arise, especially in primary production. Environmental problems such as pollution, impacts on biodiversity and high levels of resource use are also significant. Human rights challenges also arise in the supply chain.

Axfod's business model depends on workers upstream in the supply chain to be able to offer an affordable, good and sustainable range. It is therefore crucial to act if there is a risk that business relationships could lead to workers being harmed. In 2015, Axfod aligned its procurement work with the UN Guiding Principles on Business and Human Rights. These principles require companies to identify, address, assess, monitor and communicate actual or potential negative impacts on human rights, and integrate responsible business practices into policy documents and management systems.

The second process, product flow and logistics, primarily affects warehouse and transport employees. During this process, resource use, waste from warehouse operations and GHG emissions from the Group's own vehicles and cooling systems have material impacts on the environment.

The third process, sales channels and concepts, includes store employees as well as consumer health and safety. Matters relating to business ethics, such as corruption, bribery, supplier payment terms and reporting of ethical improprieties, are important in all three processes.

### *Scope of the value chain*

Axfod's value chain is extensive and begins upstream in primary production, followed by processing and packaging. Transports are carried out by suppliers to Axfod's warehouses and then on to Group- and retailer-owned stores as well as through e-commerce to consumers. Downstream in the value chain, Axfod's various concepts reach over five million customers every week. This final stage of the value chain includes circularity through recycling and waste. For a graphic illustration of the value chain, see page 81.

In times of high inflation and recession, consumer purchasing behavior changes through increased focus on price. This often disadvantages the demand and sales of sustainable and healthy products, as these types of products generally have a slightly higher price level. Since consumers expect an affordable range, Axfod is expected to offer a varied and attractive range of sustainable and healthy products.

### *Strategy*

Axfod's strategy and offering need to balance several different, and sometimes partly challenging and contradictory, expectations downstream in the value chain from consumers and end users. Axfod must therefore offer affordable, good and sustainable food. Axfod's strategy for sustainability involves, among other things, selling sustainability-labeled products via different concepts, markets and customer segments.

Ill-health is a societal problem that can be caused by, for example, eating habits, lifestyle and the work environment. Axfod therefore strives to also develop products and run campaigns that guide consumers to both affordable and sustainable products as well as healthier and more sustainable and wholesome choices. To meet all these expectations, Axfod has several sustainability targets that include sales. The targets cover a variety of areas and aim, for example, to increase sales of organic and healthy products as well as products that, in various ways, take other environmental, social and ethical aspects into consideration, such as biodiversity, carbon footprint, labour conditions and human rights. The sustainability targets cover the Group's own sales as well as the global impact in the supply chain.

The most important stakeholder groups are the Group's retail and wholesale customers, with retail consumers accounting for the largest share of sales. Target achievement is measured through sales in the Group's store chains.

Axfod's sustainability policy provides the strategic direction for sustainability work. Integrating sustainability into every aspect of the business allows the Group to gradually reduce its negative impact on the environment and society while also making positive contributions. The operations are to contribute to sustainable development and create economic, social and environmental benefits. This includes how food and other products are produced, sold and consumed as well as their impact on the environment and people. The focus is on preventive measures and on applying the precautionary principle as defined in environmental legislation. Axfod is to address sustainability systematically and proactively throughout the entire value chain, with long-term and sustainable decisions that lead to new business opportunities and profitable growth. Sustainability is to permeate the entire organisation and be integrated into operating activities. For more information about Axfod's sustainability policy, see page 92.

The Board establishes the strategic direction of the Group's sustainability efforts and addresses overall sustainability matters.

### *Risk analysis*

Axfod has conducted an initial risk analysis, including resilience analysis, as a step in raising awareness within the organisation about how a changing climate in the short and medium term can affect business plans, prices and supply chains in order to future-proof the business. The risk analysis was conducted in 2023 and primarily covers upstream activities in primary production. The analysis was based on a selection of goods and around twenty countries. With more than 70,000 items from around the world and thousands of suppliers, clear prioritisation is needed. The ambition is to deepen the analysis with a focus on goods and areas where the impact is large and where the biggest difference can be made. A more robust and long-term analysis based on different climate scenarios is planned for 2025 and beyond to expand the assessment of the impact of climate change on food production.

The results of the analysis show that Axfod's operations, like the industry overall, are highly affected and will continue to be affected by climate change and disrupted ecosystems. Purchasing has a complex impact on the climate and many products are vulnerable to the effects of climate change. This risks leading to a reduced supply of goods, higher purchase prices and reduced quality. In order for Axfod to contribute to the climate transition with well-functioning ecosystems, measures are required above all to reduce the negative impact on the climate in the supply chain and primary production.

The Mediterranean region exports a lot of food to northern Europe, but is also a risk area that is severely affected by climate change. Extreme weather is increasingly affecting the world's food market. Raw materials that are particularly vulnerable from other parts of the world are, for example, coffee and cocoa. In order to manage the supply of goods in the future, risk diversification is important. To some extent, it can be counteracted by business models that are based on large-scale purchases with a major focus on prices. Therefore, it is particularly important to consider the need for risk diversification when purchasing certain goods. Axfod believes that its ability to cope with challenges for adapting purchasing is at least as good as that of its competitors.



**GENERAL DISCLOSURES**

**Stakeholder dialogue**

Axfood’s most important stakeholders are customers, employees, suppliers, investors and the communities that impact, or are impacted by, its operations. This impact on and from stakeholders can be positive or negative, actual or potential, direct or indirect.

*Stakeholder groups*

The various stakeholder groups have interests connected to all aspects of Axfood’s business model, since the entire value chain is relevant from both an investor and a community perspective. Stakeholder perspectives are identified and monitored through continuous dialogues and surveys. The results from these dialogues and surveys provide valuable insights that strengthen Axfood’s strategic and operational work. They are also monitored through the identification and assessment of material impacts, risks and opportunities. The goal is to balance stakeholder perspectives and expectations, allowing Axfood’s sustainability work to focus on activities that create social and environmental value.

*Consumer trends*

Sustainability and health are long-term trends that impact society as well as the food retail industry, including Axfood. There is growing consumer awareness about the impact of food on the environment and health, especially among young people. Many also believe that food retail companies have a major responsibility for the development of sustainable and healthy food and are prepared to change their food consumption to reduce their carbon footprint.

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 and seek out inspiration and guidance to make sustainable, healthy choices.

Axfood is responding to increased consumer awareness by developing its assortment with a focus on sustainability-labelled products and by inspiring and encouraging sustainable and healthy choices through communication, inspiration and loyalty programmes. The Group is focusing on sustainable packaging, reduced food waste, seasonal food, social responsibility and country of origin labelling. Willys has environmentally certified stores, and Hemköp’s loyalty programme offers double points for purchases of organic products. Axfood actively engages in social advocacy and in dialogues with decision-makers.

The Food 2030 report, Axfood’s proposal for a sustainable food strategy for Sweden, includes over one hundred sustainable proposals for business, policy and authorities.

*Internal representatives*

During the materiality assessment, stakeholder insights are presented by internal representatives at Axfood. These representatives have close contact with various stakeholder groups and convey their interests as part of the assessment. The CFO and the Head of Corporate Communications have insight into owner and stakeholder perspectives, while Dagab’s Head of Private Label Products has insights into supplier viewpoints and the Head of Sustainability deals with non-profit organisations. The Head of Human Resources has insight into employee opinions and the representatives from the store chains have good insights into consumer interests.

The Board and the Executive Committee regularly receive and discuss stakeholder viewpoints, which are part of the annual validation of the materiality assessment. Such viewpoints can also be shared with the Executive Committee during the sustainability forum led by the Head of Sustainability.

Stakeholders	Channels for dialogue	Material matters
Customers	Customer meetings in stores, Axfood’s consumer contact, focus groups, customer and consumer surveys, customer magazines, reports, websites and social media.	Customers consider information about ingredients’ country of origin and animal care to be important. Aspects linked to 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 material matters.
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 material sustainability matters 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 matter for Axfood’s suppliers. Avoiding food waste, efficient energy consumption and sustainable agriculture as well as efficient water use are considered material matters, as are work environment, working conditions and healthy food.
Investors	The Annual General Meeting, interim report and year-end report presentations, 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, energy consumption, biodiversity, sustainable agriculture and 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 industry 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 material matters, as are work environment and working conditions.

*Stakeholder material matters*

The Group’s carbon footprint, reducing food waste, energy consumption, sustainable agriculture and water efficiency are material matters for Axfood. Other material matters include work environment and working conditions, anti-corruption and bribery, and sustainable and healthy food. Axfood’s stakeholders also emphasise the importance of understanding and meeting consumer needs to ensure long-term growth and sustainability. By focusing on quality, price value, health and sustainability, Axfood can strengthen its market position. Responding to customer needs and trends is essential to continuously improve products and services.

The results of these stakeholder dialogues form the basis of Axfood’s materiality assessment. For more information, see the section on the materiality assessment on pages 49–50. For more information about how material stakeholder matters are connected to Axfood’s business model and strategy, see the section on material impacts, risks and opportunities on page 49. The Board and Executive Committee receive the results of the materiality assessment and risk reporting based on stakeholder dialogues. For more information, see pages 45–46.

GENERAL DISCLOSURES

Material impacts, risks and opportunities

Axfood’s material impacts, risks and opportunities along with stakeholders’ various interests and external factors require a multifaceted and flexible business model and strategy. Since these aspects span a complex area, it is necessary for Axfood to adapt to a range of changing market conditions and challenges.

None of Axfood’s material impacts, risks and opportunities have changed compared to the previous reporting period but is reported in more detail for the first time in 2024.

Material impacts

Axfood’s material negative or positive impacts affect people and the environment in many ways, either directly or indirectly, as a consequence of its own operations or in its business relationships. Axfood has taken into account dependencies on access to natural and social resources at appropriate prices and quality, regardless of its potential impact on these resources. For more information on how the Group’s impact affects people and the environment over different time horizons, please refer to the table on page 52.

Material impacts, risks and opportunities

Axfood’s material risks and opportunities could affect the financial position, results and cash flow from the current reporting period to the next. Such financial effects would primarily likely have a negative impact on the Group’s purchasing or net sales. An example of financial effects is supply disruptions in global supply chains that are already being caused by extreme weather and which can thus affect the Group’s ability to purchase sufficient volumes of goods, which can lead to a shortage of goods in stores and thereby reduced sales. Shortages of goods, both with a connection to sustainability-related aspects and otherwise, can also result in a reduced attractiveness among consumers for Axfood’s various concepts and lead to reduced customer traffic in stores and thereby contribute to reduced sales. Supply disruptions can also arise as a result of overexploitation of natural resources both on land and at sea. Reduced general availability can also lead to higher price levels that affect Axfood’s ability to attract and retain customers in an industry with fierce competition. Furthermore, insufficient due diligence in business relationships, inadequate human rights controls in the supply chain, and unethical behavior such as corruption can also damage Axfood’s reputation among consumers, which can lead to reduced sales. Awareness of the impact of food on the environment and health is increasing in society, making it even more important for Axfood to meet the requirements in these sustainability areas.

While sustainability-related aspects can pose risks for Axfood, they can also lead to new business opportunities, promote product development and strengthen the attractiveness of the company among consumers. Close cooperation with suppliers and careful control in the supply chain can result in good availability of goods, opportunities for product diversification and a favorable reputation among consumers. In addition, a focus on gender equality and inclusion among the Group’s employees can create a better understanding of consumer needs and demand, which in turn can have a positive impact on sales. Investments in climate, energy and biodiversity often result in cost savings through more efficient use of resources. Reduced food waste also leads to more efficient use of resources and reduced costs.

Materiality assessment

Axfood has carried out a double materiality assessment to identify how the Group impacts, and is financially impacted by, its operating environment. The process for conducting the materiality assessment was based on five steps:

1. Identification of material matters based on the EU’s description of sustainability matters covered by the topical ESRS standards
2. Process and stakeholder review
3. Impact materiality assessment
4. Financial materiality assessment
5. Materiality mapping and documentation

Scope and method

Based on the description of sustainability matters and topics, including the sub-topics and sub-sub-topics in ESRS 1, an initial assessment was made of each topic in relation to Axfood’s operations. This assessment covered the Group’s activities, geographic locations, relevant sectors and value chain. Sustainability matters and topics that are not covered under the ESRS but are potentially material for Axfood were also highlighted. This first assessment yielded a preliminary list of 37 sustainability matters that cover Axfood’s entire value chain and various time horizons.

Existing assessment methods were combined with the methods described in the ESRS and used to assess impact materiality and financial materiality. The identified impacts, risks and opportunities were mapped based on short-, medium- and long-term time horizons, taking into account where in the value chain they are concentrated. Sustainability topics and identified impacts, risks and opportunities for every material sustainability matter were evaluated according to the parameters in ESRS 1 for impact materiality and financial materiality. In particular, impacts on human rights were identified through ongoing due diligence in this area, which includes thorough reviews and audits as well as the Group’s risk management system.

To ensure that the assessment was consistent with existing processes and stakeholder insights, processes and documentation for relevant sources were reviewed and interviews were carried out with relevant key individuals at the Group, such as:

- Head of Sustainability, Axfood
- CFO, Axfood
- Head of Private Label Products, Dagab
- Head of Sustainability and Communications, Willys
- Several internal experts who represent various subsidiaries
- Validation meeting
- Sustainalytics Risk Ratings Report
- Sustainalytics product involvement report
- ISS ESG rating profile
- CSR Risk Check
- WWF Water Risk Filter
- CCPI
- WWF Biodiversity Risk
- ThinkHazard
- MSCI ESG ratings report

Important viewpoints from customers, other employees, suppliers, investors and society also formed the basis for the assessment, as presented on page 48.

Axfood’s previous materiality assessments were based on a single materiality perspective, where financial materiality did not receive the same attention as impact materiality. The material matters have not significantly changed, however, since the financial perspective has still been taken into account in the single materiality assessment and in the risk analysis.





GENERAL DISCLOSURES

In certain areas, it was assessed that in-depth analyses were required to obtain a sufficient picture of how Axfood affects and is affected. This was done mainly for environmental areas.

*Climate change*

To identify and assess Axfood’s material impact, a complete emissions inventory has been carried out in accordance with the GHG Protocol, a global standard for measuring and reporting greenhouse gas emissions. Primary data has primarily been used, but estimates have been made where this was not available. This is to obtain as complete a picture of the Group’s direct and indirect emissions as possible.

When carrying out the Group’s double materiality analysis, climate risks were identified as material to the business.

Time horizons for climate-related physical risks and transition risks follow the definition in ESRS 1 and have been identified in the short, medium and long term. Axfood has not analysed which of the Group’s assets and operations may be exposed to climate-related physical risks and transition risks and, if so, to what extent based on probability, size, duration and geographical location. However, through the risk analysis above, a mapping of climate-sensitive raw materials and geographical locations upstream in the value chain has begun.

In order to identify and assess Axfood’s climate-related physical risks, the IPCC reports and recommendations from the TCFD (Task Force on Climate-related Financial Disclosures) have been guiding. The risk assessed as the greatest is how the world’s agricultural production is affected by climate change in terms of access to and prices of food.

In order to assess resilience, i.e. adaptability, to the impact of climate change itself, the climate issue is covered by Axfood’s risk analysis as mentioned above. This also includes increased demands and expectations from society to master the climate crisis. The risks have been assessed based on both probability and financial impact.

In 2025, Axfood plans to develop scenario analyses to create a more complete picture of the financial risks in the Group’s operations. This will be done in connection with deepening the Group’s risk analysis. Consideration will then likely be given to long-term emission scenarios, partly RCP4.5 (Representative Concentration Pathway 4.5), a scenario used by climate scientists to model and predict future climate change where emissions are expected to continue to increase until 2040, and partly RCP8.5, a scenario with greatly increased emissions that are expected to be three times higher than today’s levels by 2100.

*Pollution*

A review of Axfood’s value chain has been carried out to identify potential and actual significant impacts, risks and opportunities. The largest impact in the value chain is in agriculture through emissions of plant nutrients and chemical pesticides.

The review of the Company’s own operations focused on emissions from the vehicle fleet and the presence of refrigerants in warehouse operations. To evaluate negative impacts, reports from systems showing the amount of refrigerants for each warehouse were provided. These were reviewed together with the thresholds set out in Appendix 2 (No 166/2006). A similar comparison was made with a list of vehicle specifications for the Group’s light and heavy trucks.

To evaluate activities in primary production upstream in the value chain, studies from the United Nations Economic Commission for Europe related to emissions of pollutants into air, soil and water were taken into account. For substances of high or very high concern, existing procedures and requirements for suppliers of packaging and specialty goods were reviewed.

Axfood has not determined significant impacts, risks and opportunities in this sustainability area in consultation with the communities concerned.

*Water resources and marine resources*

Through environmental monitoring, Axfood identifies potential impacts, risks and opportunities linked to water resources and marine resources upstream in the value chain. Stakeholder dialogues show that sustainable fishing is a priority issue where Axfood has a responsibility to influence as a requirement setter in purchasing.

*Biodiversity and ecosystems*

Two assessments have been carried out to identify impacts, risks and opportunities linked to biodiversity and ecosystems. One of these concerns primary production, upstream in the value chain, where Axfood assesses potential impacts on species and ecosystems through risk analyses of purchased goods. The other concerns a mapping of the Group’s facilities and how the geographical location can have an impact on species and ecosystems.

*Resource use and circular economy*

An action plan was developed for Axfood’s plastics strategy that clarifies how sustainability goals for plastic flows and packaging for private label products are defined and delimited. The plan establishes goals, key figures, scope and boundaries for the plastics strategy and clarifies where the impact occurs and whether the work includes the product’s primary, secondary or tertiary packaging. A primary packaging is in direct contact with the product, while a secondary packaging encloses one or more primary packaging, and a tertiary packaging groups several secondary packaging for transport.

Evaluations of the stores’ registered food waste and complaints identify where measures can be taken to improve efficiency and reduce unnecessary costs. Dialogues with stakeholders show that the work on food waste is an important issue for employees, customers, investors and suppliers.

Food waste sorting, packaging and waste are becoming increasingly regulated areas. An example is the new waste legislation that came into force in 2024.

Axfood has not consulted with affected communities or other stakeholders regarding the Group’s impacts, risks and opportunities in the area.

*Risks*

Climate risks and risks related to biodiversity were classified together with other operational risks. Liability and trust risks are also part of operational risks, which are related to all risks identified in the double materiality assessment.

Regulatory risks, including matters of ethics and corruption, were classified together with Axfood’s strategic risks, as were risks related to employees and suppliers. Reporting of material impacts, risks and opportunities is presented on a more detailed level and supported by quantitative follow-up where possible.

Appropriate thresholds were determined based on the quantitative assessment and existing processes and dialogues with Axfood’s sustainability function. Risks and opportunities that received a medium or high rating were considered to be material.

The majority of Axfood’s climate-related risks relate to various types of transition risks, which can lead to increased costs and loss of competitiveness. Such risks arise when operations are not adapted to changes in society, such as energy policy and new sustainability requirements.

One of the Group’s largest transition risks is high energy consumption. Since the Group’s operations consume a lot of energy, it risks leading to increased costs if electricity prices rise in the future. Attracting consumers with low prices is also a challenge when the goal of increased sales of organic and other sustainability-labeled goods is to increase, despite the fact that the cost situation for these goods is generally somewhat higher than for others.

Adapting operations to promote sustainable production is made more difficult by various external factors, such as reduced taxes on diesel.

Significant investments may be needed to replace heating and cooling equipment with more energy-efficient variants to meet potential legislation. Investments are also needed to gradually replace the vehicle fleet with electric cars. In addition, investments will be required to adapt properties to more extreme weather events. Otherwise, costs for repairs may arise.

Regulations and requirements are likely to gradually tighten and benefit companies that deliver energy-efficient products and follow sustainable practices. Risks include increased energy prices and taxes, and regulations related to emissions of carbon dioxide or other greenhouse gases, including errors in emissions reporting. Emissions rules and legislation may put economic pressure on limiting emissions.

Physical risks involve risks that arise as a direct effect of climate change on Axfood’s operations. Such climate-related physical risks in Axfood’s value chain are primarily linked to the availability of raw materials for various products such as fresh fruit and vegetables, coffee and cocoa. Raw material shortages, higher prices and increased competition are expected. Several of Axfood’s supplier countries will be affected by changes in national and international climate legislation. There is also vulnerability to changes in temperature, precipitation, extreme weather events, flood and landslide risks globally, including in European countries.

*Impact materiality*

The impact materiality assessment was based on the parameter of severity, which in turn consists of three parameters for evaluating the scale, scope and irremediable character of the impacts. A fourth parameter includes the likelihood of the impact actually occurring. These parameters were rated from 1–5, presented in the table below.

Scale	Scope	Severity	
		Irremediable character	Likelihood
1. Minimal impact on people/ the environment	1. Limited – limited to a specific area and its immediate surroundings	1. Relatively easy to remediate in the short term	0% unlikely
2. Low impact on people/ the environment that is easy to address or mitigate	2. Concentrated – includes multiple individuals/species or a broader region	2. Can be remediated with time and effort (time and cost)	25% minimal
3. Medium impact, manageable with reasonable resource allocation	3. Medium – covers a noticeable group or area	3. Difficult to remediate or medium-term	50% medium
4. High impact that can cause significant disruptions and require immediate attention	4. Widespread – covers a significant part of the area, locations or population	4. Very difficult to remediate or long-term	75% high
5. Absolute – major disruption with long-term impacts	5. Total – has profound effect on a global scale	5. Irremediable/ irreversible	100% actual



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When evaluating impact materiality, criteria were set based on own thresholds for what is considered material. These were then determined by the Executive Committee. Depending on the type of impact, these have been categorized and assessed in different ways, as have the thresholds for materiality.

	Low	Medium	High
Negative	0–5	6–9	≥10
Positive	0–4	5–6	≥7

When assessing actual negative impacts, Axfood has based its assessment on the overall severity. In the case of potential negative impacts, the value for the impact’s probability of occurrence has also been taken into account by multiplying the probability level by the severity. These have been assessed as significant at a value of 5 or higher on a scale of 0–10. In the case of potential negative impacts on human rights, its severity is considered before the probability of occurrence.

Actual positive impact was only assessed based on scale and scope. In the case of a potential positive impact, the likelihood of occurrence was also taken into account by multiplying the degree of likelihood by the scale of the impact. These impacts were deemed material at a value of 4 or higher on a scale of 0–7.

*Financial materiality*

Financial materiality was assessed according to the magnitude of each risk or opportunity, together with its likelihood of occurring. The assessment using these parameters was based on a five-point criteria scale, as presented in the following table.

Magnitude	Likelihood
1. Low – minor or limited scope, can be easily addressed or mitigated with existing resources	0–20%
2. Medium – medium scope, requires reasonable resource allocation	20–40%
3. High – significant impact, requires significant resource allocation	40–60%
4. Very high – serious impact, requires extensive resource allocation	60–80%
5. Extremely high – extreme impact, requires extreme resource allocation	80–100%

When assessing financial materiality, the criteria and thresholds were adapted to the Group’s existing risk management system for determining materiality and then were set by the Executive Committee. On a scale of 0–14, a risk or opportunity was deemed material at a value of 8 or higher. After identifying the risks and opportunities caused by a material sustainability matter, the financial impacts were assessed based on the magnitude of the potential financial impacts multiplied by their likelihood.

Low	Medium	High
0–8	9–13	≥14

After the documentation was finalised, the preliminary results were reviewed by Axfood’s Head of Sustainability to assess their reasonableness. The preliminary results were validated by representatives from the Executive Committee and the Board, and final adjustments were made. The materiality assessment resulted in all ten current topical ESRS standards and 34 material sustainability matters being considered material.

**Disclosure requirements**

An analysis was carried out to identify which disclosures from the ESRS were consistent with the results of the assessment compared with the original list of sustainability matters. The complete results of the assessment were reported to the Board, which gave its approval.

For Axfood’s double materiality assessment, the Group developed controls that include an annual review by the central sustainability function and approval by the Board to ensure that the relevant sustainability data is reported according to the ESRS. Updates are carried out as needed. The results of the materiality assessment are documented and a control record is saved to ensure traceability.

For information about which disclosure requirements in the ESRS were deemed material, see the table on pages 95–96. For information about all datapoints reported that stem from other EU legislation according to ESRS 2, see the table on pages 97–100.



GENERAL DISCLOSURES

Sustainability areas	Impacts				Risks	Opportunities	Standard	Location
	Time horizons	Upstream in the value chain	Own operations	Downstream in the value chain				
<b>Environmental information</b>								
Climate change mitigation and adaptation	S, M, L	+ -	+ -	-	S, M, L	M, L	E1	54–59
Energy	S, M, L	-	+ -	+ -	M, L	L	E1	54–59
Pollution	S, M, L	-	-	-	M, L	L	E2	60
Substances of concern and very high concern	S, M, L	-	-	-	M, L		E2	60
Water	S, M, L	-			S, M		E3	61–62
Marine resources					M, L		E3	61–62
Direct impact drivers of biodiversity loss	S, M, L	-	-		S, M		E4	63–65
Impacts on the state of species/impacts on the extent and condition of ecosystems	S, M, L	-	-		S, M		E4	63–65
Impacts and dependencies on ecosystem services	S, M, L	-	-		S, M, L		E4	63–65
Resource inflows, including resource use	S, M, L	-	-		S, M, L		E5	66–68
Resource outflows related to products and services					M, L		E5	66–68
Waste	S, M, L	-	+ -	-	S	S, M, L	E5	66–68
<b>Social information</b>								
Working conditions	S, M, L	+ -	-	-	S, M, L		S1, S2	75–82
Equal treatment and opportunities for all	S, M, L	+ -			S, M, L		S1, S2	75–82
Other work-related rights	S, M, L	-			S, M, L		S2	80–82
Communities' economic, social and cultural rights/ communities' civil and political rights	S, M, L	-			S, M, L		S3	83–84
Rights of indigenous peoples	S, M, L	-			S, M, L		S3	83–84
Information-related impacts for consumers and/or end-users	S, M, L		-	+ -	S, M		S4	85–87
Personal safety of consumers and/or end-users	S, M, L			+ -	M, L		S4	85–87
Social inclusion of consumers and/or end-users	S, M, L			+			S4	85–87
<b>Governance information</b>								
Corporate culture	S, M, L		+		S, M, L		G1	89–91
Animal welfare	S	-			S, M		G1	89–91
Political engagement and lobbying activities	M, L		+	+	M, L		G1	89–91
Management of relationships with suppliers including payment practices	S, M, L	+ -			S, M, L		G1	89–91
Corruption and bribery	S, M, L	-	-	-	S, M		G1	89–91

Meanings:

+ = positive impact

- = negative impact

Time horizons

S = short term

M = medium term

L = long term





## Environmental information

54	ESRS E1: Climate change
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69	Taxonomy reporting





## ENVIRONMENTAL INFORMATION

# ESRS E1: Climate change

## Description of material impacts, risks and opportunities

Climate change is affecting many aspects of food production, which accounts for around 30% of the world's total GHG emissions. Axfod's environmental work prioritises reducing its carbon footprint and adapting its operations to a changing climate. The time horizons for the Group's actual and potential impact are short, medium and long term.

### Material impacts

Within Axfod's operations, primary food production accounts for the dominant part of the Group's actual negative impact on the climate. Meat and dairy products contribute most to the emissions. Despite the large climate impact, the products are important for the Group's sales. In addition to primary production, there are also emissions linked to, among other things, energy use, transport and packaging.

Although emissions from primary production account for the largest part of emissions in Axfod's value chain, there are also significant emissions in other parts of the value chain such as the food industry, transport, packaging and food waste. The lack of reliable and quality-assured data in certain areas means that the potential negative impact may be significant but not possible to quantify.

In order to reduce the actual and potential negative impact of Axfod's operations on the climate, the range of sustainable products is being developed and expanded, such as plant-based foods as alternatives to more climate-impacting foods such as meat and dairy. By inspiring and encouraging changes in customer behavior and targets for reduced climate impact from food sold, Axfod will positively influence development.

Energy use in the food industry has a negative impact due to its relatively large climate impact, including within Axfod's operations. Grocery stores and warehouses use more energy than certain other commercial operations to cool premises. Axfod's energy use can primarily be traced to electricity consumption in the Group's warehouses and stores. By choosing renewable energy sources and improving energy efficiency, Axfod can potentially increase its positive impact on climate change within its own operations.

### Risks and opportunities

The risk scenario in the environmental area is multifaceted for Axfod as well as the entire food industry.

Physical climate risks in Axfod's value chain affect the production of products such as fresh fruit, coffee and cocoa and lead to product shortages. Changes in temperature, precipitation, extreme weather events, flood and landslide risks already affect many countries today, including in Europe. Several of Axfod's supplier countries are, and will be, vulnerable to changes in climate legislation and political decisions, both at national and international level.

Since the business consumes a lot of energy, increased electricity prices risk leading to increased costs for the Group, which constitutes a transition risk.

Another transition risk is also the challenge of converting customers to sustainability-labeled products with a lower climate and environmental impact, given the current focus on low prices, as these products often have a higher price compared to the conventional range.

Adapting the operations to promote sustainable production to a greater extent is made more difficult by various external factors, such as political decisions that result in lower diesel prices, which entail risks for conversion. The relatively lower price of fossil fuels has led farmers and transporters to switch from more sustainable fuels to diesel.

Significant investments may be needed to replace heating and cooling equipment with more energy-efficient variants without climate-impacting refrigerants. In addition, investments are needed to gradually replace the vehicle fleet with electric cars. Transition risks arise because adapting properties for extreme weather conditions can also entail high costs, alternatively, additional costs for repairs may arise for repairs.

In recent years, the EU has introduced several rules and directives to support sustainability and energy efficiency. Stricter energy policies will favour companies that deliver energy-efficient products and follow sustainable practices. Emissions regulations and legislation could put financial pressure to limit emissions. Increased energy prices and taxes, and regulations related to emissions of carbon dioxide and other greenhouse gases, as well as errors in emissions reporting, constitute transition risks associated with such developments.

Axfod is actively working to diversify the value chain by actively broadening the supplier base and seeking alternative geographical areas for products with risks related to raw material access. This is done through risk assessment based on climate risks and the geopolitical situation.

Investing in the production of own energy in the form of renewable energy sources, such as solar cells, can contribute to the possibility of being able to more easily predict and likely reduce energy costs in the future.

### Transition plan

Axfod's transition work consists of several sustainability targets, guidelines and action plans that together contribute to reducing climate-impacting emissions from Axfod's entire value chain. Since the Group's main climate impact comes from food, special emphasis will be placed on the new strategic target of reducing climate impact per kilogram of food sold in 2025. This will be done, among other things, by working it into chain strategies and action plans. During the year, work to map and estimate more of the Group's emissions upstream and downstream in the value chain will also continue. In parallel, Axfod plans to develop and validate climate targets in accordance with the Science Based Targets initiative.

Grocery stores are an important link in the food chain for the food supply to function in society. Access to food is necessary for humans, which is why the opportunities to significantly reduce the negative climate impact by refraining from consuming food are not possible. However, it is necessary to change both the production and consumption of food in order to minimize the climate impact. In order to limit emissions from agricultural production as far as possible, a combination of political decision-making instruments, initiatives from the business community and changed purchasing behavior from consumers is required.

Axfod's carbon footprint is dominated by emissions in primary production that fall under the Group's other indirect emissions in Scope 3, where Axfod has limited influence. A transition to fossil-free agriculture with renewable electricity, fossil-free fuel and fossil-free nitrogen fertilisers is already possible, but these options are costly.

Agricultural emissions do not primarily arise from raw fossil commodities, but rather from the biogenic emissions from farmland and animal metabolism. Emissions from biogenic systems are very difficult to avoid, but they can be reduced. The Food 2030 report, Axfod's proposal for a sustainable food strategy, contains a variety of policy proposals along with suggestions for authorities and businesses. It is part of Axfod's work to influence society and push for political decisions that lead to sustainable social development, not least for the climate.

Since emissions from agricultural production are difficult to reduce, it is even more important that the food that is produced is eaten and does not become food waste. That is why

reducing food waste across the entire value chain is a strategically important part of the transition of the food supply chain.

The food retail sector causes large material flows in the form of packaging, which is often manufactured from fossil raw materials. A more circular economy is necessary in order to achieve national and international climate targets. Therefore, measures to support a higher degree of recyclable packaging and reduced plastic use are part of the Group's climate work.

Food retail is energy-intensive due to the large amounts of electricity required to refrigerate food in stores and warehouses. That is why fossil-free and effective electricity use is key to Axfod's transition to reduce indirect emissions from purchased energy such as electricity, steam, heating or cooling in Scope 2.

Axfod's direct emissions in Scope 1 are dominated by emissions from the Group's own trucks and refrigerant leakage from refrigerators and freezers in stores, warehouses and trucks. During renovations, refrigeration and freezer systems are being replaced by natural refrigerants with no carbon footprint. In the vehicle fleet, fossil fuels are being replaced by renewable fuels and electrification. The transition of transports between warehouses and stores also includes procured transports, which account for around half of the transport volume, even if they are reported under Scope 3.

Based on available information, Axfod has not been excluded from any EU reference values or benchmarks.

## Management of material impacts, risks and opportunities

### Policies and guidelines

Axfod's work to limit climate-impacting emissions within its operations includes policies and guidelines in several different areas.

Axfod has ongoing dialogue with various stakeholders, who, however, do not participate in the Group's internal processes when formulating policies and steering documents.

The Supplier Code of Conduct is available in Swedish and English on Axfod's website and can be communicated to suppliers in another 20 languages. Guidelines for products, sustainable IT, and for sustainable establishment and renovation of stores are available to employees through the intranet. For more information about policies and guidelines, see pages 92–93.

### Supplier Code of Conduct

Axfod's Supplier Code of Conduct addresses work to limit climate change upstream in the value chain, where the majority of the Group's material emissions arise. The Code of Conduct stipulates that all suppliers are required to identify the environmental impact from their operations and take action to prevent, reduce and reverse negative impacts on local communities, health, natural resources, the climate and the general environment. They are also encouraged to set climate targets and to support the Paris Agreement and the framework of the EU Fit for 55 package, which aims to reduce net GHG emissions by at least 55% by 2030 and to reach climate neutrality by no later than 2050.

### Guidelines for products

Climate change adaptation is not a focus of Axfod's product guidelines, which are mainly aimed at ensuring that the range is sustainable and of high quality. However, the guideline includes that the group's own vehicles should be converted to fossil-free operation. Transports carried out by external hauliers should be covered by corresponding conversion plans for their operations.

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*Guidelines for sustainable IT*

Energy efficiency is described in Axfood’s guidelines for sustainable IT. The ambition is for the energy efficiency of all new IT products and office machines to be 15% higher than the ones they replace. All products are to carry the Energy Star label, which helps companies and private individuals reduce their carbon footprint by using energy-efficient appliances. All equipment should be used as long as possible and not replaced unnecessarily.

*Guidelines for sustainable store establishments and refurbishments*

Energy efficiency is addressed in the guidelines for sustainable establishment and renovation of stores, which state that all stores must have energy meters. In new construction, energy consumption that is 20% lower than the requirements from the Swedish National Board of Housing, Building and Planning must be aimed for. When establishing new stores near district heating pipes, property owners must also investigate the possibility of delivering excess heat to the district heating network.

The guidelines also concern the development of renewable energy by requiring that all new roofs on stores and warehouses that are built must withstand the weight of a solar cell system. In new construction, solar cells must be installed on the roofs, where possible. Where commercially possible, energy must meet high commercial standards with specific requirements for efficiency, reliability and sustainability. Axfood has a central electricity agreement that includes hydropower and wind power, to which the vast majority of the group’s units are connected. The agreement means that the electricity purchased is 100% renewable. The environmental requirements for renewable electricity production mean that consideration is taken of the environment and climate. All electricity that Willys purchases is renewable and has a provenance label, as well as being labeled as Bra Miljöval which means that it is based on solar, wind, hydropower, or biofuels.

Taking action

Within Scope 1 and 2, where Axfood has the greatest influence, a variety of actions are being taken with the aim of achieving net-zero emissions by 2030. The greatest reduction in emissions was made 15 years ago when Axfood signed a central power purchase agreement for renewable electricity for its offices, warehouses and stores. Food retail is significantly more energy-intensive than other retail, which is why the decision was particularly urgent.

Although Axfood uses renewable electricity, the Group believes that it is important to invest in energy efficiency and to contribute to the production of more renewable electricity, despite the fact that it does not significantly reduce the Group’s emissions since the electricity used has a small carbon footprint. This is because energy efficiency is important, both for the economy and in terms of taking responsibility for access to other electricity services in society. From 2009 until 2020, Axfood’s target for energy efficiency per square metre was 30%. In 2020, a new target was set to achieve a further 10% improvement in efficiency by 2025. Efficiency enhancements were achieved by the Group companies as part of their operating programmes as well as through investments. The investments that led to the greatest efficiency gains were replacing cooling systems and switching to LED lighting. To contribute to increased production of renewable electricity, Axfood works to expand the production of electricity from solar power to communities by installing solar panels on the roofs of stores and warehouses. In 2025, a new solar park in Hallstavig is put into operation, which Axfood made possible through a power purchase agreement with the solar energy company Alight. The solar park will be the largest in Sweden, with a capacity of approximately 63 MW.

Scope 1 emissions are dominated by Axfood’s own trucks and refrigerants in stores that have not yet been replaced with natural ones. At the end of 2024, the company’s own vehicle fleet will have been essentially completely converted to renewable fuels or electricity. This has

been achieved by switching to fossil-free fuels and electricity, modernizing the vehicle fleet, collaborating with fuel suppliers and working towards an increased degree of electrification.

The purchased transports, which belong to Scope 3, are planned to be converted by the end of 2025. This will be achieved by renegotiating agreements with transport suppliers and developing methods for follow-up. When it comes to transports to warehouses, Axfood has agreed in 2024 on fossil-free sea transports from the Mediterranean, which will further contribute to reduced climate impact.

The climate impact from refrigerants is gradually decreasing and each chain within the group has an investment plan for the phase-out of climate-impacting refrigerants by 2030. Axfood intends to develop a plan also for climate-impacting refrigerants in refrigerated transports when technical possibilities exist.

Material flows in the form of packaging are essential for Axfood’s negative climate impact. Axfood does not manufacture its own goods, but has partial control over packaging through requirements and collaboration with the food industry. There is a particularly large potential for impact for packaging for the group’s own-brand products. Axfood’s packaging team works systematically, in accordance with the Group’s sustainability targets, to develop packaging that can be recycled and does not contain chemicals on the SIN list or chemicals that have been identified by the International Chemicals Secretariat ChemSec as particularly hazardous and should be phased out to protect health and the environment. The team also works for increased use of renewable materials, recycled materials and to limit the use of plastic. The area is complex and the team has built up an extensive database with the properties of various packaging components to support its work. A particular problem in the food sector is that recycled materials cannot be used in direct contact with food.

Decisive for significantly reducing the climate impact in the grocery trade and its value chain is to reduce emissions from the first link in the chain, primary production. These emissions are largely biogenic, which occur when biological material breaks down. It is significantly more difficult to reduce these than fossil emissions, which are easier to reduce in the short term.

Axfood has decided to work towards fossil-free Swedish agriculture by 2030, with the aim of phasing out fossil diesel use in agriculture and the fossil-dependent production of fertilizer nitrogen. The transition includes both societal impact and working with measures in the Company’s own value chain. Proposals for policy instruments and measures are presented in the report Food 2030, Axfood’s proposal for a sustainable food strategy. One example is innovation in the own value chain through collaboration with the companies Nitrocapt and Dafgård’s regarding the production of bread grown with grain from fossil-free nitrogen fertilizer.

Reducing food waste is a high priority within Axfood. If food, which causes a large environmental impact and resource consumption in the value chain, is discarded without being eaten, it represents a major waste of resources. Axfood’s target is to halve food waste by 2025, with a base year of 2015, which was achieved one year in advance. Measures that have been important in achieving the target are better ordering routines, selling off goods with short expiration dates and donations to charity. Stores and warehouses have been supported by legislation that came into force in 2024, which means that packaging must be separated from food during waste disposal. The new routine has meant additional work for stores and warehouses, but has created incentives to lower the price of goods with short expiration dates in time to get more goods sold. Unlike many others in the industry, Axfood’s subsidiaries have refrained from seeking an exemption from the implementation of the legislation for warehouses because the new procedures were implemented and anchored in time.

The target is to further reduce food waste from the current level of 0.9% to 0.7% by 2030. In order to also reduce food waste upstream in the value chain, in agriculture and industry, Axfood collaborates with various actors to utilize residual flows in food production. One example is a collaboration with Carlsberg with the residual product dregs from beer production.

To reduce the climate impact within the supply chain, Axfood has a target that suppliers to Axfood’s own-brand products will achieve net zero emissions in Scope 1 and 2 by 2030, which mainly concerns electricity and transport. In addition, suppliers must have targets for Scope 3 and be able to demonstrate what measures they are working on to reduce emissions from primary production. For 2024, there were corresponding targets for other suppliers for 2032. For Swedish fruit and vegetable cultivation, Axfood aims for suppliers to have Swedish Seal Climate Certification by 2026. Axfood is also pushing for it to become an industry standard.

Axfood wants to collaborate with suppliers to develop methods that limit biogenic emissions in primary production. One example is a project together with Gäsene dairy and Volta Greentech where cows are given a methane-reducing dietary supplement. The milk will be used for Garant’s household cheese and the results in the form of reduced climate impact will be able to be measured and reported later.

The largest short-term opportunity for reduced emissions from food consumption is changed consumption from the grocery trade. Axfood’s Board has decided to reduce the climate impact per kilo of food sold by 10% by 2030 as a strategic sustainability target. Axfood has previously had a target to reduce emissions per kilo of food sold, but the development has not been going in the right direction. During the period of high food price inflation in 2022–2023, many consumers prioritized purchasing meat at the expense of vegetables, which affected the total climate impact. Eating habits and food culture have historically not changed much. It is therefore important to find ways to change the sales mix without expecting major changes in eating habits. A successful example is the hybrid product “Nöt & Grönt” that Axfood launched in 2023. Nöt & Grönt is a minced meat consisting of equal parts minced beef and vegetables. Significant sales of the individual product during the year have resulted in a large reduction in emissions compared to if customers had chosen ground beef instead.

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 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.

Targets and metrics

Axfood has several climate-related targets to reduce the Group’s climate impact. None of the targets are fully aligned with the criteria set in the ESRS, which will be reviewed in 2025. The targets are monitored at Group level and revised annually if necessary. Targets are approved by the Executive Committee, which ensures that the outcome is consistent with the original target and any adjustments. None of the targets are based on scientific evidence.

*Carbon footprint per kilo of food sold*

Axfood is to promote a more sustainable production and consumption of food by annually reducing its carbon footprint per kg 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 carbon footprint from food production.

Key ratio	2024	2023	Target 2025	Base year 2021	Target period	Governance documents
Kg CO <sub>2</sub> e per kg of food sold	2.01	1.94	—	1.92	Long-term (9 years)	—

The target covers indirect greenhouse gas emissions (Scope 3) from food sold in own-owned stores within Willys, Willys Hemma, Eurocash, Hemköp (also retailer-owned stores), Snabbgross and City Gross.



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The target is stated through an intensity value and is measured as average kilos of carbon dioxide equivalents (CO<sub>2</sub>e) per kilo of food sold.

Climate figures used are updated every year by the research institute RISE. In cases where climate figures are missing for an item, which mainly applies to composite items such as baby food, standard figures based on similar items, or averages for corresponding items, are used.

In 2024, the climate impact per kilo of food sold increased slightly, mainly as a result of adjusted climate data and the fact that sales of fruit and vegetables did not increase at the same rate as meat and cold cuts.

A new target was adopted by Axfood’s Executive Committee and Board in early 2025. The new target is that Axfood will work towards more sustainable production and consumption of food by reducing climate-affecting emissions (Scope 3) per kilogram of food sold, measured as average kilos carbon dioxide equivalents (CO<sub>2</sub>e), by at least 10% by no later than 2030 (base year 2023) primarily through a changed sales mix. The change came into effect on January 1, 2025.

*Net-zero emissions in own operations*

Axfood’s net-zero target for its own operations 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 target supports Sweden’s Environmental Objective “Reduced Climate Impact” as well as the UN SDGs, particularly SDG 13.

Key ratio	2024	2023	Target 2030	Base year 2020	Target period	Governance documents
tCO <sub>2</sub> e from own operations	36,926	43,030	15%	36,582	Long-term (10 years)	—

The target includes CO<sub>2</sub> emissions arising from Axfood’s own operations:

- Scope 1
  - Refrigerants Group-owned trucks
  - Refrigerants wholesale operations (warehouses)
  - Refrigerants retail operations (stores)
  - Own transports between warehouses and stores
  - Company cars
- Scope 2
  - Purchased electricity
  - Purchased heat
- Scope 3
  - Waste
  - Procured transports between warehouses and stores
  - Business travel
  - Fuel production for purchased electricity and purchased heat (Scope 3)

During the year, emissions from own operations decreased to 36,926 tons of CO<sub>2</sub>e (43,030). Emissions from own transport decreased to 5,742 tons of CO<sub>2</sub>e (9,235). The decrease is mainly a result of the major transition to fossil-free fuel and electricity. At the end of 2024, own transport was refueled 97% fossil-free, including electricity. There was also a major shift for hired transport, with a decrease to 19,292 tons of CO<sub>2</sub>e (24,655). The fossil-free share for hired transport amounted to just over 70% at the end of the year.

Emissions from refrigerants increased in 2024 to 3,331 tons of CO<sub>2</sub>e (2,761). The largest increase comes from refrigeration units from self-owned trucks.

Electricity and heating increased in Scope 2, which is assumed to be due to the fact that all stores’ purchased district heating is covered in the outcome. Previously, only a few stores for Snabbgross and Willys have been included. Waste decreased significantly, a result of lower emission factors from DEFRA. Emissions for 2024 amounted to 135 tonnes CO<sub>2</sub>e (1,135).

The target is stated as an absolute value and is measured in direct greenhouse gas emissions (Scope 1), indirect greenhouse gas emissions from purchased energy (Scope 2) and other indirect emissions from four emission categories in Scope 3 (see above).

The definition of own operations includes emissions from scopes 1, 2 and 3. The selection has been made by assuming that the emission sources should be those that the group has control over and are its own operations. The calculations are made in accordance with the GHG Protocol, a global standard for measuring and reporting greenhouse gas emissions. All greenhouse gas emissions are reported in metric tons of carbon dioxide equivalents (CO<sub>2</sub>e) using operational control as the consolidation method. When calculating emissions within Scope 2, a market-based calculation method is used when meeting targets.

This year’s emission factors from DEFRA used for the climate impact of waste have been lowered, which contributes to emissions being significantly lower than the previous year. From 2024, the high-altitude effect for air travel will also be included, which provides a more accurate picture of emissions from business travel. From November 2024, City Gross will be included, which means that emissions from, among other things, refilling refrigerants will increase slightly.

For emissions from own transport, which is shown in the table on gross greenhouse gas emissions on page 57, a new calculation methodology has been used that takes into account emissions from manufacturing and combustion of fuel consumption according to the GHG protocol. In the target, emissions have been calculated according to the previous methodology for the sake of comparability. In 2025, this will be reviewed in connection with the work to develop SBT-targets.

*Climate targets for suppliers*

Axfood’s suppliers of private label products will have publicly announced climate targets by no later than 2025. The target is connected to the Supplier Code of Conduct, which stipulates that suppliers are to establish climate targets that support the Paris Agreement and EU regulations. The target also supports Sweden’s Environmental Objective “Reduced Climate Impact” as well as the UN SDGs, particularly SDG 13.

Key ratio	2024	2023	Target 2025	Base year 2023	Target period	Governance documents
Share of private label suppliers with publicly announced climate targets, %	11.1	6.5	100	6.5	Medium-term (3 years)	• Supplier Code of Conduct

The target includes climate work by Axfood’s private label suppliers and emission reduction targets. A climate survey was sent to suppliers during the year. Out of a total of 461 suppliers, 403 answered the survey. 11.1% (6.5) of these stated that they set public climate targets, a significant increase compared to 2023.

The target was measured as the share of suppliers of own private label products that have publicly announced net-zero emissions targets or targets that help support the transition to net-zero emissions (with science based targets with later target years) and that targets for Scope 3, or plan to establish such targets.

By 2025 at the latest, suppliers of private label products will have a publicly announced climate target of net-zero emissions from own operations (Scope 1 and 2) by no later than 2030.

They will also have at least one publicly announced climate target aimed at considerably reducing the carbon footprint of their supply chain (Scope 3) by 2025 at the latest. Suppliers that are also primary producers (primarily fruits and vegetables) can meet this requirement by certifying their primary production in accordance with ambitious rules for reduced carbon footprint. For Swedish primary producers, this means achieving IP Sigill certification with the Climate or KRAV option by no later than 2026. Other suppliers can use the same certification to substantially reduce their Scope 3 carbon footprint.

The method for setting requirements for, assessing and following up supplier climate work and emissions reduction targets is based on the relevant sustainability target. Before procedures and processes that govern procurement are formulated, it is common practice to carry out a pilot study to investigate a supplier’s status and attitude towards extended climate requirements. A procedure is then designed that weighs the conclusions of the pilot study against Axfood’s target.

Comparability in target achievement is complex as the number of suppliers varies from year to year and the selection looks different as suppliers are removed and others are added. In addition to suppliers with public net-zero targets, suppliers with approved SBT targets have also been included. Suppliers with public climate targets that partly aim for net-zero emissions, but are not SBT targets, have not been included.

In 2024, the climate survey was revised to better obtain answers as to whether Axfood’s targets were being met. It has therefore become easier to measure target fulfilment more reliably.

*Fossil-free transports*

Axfood’s own and procured transports from warehouses to stores are to use entirely renewable fuel, including electricity, by no later than 2025. The target also supports Sweden’s Environmental Objective “Reduced Climate Impact” as well as the UN SDGs, particularly SDG 13.

Key ratios	2024	2023	Target 2025	Base year 2023	Target period	Governance documents
Share of own transports, %	97	81	100	81	Medium-term (5 years)	—
Share of procured transports, %	72	10	100	10	Medium-term (5 years)	—

The target covers carbon dioxide emissions from all self-owned and hired light and heavy truck transports between warehouses and stores. At the end of the year, the share of renewable fuel is measured by multiplying the total fuel consumption of the vehicles by supplier-specific emission factors.

Emissions from the Group’s transports, both self-owned trucks and purchased transports, between warehouses and stores have decreased significantly after the ambition level was raised in 2024. During the year, the share of transports that were refueled without fossil fuels increased significantly. Replacement of own trucks, cooperation with fuel suppliers on the location of filling stations and extensive work on renegotiating agreements with transport suppliers have contributed to the positive development. The work will continue in 2025 and also includes monitoring of purchased transports.

The target was adopted by Axfood’s Executive Committee and Board in January 2024 and has not undergone any changes during the reporting period.

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Electricity consumption in own operations

Axfood is to reduce electricity consumption with 10 percent per square meter by no later than 2025 compared with the base year 2020. Work to reduce electricity consumption in operations is ongoing through, among other things, optimisation of lighting and cooling facilities. A working group regularly follows up operational measures and investments. When establishing new stores and refurbishing stores and warehouses, sustainability performance in terms of energy and material selection must meet a high commercially available standard. Circular economy must be taken into particular consideration.

Key ratio	2024	2023	Target 2025	Base year 2020	Target period	Governance documents
Electricity consumption, kWh/m <sup>2</sup>	248.7	244.6	267.3	297.3	Medium term – (3 years)	–

In 2024 electricity consumption per square meter amounted to 248.7 kWh/sq.m. (244,6). Compared with the base year, this corresponds to a reduction of 16 percent, which means that the target has been met for the second year in a row.

The target is reported as the number of kilowatt hours (kWh) for purchased electricity per square meter (m<sup>2</sup>). The sample includes the electricity consumption under a joint agreement for 315 of the group-owned stores and 10 warehouses. The number of square meters corresponds to the total area for all stores and warehouses in the sample. Reported information is presented on a rolling twelve-month basis.

Share of business travel by air

The proportion of domestic flights is to be halved by 2025. The target is connected to Axfood's travel and meetings policy, which states that the Group is to prioritise travel-free meetings should be prioritized. If travel is necessary, trains or buses should be chosen first.

Guidelines for sustainable IT are linked to the target in that digital meetings promote reduced physical travel. Through investments in the development of digital meetings, travel within the group has been significantly reduced, both between different parts of the country and to and from the workplace. The digital working method is continuously followed up.

The target supports Sweden's Environmental Objective "Reduced Climate Impact" as well as the UN SDGs, particularly SDG 13.

Key ratio	2024	2023	Target 2025	Base year 2019	Target period	Governance documents
Share of domestic flights, %	43	58	38.5	77	Long-term (6 years)	• Travel and meetings policy • Guidelines for sustainable IT

The target includes round-trip domestic flights within the Group and is measured by the proportion of flights on routes shorter than 550 km where trains are preferable. The routes included in the data are between Stockholm and 13 different locations.

The number of business trips decreased in 2024, mainly as a result of more digital meetings. The share of air travel decreased sharply and was replaced by increased travel by train. The target of halving the share of air travel is therefore well on its way to being achieved.

The target has not undergone any changes during the reporting period.

Energy consumption and mix

Axfood's energy use primarily relates to electricity consumption and heating of its many warehouses and stores. The majority of this consists of purchased electricity for the group's offices, stores and warehouses. Fuel consumption from its own freight transport and company cars also constitutes a significant item.

Energy consumption and mix (MWh)	2024	2023
Fuel consumption from coal and coal products	0	–
Fuel consumption from crude oil and petroleum products	24,785	–
Fuel consumption from natural gas	0	–
Fuel consumption from other fossil sources	0	–
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil source	1,574	–
<b>Total fossil energy consumption</b>	<b>26,358</b>	<b>–</b>
<b>Share of fossil sources in total energy consumption, %</b>	<b>6</b>	<b>–</b>
<b>Consumption from nuclear sources</b>	<b>0</b>	<b>–</b>
<b>Share of consumption from nuclear sources in total energy consumption, %</b>	<b>0</b>	<b>–</b>
Fuel consumption for renewable sources, including biomass (including industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.	71,089	–
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	346,727	–
The consumption of self-generated non-fuel renewable energy	8,807	–
<b>Total renewable energy consumption</b>	<b>426,623</b>	<b>–</b>
<b>Share of renewable sources in total energy consumption, %</b>	<b>94</b>	<b>–</b>
<b>Total energy consumption</b>	<b>452,981</b>	<b>–</b>

Energy use for the year amounted to 452,981 MWh. The energy mix consists of 94% Swedish renewable energy, as the majority of Axfood's purchased energy comes from the group's central electricity agreement, which consists of fossil-free electricity, primarily from hydroelectric power. Part of the mix also consists of self-produced solar power generated from solar cell systems installed on the roofs of warehouses and stores.

Energy use from fossil energy sources is dominated by fuel consumption from oil and petroleum products that can be derived from the Group's own freight transport and company cars where the reduction obligation has been taken into account. Energy use from company cars has been estimated and is therefore not as reliable.

To provide Axfood's energy intensity associated with operations in sectors with a high climate impact, NACE Rev. 2.1 was used to specify sector affiliation. The Group was assessed to belong to NACE code G.47.2: Retail sale of food, beverages and tobacco, which corresponds to the energy use for the entire Group.

Energy intensity	2024
Key ratio	
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/SEK m)	5.4

During the period, Axfood's energy intensity was 5.4. The monetary unit used refers to the Group's net sales, which is derived from the table Axfood's financial reports under the table Statement of profit and other comprehensive income, Group on page 120.

Gross GHG emissions

During the year, Axfood carried out a complete emissions inventory according to the recommendations from the GHG Protocol. The results indicate that the primary carbon footprint arises from the Group's other indirect emissions in Scope 3. This pertains to emissions upstream in the value chain that arise in connection with Axfood's purchased goods and services, the definitive majority of which comprises purchased food. Other heavy posts also include the climate impact arising from the purchase of specialty goods and consumers' travel to and from the Group's stores.

The greenhouse gases included in the reporting consist of carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O) and methane (CH<sub>4</sub>), which account for the majority of Axfood's emissions. Other greenhouse gases that are also covered are fluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).

For purchased energy within Scope 2 of a total of 356,177 MWh, Axfood mainly receives contractual agreement instruments in packages through the group's central electricity agreement and another larger electricity agreement that covers many of the group's offices, warehouses and stores. Of the total purchased energy, this constitutes 82.8%, while stand-alone instruments constitute just under 1.1%. The central electricity agreement is covered by guarantees of origin through environmentally declared electricity from hydropower with EPD, while a further larger agreement is covered by Bra Miljöval Vatten with EPD.

Information on biogenic emissions that arise in own operations and along the value chain in connection with the combustion of HVO fuel or biogas is excluded. These processes can occur through fuel consumption or food production. At present, Axfood does not have the ability to calculate and report this type of emissions within its value chain in a reliable manner.

For information about the sources of the emission factors used and the proportion of primary data reported, see page 94.

Emissions intensity	2024
Total GHG emissions (location-based) per net revenue (tCO <sub>2</sub> eq/SEK m)	49.29
Total GHG emissions (market-based) per net revenue (tCO <sub>2</sub> eq/SEK m)	49.26

During the period, the market-based emission intensity of 49.26 was just below the site-based one of 49.29, which can probably be explained by the fact that emissions from Scope 2 constitute a smaller part of the Group's total emissions. Also, the fact that Swedish energy supply is generally fossil-free also contributes to the difference between site-based and market-based being smaller. The monetary unit used refers to the Group's net sales, which is derived from the table Axfood's financial reports under the table Report of profit and other comprehensive income Group, on page 116.

Scope 1

Axfood's direct emissions pertain primarily to goods transports, company cars and refrigerants. Goods transports include road transport between the Group's warehouses and stores as well as e-commerce. Reported data is based on consumption from 210 (200) heavy-duty trucks and 72 (86) light trucks. Data on fuel consumption and the share of renewable fuel is collected from fuel suppliers. The emissions factors used are compiled with the aid of documentation from the Swedish Energy Agency and DEFRA as well as the UK Department for Environment, Food and Rural Affairs. Reported data for self-owned transports are estimated for December using the previous year's period when data is not available at the time of reporting.



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Emissions from company cars are based on supplier-specific data that is processed and consolidated in an environmental report by Autoplan. Emissions have been calculated based on the number of kilometres driven during the period. Data from driving logs is used if one is available for the complete period. Otherwise, the number of kilometres is based on an odometer reading. If neither values are available, the budgeted annual number of kilometres from the time the order was placed is used.

Refills of refrigerants in all warehouses and stores, and refrigeration units in trucks are also included. 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, Global Warming Potential (GWP) is a measure of how much a greenhouse gas contributes to global warming compared to carbon dioxide. For CO<sub>2</sub> emissions, the Global Warming Potential (GWP) for the respective types of refrigerants has been calculated using emissions factors from the IPCC (2006).

Scope 2

Axfood’s indirect emissions from purchased electricity, steam, heating and cooling consist mainly of the electricity used in the Group’s warehouses, stores and offices. A total of 315 of Axfood’s own stores, three offices and ten warehouses are connected to central electricity agreements with Vattenfall.

Data from purchased additional heat comes from the Group’s warehouses, 26 from Willy’s stores and 16 from Snabbgross stores. For the remaining stores within the Group’s total stores, emissions from purchased heat have been estimated based on average.

Scope 3

Category 1: Purchased goods and services

Emissions from the products Axfood sells have been calculated using climate data from RISE.

Emissions from purchased food pertain to food sold in the Group’s stores and online. To offset the purchase of food that is discarded before it can be sold, emissions are also included from food waste that arises in warehouses and stores.

Emissions from special goods have been calculated using generic emissions factors developed by RISE that cover 39 different product categories within Axfood’s assortment. The emissions factors cover approximately 90% of the total sales by weight, and the remainder are estimated based on a coverage rate of 90% by volume. In cases where packaging was not included in the emissions factor, these have been estimated.

Emissions from product packaging were based on the packaging data for the Group’s private label products. Based on this data, emissions from packaging for branded products could be estimated.

Emissions from other purchases to the business have been carried out using environmental spend analysis, a method for analyzing the environmental impact of purchases. Axfood used the tool and environmental indicators provided by the National Agency for Public Procurement. The tool is adapted for the public sector, but in the absence of data sources for Sweden it has been deemed appropriate for Axfood’s purchasing. The analysis take into consideration the environmental impact and carbon footprint that Swedish consumption causes in Sweden and other countries.

Category 2: Capital goods

Emissions from Axfood’s purchases of capital goods were calculated using a life cycle analysis, which means that the calculations are based on SEK spent in seven different purchasing categories. The data for the calculations comes from the Group’s fixed assets register. Axfood used the tool and environmental indicators provided by the National Agency for Public Procurement for the environmental spend analysis. The tool is adapted for the public sector, but in the absence of data sources for Sweden it has been deemed appropriate for Axfood’s purchasing. The analysis take into consideration the environmental impact and carbon footprint that Swedish consumption causes in Sweden and other countries.

Category 3: Fuel- and energy-related activities

Emissions from Axfood’s fuel- and energy-related activities pertain to emissions that arise in the manufacturing phase for the Group’s purchased electricity, heating and fuel up to the actual use phase (“well-to-tank emissions”). The data used for fuel consumption comes from Axfood’s trucks and company cars as well as purchased electricity and heating for the Group’s warehouses, offices and stores.

Category 4: Upstream transports and distribution

Emissions from transports are calculated as well-to-wheel (a life cycle analysis of fuel from extraction to use), and consist of both procured goods transports between warehouses and stores as well as goods transports arriving at warehouses.

1. Transports between Axfood’s warehouses and stores pertain exclusively to road transports. Data on fuel consumption in litres and emissions figures have been obtained from the Swedish Association for Road Transport Companies. Data for procured transports are estimated for the last quarter by using the corresponding period of the previous year when data is not available at the time of reporting.
2. Emissions from goods transports arriving at Axfood’s warehouses have been estimated.

Transport modes includes road, sea, air and rail. Transports included in the calculations pertain to those which suppliers are responsible for delivering to Axfood’s premises as well as transports for which the Group is responsible for delivery from the supplier’s warehouse. Transports for which suppliers are responsible from outgoing ports, and for which Axfood is responsible from the incoming port to the Group, are also included.

	Retroactively				Year for interim target and target	
	Base year	2024	2023	Change (%)	2030	Annual target % base year
<b>Scope 1 GHG emissions</b>						
Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)	–	5,430	–	–	–	–
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	–	0	–	–	–	–
<b>Scope 2 GHG emissions</b>						
Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	–	5,455	–	–	–	–
Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)	–	2,784	–	–	–	–
<b>Significant Scope 3 GHG emissions</b>						
Total gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)	–	4,132,058	–	–	–	–
Category 1: Purchased goods and services	–	3,628,161	–	–	–	–
Purchase of food	–	3,224,256	–	–	–	–
Purchase of non-food	–	256,598	–	–	–	–
Purchased other	–	147,307	–	–	–	–
Category 2: Purchase of capital goods	–	124,640	–	–	–	–
Category 3: Fuel- and energy-related activities	–	4,325	–	–	–	–
Category 4: Upstream transports	–	62,370	–	–	–	–
Category 5: Waste	–	135	–	–	–	–
Category 6: Business travel	–	1,150	–	–	–	–
Category 7: Employee commuting	–	5,287	–	–	–	–
Category 9: Downstream transports	–	291,640	–	–	–	–
Category 11: Use of sold products	–	10,960	–	–	–	–
Category 12: End-of-life treatment of sold products	–	2,175	–	–	–	–
Category 14: Franchises	–	1,213	–	–	–	–
<b>Total GHG emissions</b>						
Total GHG emissions (location-based) (tCO <sub>2</sub> eq)	–	4,142,943	–	–	–	–
Total GHG emissions (market-based) (tCO <sub>2</sub> eq)	–	4,140,273	–	–	–	–

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Sea distance was calculated in kilometres from port to port, and only included intermodal transports. If information was not available about vehicle size, a standard figure was used.

Weight per transport is stated in kilograms and distances in kilometres have been obtained using AI. Supplementary information has been provided when distances were not available.

### Category 5: Waste

Emissions from waste that arises from Axfod's own operations was calculated using primary data. Waste data was provided by Axfod's two central waste handling contractors. At the end of 2024, there were a total of 484 pick-up locations, covering the Group's offices, warehouses and stores. Waste transports are included in the emissions factors used.

### Category 6: Business travel

Emissions from business travel include domestic and international employees travel, whether by air, train, Arlanda Express, airport shuttle buses, taxis, rental cars or private cars. Flights booked via travel agents and flights booked privately are both included. The altitude effect is included in the calculations for flights.

### Category 7: Employee commuting

Emissions from employee commuting are based on estimates of Axfod employees' travel to and from work.

The calculations are based on data on the number of employees at Axfod (FTEs) and the number of hours worked during the reporting period. Based on this data, the total number of primary round trips to the workplace per employee has been estimated. The average Swede's choice of transport to and from the office was taken into consideration: private cars, public transportation, bicycles, and on foot. Public transportation includes buses, trains, trams or the metro. Sources for employees' average travel habits come from Transport Analysis and Kollektivtrafikbarometern. Together with the total number of primary trips, the number of trips per transportation mode and total number of kilometres per transportation mode were estimated.

### Category 9: Downstream transports

Emissions from downstream transports are based on estimates of consumer travel to and from Axfod's stores. The calculations are based on the number of transactions per store and public statistics about the average number of trips, trip length and carbon footprint per kilometre travelled during the reporting period. Transactions were based on the total number of customer transactions in all of the Group's store chains. For City Gross stores, only the number of transactions from the acquisition date of November 1, 2024 has been included. Swedes' choice of transport was taken into consideration: private cars, public transportation, bicycles, and on foot. Sources for consumers' average travel habits come from Transport Analysis and the Swedish Transport Administration.

### Category 11: Use of sold products

Emissions from consumer use of Axfod's sold products was estimated based on the Group's current market share, which was approximately 22% during the reporting period. The estimate of emissions from the category is based on the number of Swedish households, the average energy consumption for storage and preparation of goods sold, and the type of housing. Information on the number of Swedish households included in the calculations is based on statistics from Statistics Sweden.

Total energy consumption is based on public statistics on storage in freezers and refrigerators as well as food preparation and utensils used in Swedish households. Consideration was given to type of consumer housing by using the average annual energy consumption in kilowatt hours for houses, apartments, and other housing types in Sweden. For other types of housing, the same values were used as for apartments. Sources for average electricity consumption come from public sources such as the Swedish Energy Agency and Fortum.

### Category 12: End-of-life treatment of sold products

The calculations for consumer end-of-life treatment of goods sold through Axfod include emissions from waste management. This includes the weight of the food itself as well as the estimated weight of the packaging. Packaging waste management is assumed to be handled through either incineration and recycling. In these cases, emissions factors only take transport to energy recovery or recycling facilities into account. This is in line with the GHG Protocol, with subsequent emissions attributable to either electricity generation or the production of recycled materials. For food waste, 100% is assumed to be handled through anaerobic digestion, a biological process in which organic matter is broken down by microorganisms in the absence of oxygen.

### Category 14: Franchises

Emissions from purchased electricity consumption from retailer-owned stores include Hemköp, Tempo, Matöppet, and Handlar'n chains. Out of a total of 471 stores, data was collected from 286 during the reporting period. Of these, approximately 20% stated that they exclusively use renewable electricity. For other stores where primary data could not be obtained, the remaining stores' emissions have been estimated by calculating the average electricity consumption from the collected data. The Swedish average mix was used as the emissions factor in the calculations.

### *Emissions categories that are not relevant:*

According to the emissions inventory, the following four emissions categories in Scope 3 were not deemed relevant to Axfod's operations and have therefore been excluded from the Group's reporting.

- Category 8: Axfod leases all premises in its operations. Emissions arising from these premises, such as electricity consumption and refills of refrigerants, are included in the Group's direct emissions in Scope 1 and indirect emissions in Scope 2. Since emissions are already addressed under these items, and to avoid double counting, Category 8 (upstream leased assets) is not considered relevant.
- Category 10: Axfod sells finished products that are ready to be used, not products that need to be processed by consumers after sale.
- Category 13: Axfod does not lease assets to other parties.
- Category 15: Emissions from investments pertains to estimates of holdings in the companies Oda, Apoheem and (prior to acquisition) City Gross. According to the GHG Protocol, emissions must relate to the investment's emissions in Scope 1 and 2 and in relation to current holdings. However, the amount of the Group's emissions attributable to these investments is so small that it is not considered relevant.

### *Greenhouse gases financed through carbon credits*

Emissions from Axfod's own operations, including purchased energy, refrigerants, business travel and transport from warehouses to stores, must be balanced with efforts to sequester carbon dioxide or counteract emissions in an equivalent amount elsewhere. For 2024, investments have been made in projects through Eken Financing AB, where forests are allowed to remain longer than planned to sequester more carbon, and through Solvatten AB, which provides people in economic vulnerability with clean and hot water by purifying water with solar energy to reduce their need for firewood and coal. In addition to social and health benefits, this leads to reduced climate emissions and counteracting the loss of biodiversity through reduced felling of trees and shrubs. These investments will cover the Group's emissions within its own operations, which during the year amounted to 36,926 tonnes of carbon dioxide equivalents. The carbon credits for the amount of emissions covered are planned to be cancelled in the future, ensuring that the climate compensation is permanent and cannot be double counted.

The projects pertains to both emission reduction projects and absorption projects, where all carbon credits relates to biogenic emissions. These credits will be issued both within the EU and outside the EU and are expected to be certified according to the Gold Standard and Verra VCS quality standards. The projects are ongoing and the credits will not be received by Axfod until the projects are completed.

Axfod's net-zero target by 2030 means that emissions are reduced by at least 85% compared to the base year 2020 and that the remaining emissions are climate compensated for. Neither the net-zero target nor its outcome take these carbon credits into account in order for the Group to be able to claim carbon neutrality. The scope, methods and frameworks, as well as how remaining greenhouse gas emissions will be neutralized by 2030, will be reviewed in connection with Axfod validating climate targets with the Science Based Target initiative.



## ENVIRONMENTAL INFORMATION

## ESRS E2: Pollution

### Description of material impacts, risks and opportunities

The emission of pollutants and chemicals can impact air quality as well as soil and water resources. Limiting these emissions is therefore an important part of Axfood's environmental work in several different areas of the operations.

### Material impacts

Axfood's material impact in terms of emissions of pollutants to soil and water arises upstream in the value chain rather than in its own operations. This instead is primarily through agriculture, for example through the use of fertilisers and pesticides.

When it comes to production, warehouse operations and logistics, Axfood is dependent on refrigerants that can have a negative impact on the climate and the ozone layer. An inspection of the group's own vehicle fleet revealed emissions of nitrogen oxides. The review indicated concentrations of ammonia when refilling refrigerants at the warehouses in Bålsta and Jordbro. The concentrations in both cases were below the threshold values stated in appendix 2 (No 166/2006).

Axfood's operations do not use or generate any significant amount of microplastics. However, these may arise upstream or downstream in the value chain. An in-depth analysis will be carried out in the coming years to increase knowledge about the scope of the problem and to develop effective measures to minimise impact.

### Risks and opportunities

There is a material presence of chemicals in packaging and special goods, especially in products produced outside the EU. Another risk is the phase out hazardous chemicals from food production. An in-depth analysis of this area will be carried out in the coming years.

### Management of material impacts, risks and opportunities

#### Policies and guidelines

When designing policies and guidelines, Axfood has taken stakeholders such as affected communities, customers, investors and the environment into consideration. Based on stakeholder expectations, long-term actions are being taken to reduce pollution to air, soil and water. These actions relate to the use of refrigerants, chemicals in packaging and special goods, and emissions from the vehicle fleet.

For more information about Axfood's policies and guidelines, see pages 92–93.

#### Supplier Code of Conduct

Axfood's Supplier Code of Conduct requires all suppliers to work with environmental protection. This means that suppliers are required to identify the negative environmental impact from their operations and take action to prevent, reduce and reverse negative impacts on local communities, health, natural resources, the climate and the environment. Negative environmental impacts include pollution to air, soil and water.

Suppliers are to ensure that the use of chemicals, pesticides and other material that is hazardous to people or the environment are identified, evaluated and handled carefully. This ensures safe handling, transport, storage, use, recycling or reuse and removal. Such materials should be used minimally.

By setting requirements in the Supplier Code of Conduct, Axfood can also avoid hazardous chemicals and substances upstream in primary production.

The Supplier Code of Conduct is communicated to all suppliers, who accept the commitments the Code sets out. The guidelines for products and the guidelines for sustainable store establishments and refurbishments are available on the Group's website and are aimed at employees whose work involves addressing pollution in the Group's own operations and in supply chains.

#### Guidelines for sustainable store establishment

Emissions of pollution from refrigerants in stores and warehouses are addressed in the guidelines for sustainable store establishments and refurbishments. The guidelines state that the Group's plan for investing in natural refrigerants with a lower environmental impact is to be followed. To create the conditions for Axfood to achieve its ambition to increase the number of electric vehicles and thereby minimise the emission of pollutants such as nitrogen oxides and particles, the guidelines require new stores and warehouses to have a sufficient number of charging stations to meet future needs. Cabling infrastructure is to be in place that will allow the number of charging stations to increase in pace with electrification.

#### Guidelines for products

ChemSec, a non-profit organisation, has developed what is known as the "SIN" list of hazardous chemicals and works to remove them from the market by guiding companies to better alternatives. Axfood's guidelines for products stipulate that the Group is to work to ensure that the chemicals or components on the SIN list are not present in the Group's products or in packaging that comes into contact with food. By setting requirements for the contents and composition of special goods, the use of unnecessary chemicals can be limited. Special goods include, for example, candles, napkins and plant soil. Detergent, soap and hand cream are examples of chemical and cosmetic products. For suppliers of private label products for special goods, and chemical and cosmetic products, there are demands for third-party certification.

#### Taking action

##### Transport and logistics

Axfood is engaged in a comprehensive process to minimise emissions of pollutants and the environmental impact from warehouse and logistics operations of the Group. At the end of 2025, all of the Group's own and procured transports between warehouses and stores are to be fossil-free.

Choosing sustainable fuels means constantly taking new conditions into account. To spread its risks and opportunities, Axfood has chosen to diversify the vehicle fleet and uses multiple types of trucks as well as fuels, including electricity. This enables Axfood to contribute to new and innovative types of vehicles, benefiting the production of sustainable fuels and infrastructure that is driving the green transition. At year-end 2024, Axfood owned 210 (200) heavy-duty trucks and 72 (86) light trucks.

Although international emission standards such as Euro 5 and 6 generally promote purchases of new vehicles, Axfood works to further reduce emissions through its strategy for electrifying the vehicle fleet, especially heavy-duty trucks. This will also eliminate minor air pollutants, primarily nitrogen oxides. A total of 29 new electric vehicles were ordered in 2024, including five light trucks and 24 heavy-duty trucks. All of the light trucks, and 14 heavy-duty ones, were delivered before the end of the year. Due to delivery problems, the remaining vehicles are expected to be delivered in 2025.

#### Refrigerants

When Axfood makes new investments in refrigeration facilities, natural refrigerants types with a lower environmental impact than synthetic variants should be actively chosen. Although the main focus is on reducing the use of refrigerants that affect the climate, other measures are included to reduce other pollutants, such as ammonia.

In addition to warehouses and vehicles, active measures are being taken to address environmentally hazardous refrigerants in stores. All of the refrigerants used in newly established stores are to have no environmental impact. In the case of minor refurbishments, refrigerants with a smaller environmental impact are to be prioritised. Refrigerants used are to meet the requirements stipulated in the European F-gas Regulation (EU/517/2014). In refurbishments and new store establishments, refrigeration systems are to be replaced by systems using natural refrigerants such as CO<sub>2</sub> or propane. All refrigerants that affect the climate will be phased out of stores and warehouses by 2030.

#### Chemicals

When it comes to negative impacts and risks related to products upstream in the value chain, Axfood's quality assurance covers the handling of hazardous materials in the Group's own special goods and their packaging as well as food packaging. Many of the substances in the EU's candidate list of substances of concern are already covered by Axfood's general quality requirements for private label products.

There is a ban on carcinogenic, mutagenic and reprotoxic (CMR) substances and endocrine disruptors in cosmetic and chemical products. Axfood does not currently regulate the presence of persistent, bioaccumulative and toxic (PBT) substances or very persistent and very bioaccumulative (vPvB) substances because there is no way to reliably screen products without contacting suppliers. Endocrine disruptors, including PFAS, are banned in cosmetic and chemical private label products. Axfood also has a separate ban on PFAS for all specialty products and packaging within its own brand products.

Work is planned to establish data collection from suppliers starting in 2025. Substances of very high concern (SVHC) are banned in the entire range of private label as well as branded products. On its own initiative, Axfood prepared a list of pesticides that are not accepted for use in the production of fruits and vegetables. The list is now managed by the Swedish Food Retailers Federation, of which Axfood is a member, and is updated as necessary.

#### Targets and metrics

Axfood currently has no quantitative or measurable targets or metrics to follow up material impacts, risks and opportunities related to pollutants upstream in the value chain. This is due to the difficulties in measuring and accessing reliable data. While Axfood has control over the production of private label products, measuring the presence of hazardous substances and chemicals in branded products is challenging. This requires a combination of proactive requirements for suppliers of branded products as well as effective measuring tools and expanded data collection. It takes time to set new structures in the supply chain, and work will begin in 2025 to expand data collection related to hazardous substances and chemicals.

## ENVIRONMENTAL INFORMATION

## ESRS E3: Water and marine resources

### Description of material impacts, risks and opportunities

Water and marine resources are fundamental to food production and crucial for ensuring a stable and sustainable food supply. Long-term sustainable management of water and marine resources is therefore a priority in Axfood's environmental work.

### Material impacts

Food production – including the production of animal feed as well as crop irrigation – requires large amounts of water, which can have negative impacts on the environment, particularly in water-stressed areas. Water stress occurs when demand for water exceeds the amount available, or when water quality is so low that use is limited. Irrigation for crops and the production of meat, poultry, rice, fruits and vegetables, and dairy products requires large amounts of water for primary production as well as processing.

Axfood does not have a significant impact on water resources or marine resources in its own operations as the greatest impact occurs in primary production upstream in the value chain. However, Axfood has suppliers in areas where high water stress occurs.

### Risks and opportunities

While Axfood does not conduct its own operations in areas under high water stress, the Group has suppliers that do. As a purchaser, Axfood has an opportunity to influence developments, for example by setting requirements for the use of water. To this end, Axfood is working preventively and systematically to reduce water use, for example by engaging in a dialogue with suppliers and by monitoring the water situation in vulnerable regions and agricultural operations.

Water use is not normally an urgent environmental topic in Sweden, where water is readily available. However, climate change is resulting in a greater need for preventive measures, such as water ponds subsoil drainage and in agriculture.

Water shortages can lead to lower-quality harvests and gaps in the product supply, which could have financial consequences for Axfood. The higher frequency of extreme weather events due to climate change increases this risk. Even if agriculture is not a part of Axfood's own operations, some suppliers are required to meet standards for water treatment, including wastewater.

Emissions from industry can also have a negative impact on water and soil. The food industry, due to the oxygen-consuming organic substances it discharges, can cause problems in bodies of water, including fish kill. If industry discharges large amounts of process water containing grease, this can cause problems for the wastewater network. Fertilisers from industry can lead to eutrophication of waterways, lakes and seas. Even if the food industry does not manufacture chemicals, inappropriate choices of cleaners that are used in large quantities can cause pollution if they end up in the process water.

Healthy oceans and robust marine systems are a prerequisite for long-term sustainable fishing. Fully fished or overfished water, acidification, emissions of toxic substances and eutrophication can limit the offering of fish in food retail stores, resulting in financial consequences. It is already difficult to find sufficient amounts of fish that meet Axfood's sustainability requirements. Changes in the offering and demand in the global market impact selection and pricing, which could have a negative impact on the Group's revenue.

### Management of material impacts, risks and opportunities

The double materiality assessment for this area covers the industries in which Axfood operates, its stakeholders (primarily suppliers) and the complexity inherent in the Group's comprehensive value chain, both upstream and downstream.

### Policies and guidelines

In addition to Axfood's Supplier Code of Conduct, which requires responsible water use, a water procedure has been developed.

Axfood has the greatest insight into and opportunity to influence the Group's private label product suppliers. However, there is currently no policy to address the prevention and reduction of water pollution. Nor does Axfood have any policy for suppliers of branded products in areas under high water stress. More stringent requirements for suppliers of branded products are being established and many suppliers have their own policies and guidelines in place.

Product design also does not take water issues or the preservation of marine resources into consideration. However, Axfood has environmental objectives and guidelines for relevant products.

For more information about Axfood's policies and guidelines, see pages 92–93.

### Water procedure

Axfood's water procedure is part of the overall procurement sustainability procedure and aims to reduce the use of water, use efficient irrigation methods and support partnerships between stakeholders in the drainage basin. The procedure covers the obligation to reduce material water consumption in areas at water risk, meaning areas with threats to the availability, quality or distribution of water resources, upstream in the value chain. It identifies, assesses and manages material water-related impacts, risks and opportunities.

The water procedure encompasses suppliers of private label products and branded fresh fruit and vegetables. The target is that all relevant private label and fruit and vegetable suppliers with a large water footprint in risk areas will use a recognised water standard or the equivalent by 2025 at the latest.

Target fulfilment, meaning the extent to which suppliers comply with the water procedure, is followed up annually. Axfood's Supplier Code of Conduct and water procedure aim to protect stakeholders in primary production, where there are material impacts and risks connected to water use. The aim is to reduce the risk of a negative impact on access to water from their own operations, which is why the Group sets requirements for all of its business partners.

### Guidelines for seafood

Axfood is to advocate for sustainable fishing that helps counter emissions, destruction of ecosystems and unsustainable fishing waters. According to the Group's guidelines for seafood, fish and shellfish from threatened stocks are not to be sold, which is ensured through measures such as close collaboration with suppliers.

Environmental and consumer considerations are addressed since the guidelines are to ensure that Axfood's purchasing and sales processes are conducted in a manner that protects marine resources and prevents overexploitation. This provides consumers with access to responsibly sourced fish and shellfish. Fish must be traceable to its stock, fishing zone/farm site and fishing method. Therefore, all seafood sold in the Group's stores must be green-listed

according to the WWF's fish guide or be sustainability-labelled with ASC, MSC, KRAV or IP Sigill. Axfood will also obtain information from scientific research. The guidelines, published on Axfood's website, summarise the Group's requirements for seafood and govern work in the matter.

### Taking action

To reduce the environmental impact of food production, Axfood pursues the issue of water use in the value chain by implementing sustainable water procedures and working with suppliers to optimise water use.

### Preventive work

Axfood is pursuing preventive efforts by engaging in a dialogue with its suppliers, monitoring the water situation in vulnerable regions, and training quality assurance staff, sustainability officers and purchasers. 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 products and the water situation where they are farmed are taken into consideration as part of this process. Purchases are not to be made from regions under such high water stress that a water standard is not sufficient to ensure sustainable water use. Axfood is also advocating for supplier water management requirements to become industry-wide, thus having an even greater impact.

### Water standards in the supply chain

Fresh fruits and vegetables produced in countries and regions at a high risk of water stress require an accepted water standard in 2025. This ensures that suppliers are identifying water risks and developing action plans, striving for regulatory compliance and sustainable water management, protecting existing water sources and cooperating with other stakeholders in the same drainage basin. Business will not be conducted with suppliers who do not use a water standard unless they provide an acceptable action plan for introducing one.

Various efficiency measures are taken by suppliers when they are encouraged to implement recognised water standards, including ones that reduce the use of water, promote responsible water management and reduce pressure on areas facing water stress.

Axfood's target is that all relevant suppliers of either private label products or fruits and vegetables with a large water footprint in areas under water stress will provide a recognised water standard or the equivalent by 2025 at the latest.

At the end of 2024, 54 suppliers of private label products or fruits and vegetables were covered by the water procedure. Of these, 30 have provided an accepted water standard and six are in the process of introducing one. The share of fruit and vegetable suppliers shifts during the year based on supply and demand.

### Expanded water procedure

The current water procedure will be extended through a multi-step process, whereby requirements for almonds, lentils, apricots, olives, figs and frozen asparagus in the private label assortment will be introduced in 2025. This means that suppliers producing these goods in areas deemed to be at a high risk of water stress need to have an accepted water standard. The assessment is made according to the Maplecroft Water Stress Index, which measures the degree of water stress in different regions by assessing water supply in relation to demand as





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well as other factors that impact water resources. During a transition period, Axfood will accept written information that answers a number of questions about water sources, risks and resource management. The work will be evaluated and a decision made regarding when additional requirements can be introduced. In parallel with this, the water procedure will be expanded to include other relevant categories and will therefore eventually include a larger portion of Axfood's water footprint in the supply chain.

**Social impact and partnerships**

Axfood strives to influence policy to promote more responsible aquaculture and better management of marine resources. Axfood's proposal for a sustainable food strategy for Sweden – the Food 2030 report – includes suggestions such as more stringent fishery inspections, MSC labels for herring and mackerel, inventorying stocks in lakes, developing more selective fishing gear and investments in processing unconventional seafood for food products. Since mackerel is not MSC-labelled, Axfood push Sweden to be an active participant in international fish negotiations.

As part of its strategic work to promote sustainable fishing, Axfood partnered with the BalticWaters foundation to establish a new fish research laboratory at Studsvik outside Nyköping, Sweden. The laboratory will create conditions for new research and support for threatened fish species in the Baltic Sea. In 2024, Axfood and BalticWaters were active in forming public opinion on the need for change in fishing policy, namely to stop large-scale trawling in the Baltic Sea, in order to preserve surströmming – traditional Swedish pickled herring.

To be able to offer sustainable salmon from Sweden, Axfood supports Re:Ocean's large-scale, circular investment in land-based salmon farming. When production starts, approximately 10,000 tonnes of salmon will be produced every year in one of Sweden's largest-ever food initiatives.

**Scope**

Axfood's target includes upstream activities and own operations through sales in Group-owned stores in Willys, Eurocash, Hemköp (including retailer-owned stores), City Gross and Snabbgross.

The goal is to encourage responsible management of purchased marine fish and shellfish ingredients and aims to reduce the negative impact and risks to aquatic species and allow the oceans to recover. The conditions for marine resources are thereby considered sufficient, since the target is based on credible and established labels with strict requirements for goods. The target is also connected to the UN SDGs, in particular SDG 14.

The primary activities for achieving this target include procurement and collaboration with suppliers, campaigns and offerings of sustainability-labelled products, in-store placement, industry collaborations and social advocacy efforts.

**Targets and metrics**

**Sustainable fish and shellfish**

Axfood's target for marine resources is that all fish and shellfish products sold in the Group's store chains will either be green-listed in the WWF's fish guide or ecolabelled with MSC, ASC, KRAV or IP Sigill by 2025. The target is measured as the share (%) of Axfood's total net sales of fish and shellfish attributable to sustainable fish and shellfish. The Group's private label products as well as branded products are included. The share of sales is calculated by dividing the amount of environmentally sustainable fish and shellfish sold (in kg) by total fish and shellfish sales. Follow-up is carried out at the Group level.

The target is revised annually and approved by the Executive Committee, which confirms whether the outcome corresponds with the original target as well as any revisions.

The target is based on criteria and standards used for the external ecolabels. The target is not based on legal requirements and was instead adopted by Axfood as a part of its overall business strategy. It also builds on indirect expectations from the Group's stakeholders, such as consumers and society. However, external stakeholders did not contribute to formulating the target.

This is a challenging target, since most fishing waters are fully utilised or overfished. One challenge is that the target encompasses items containing small quantities of fish or shellfish as well as its application to private label products and to suppliers' brands.

The largest challenge is the sale of farmed salmon without any sustainability label. For commercial reasons related to consumers' increased price focus, it is difficult for food retailers to justify not selling non-sustainability-labelled salmon in sale campaigns.

Key ratios	2024	2023	Target 2025	Base year 2021	Target period	Governance documents
Sustainability-labelled fish and shellfish, share of sales, %	61.7	65.4	100.0	78.2	Medium-term (4 years)	<ul style="list-style-type: none"> <li>Guidelines for seafood</li> <li>Guidelines for products in Axfood's assortment</li> </ul>

In 2024, the sales share of sustainably-labelled fish and seafood fell to 61.7% (65.4), mainly as a result of increased sales of uncertified salmon and the loss of MSC certification for herring and caviar.

Axfood's Executive Committee has adopted a new target for seafood, which means that the target year is changed from 2025 to 2030 and that information for assessing seafood can also be obtained from scientific research. The target applies from 1 January 2025.

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## ESRS E4: Biodiversity and ecosystems

### Description of material impacts, risks and opportunities

Axfod's operations both impact and are impacted by biodiversity. Food production benefits from rich ecosystems with a stable climate, fertile soil, a healthy water status, balanced oceans and pollination. At the same time, agriculture, aquaculture and fishing operations contribute to the loss of species through land use conversion, pollution and overexploitation. Biodiversity loss also worsens the effects of climate change. Altogether this entails a major risk to Axfod's operations, while it also offers opportunities to reduce its negative impact.

Axfod has identified and assessed its potential, actual, negative and positive impacts as well as risks and opportunities within biodiversity and ecosystems through a double materiality assessment and dialogues with stakeholders, mainly suppliers and local communities.

### Material impacts

The negative impacts of Axfod's operations on biodiversity are upstream in the value chain in the form of primary production, over which the Group has no direct control. This includes deforestation and other destruction of important natural ecosystems, the use of pesticides in agriculture, overfishing and unsustainable fishing methods.

The production of ingredients such as soy and palm oil requires large areas of land, which often contributes to the deforestation of important ecosystems and the loss of valuable rainforests. Commercial farming practices can contribute to an increased use of pesticides in agriculture, which is detrimental to pollinator species as well as the people working and living near farms.

An analysis of Axfod's facilities has been carried out, which showed that some facilities, primarily in the retail and warehouse operations, could potentially cause negative impact to nearby sensitive ecosystems. Axfod leases facilities all over Sweden, some of which are located in close proximity to biodiversity conservation areas. The operation of stores raises the risk that biodiversity will be negatively impacted by increased traffic from customers and deliveries, logistics and expanded land use. Traffic also leads to more noise and pollution that can disturb nearby sensitive areas.

Axfod carries out risk analyses of products from risk countries and monitors supplier compliance with its Code of Conduct and sustainability requirements. Social audits of suppliers in risk countries cover environmental risks and, to a certain extent, biodiversity.

### Risks and opportunities

Material risks relate primarily to areas upstream in the value chain where production takes place and there is an exposure to water stress. Not having access to adequate water can have a negative impact on operations in the form of higher purchasing prices or reduced sales. Physical risks such as extreme weather increase as a result of climate change.

Material transition risks are related to Axfod's reputation and may impact the Group's ability to finance future investments. From a compliance perspective, they could also lead to a risk of fines or penalties if adequate procedures and governance are lacking, for example when it comes to deforestation and preventive measures for the protection of species in the value chain.

Land degradation and the loss of pollinators and fish populations are associated with dependency-related physical risks to production. This could result in certain ingredients becoming more scarce and more expensive to purchase. For Axfod, this also poses a transition risk if the Group does not integrate clear requirements with regard to biodiversity in its business relationships and procurement processes.

Axfod advocates for responsible sourcing and focuses on risk commodities from areas at a high risk of water stress, deforestation and human rights violations. Risk commodities are agricultural products that are difficult to replace and can pose significant impacts on the environment and people. Cacao, chocolate, tea and coffee are foods that have a major negative impact on biodiversity. Palm oil and soy are other risk commodities that often contribute to monocultures and the destruction of rainforests. Many risk commodities require large amounts of water, which negatively impacts both marine and land species as well as local communities.

Axfod involves affected communities through dialogues via organisations such as ETI Sweden. For more information, see ESRS S3: Affected communities on page 84.

### Avoid and mitigate impacts on biodiversity

Axfod can minimise or avoid negative impacts through procedures for responsible sourcing. Accordingly, all coffee, tea, chocolate and cacao sold under the Garant, Eldorado and Dazzley private labels are to be organic or certified by the Rainforest Alliance or Fairtrade. Palm oil used in private label food products as well as in animal feed must be RSPO certified.

Within the framework of the Swedish Platform on Risk Commodities, Axfod has committed to ensuring that suppliers along the entire value chain use only sustainable soy that does not contribute to deforestation or land use conversion. Human rights and the environment also need to be taken into consideration in soy production. This commitment means that all soy in food and animal feed is to be sustainability certified by 2025. Reducing the amount of soy in animal feed, even sustainability-certified soy, is also good for biodiversity. Axfod has therefore replaced soy with more sustainable alternatives in Garant products, such as eggs from free-range hens and quark from Swedish cows.

All bananas sold in Axfod's stores are to hold sustainability certification, such as Fairtrade, EU organic certification or the Rainforest Alliance, in order to reduce the negative impact on biodiversity.

Sustainable water management can also reduce the strain on lakes and rivers. Axfod has three approved water standards: Global G.A.P. SPRING add-on, Alliance for Water Stewardship and Rainforest Alliance.

### Transition plan

Axfod's transition plan and adaptation of its business model to preserve and reduce the negative impact on biodiversity and ecosystems are based on the Group's biodiversity strategy. Through its own operations and global supply chains, the Group's business model impacts biodiversity and ecosystems. Purchasing and assortment have a major impact on biodiversity and ecosystems in primary production and which means opportunities to promote a shift towards more sustainable choices.

Axfod's own operations are affected through the impact from warehouses and stores, which could impact nearby sensitive ecosystems. The Group leases most of the properties and can therefore have an impact by employing a responsible selection process and setting requirements for the property owners.

Axfod's purchasing has a complex impact on biodiversity that can lead to a lower supply of goods, higher prices and lower quality. A need for in-depth and continuous risk analyses and clearer inclusion of biodiversity in risk management has emerged. Contributing to a fossil-free society with well-functioning ecosystems requires action to reduce negative impacts on bio-

diversity in the supply chain. Such initiatives include changes to procedures, targeted projects and assortment development. Axfod's targets and requirements, such as sustainability certification for risk commodities and water standard requirements, are important when it comes to having a positive impact on biodiversity. With more than 70,000 items in its assortment from thousands of suppliers, clear priorities are needed.

### Risk analysis

An integrated approach to climate change and biodiversity is necessary to ensure that climate action also supports biodiversity and vice versa. Axfod conducted an initial risk analysis to future-proof the Group and raise awareness of how climate change and biodiversity loss can impact business plans, prices and supply chains. The analysis covered primary production of a number of selected products and some 20 countries, with the assistance of experts from the WWF, RISE and Axfoundation. The analysis indicates that Axfod is impacted by climate change and compromised ecosystems.

The time horizons for the transition plan are short and medium term. To better understand the impact of climate change and biodiversity loss on business plans, prices and supply chains, the analysis of high-impact products and areas will be expanded in 2025. Several scenario analyses will be developed and supplemented.

### Framework

Axfod supports the targets of the Kunming-Montreal Global Biodiversity Framework to halt biodiversity loss by 2030 and restore biodiversity by 2050. A long-term analysis is planned, based on different scenarios showing links between Axfod's operations and climate change/biodiversity.

### Biodiversity strategy

Axfod's biodiversity strategy entails promoting and supporting biodiversity while limiting negative impacts on the same. This is to be achieved by increasing its sales of organic and other sustainability-labelled products. The strategy is linked to the environmental impact of the food and products in its stores, depending on the type of product and production method. Axfod is therefore working to expand its assortment of sustainable products and promotes the sale and production of such products. This is done through, for example, competitive pricing, campaigns and strategic placement of products in stores.

### Social impact

The Food 2030 report, Axfod's proposal for a sustainable food strategy, presents several tangible proposals to politicians to promote the production and consumption of organic products, for example through reduced VAT on sustainability-labelled goods, support for organic production and research into organic farming. Axfod also has proposals aimed at reducing the use of pesticides in agriculture and items on the SIN list in purchasing.

In 2024, Axfod and KRAV worked together to influence public opinion about the importance of reducing the use of chemical pesticides within agriculture, such as PFAS, in order to protect biodiversity.



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**Management of material impacts, risks and opportunities****Policies and guidelines**

Axfod's biodiversity strategy is linked to climate change, since climate change and biodiversity loss are closely linked and impact each other.

Through Axfod's Supplier Code of Conduct, all suppliers commit to identifying and reducing the environmental impact of their operations and to taking action to prevent, reduce and reverse negative impacts on local communities, health, natural resources, the climate and the environment. Negative environmental impacts include climate change, biodiversity loss, ecosystem degradation, deforestation, air, soil and water pollution, and improper waste management. The Code of Conduct also ensures that the production and extraction of raw materials does not destroy natural resources or sources of income for marginalised groups. The Supplier Code of Conduct and guidelines for products and seafood require suppliers and Axfod's purchasing function to give consideration to sustainable practices in primary production.

Axfod's guidelines for products clarify the negative impacts from soy farms and ban chemical pesticides on banana plantations that can be harmful to the workers and nearby communities.

Axfod's Supplier Code of Conduct and guidelines for products in its assortment clarify the material negative impacts from the production of ingredients that require large areas of land and contribute to deforestation. These governance documents also address the negative impact of increased use of chemicals and pesticides in agriculture. The guidelines for products and the biodiversity strategy highlight the importance of promoting and selling organic food, which is believed to support biodiversity more than other foods produced with pesticides and synthetic fertilisers.

All suppliers must accept and comply with the commitments stipulated in Axfod's Code of Conduct when it comes to responsible practices in primary production. The guidelines also govern the Group's purchasing process, setting specific requirements for the selection of sustainable and organic food. Axfod's guidelines for products and biodiversity strategy also specify requirements for purchasing risk commodities.

The Group's internal quality and sustainability strategy includes traceability principles. Axfod can always trace its products to the supplier, which is responsible for ensuring that the ingredients can be traced to their origin. Several of the certifications used by Axfod include traceability requirements, and risk commodities with known risks to biodiversity must have a certification that takes this into account. To ensure compliance with the EU Regulation on Deforestation-free Products, Axfod will introduce new procedures and processes to improve traceability and risk assessments in the value chain for coffee, cacao, meat, palm oil, soy, rubber and wood. The Supplier Code of Conduct stipulates that actions are to be taken to prevent, reduce and reverse negative impacts on local communities, health, natural resources, the climate and the environment that result from, for example, deforestation. The formulation in the Supplier Code of Conduct will be clarified in 2025 and the risk analysis for deforestation will be expanded to gain a better understanding of the impact on the products concerned.

The aim of Axfod's guidelines for seafood is to protect oceans and marine ecosystems. The guidelines address issues such as overfishing and destructive fishing practices by setting specific requirements for sustainable fish and shellfish in the purchasing process.

Axfod has taken the interests of key stakeholders regarding biodiversity into account when preparing the guidelines for products and the Supplier Code of Conduct. Dialogues with investors have shown that this is a prioritised area for investors and society as a whole. The guidelines for products, the guidelines for sustainable store establishment and renovation, and the Supplier Code of Conduct are available in Swedish on Axfod's website. The Code of Conduct can also be provided in some 20 other languages. For more information about Axfod's policies and guidelines, see pages 92–93.

**The water procedure**

Axfod manages key risks in the value chain, particularly in water-stressed areas, through its biodiversity strategy and internal water procedure. The water procedure describes how Axfod sets requirements for and evaluates suppliers to ensure that they actively engage in sustainable water management and can provide approved water standards. For more information, see ESRS E3: Water and marine resources on pages 61–62.

If stakeholders feel that Axfod's efforts to protect vulnerable species and ecosystems are inadequate, this could have a negative impact on Axfod's reputation and attractiveness to investors. There are also risks linked to the loss of pollinators and fish populations and land degradation. Through its Supplier Code of Conduct, biodiversity strategy and guidelines for the assortment and seafood, Axfod works to prevent and mitigate these risks in its business relationships and purchasing processes.

**Guidelines for sustainable store establishment**

Axfod takes potentially negative impacts on threatened animal and plant life and sensitive ecosystems into account when establishing and renovating its stores, warehouses and offices. This is stipulated in the guidelines for sustainable store establishment and renovation, which focus on offsetting land use by planting trees and shrubs around parking lots as well as green roofs and sedum species on the properties. The guidelines aim to replace lost biodiversity when establishing new stores. The guidelines do not currently specify any particular management approach for facilities located in or near areas with sensitive biodiversity.

**Taking action**

Axfod works to avoid, minimise and compensate for negative impacts on biodiversity, using its biodiversity strategy as its foundation. It mainly focuses on products sold under its private labels, although many sustainability requirements also apply to branded products from suppliers.

**Sustainability-labelled products**

When it comes to biodiversity, one of Axfod's main sustainability measures is to increase its sales of organic and other sustainability-labelled products.

Most sustainability certifications include criteria intended to reduce the negative impact on biodiversity in primary production. For example, there are requirements for precautionary measures when spreading chemicals, restrictions on the chemicals that can be used, a ban on clearing nature and precautionary measures when fishing to avoid impacting marine ecosystems. Sustainability certifications are used both as minimum requirements when purchasing specific products and to offer consumers a more sustainable assortment. These food products have several advantages and contribute to reducing the use of chemicals and synthetic fertilisers and to reducing the destruction of species-rich natural environments.

Several scientific studies have shown that organic agriculture increases biodiversity compared with conventional agriculture, primarily due to bans on synthetic plant protection products in organic production. Axfod aims to develop its assortment of sustainable private label products and sets corresponding requirements when purchasing branded products. In 2024, the following new sustainability-labelled private label products were introduced: Nyckel-hålet-labeled hamburger from Nöt & Grönt, organic Barista oat drink and Fairtrade-labeled dark chocolate with ginger from Garant, as well as Fairtrade-labeled cereals and MSC-certified caviar from Eldorado.

The target is to increase the share of sales of sustainability-labelled goods by 30% by 2030 and the share of organic sales to 10% by 2025. Sales management is used to boost sales of sustainability-labelled products through sale campaigns, developing the assortment and strategic in-store product placement. Hemköp has the highest share of sales of organic products



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in the food retail industry and offers double points in its Klubb Hemköp loyalty programme for purchases of organic products.

For more information about Axfood’s agenda and target related to sales of sustainability-labelled products, see ESRS G1: Business conduct on page 91. For more information on the target related to sales of organic food, see down below.

*Pesticides*

Phasing out pesticide use in food production is crucial when it comes to protecting biodiversity since these chemicals can damage ecosystems, threaten pollinators and other important species, and contaminate soil and water. Pesticides can also worsen the work environment and negatively impact the health of those who work in the cultivation and production of food. There is also a risk of residual pesticides in food despite controls.

Axfood encourages suppliers to phase out harmful pesticides that are a threat to biodiversity, work environment and health. The work is based on the so-called SIN list of hazardous substances. For more information, see ESRS E2: Pollution on page 60.

*Food waste*

In addition to contributing to a lower carbon footprint, reducing food waste also helps to minimise negative impact on biodiversity. Since less land, energy, pesticides and other resources are needed to produce food, nature’s ecosystems are protected. For more information about Axfood’s work with food waste, see ESRS E5: Resource use and circular economy on page 66.

*New establishment*

When establishing new stores and warehouses, Axfood aims to compensate for the loss of animal and plant life through measures such as green roofs, insect hotels and extra vegetation where possible. New procedures for establishments will be developed in 2025 that take distance from nature conservation areas into consideration.

*Compensation*

Axfood has not taken any measures to compensate for biodiversity loss to date. A decision cannot be made about whether or not such measures would be appropriate until a more comprehensive risk analysis has been completed. At that point, further measures can be taken to minimise risks and increase the Group’s positive impact on biodiversity.

Targets and metrics

*Organic sales*

Axfood is to increase the share of sales of organic food by 2025 to contribute to more sustainable agriculture, to promote biodiversity and to reduce the use of chemicals in primary production. The aim is to avoid and minimise Axfood’s negative impact. Organic food is defined as food items bearing the KRAV or EU organic sustainability labels.

Key ratio	2024	2023	Target 2025	Base year 2020	Target period	Governance documents
Organic food, share of sales, %	4.2	4.6	10	6.1	Medium-term (5 years)	<ul style="list-style-type: none"> <li>Guidelines for products in Axfood’s assortment</li> <li>Biodiversity strategy</li> </ul>

In 2024, the sales share of organic food amounted to 4.2% (4.6). The negative trend from previous years has continued during the year.

The target includes activities upstream in the value chain and in the Group’s own operations through sales in Group-owned stores in Willys, Eurocash, Hemköp (including retailer-owned stores), City Gross and Snabbgross. By focusing on credible and established labels with strict requirements, ecological thresholds are assumed to be maintained. These labels ensure that the products meet high environmental standards, helping protect the delicate balance of ecosystems.

The target for sales of organic products is compatible with the EU’s biodiversity strategy as it aims to preserve biodiversity and make it easier to ensure the supply of safe, sustainable, nutritious and affordable food. The focus is on countering negative impacts upstream in primary food production, such as reductions in fish populations and pollinators, promoting sustainable farming practices, and avoiding overuse of pesticides and fertilisers. The target is also connected to the UN SDGs, in particular SDG 15. The target takes into account the Kunming-Montreal Global Biodiversity Framework, focusing on targets 7, 10, 14 and 15.

The target is linked to Axfood’s guidelines for products, which promote food from sustainable agriculture. It also includes guidelines for seafood, which stipulate that farmed fish and shellfish cannot be sold unless resource management and biodiversity are taken into account during the farming process. This is the case, for example, with tropical prawns that are a threat to mangrove habitats. Stakeholders did not contribute to formulating the target and no offsetting has been used when setting it. It is based on the same scientific evidence as that used for the external KRAV and EU organic ecolabels. Axfood has not taken ecological thresholds and entity-specific allocations into consideration when setting the target.

Activities to achieve the target include campaigns and offerings of organic-labelled products, assortment development, strategic in-store placement, industry collaborations and social advocacy efforts through proposals in Food 2030 that promote organic production and consumption.

The target for increased sales of organic products is measured as the share (%) of Axfood’s total food sales attributable to sales of organic food and includes the Group’s private label products as well as branded products from suppliers. To calculate the share of sales, sales of organic food measured in SEK (excluding VAT) are divided by total food sales. Follow-up takes place at the Group level, and the target is revised annually. Revisions of the target are approved by the Executive Committee, which confirms whether the outcome corresponds with the original target as well as any revisions.

To ensure stronger and more accurate follow-up of the target, the share of sales of organic food is measured in volume (kg), although this does not determine whether or not the target has been achieved.

In 2024, Axfood decided to change the target year from 2025 to 2030, starting 1 January 2025. Axfood originally decided on the target during a period of strong sales for organic products. Since 2016, sales of organic products across the entire food retail sector have plateaued and declined, though Axfood has fared better than its competitors in the last few years.

*Facilities located in close proximity to nature conservation areas*

Axfood leases a total of 877 facilities, all of which were included in the Group’s assessment in order to evaluate and monitor negative impacts linked to the location of the facilities in relation to areas with sensitive biodiversity. This also helps to identify suitable locations for new stores.

Type of facility	Number of facilities located in close proximity to nature conservation areas	Total hectares of facilities
Stores	188	55.31
Warehouse	6	8.90
Office	2	0.06
<b>Total</b>	<b>196</b>	<b>64.27</b>

Of the total facilities, 196 are deemed to be located in close proximity to two common types of nature conservation areas, of which 188 are stores, six are warehouses and two are offices. None of the facilities are located inside such protected areas. In total, the facilities cover a combined area of just over 64 hectares.

Axfood’s assessment encompasses nature conservation areas in the Natura 2000 network, including the areas protected under the EU Habitats and Birds Directives. Natura 2000 aims to ensure biodiversity through the conservation of natural habitats and of flora and fauna. Axfood’s assessment also gives consideration to national nature reserves established by Sweden’s county administrative boards and municipalities under the Environmental Code, which aim to conserve biodiversity, nurture and conserve valuable natural environments, and protect, restore or create valuable natural habitats for protected species. The threshold for the definition of “close proximity” has been set at one kilometre. Adjacent areas, such as parking lots or store entrances, are not included in the calculated hectares. Some of Axfood’s facilities are located in close proximity to several nature conservation areas, which means that the same facility may be included several times. To see all significant facilities included and their respective area in hectares, see the list on pages 101–102. To identify each conservation area, its register ID is provided, which has been taken from the Swedish Environmental Protection Agency’s database.



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## ESRS E5: Resource use and circular economy

### Description of material impacts, risks and opportunities

The earth's resources are being consumed at a rapid pace, leading to pressure on ecosystems and to climate change. More circular solutions and cycles are needed to break this trend.

Axfod works actively to promote efficient resource use by reducing material use and waste, increasing the rate of packaging recycling, and reducing food waste.

### Material impacts

Axfod's product purchasing creates large resource flows where commodity production has negative impacts on the environment and natural resources. This includes food, consumables, packaging and other purchases for operations.

Axfod's operations generate waste from both materials and packaging, with plastic and plastic waste being the largest source of greenhouse gas emissions. In addition, food waste occurs in the form of food waste, both within its own operations and downstream, which leads to a negative impact in the form of unnecessary consumption of resources.

Food waste is a challenge in the food chain and occurs both upstream in the supply chain, in Axfod's own operations and downstream in the consumer chain. Food waste mainly comes from fresh fruit and vegetables and bread, as these have a relatively short shelf life and are particularly sensitive to improper handling. Food waste that is landfilled also causes greenhouse gas emissions during the decomposition process. Through effective routines, collaborations and waste management, Axfod can have a positive impact by reducing food waste. Work is also ongoing to reduce food waste upstream in the value chain, though it is difficult to measure and follow up.

In addition to food, Axfod also offers consumables that can contribute to reducing natural resources and the use of conflict minerals. Other purchases for the business, such as refrigerators, freezers and vehicles, also have an environmental impact.

Some products that Axfod uses in its operations contain potentially hazardous material, such as electronics. The Group has therefore focused on reuse and recycling in particular to increase the circularity of electronics.

### Risks and opportunities

If necessary ingredients and products cannot be adapted to changes in customer demand and expectations, this entails a risk for Axfod. This risk is amplified by factors in the operating environment such as climate change and political instability.

New regulations and requirements for packaging and products can lead to increased costs attributable to more administration and personnel costs to ensure compliance, and legal measures in the form of penalties if requirements are not met.

Food waste in operations arises from unsold products and therefore lost revenue. Reducing food waste at every stage of the value chain and finding new solutions for unsold food, opportunities for savings and revenue are created, as well as opportunities for improved reputation with customers and other stakeholders.

### Management of material impacts, risks and opportunities

#### Policies and guidelines

Axfod has considered key stakeholders when setting new policies. The guidelines for products and the Supplier Code of Conduct set out the Group's requirements for its own products

and packaging, with a focus on the use of renewable and recyclable material, reflecting expectations from consumers, investors and society.

Axfod currently has no policy or guidelines for waste management for offices, stores and warehouses, but a draft for a circular economy guideline has been developed and will be completed in 2025. Internal procedures for employees working at the Group's facilities, along with property owners, ensure that management is efficient and correct. Axfod will investigate the need to implement a Group-wide policy or guideline for waste management. For more information about Axfod's policies and guidelines, see pages 92–93.

#### Supplier Code of Conduct

Axfod's Supplier Code of Conduct states that all suppliers are to ensure that the use of chemicals, pesticides and other material that is hazardous to people or the environment are identified, evaluated, labelled and handled carefully. This is done to guarantee safe handling, transport, storage, use, recycling or reuse and removal. Such materials should be used minimally. All business partners are required to read and sign the Supplier Code of Conduct.

#### Guidelines for products

Axfod's guidelines for products emphasise the importance of making better use of existing resources as a part of sustainability by increasing recyclability and using more renewable materials. The guidelines state that work with products and packaging is to focus on increasing recyclability and the use of more renewable material. When working with packaging for private label products, great emphasis is placed on minimizing environmental impact and avoiding food waste. The guidelines are available on Axfod's website.

#### Taking action

##### Own products and packaging

A central part of Axfod's ongoing measures focuses on product development for private label products and to adapt packaging to principles of circularity. Part of this work includes creating circular processes in the production of products and related input goods. One example is a project run by Axfoundation and Swedish University of Agricultural Sciences (SLU) that brings together researchers and players from the entire food supply chain, including farmers, feed manufacturers, food wholesalers, restaurants and food retail. The project will run until 2025 and focuses on resource waste and the environmental impact of feed, two of the food system's greatest challenges. Feeding trials for pigs, poultry and laying hens were carried out in 2024, as were tests of continuous production of fish. Ingredients in feed include insects bred on residual flows from the food industry, mycoproteins from mushrooms grown on residual material from the forestry industry, blue mussels from the Baltic Sea and a residual product from the production of concentrate of Swedish broad beans.

Axfod employs various measures to ensure that its assortment of private label products are packaged as sustainably as possible and to reduce the amount of packaging waste. Packaging material is chosen based on product requirements. 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 the material's recyclability. Optimising the size of packaging is to contribute to a reduction of several tonnes of material annually,

and initiatives have been implemented to eliminate unnecessary packaging components. To make things easier for consumers and to encourage proper recycling, packaging comes with recycling instructions.

#### Recyclable packaging material

Comprehensive work was carried out in 2024 to make packaging recyclable and to raise awareness among producers. This was achieved through collaboration across the entire value chain through dialogues with packaging suppliers, industry collaboration, training for the Group's producers and participation in research projects. Awareness increased as a result.

Axfod works continuously with suppliers to further reduce the use of fossil-based materials and has an ambition to also increase the use of bio-based packaging materials. An important part of this involves finding new solutions for reusing material. One example from 2024 is Axfod's fruits and vegetables warehouse in Landskrona, which replaced all of its wood pallets with Svenska Retursystem's new reusable pallets for shipping fruits and vegetables. Considering around 1.4 million pallets are used annually, this change contributes to a better adaptation for automatic handling. The reusable pallets are more durable than wood pallets and are better able to withstand low temperatures. The pallets also weigh less, last longer and – since they do not generate dust or splinters – lead to a better working environment.

#### 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. The Group has introduced a variety of initiatives to reduce food waste. The most important measures involve optimising orders, new waste routines, charitable donations and reducing prices for products that are nearing their best-before dates or are believed to be difficult to sell at regular prices for other reasons. Store employees report food waste using an internal system, and the data is compiled and monitored centrally at the Group level. Axfod also works with other players in the food industry to reduce food waste.

The use of hand-held computers that identify products that are expiring, clearance prices for products nearing their best-before dates, bargain bags and boxes in stores with damaged fruits and vegetables, and lower prices on day-old bread are initiatives to reduce food waste in Group-owned stores. Willys and Garant have launched a waste-smart product line made up of food that was previously discarded. Snabbgross sells damaged fruits and vegetables that need to be eaten soon at discounted prices in a number of stores.

Axfod, together with Stockholms Stadsmision, is a co-founder of "Matmissionen" (the Food Mission), subsidised grocery stores that sell food at discounted prices that would otherwise be discarded. Approximately 200 (150) of the Group's stores and warehouses collaborate with various social organisations to donate food. In 2024, Axfod worked together with the members of the Swedish Food Retailers Federation to expand the availability of subsidised stores. The partnership is expected to reduce annual food waste in the industry by up to several thousand tonnes. Willys is a co-founder of one Matmissionen store in Malmö and two subsidised grocery stores under the name Maträtt in Gothenburg.

The Group's stores also take part in "charity instead of waste" partnerships in order to reduce food waste. The stores have clear procedures for reducing prices on products so that they are sold before they expire. Even with procedures and established ways of working in

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place, it is not always possible to sell every product. Instead of throwing away food, it is possible to donate it to charities through VIS partnerships with food banks that redistribute unsold food to people in need.

New Swedish waste legislation took effect in 2024, stipulating that packaging is to be separated from its contents. This led to new procedures at all of the Group’s warehouses and stores. The goal is to create a more circular economy by reducing the amount of food waste while simultaneously increasing the recycling rate for packaging. The new procedures have significantly improved its efforts to avoid food waste both in stores and in warehouses.

Targets and metrics

Axfood’s targets for resource use and circular economy do not address how every part of the raw material is used. Initiatives to achieve the targets focus on collaboration throughout the value chain to spread knowledge about efficient resource management through industry organisations and training for producers. The Group strives to optimise resource efficiency and reduce waste, which is a part of Axfood’s overall sustainability work and circular economy strategy.

Follow-up takes place at the Group and store level, and targets are revised if necessary. Revisions of the targets are approved by the Executive Committee, which also confirms whether the outcomes correspond with the original targets as well as any revisions.

None of Axfood’s targets in resource use and circular economy have any scientific basis and stakeholders did not contribute to their formulation. Nor have the targets been set or revised based on legislation.

50% reduction in food waste

Axfood’s target is a 50% reduction in food waste within its own operations by no later than 2025 (base year 2015). The target is connected to Axfood’s guidelines for products, which emphasise the importance of developing climate-smart packaging for private label products in order to minimise environmental impact and avoid food waste in the Group’s stores. The target is to be achieved by encouraging the proper management of organic waste, which also leads to cost savings. Important initiatives in this work include training and clear procedures for the employees who handle food in stores. The food waste target focuses on preventive measures to keep food from becoming waste and on ensuring that discarded food, to at least some extent, goes into energy recovery and other cycles. The target is connected to the UN SDGs, in particular SDG 12.

Key ratio	2024	2023	Target 2025	Base year 2015	Target period	Governance documents
Share of food waste, %	0.9	1.1	0.9	1.7	Long-term (10 years)	Guidelines for products

In 2024, the share of food waste decreased to 0.9% (1.1). With the reduction, Axfood has achieved the halving target one year ahead of schedule, mainly due to more donations, increased in-store sales and successful adaptation to the new waste directive.

The target covers activities in the Group’s own operations and the food waste that arises in Group-owned stores in Willys, Willys Hemma, Eurocash, Hemköp (including retailer-owned stores), Snabbgross and City Gross.

The target is measured as total food waste as a share of Axfood’s total food sales. Total food waste consists of registered food waste, returns and unknown waste in fruits and vegetables. To calculate the share, sales of total food waste measured in SEK (excluding VAT) are divided by total food sales measured in SEK (excluding VAT). Food waste that is donated to charity is not included in the calculation.

Follow-up takes place at the Group level, and the target is revised annually. Revisions of the target are approved by the Executive Committee, which confirms whether the outcome corresponds with the original target as well as any revisions.

In 2024, Axfood’s Executive Committee decided to increase the level of ambition to reduce food waste to less than 0.7% by 2030.

Combustible residual products

Axfood’s target is to reduce the share of combustible residual products from its own operations. The target pertains to waste management and is connected to Sweden’s Environmental Objective “Reduced Climate Impact” as well as the UN SDGs, particularly SDGs 12 and 15.

Key ratio	2024	2023	Base year 2021	Target period	Governance documents
Share of combustible residual products, %	0.70	0.89	0.98	Short-term (annual)	—

The target covers activities in the Group’s own operations and the waste removed from Group-owned stores in Willys, Willys Hemma, Eurocash, Hemköp (including retailer-owned stores), Snabbgross and City Gross.

The target is measured as the share of combustible waste in relation to net sales. To calculate the share, tonnes of combustible waste is divided by tonnes of products sold. Waste data is provided by Axfood’s two central waste handling contractors. At year-end, this covered 382 pick-up locations, including offices, warehouses and stores.

In 2024, the proportion of organic material sorted for biological treatment in stores and warehouses increased significantly. The main reason is the legislation that requires packaging to be separated from its contents, which came into force in 2024. Axfood had prepared well with a pilot study in 2023. A positive effect of the new legal requirement was that new waste routines contributed to Axfood reaching the halving target for food waste one year ahead of the target date by stimulating stores to be better at clearing out in order to avoid emptying packaging.

No changes to the target or measurement method were made in the 2024 financial year.

Packaging made of renewable or recycled materials

By no later than 2030, Axfood’s packaging (plastic, containerboard and paper) for private label products will be made of renewable or recycled material. This target is part of the Group’s overall work to increase the use of renewable and recycled material. The target is connected to Axfood’s guidelines for products, which emphasise the importance of using sustainable material in packaging for private label products in order to encourage a more efficient use of existing resources. The guidelines encourage and support a more efficient use of resources that are already in circulation. The target also supports Sweden’s Environmental Objective “Reduced Climate Impact” as well as the UN SDGs, particularly SDGs 12 and 15.

Key ratios	2024	2023	Target 2025	Base year 2022	Target period	Governance documents
1. Recycled (weight), %	Primary: 23 Secondary: 12 Tertiary: 9	Primary: 25 Secondary: 16 Tertiary: 10	100	Primary: 23 Secondary: 16 Tertiary: 11	Long-term (8 years)	Guidelines for products
2. Renewable (weight), %	Primary: 24 Secondary: 28 Tertiary: 32	Primary: 22 Secondary: 31 Tertiary: 32	100	Primary: 16 Secondary: 28 Tertiary: 28		

The target covers activities upstream in the value chain in the production of packaging for private label products. This includes all packaging of plastic, containerboard and paper. The target also pertains to primary, secondary and tertiary packaging.

The target is measured as the share of packaging for private label products from renewable or recycled raw materials. To calculate the share of packaging produced from recycled raw materials, kg of packaging produced from recycled materials in each category (primary, secondary and tertiary) is divided by the total kg produced in each category. To instead calculate the share of renewable packaging, kg of renewable packaging in each category is divided by the total kilos produced in each category.

No changes to the target or measurement method were made in the 2024 financial year.

Recyclable packaging

Packaging for Axfood’s private label products will be recyclable by 2025 and the use of FSC-labelled paper will increase. This target is part of the Group’s overall work to increase the use of renewable and recycled material.

The target is connected to Axfood’s guidelines for products, which emphasise the importance of using sustainable material in packaging for private label products in order to encourage a more efficient use of existing resources. The guidelines encourage and support a more efficient use of resources that are already in circulation. The target also supports Sweden’s Environmental Objective “Reduced Climate Impact” as well as the UN SDGs, particularly SDGs 12 and 15.

Key ratios	2024	2023	Target 2025	Base year 2022	Target period	Governance documents
1. Share of recyclable packaging, %	Primary: 89 Secondary: 99 Tertiary: 96	Primary: 89 Secondary: 99 Tertiary: 97	100	Primary: 81 Secondary: 98 Tertiary: 97	Medium-term (3 years)	Guidelines for products
2. Share of FSC-certified paper, %	Primary: 32 Secondary: 27 Tertiary: 7	Primary: 30 Secondary: 27 Tertiary: 10	100	Primary: 41 Secondary: 26 Tertiary: 4		

The target covers activities upstream in the value chain in the production of packaging for private label products and pertains to primary, secondary and tertiary packaging.

The target is measured as the share of packaging for private label products that is recyclable and consists of FSC-labelled paper. To calculate the share of recyclable packaging, kg of recyclable packaging in each category (primary, secondary and tertiary) is divided by the total kg produced in each category. The share of FSC-labelled paper covers 93.9% of items.

No changes to the target or measurement method were made in the 2024 financial year.

Resource inflows

Resource inflows encompass all products that are produced upstream in the value chain at suppliers’ production facilities, including private labels as well as branded products. Products are delivered to Axfood’s warehouses and are then sold at the Group’s stores. The products also include primary, secondary and tertiary packaging. In addition to products, resource flows also include IT equipment, software, furniture and company cars for offices. For warehouse operations, resource flows primarily include machinery, IT equipment and the vehicle fleet. For stores, resource flows primarily refer to store fittings and checkout equipment.



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Resource inflows	2024
Total weight of products and technical and biological material, tonnes	450,767
Share of biological material, %	90.6
Total weight of secondary intermediary products and secondary materials, tonnes	4,832
Share of secondary intermediary products and secondary materials, %	11.9

During the period, the total weight of the Group's products and materials is estimated at 450,767 tonnes, of which the proportion of biological material was approximately 90%. The estimates are based on 3,146 items including their packaging. Packaging data includes primary, secondary and tertiary packaging. For 600 items, packaging weight was missing, and these were estimated. All food-exclusive packaging has been assumed to be a biological material. The estimates are based on a large uncertainty and lack of reliability and completeness in the values presented. Axfood will work to increase the quality and reliability of reporting resource outflows in the future.

Resource outflows

Products and materials

Axfood's main products consist primarily of food, but also include special goods. Packaging and special goods are to be designed and produced according to the principles of circularity, in line with the Group's policies, guidelines, targets and overall sustainability strategy. The principles of circularity focus on using renewable and recycled materials as well as making packaging and special goods recyclable.

For Axfood's private label goods in all product groups, sustainability – which by nature is long term – is not significantly different from the industry average.

Products and materials	2024
Share of recyclable products, %	0.0
Share of recyclable packaging, %	97.8

During the year, the recyclability of products sold has been assessed to be zero. As the majority of the products are food products and the data on the recyclability of specialty products has not been reliable, the recyclability has been assumed to be zero. The proportion of recyclable packaging amounts to almost 98% and is based on estimates from packaging data from private label products. In both cases, there is a great deal of uncertainty and a lack of reliability and completeness in the values presented. Axfood will work to increase the quality and reliability of reporting on resource outflows in the future.

Waste

Axfood's operations contribute to various types of waste in its warehouses, stores and offices. The management is handled by the group's two central waste suppliers and reporting is based on the number of emptyings.

Waste, management method, tonnes	2024
<b>Non-recycled waste</b>	<b>182</b>
<b>Share of non-recycled waste, %</b>	<b>0.4</b>
<b>Waste diverted from disposal</b>	<b>51,212</b>
<b>Hazardous waste</b>	
Preparation for reuse	0
Recycling	131
Other recovery operations	44
<b>Non-hazardous waste</b>	
Preparation for reuse	0
Recycling	40,924
Other recovery operations	10,112
<b>Waste directed to disposal</b>	<b>182</b>
<b>Hazardous waste</b>	
Incineration	1
Landfill	0
Other disposal operations	13
<b>Non-hazardous waste</b>	
Incineration	0
Landfill	169
Other disposal operations	0
<b>Radioactive waste</b>	<b>0</b>
<b>Total</b>	<b>51,394</b>

During the period, Axfood's total waste amounted to 51,394 tons, of which 99.6 percent is recycled in some form. Up to 58 percent of the waste consists of paper and corrugated cardboard. 36 percent also consists of what is called alternative raw materials and which mainly consist of combustible and organic food waste.

Reported information during the period is based on discharges carried out at 484 collection points.



## TAXONOMY REPORTING

# Axfood's reporting in accordance with the EU Taxonomy Regulation

The purpose of the EU Taxonomy Regulation (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 an integral part of its business for many years. Even if the Group's sustainability targets are not currently Taxonomy-eligible, several of them reflect the UN 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, related to the first two environmental targets concerning 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.

## 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, CapEx for own trucks and OpEx 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 the Group's self-owned trucks. Vehicle fleets – both for the Group's own transports and for procured transports between warehouses and stores – are being rapidly converted to reduce CO<sub>2</sub> 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 CapEx 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 environmen-

tal 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 CapEx 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 CapEx 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 assessment 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 2024 was still largely insufficient, and verification of whether activities are Taxonomy-aligned could not be completed for some of the buildings. This lack of information is a clear indication that Taxonomy reporting has not yet achieved a sufficient level of maturity. 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 safeguards 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 on 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 46, and the work with anti-corruption is handled on pages 89–90. 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 conduct rules. The general assessment is therefore that the Group's existing routines and processes are adequate to fulfil the minimum safeguards.

## 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.

## CapEx

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 17). 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 15, 16 and 17). Total CapEx 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 and other surplus values are not included.

## OpEx

According to the Taxonomy, Taxonomy-eligible OpEx 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.



TAXONOMY REPORTING

**Nuclear and fossil gas related activities**

According to a supplementary delegated act companies must report 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 REPORTING

Turnover, Taxonomy

Financial year 2024	Year	Substantial contribution criteria								DNSH criteria (Does Not Significantly Harm)								Proportion of Taxonomy aligned (A.1) or eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity	
		Code	Trading volume	Proportion of Turnover, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards				
																					SEK m
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																					
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																					
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		–	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	–	
Of which enabling		–	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	–	E
Of which transitional		–	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	–	T
<b>A.2 Taxonomy-Eligible but not environmentally 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	EL; N/EL	EL; N/EL	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	42	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.1%	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		42	0.1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.1%	
<b>A. Turnover of Taxonomy eligible activities (A.1+A.2)</b>		42	0.1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.1%	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
Turnover of Taxonomy-non-eligible activities		84,015	99.9%																		
<b>Total (A+B)</b>		<b>84,057</b>	<b>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 REPORTING

CapEx, Taxonomy																				
Financial year 2024		Year		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023		Category enabling activity	Category transitional activity	
Economic activities	Code	CapEx	Proportion of CapEx, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	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 Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Acquisition and ownership of buildings	CCM 7.7	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL											
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		0	0%	0%	0%	0%	0%	0%	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 environmentally 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	5,299	71.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											50.6%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	76	1.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1.5%
Freight transport services by road	CCM 6.6	129	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											3.1%
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		5,504	73.9%	0%	0%	0%	0%	0%	0%											55.2%
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>		5,504	73.9%	0%	0%	0%	0%	0%	0%											55.8%
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
<b>CapEx of Taxonomy-non-eligible activities</b>		1,947	26.1%																	
<b>Total (A+B)</b>		<b>7,451</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%	73.9%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

TAXONOMY REPORTING

OpEx, Taxonomy																						
Financial year 2024		Year		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Proportion of Taxonomy aligned (A.1) or eligible (A.2.) OpEx, year 2023		Category enabling activity	Category transitional activity			
Economic activities	Code	OpEx	Proportion of OpEx, year 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	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 Environmentally sustainable activities (Taxonomy-aligned)</b>																						
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		—	0%	0%	0%	0%	0%	0%	0%								—					
Of which enabling		—	0%	0%	0%	0%	0%	0%	0%								—	E				
Of which transitional		—	0%	0%	0%	0%	0%	0%	0%								—		T			
<b>A.2 Taxonomy-Eligible but not environmentally 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	9	2.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											1.9%		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		9	2.7%	0%	0%	0%	0%	0%	0%											1.9%		
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>		9	2.7%	0%	0%	0%	0%	0%	0%											1.9%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																						
<b>OpEx of Taxonomy-non-eligible activities</b>		328	97.3%																			
<b>Total (A+B)</b>		<b>337</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%	2.7%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%



## Social information

75	ESRS S1: Own workforce
80	ESRS S2: Workers in the value chain
83	ESRS S3: Affected communities
85	ESRS S4: Consumers and end-users



SOCIAL INFORMATION

# ESRS S1: Own workforce

## Description of material impacts, risks and opportunities

Axfood is a values-governed and inclusive company that strives for diversity and gender equality. The diversity of talents, competencies, backgrounds and perspectives among the Group’s employees creates new opportunities, leads to better decisions and makes a positive contribution to the development of the business.

Reporting of Axfood’s own employees includes all employees who are affected by the Group’s material impacts. These include all permanent, temporary, full-time, part-time and non-guaranteed hours employees. It covers employees working in retail, warehouses and e-commerce, hotels and restaurants as well as salaried employees. The own workforce also consists of individuals who are not employed directly by Axfood, such as different kinds of staffing of drivers as well as warehouse, store and cashier personnel. It also pertains to cleaning staff for offices, warehouses and stores.

## Material impacts

Negative impacts with regards to health are often related to work assignments and workplace. For salaried employees, this may concern work-related stress, a lack of work-life balance and injuries due to poor ergonomics. For employees in stores and warehouses, negative impacts may include work-related accidents and repetitive strain injuries from heavy lifting and hand-intensive work, which arise from repetitive, monotonous movements that can eventually cause injuries. In the worst case scenario, these factors can lead to long-term sick leave or redundancies. Discrimination and harassment are negative impacts for all employees independent of work assignments and operations.

As an employer, Axfood has an opportunity to have a positive impact on its employees’ situation. By offering good working conditions, safe workplaces and clear channels for reporting any irregularities, for example through a whistleblower service, a sound work environment can be promoted. This means that Axfood can be a positive force in the labour market and to promote equal terms for everyone, with a focus on gender equality, inclusion and diversity.

Axfood operates in an industry with relatively high employee turnover, particularly in store and warehouse operations. The sector is important for young people (16 to 24 years old), who account for nearly a third of those employed. Employees with temporary or non-guaranteed hours employment are often particularly vulnerable from a job security perspective, since staffing needs can vary in different periods.

## Risks and opportunities

Axfood faces the same risks as other food retailers when it comes to human capital. High employee turnover is costly and new needs that require new expertise arise as industries and sectors evolve. This can make it difficult to find the right talent in a competitive market, which makes it of utmost importance for Axfood to attract and retain the right talent.

Within the Group, there is continuous work to improve working conditions for employees, for example by developing methods to be able to offer more permanent positions that cover more working hours.

New and increased regulatory requirements in several areas can lead to higher costs for Axfood, especially due to increased staffing needs to ensure compliance. The Group needs to follow these regulations and conduct responsible environmental work, otherwise it could face reputational and brand risks that make it more difficult to retain and attract talent in the future.

The Group’s work with its transition plan related to the environment and climate has not led to any material impacts for its employees. Nor has Axfood identified any material risks related to forced or child labour in its own workforce.

## Management of material impacts, risks and opportunities

### Policies and guidelines

Axfood has several policies and guidelines that address material impacts, risks and opportunities related to employees. These include the Group-wide Code of Conduct for employees, the HR policy, the occupational health and safety policy, the equal treatment policy, guidelines and procedures for equal treatment and offensive treatment, guidelines for business conduct, guidelines and procedures for the whistleblower service, and the recruitment policy. Axfood has established governance documents in these areas in order to promote good core values and a strong corporate culture, which is essential for retaining and attracting employees.

### Employee Code of Conduct

Axfood’s Group-wide Code of Conduct describes the basic principles that govern the entire Group and function as support and guidance for employees in their work. The Code of Conduct covers all employees, consultants, directors and others.

The greatest risk for human rights violations, however, is not within Axfood’s own workforce but instead in the global supply chain. Axfood’s operations impact working and living conditions upstream in the value chain through the purchase of goods from around the world.

According to Axfood’s Code of Conduct for employees, respect for fundamental human rights in all parts of the Group’s operations is to be ensured through active work in the area. Employees have a responsibility to report serious risks of irregularities that can impact themselves or others negatively. These can be reported to their immediate supervisor, the head of the quality and sustainability department, the Legal Affairs function or through the whistleblower service.

Ongoing work is to be carried out to detect, prevent and minimise risks of human rights violations. Child labour, human trafficking and forced labour are not acceptable in any part of the operations. The Group is to address any potential negative impact on human rights caused by its own operations. Information is provided to all employees, suppliers and other business partners about the importance of respecting human rights.

### Guidelines for business conduct

Axfood’s guidelines for business conduct encourage employees to use the whistleblower service to report internal irregularities. Axfood’s internal guidelines and procedures for the whistleblower service describe how the service is to be used and managed. These guidelines state that the service is to be used for purposes such as identifying potential human rights violations and enabling remediation. The Group is to ensure that anyone who reports serious misconduct through the whistleblower service can do so safely and confidentially without any risk of reprisal. Reprisals, or attempts to prevent a whistleblower from turning to their employee organisation for advice on the matter, are also not permitted. The HR manager at each subsidiary is responsible for compliance with the whistleblower guidelines and procedures.

Axfood works to prevent human rights violations through a due diligence process. This means that possible violations are continuously identified and risk-assessed, that risks are managed and that proactive work is carried out to minimise the risk of future violations. Confirmed violations are also remediated.



**Axfood is a values-governed and inclusive company that strives for diversity and gender equality.**



## SOCIAL INFORMATION

*Occupational health and safety policy*

One of Axfod's ambitions regarding occupational health and safety is to reduce the number of accidents and the occurrence of ill health. The occupational health and safety policy provides guidance on preventing accidents and other work environment risks. It emphasises the importance of early intervention, where managers and employees both focus on identifying and communicating work environment risks, whether physical or psychosocial. Managers are expected to act based on the signals they see and receive.

*Group policy and guidelines for equal treatment*

Axfod's policy and associated guidelines for equal treatment state that the Group is to promote equal treatment of all employees and to create a workplace that is free from discrimination, abuse, bullying, harassment and reprisals. The policy and guidelines cover the protected grounds of discrimination according to Swedish law and stipulate that no one is to be discriminated against, abused, bullied, harassed or subject to reprisals based on sex, transgender identity or expression, ethnicity (an individual's national or ethnic origin, skin colour or other similar characteristic), religion or other belief, disability, sexual orientation or age. Political convictions and social origins that are not explicitly expressed are not covered according to the documents.

The Group's guidelines and procedures focus on how various forms of discrimination are to be identified, prevented, addressed and followed up. The guidelines also specify the responsibilities of managers, employees, HR departments, safety officers and trade union representatives.

In accordance with the guidelines and procedures for equal treatment, Axfod's companies are to continuously investigate, analyse, address and follow up work on discrimination and diversity. This work is to be documented and followed up as necessary, but at least once per year. Axfod is to use employee surveys and interviews as well as performance reviews to work preventively in this area, in addition to analysing statistics to identify causes of sickness-related absence. Well-being talks in cases of repeated sickness-related absences, debriefings with the safety officer and trade union representatives, employee meetings and incident reports are also important tools.

*Recruitment policy*

Axfod's recruitment policy aims to counteract discrimination by striving for objectivity in recruiting. Everyone is treated equally in external as well as internal recruiting, regardless of sex, age, religion or other belief, ethnicity, disability, sexual orientation, or transgender identity or expression.

Recruiting managers are to participate in Axfod's recruitment training or have the equivalent expertise in order to carry out recruitment in accordance with Axfod's recruitment process and diversity target.

The recruitment policy encourages recruiting managers to ensure that both genders are represented in the final stages of recruitment whenever there are qualified candidates of both genders. If two final candidates have similar qualifications, the candidate of the under-represented gender is to be selected.

*Discrimination procedure*

In cases of discrimination, employees are to inform their immediate supervisor, who together with HR managers determines which actions are appropriate to the specific situation. If it is not possible to contact their immediate supervisor, the employee can contact a HR manager directly.

Axfod's whistleblower service can also be used if the employee is unwilling or unable to openly contact their manager or HR department with this information. Follow-up on matters pertaining to equal treatment are to form a natural part of the agenda at meetings of the Group's safety committee. Documentation is to be carried out in collaboration with the trade union.

*Availability of policies*

Many of the Group's policies and guidelines are available to salaried employees as well as store and warehouse employees through the Group's intranet. For other employees without access to the intranet, their immediate supervisor is responsible for informing them of their rights and working conditions, as well as for providing instructions for raising grievances or incidents as necessary.

For more information about Axfod's policies and guidelines, see pages 92–93.

*Procedures for engaging with employees*

Axfod strives to ensure good working conditions and fair treatment of its employees.

Axfod's President and CEO has the ultimate responsibility for contact with the Group's employees, but has delegated the operational responsibility to the Group's Head of Human Resources. The HR manager at each subsidiary is responsible for the ongoing contact work within each company and for reporting to the Group level.

*Competence development and contact channels*

Since Axfod is to work proactively to identify and support employees who could be particularly vulnerable to negative impacts, it is important for people who work with these groups to have the right expertise. To ensure this, training in systematic work environment initiatives, sickness-related absence, the rehabilitation process, and organisational and social work environments is mandatory for all managers.

To identify, prevent and evaluate employee well-being and comfort, employee interviews, performance reviews, debriefings with the safety officer, employee meetings and incident reports are conducted on a regular basis. This work aims to promote the Group's positive impact as an equal-opportunity workplace where differences and diversity are welcomed and where employees can be themselves. These initiatives also counter the risk of being unable to retain and attract the requisite human capital and expertise.

*Employee survey*

An annual employee survey is carried out to evaluate employee engagement, work environment and leadership. The survey provides individual employees as well as their groups with an opportunity to create a more efficient and inclusive working environment. All responses are anonymous and aggregated at the Group level. An external research company manages all responses confidentially, without presenting any reports where results can be linked to specific individuals. The survey evaluates the following areas:

- How engaged employees are (Employee Engagement index)
- Whether employees would recommend Axfod as an employer to others (eNPS)
- What employees think about their leaders (Leadership index)
- How employees feel and the conditions they have for doing a good job
- How employees thrive and cooperate in the group (Team Effectiveness index)
- How included employees feel at the workplace (Inclusion index)

*Inclusion*

Axfod has developed an inclusion index to measure the degree to which employees feel they can be themselves at the workplace and to which they feel valued for who they are. The development of this index illustrates the importance of inclusion for employee well-being. Axfod strives to be a workplace that accepts differences and where employees can be themselves, which in turn promotes diversity. These initiatives contribute to retaining employees and attracting new talents.

*Gender equality*

One measure of gender equality is the share of women and men in management positions, and this is monitored internally for the individual companies on a monthly basis and communicated externally on a quarterly and yearly basis. The share of women and men in leadership training courses and in succession and replacement planning is also reviewed.

*Work environment*

At the Group level, there is a work environment group made up of union representatives, the chief occupational safety officer, representatives from the subsidiaries and the central work environment function. Work environment initiatives at company level are governed, conducted and monitored through work environment committees established at central, regional and local levels. 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, which gives employees local influence over the work environment.

*Health*

Ongoing well-being talks and work environment initiatives carried out by the central work environment group and local work environment committees focus on preventing and counteracting potential and actual negative impacts, such as injuries due to ergonomics, as well as direct work-related health hazards and accidents.

System support and procedures are in place to identify early signs of ill health. Managers carry out well-being talks with employees in cases of repeated sickness-related absences, with the goal of collaboratively finding measures to prevent ill health and sick leave. To ensure that all managers have the required knowledge about procedures, training in systematic work environment initiatives, sickness-related absence, the rehabilitation process, and organisational and social work environments is mandatory. Employees are contacted regularly to identify cases of discrimination, offensive treatment, bullying, harassment and reprisals. This is carried out through measures such as employee surveys, regular employee interviews, performance reviews, debriefings with the safety officer, employee meetings and incident reports.

Employee turnover and the sickness-related absence rate are monitored internally at the Group and subsidiary 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 prior periods may indicate shortcomings in the operations and dissatisfaction among employees. The earlier these deviations are detected, the greater the potential there is to influence, investigate and remedy them.

*Processes to remediate*

Axfod's whistleblower service allows employees to report internal work-related irregularities concerning the operations.

Axfod's whistleblower service helps follow up on Code of Conduct compliance and is an important tool for maintaining good corporate governance, protecting employee health and

SOCIAL INFORMATION

safety, and effectively identifying and addressing shortcomings in the operations. The whistleblower service covers all Axfood subsidiaries and consists of a Group-wide reporting channel as well as several company-specific channels. The managing director of each subsidiary is responsible for reporting via the local channel. The whistleblower chooses the appropriate channel to use. This technical solution is provided by an external contractor, which enables anonymous reporting. A law firm is responsible for receiving, classifying and reviewing legal considerations related to cases.

The law firm determines whether a case is a whistleblower matter or not. The assessment is forwarded to Axfood’s internal whistleblower committee, which consists of the Group’s Head of Human Resources, CFO, the Corporate Risk Manager and the Head of Labour Relations and Compensation. The number of cases reported and handled is reported to the Board annually.

Cases that qualify as whistleblower matters are handled in consultation with the whistleblower committee. This includes matters such as who is to investigate the reported irregularity, who is to be informed, who manages communication with the person who reported the irregularity, and which measures need to be taken. The cases that do not qualify as whistleblower matters are 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 is encouraged to contact the appropriate function themselves.

Employees have access to the whistleblower service through Axfood’s website or those of its subsidiaries. They can also confidentially report or verbally communicate information by contacting the law firm. Reporting is also possible through external channels to the relevant authorities, which each subsidiary provides on its own intranet.

Axfood does not specifically evaluate whether employees trust the processes and procedures associated with the whistleblower service. Any dissatisfaction is expected to be covered in the Group’s ordinary contacts with employees, such as employee surveys and well-being talks.

For more information about the whistleblower function, visit Axfood’s website.

Taking action

Axfood works actively to create a sound working environment for its employees. Every year, several measures are taken to prevent, identify and manage risks that can negatively impact employee health.

Working method

To effectively implement measures, there is an ongoing partnership between employers, employees and trade union representatives. Managers, employees and union representatives are to actively participate in the efforts to create a good work environment that promotes employees’ health.

Axfood has a central HR organisation and local HR departments in the Group 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 closely with the operations and strategically on issues pertaining to employees and their development.

Sickness-related absence

Sickness-related absence can indicate the presence of a problem, but it does not always provide insight into the underlying causes of ill health. That is why Axfood uses its own data-driven method to highlight the factors that impact sick leave, positive as well as negative. The model is based on documentation from sources such as HR data, information from the Group’s illness and rehabilitation system, process compliance and employee surveys. Analysis of this

data enables absences at the regional and store level to be predicted and early action to be taken where it is needed most.

As a part of Axfood’s efforts to ensure that employees remain healthy outside the workplace, external factors in employees’ private lives that can cause physical or mental illness are taken into consideration. These include health anxiety, conflicts, health problems or deaths in the family, and divorce. To support its employees, Axfood provides them with support through a partnership with a corporate healthcare provider. This support gives employees unlimited access to phone calls to social workers and up to three cost-free conversations per new case with licensed psychologists or psychotherapists. Contact with a lawyer or economist can also be provided as necessary.

Diversity and inclusion

Axfood works systematically to ensure diversity and inclusion. Every year, every employee’s personal identification number is sent to Statistics Sweden (SCB) in order to obtain aggregated data indicating gender breakdown and foreign origin within the Group for different regions and roles. This is done in accordance with the General Data Protection Regulation (GDPR), which ensures that all processing of personal data is done lawfully and securely. The process allows for advanced analysis and target follow-up at various levels within the organisation.

Data can also be linked with results from employee surveys, sickness-related absences and similar, which helps paint a clearer picture that leads to better, more effective decision making. The employee survey also functions as a tool for evaluating these measures and collecting valuable feedback from employees.

Succession planning

To ensure gender equality, Axfood has long had the ambition of always including at least one man and one woman as potential replacements in succession planning. Quality assurance work within the succession process is ongoing in order to ensure objective internal recruitments in the organisation. The Group also focuses on quality assurance at every step of the recruitment process in order to guarantee objectivity and gender equality. The process is standardised and partially automated to counteract any potential bias. Every year, a mapping of salaries is conducted to prevent unjustified differences in salary and benefits.

Targets and metrics

Axfood has targets to manage its identified material impacts, risks and opportunities in its own workforce. Sickness-related absence among employees should be on a low level annually. The Group also aims to have an even gender breakdown among its senior executives and aims for them to represent a variety of people from diverse backgrounds.

Follow-up takes place at the Group level. Targets are revised annually and approved by the Executive Committee, which ensures that outcomes continuously correspond with the original targets as well as any adjustments. Employees and unit managers does not directly contribute to formulating the targets, however the closest unit managers are involved in follow-up and participates in improvement measures concerning target outcome.

As of the 2024 financial year, employees from Hall Miba, Urban Deli and City Gross were included, unless otherwise stated.

Sickness-related absence

Sickness-related absence among Axfood’s employees is not to exceed 5.3%. The target is in line with the Group occupational health and safety policy and is also connected to the UN SDGs, in particular SDG 3 and SDG 8. The target covers sickness-related absence in the

Group’s own operations and includes all employees in the Group, with the exception of internal consultants and employees on parental leave or a leave of absence.

Key ratio	2024	2023	Target level	Target period	Governance documents
Sickness-related absence, %	6.2	6.4	<5.3	Short-term (annual)	• Group occupational health and safety policy

Sickness-related absence in 2024 decreased slightly to 6.2% (6.4) compared with the previous period, due in part to increased efforts in proactive health initiatives.

The target is measured as total sickness-related absence and includes active Axfood employees. To calculate the value, the hours of reported sickness-related absence is divided by scheduled work time, including short- and long-term sickness-related absence. Data from Statistics Sweden were used to identify a reasonable comparable level when setting the current target. Sickness-related absence at the Group is not deemed to differ significantly from the national average.

In performance reviews, immediate supervisors aim to identify important health aspects for employees in order to prevent future illness. Axfood encourages employees to take advantage of the wellness stipend offered by the Group.

Employees from Urban Deli and Hall Miba are not included in the target.

Even gender breakdown

Axfood strives for an even gender breakdown among its senior executives. This target is related to the Group equal treatment policy and guidelines for equal treatment as well as the recruitment policy, and is a part of the Group’s work to actively promote a gender-equal workplace, with women as well as men in leadership roles. The target is connected to the UN SDGs, in particular SDG 5.

Key ratio	2024	2023	Target level	Target period	Governance documents
Gender breakdown among senior executives, %	52/48	51/49	40–60	Short-term (annual)	• Group equal treatment policy • Guidelines for equal treatment and offensive treatment • Recruitment policy

The share of women/men in management positions in 2024 was 52%/48% (51/49) and thus remained in line with the Group’s long-term target.

Gender equality is measured as the share of women and men, respectively, in management positions and is calculated at the end of the period. Senior executives are defined as employees with subordinates, including team managers with employee responsibility and members of the Executive Committee. The calculation is based on data from Statistics Sweden. Employees are counted as a total number, including part-time managers.

Recruiting managers are to participate in Axfood’s recruitment training or have the equivalent expertise in order to carry out recruitment in accordance with the Group’s recruitment process and diversity target.

Employees from Urban Deli and Hall Miba are not included in the target.



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Diversity

Axfood is to be an employer that benefits from the diverse backgrounds of its employees, including its senior executives. This target is related to the Group equal treatment policy and guidelines for equal treatment and aims to promote and follow up the Group's diversity work. Axfood strives to be a workplace that consists of individuals with a diverse range of backgrounds and experiences. The target is also in line with the UN SDGs, in particular SDG 10. It includes all employees in management positions, with the exception of internal consultants and employees on parental leave or a leave of absence.

Key ratio	2024	2023	Target level period	Governance documents
Senior executives with international background, %	17.3	17.8	>20 Short-term (annual)	<ul style="list-style-type: none"> <li>Group equal treatment policy</li> <li>Guidelines for equal treatment and offensive treatment</li> </ul>

In 2024, the share of senior executives with an international background decreased somewhat to 17.3% (17.8) compared with the previous period.

The target is measured as the share of senior executives with an international background in relation to the total number of senior executives. "International background" refers to employees who were either born outside Sweden or whose parents were both born outside Sweden. Senior executives are defined as employees with subordinates, including team managers with employee responsibility and members of the Executive Committee. The calculation is based on data from Statistics Sweden.

Characteristics of the undertaking's employees

The number of employees is a snapshot as of 1 December 2024 to align with diversity measurements from Statistics Sweden. Employees without hourly contracts (secondary employment) are not included.

The average number of employees corresponds to the definition given in Note 6 and refers to full time equivalents (FTEs). The figure is calculated as economic hours worked, including attendance hours, short-term sickness-related absence (days 1–14), paid holidays, leave of absence and other paid leave excluding overtime. This is divided by the annual working hours of 1,920.

Gender, number	2024	2023
Male	8,050	7,281
Female	10,422	8,617
Other	0	0
Not disclosed	0	0
<b>Total</b>	<b>18,472</b>	<b>15,898</b>

Number of employees per country <sup>1)</sup>	2024	2023
Sweden	18,472	15,898

1) Defined as per country with at least 50 employees representing at least 10% of the total number of employees. Axfood operates exclusively in Sweden.

FTEs by employee categories	Men		Women		Other		Not disclosed		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Permanent	5,843	5,502	5,906	5,739	0	0	0	0	11,749	11,241
Temporary	772	806	1,186	1,134	0	0	2	4	1,960	1,944
Non-guaranteed hours	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6,615</b>	<b>6,308</b>	<b>7,092</b>	<b>6,873</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>13,709</b>	<b>13,185</b>

Collective bargaining coverage and social dialogue

All of Axfood's employees are covered by four national collective bargaining agreements.

The definition of employee representatives has been limited to safety officers at offices, warehouses and stores. The reason is that Axfood is responsible for appointing safety officers at its workplaces, meaning that the Group – rather than unionised employees – has control over them.

Coverage rate	Collective bargaining coverage		Social dialogues
	Employees in EEA countries with >50 employees representing >10% of the total number of employees	Employees – outside EEA (estimate for regions with >50 employees representing >10% of the total number of employees)	Workplace representation (EEA only) (for countries with >50 employees representing >10% of the total number of employees)
0–19%		–	
20–39%		–	
40–59%		–	Sweden
60–79%		–	
80–100%	Sweden	–	

Diversity metrics

Gender and age breakdown is followed up in Axfood's gender equality and diversity work. This also includes whether an employee has an international or domestic background.

Measurement is based on Axfood's own categorisation of employees. Management teams of all companies include, in addition to the companies' management teams, also the Executive Committee, staff management and the Board of Directors of Axfood AB. Measurements also include all employees with subordinates, as well as other employees broken down by collective bargaining agreement.

Gender breakdown in the Group, %	Men		Women	
	2024	2023	2024	2023
Management teams of all companies incl. Executive Committee and Board of Directors	55.9	54.7	44.1	45.3
Employees with subordinates	48.0	50.1	52.0	49.9
Retail employees	34.7	35.2	65.3	64.8
Warehouse and e-commerce employees	75.2	75.3	24.8	24.7
Employees, salaried	50.8	51.5	49.2	48.5
Hotel and restaurant employees	52.2	58.2	47.8	41.8
<b>Total</b>	<b>42.6</b>	<b>44.4</b>	<b>57.4</b>	<b>55.6</b>

Age breakdown in the Group, %	Under 30 years old		30–50 years old		Over 50 years old	
	2024	2023	2024	2023	2024	2023
Management teams of all companies incl. Executive Committee and Board of Directors	0.0	1.1	50.5	51.6	49.5	47.3
Employees with subordinates	11.8	12.4	63.7	63.4	24.5	24.3
Retail employees	56.4	58.0	29.9	29.5	13.6	12.4
Warehouse and e-commerce employees	40.1	40.5	42.0	41.1	17.9	18.4
Employees, salaried	12.7	13.5	59.7	58.3	27.6	28.3
Hotel and restaurant employees	56.7	45.0	36.3	45.5	7.0	9.5
<b>Total</b>	<b>48.4</b>	<b>49.1</b>	<b>35.6</b>	<b>35.4</b>	<b>15.9</b>	<b>15.5</b>

International background in the Group, %	International background		Domestic background	
	2024	2023	2024	2023
Management teams of all companies incl. Executive Committee and Board of Directors	8.7	7.2	91.3	92.8
Employees with subordinates	17.3	17.8	82.7	82.2
Retail employees	27.0	27.9	73.0	72.1
Warehouse and e-commerce employees	42.6	40.8	57.4	59.2
Employees, salaried	16.6	16.6	83.4	83.4
Hotel and restaurant employees	52.9	–	47.1	–
<b>Total</b>	<b>28.0</b>	<b>28.7</b>	<b>72.0</b>	<b>71.3</b>

Adequate wages

All of Axfood's employees are covered by collective bargaining agreements, under which salaries are regulated in line with negotiated minimum wage levels.

Health and safety metrics

Own workforce consists of employees as well as non-employees in the Group's own workforce, including temporary workers, consultants and interns.

Accidents refer to work-related injuries or ill health that lead to:

- fatalities, illness-related absence, restrictions or reassignment to other tasks, medical care beyond first aid, loss of consciousness or
- serious injuries or ill health confirmed by a doctor or other medical professional, as well as injuries or ill health that do not lead to fatalities, illness-related absence, restrictions or reassignment to other tasks, medical care beyond first aid, or loss of consciousness
- minor injuries or small cuts that require bandages are considered incidents rather than accidents. Due to a lack of system support, employees from Urban Deli and Hall Miba are not included.

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Health and safety management system coverage, %	2024	2023
Percentage of own workforce covered by the Company's health and safety management system based on legal requirements and/or recognised standards or guidelines	99	99
Percentage of employees covered by the Company's health and safety management system based on legal requirements and/or recognised standards or guidelines	99	99

Number of fatalities as a result of work-related injuries and work-related ill health, %	2024	2023
Employees	0	0
Own workforce not employed	0	0

Number of work-related accidents and rate of accidents	2024	2023
Number of work-related accidents, employees and own workforce	1,408	1,459
Number of work-related accidents per million hours worked (attendance), employees and own workforce	58.9	64.8

Remuneration metrics (pay gap and total remuneration)

The unadjusted gender pay gap between men and women amounted to 7.9% during the year. A contributing factor to differences in warehouse operations pertains to men working staggered working hours, extra hours, overtime, and night shifts to a larger degree than women, which results in more pay per worked hour. More men have professions in IT where salaries in general are higher than within support functions where women are over represented.

The metric is used to follow up Axfood's work on equal opportunities for its employees regardless of gender. The data is based on salaries paid for the full year 2024 and includes own employees in all employment forms. Consultants and hired staff are not included. To ensure more reliable hourly wages, a threshold was set that each employee must have worked at least 40 hours during the year.

Time worked consists of scheduled attendance and paid absence. Paid absence includes paid holiday, paid leave, paid training, union work such as acting as a union representative and various forms of overtime. Remuneration in the metric consists of base salary, which is the fixed monthly salary or hourly wage rate paid to an employee as well as bonuses, commissions and long term incentive programs. Allowances and remuneration, such as responsibility allowance, inconvenient working hours, holiday pay and benefits (when such benefits comprise remuneration in addition to salary) are also included. Sick pay, parental leave, cash payments for wages not paid and other remuneration that is not connected to work is not included. One deviation from this definition is that Urban Deli's figures are not based on actual paid wages. In this case, the agreed-upon full-time rate was used instead for employees who were employed as of 1 December 2024.

The annual total remuneration ratio for the highest paid individual in relation to the median value for total remuneration for all other employees amounted to 57.1. The remuneration ratio refers to the median salary that is calculated on the basis of the agreed upon full-time salary and the paid out variable remuneration during 2024. Variable remuneration pertains to for example inconvenient working hours, overtime, piece rate pay and bonuses. Variable remuneration is based on work during the year, taking into account employment days and employment rate. Contractual salary refers to base salary and fixed allowances according to the employment contract, for example responsibility allowance. Non-guaranteed hours employees with less than 14 days of employment have not been included. The highest salary is based on total paid salary as well as variable short- and long-term remuneration for entire 2024. The data is based on employees that were employed as of 1 December 2024.

neration is based on work during the year, taking into account employment days and employment rate. Contractual salary refers to base salary and fixed allowances according to the employment contract, for example responsibility allowance. Non-guaranteed hours employees with less than 14 days of employment have not been included. The highest salary is based on total paid salary as well as variable short- and long-term remuneration for entire 2024. The data is based on employees that were employed as of 1 December 2024.

Compensation metrics	2024
Pay gap, gender, %	7.9
Total remuneration ratio	57.1

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 figures only include permanent employment contracts and probationary hires. Employee turnover is calculated as the number of terminations per average number of employees during the year. Hiring turnover is also presented and calculated as the number of jobs per average number of employees during the year.

Jobs due to transition of activities and direct re-employment are excluded. Direct transfers within the Group are excluded as terminations.

Age breakdown, employee turnover, %	Under 30 years old		30–50 years old		Over 50 years old		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Employee turnover	29.9	35.4	12.4	13.5	7.8	7.8	18.3	20.8
Hiring turnover	25.9	35.6	25.9	7.2	3.2	3.6	13.0	17.4

Gender breakdown, employee turnover, %	Men		Women		Total	
	2024	2023	2024	2023	2024	2023
Employee turnover	17.2	19.7	19.2	21.9	18.3	20.8
Hiring turnover	12.5	17.0	13.4	17.8	13.0	17.4

Collective bargaining agreement breakdown, employee turnover, %	Retail		Warehouses and e-commerce		Salaried employees		Hotels and restaurants		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Employee turnover	21.0	22.9	19.4	23.7	7.0	9.5	5.8	6.6	18.3	20.8
Hiring turnover	14.3	16.9	11.2	20.6	10.7	16.6	0.0	0.0	13.0	17.4

Incidents, complaints and serious impacts on human rights

Twice a year, the HR department of each subsidiary reports ongoing and new cases and suggestions for improvement. This includes incidents and complaints that may pertain to matters of offensive treatment and discrimination, unethical behaviour regarding employees and business partners, bribery or corruption, violations of the Group's rules about gifts and entertainment, violations of free competition, serious deviations or violations of regulatory compliance, human rights violations, and material matters and deviations within the framework of the Group's anti-corruption work.

During the year, the Group was not subject to any fines, penalties or compensation for the incidents reported below. The data does not include non-employee workers in own workforce.

Number of discrimination incidents	2024	2023
Employees	5	–



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## ESRS S2: Workers in the value chain

### Description of material impacts, risks and opportunities

Axfod 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 the food supply chain.

### Material impacts

Axfod's stakeholders are setting increasingly stringent demands when it comes to transparency regarding working conditions upstream in the value chain, which could entail a risk if Axfod does not apply due diligence. There are also several new ethical regulations and legislation linked to human rights that have either already entered into force or will do so within the coming years. If Axfod does not adapt its business strategies to follow current and future regulations, there is a risk of a material negative impact on how the Group is perceived by its stakeholders.

### Risks and opportunities

Axfod's extensive network of suppliers and sub-suppliers is complex and imposes strict demands with regard to inspections and procedures to counteract instances of discrimination, child labour, insufficient wages and unsafe work environments. Axfod collects data from sources such as the commodity risk database maintained by the global risk and strategy company Maplecroft.

In 2024, the focus was on supplier countries such as India, Italy, China, Morocco, Peru, Spain, Turkey and Vietnam. Avocados, bananas, cashews, hazelnuts, coffee, strawberries, coconut, mango, rice and tea are all ingredients that have been in focus in the work with suppliers.

Axfod conducts sustainability assessments for all purchases of private label products where at least 5% of the ingredients originate from risk countries as defined by Amfori BSCI, which is a partnership initiative to improve working conditions in global supply chains. Workers in the food industry who are particularly vulnerable are primarily seasonal and migrant workers at berry, fruit and vegetable suppliers in these countries. Generally speaking, these workers have worse terms of employment and pay than regular employees. Conducting regular audits in risk countries and categories allows Axfod to ensure that human rights are respected and to ensure that each supplier guarantees safe work environments and reasonable living wages for its workers.

There are also risks in Sweden related to social conditions and working environments, primarily with respect to seasonal workers. One example is the notable situation for Thai berry pickers, which led to Swedish work permits being denied for thousands of pickers leading to lost job opportunities. Axfod is working to ensure that legitimate operators who strive to improve the situation receive work permits for seasonal employees.

### Management of material impacts, risks and opportunities

#### Policies and guidelines

The interests of workers in the Group's supply chain were taken into consideration by Axfod when setting governing principles regarding social and working conditions.

Axfod has a remediation procedure for human rights violations. Operational grievance systems in the value chain are used to address these issues, and social audits verify that such systems are in place.

For more information about Axfod's policies and guidelines, see pages 92–93.

### Supplier Code of Conduct

Axfod's Supplier Code of Conduct is based on internationally recognised conventions on human rights, working conditions, the environment and anti-corruption that may impact workers across the entire value chain.

All partners are expected to follow the Supplier Code of Conduct, which states that Axfod will not accept human trafficking, child labour or any form of forced labour. Axfod respects the right of every worker to form or participate in a trade union and to bargain collectively. No worker who exercises this right is to be discriminated against, and all workers are to know the basic conditions for their employment and have written contracts. Suppliers are to ensure that all workers receive fair wages that guarantee a standard of living for them and their families.

The Supplier Code of Conduct stipulates that Axfod shall work based on the principle of due diligence. The Code of Conduct is available in Swedish and English on Axfod's website and can be provided to suppliers in around 20 other languages.

### Employee Code of Conduct

Axfod's Group-wide Code of Conduct for employees focuses on topics such as detecting, preventing and minimising risks of human rights violations. This includes addressing any potential negative impact on human rights related to business activities. Axfod provides employees, suppliers and other business partners with information about the importance of respecting human rights.

### Collaborations

Better opportunities are created with partners to identify, prevent, reduce and address human rights violations and environmental problems in each organisation and supply chain. Axfod's ongoing sustainability assessments may sometimes identify instances of non-compliance with the Supplier Code of Conduct, and the international conventions on which it is based, when it comes to workers.

Axfod works together with partners, authorities, trade unions and industry organisations to find solutions for individual cases. Axfod therefore actively collaborates with stakeholders, not least at Ethical Trading Initiative (ETI) Sweden – a member organisation that promotes human rights and sustainable business methods in the global supply chain, and that regularly works with local organisations in producer countries to obtain ongoing feedback and develop sustainability work.

### Contact with workers in the supply chain

Axfod's sustainability work covers workers in the value chain and their working conditions are taken into consideration in purchasing. Procurement is to be conducted on equal terms, and sustainability requirements are to be specified early in the procurement 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.

The Head of Quality and Sustainability at Dagab, Axfod's purchasing and logistics company, has ultimate responsibility for procedures for engaging with workers in the value chain.

### Risk identification

Existing and potential risks in the supply chain are identified based on a number of different parameters, such as human rights, the environment, child labour and discrimination. Information about risks for various ingredients is regularly updated in the global risk and strategy consultant Maplecroft's database and through external analysis. Among other measures, suppliers must show that they have a systematic approach to complying with Axfod's Supplier 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 risks. Supplier answers are compared with the information in the risk analyses and determine whether a supplier can be accepted or disqualified from continuing with the procurement process.

### Memberships to promote human rights

Axfod is a member of Global Deal, Amfori BSCI, the UN Global Compact and ETI Sweden, which are committed to promoting human rights for workers in the supply chain. Interactions with workers are carried out through organisations and initiatives like ETI Sweden or other ETI organisations as well as directly through migrant worker organisations (in Thailand), women's and environmental organisations (in Morocco) and trade unions (in Ecuador and Peru).

In complex cases, information and viewpoints may be obtained from non-governmental organisations or trade unions before procurements or supplier visits, either directly or within the framework of various initiatives in which the Group participates. Having access to Maplecroft's risk database for ingredients supports this process. This type of interaction is estimated to happen on monthly basis.

The effectiveness of the interaction is followed up through assessments for all suppliers of private label products with a risk origin, primarily in individual projects. These assessments are comprehensive and do not entirely overlap with interactions with workers in the supply chain. The number of social audits and outcomes are also followed up, but without any direct connection to the interaction.

During the last few years, Axfod has identified groups that are particularly vulnerable in the supply chain, such as workers and hazelnut farmers working for suppliers in Turkey, migrant workers in Italy and Spain, female seasonal workers at Moroccan fruit and vegetable farms, and rice farmers in Pakistan. Axfod often works with ETI to carry out this identification and actively participates in projects aimed at improving workers' conditions. Axfod currently participates in ETI projects in Spain, Vietnam, Italy and Morocco. Axfod is also involved in a project in the hazelnut value chain in Turkey.

### Social audits

Axfod believes that grievance mechanisms that are integrated into local operations, for example workers' committees or representatives, are more effective than international tools introduced externally, such as company-specific phone numbers workers can call.

Amfori BSCI uses Speak for Change, a programme that provides workers and other stakeholders in the supply chain with the opportunity to anonymously report problems and human rights violations. The programme has been implemented in countries such as Vietnam, Turkey

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and India. Information about the Speak for Change channel is provided by Amfori BSCI, but producers are also required to make information available locally on notice boards and similar.

Social audits include requirements for monitoring grievance mechanisms. According to Amfori BSCI and Sedex Members Ethical Trade Audit (SMETA), which offers a method for assessing labour conditions and ethical business methods in supply chains, suppliers need to provide information about grievance mechanisms, for example through a designated committee or HR function. This is checked by an auditor during the audit. The standards for Amfori BSCI and SMETA also require suppliers to follow up and document grievances, which is checked during audits. For whistleblower matters handled by Axfood, there is a procedure for who to inform and how to log the information internally.

Improved grievance mechanisms

There is a particular risk that vulnerable groups, such as migrant workers, might not share their grievances. To investigate worker awareness and trust in grievance mechanisms, Axfood participates in a project started by ETI that aims to improve the availability of these functions for workers and to provide them with accurate information about work-related rights. Axfood also has a whistleblower service that is available to suppliers through the Company's supplier portal. However, this solution is not primarily intended for workers in the value chain.

Axfood is also working to improve the situation for guest workers in the Swedish fruit and vegetable industry through Svenskt Sigill's IP Arbetsvillkor standard. As of 2024, IP Arbetsvillkor includes information in several languages about the standard and where guest workers can turn to with any grievances. Svenskt Sigill is also working with the Swedish University of Agricultural Sciences (SLU) to evaluate what guest workers think of the standard and how it has affected their conditions.

Remediation procedures

Axfood's remediation procedure identifies any cases of human rights violations in the supply chain that were not covered in social audits or addressed through established systems. These cases often escalate to the point where victims seek external support beyond the typical audit processes and deviation management. According to the remediation procedure, serious deviations are to be addressed promptly and adequately. A checklist is to be followed with the guiding principle to prioritise the individual whose rights have been violated, meaning that victims should first and foremost feel a sense of relief and security, and then remediation should become the focus.

Axfood's guidelines and procedures for the whistleblower service also stipulate that anyone registering a grievance is to be protected from any negative consequences that may arise in connection with the grievance. However, the whistleblower service does not focus directly on migrant and seasonal workers.

All suppliers and sub-suppliers in risk countries or categories are to undergo social audits, which are described in more detail in the G1 section on pages 89–91.

Taking action

Axfood prepares annual action plans for identified risks. Risks are identified ahead of the coming year and the budget is planned to manage these risks in various projects.

Working method

Sustainability officers analyse and evaluate suppliers' sustainability work. They support purchasers and quality assurance staff in their work related to sustainability targets and follow up on key ratios for analysing progress within sustainability. Sustainability officers also ensure that suppliers meet specified requirements through frequent follow-ups and checks in the

Axfood's value chain

Agriculture Production Packaging Sub-supplier

Supplier of branded products

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, but works to increase its insight and impact through due diligence processes.

Agriculture Production Packaging Sub-supplier

Supplier of Axfood's private label products

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.

Wholesale Dagab

Retail and B2B sales

Axfood's retail trade is primarily conducted through Willys, Hemköp, Tempo, City Gross, Eurocash and Snabbgross Club. B2B sales are conducted via Snabbgross.

Customer

Other suppliers

Retailer-owned stores may choose to purchase goods from suppliers outside Axfood's supply chain. Each store is responsible for ensuring that these suppliers comply with Axfood's Code of Conduct.



Axfood is responsible for ensuring that human rights are respected throughout the value chain and strives to promote good work environments and social conditions.



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supply chain. There are currently employees at Axfood who monitor compliance with the Supplier Code of Conduct upstream in the value chain. Ongoing sustainability assessments of potential purchases give these employees the mandate to approve or reject further procurement processes.

In every ETI project that Axfood participates in, goals are established, as are follow-up reporting procedures, for example for cashews in Vietnam, ETI's berry group and the grievance mechanism project. Action plans are also followed up.

Procedures are also in place to address deviations from the Supplier Code of Conduct, which require that action plans are always requested from suppliers and sub-suppliers in cases of serious deviations. This work also identifies opportunities to expand the sustainability certification for products with high-risk origins. In 2024, for example, Garant's coconut milk became Fairtrade-certified and Garant's ice cream received Rainforest Alliance certification. A decision was also made to certify jasmine rice from the private label brand Gastrino according to Sustainable Rice Platform (SRP).

*Risk countries and risk categories*

Good supplier relationships and transparency makes it easier to positively influence local communities. The work is especially complex 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 many foreign seasonal workers (fresh fruits and vegetables, conserved tomatoes, forest berries and mushrooms).

Problems associated with products in risk categories 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 ensure that the suppliers systematically follow up on the requirements in the Supplier Code of Conduct. The Swedish Food Retailers' Federation has also developed guidelines that Axfood follows for responsible sourcing of berries.

*External risk monitoring*

Axfood continuously monitors external sustainability risks in the supply chain. Examples of sources used include Amfori BSCI, Maplecroft's risk database for ingredients, external monitoring focused on workers' rights, supplier visits and industry partnerships within Sweden through ETI and the Swedish Commerce berry network. Dialogues are also held continuously with certification bodies, stakeholder organisations and trade unions, national as well as international.

The risk of deviations from Axfood's Supplier Code of Conduct is greatest if products are manufactured in or contain ingredients or material from risk countries as defined by Amfori BSCI. In addition, there are risk categories in countries that are not traditionally regarded as risk countries. Axfood's suppliers and sub-suppliers of private label products operate in approximately 40 such countries. Axfood requires social audits in all risk countries and for all risk categories to ensure compliance with the Code of Conduct.

*Social audits*

Amfori BSCI performs many of Axfood's social audits, but audits according to the SEDEX and SA8000 standards, for example, are accepted as well. There is a zero tolerance policy for serious human rights violations, such as child labour and forced 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 purchasers involved to agree upon an action plan.

In several social audits between 2023 and 2024, Thai producers were reprimanded for forced labour, as they had not paid all of the costs for their migrant workers from Burma and Cambodia. On these occasions, Axfood pushed for migrant workers to receive back the money they paid for their employment, usually through a repayment plan implemented over several months. Producers also adopted new policies whereby all newly hired migrant workers have all of their costs covered.

Targets and metrics

Axfood currently has no quantified targets in this sustainability area but follows up material impacts, risks and opportunities through sustainability assessments and social audits, action and improvement plans, and projects. This is in line with the Group's processes described in the Supplier Code of Conduct and its ambition for no supplier of private label products to have a negative impact on workers. However, if audits identify suppliers with negative impacts, action plans must be created.

Axfood follows up sales of Fairtrade-labelled food, which is the Group's method of meeting the requirements for sustainability certification set out by Axfood's guidelines for products. The ambition is for the share of sales to increase for risk commodities included in the metric below.

*Fairtrade-labelled food, share of sales*

Axfood aims to protect the working and living conditions of farmers and workers in the value chain and contribute to reduced poverty. The metric is used to measure and follow up sales of Fairtrade-labelled food in the Group's retail chains. These foods include ingredients that are often associated with a high risk of poor working conditions for workers in the value chain. The metric also helps assess Axfood's contribution to the UN SDGs, in particular SDG 1 and SDG 8.

Key ratio	2024	2023
Fairtrade-labelled food, share of sales, %	6.6	7.2

In 2024, the share of sales attributable to Fairtrade-labelled food declined slightly to 6.6% (7.2).

The metric is limited to the share of sales of Fairtrade-labelled foods containing coffee, tea, cacao and bananas out of Axfood's total sales of these ingredients. The focus is on these four ingredients because their supply chains often give rise to risks for workers in the form of discrimination, inadequate wages and precarious working conditions. Private label and branded products are both included in the metric and follow-up is carried out at the Group level. The metric includes upstream activities and own operations through sales in Group-owned stores in the companies Willys, Eurocash, Hemköp (including retailer-owned stores), City Gross and Snabbgross

*Social audits carried out*

During the year, Amfori BSCI conducted a total of 94 (88) social audits of private label suppliers and sub-suppliers. A total of 699 (433) suppliers in risk countries or categories are subject to various types of social audits and sustainability standards. The increase from last year was largely due to Axfood including social audits within fresh fruits and vegetables (including branded product suppliers). A total of 172 suppliers in the fresh fruits and vegetables category were subject to audits in 2024. In total, 4 (5) suppliers were identified as having some sort of deviation from the Amfori BSCI social audit system. Most deviations refer to health and safety violations, excessive working hours and inadequate management to meet the requirements of the Supplier Code of Conduct. These violations have been followed up in accordance with the procedure for establishing action plans. In two cases, Axfood chose to terminate the business relationships because the suppliers could not ensure acceptable follow-up of the Code of Conduct.

Social impact in the supply chain	2024	2023	2022
Number of private label suppliers assessed by Amfori BSCI for social impacts	94	88	93
of which, follow-up audits	38	29	0
Number of private label suppliers identified as having negative social impacts	4	5	4
of which, number of suppliers that received a score of D	2	4	3
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>	2	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	2	4	3
Number of private label suppliers identified as having negative social impacts where action plans have not been drawn up	0	0	0
Share of private label suppliers identified as having negative social impacts where action plans have been drawn up, %	100	100	100
Number of suppliers identified as having social impacts where the relationship was terminated	2	1	1
Share of private label suppliers identified as having social impacts where the relationship was terminated, %	2	1	1

1) The assessment was according to the SA8000 standard.

The audits by Amfori BSCI are broken down into five levels from A to E, where D and E require 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 audit system. Action plans are requested 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 implemented.

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## ESRS S3: Affected communities

### Description of material impacts, risks and opportunities

Axford aims to be a positive force in society by integrating sustainability into all parts of its operations, with both a local and a global perspective. When working with purchasing and the assortment, the aim is to create long-term supplier relationships that emphasise price value, sustainability, health and innovation.

### Material impacts

Axford works to promote sustainability and social responsibility in its supply chains. Local communities that depend on the sale of ingredients in global supply chains can however be negatively impacted, especially in countries where local populations work in conditions that prevent them from exercising their civil and political rights. This carries a risk of discrimination, exclusion from natural resources and challenges to local land rights. Evictions without appropriate compensation or consultation can violate people's rights to housing, a livelihood and participation in decision-making processes. There is also a risk of displacement or discrimination against indigenous peoples. Large monocrop plantations can create pollution and water shortages or contribute to biodiversity loss, which has a negative impact on the surrounding communities.

### Risks and opportunities

With new regulations and laws governing ethics and human rights, Axford is increasingly required to have procedures to identify, address, assess, monitor and communicate negative impacts in the value chain. This also means that responsible business conduct needs to be integrated into policies and management systems. Insufficient compliance with regulations and laws could have a negative impact on Axford's reputation if business strategies are not adjusted.

All affected communities that are impacted by Axford's operations are included in the reporting. The strategy focuses on risk countries and categories of ingredients where its operations have a significant impact. Axford's sustainability assessments have identified seasonal and migrant workers in the berry industry and the fruit and vegetable trade as the groups most affected by the Group's impacts. This includes berry pickers in Thailand, migrant workers in Burma and Cambodia and their children, local residents on hazelnut farms in Turkey, the cashew industry in Vietnam, migrant fruit and vegetable workers in Italy and Spain as well as women who work seasonally in the fruit and vegetable sector in Morocco. There is also a risk in Sweden that seasonal workers could be subject to inadequate working conditions and discrimination.

Axford's business model depends on ensuring the well-being of these groups in order to contribute to a more sustainable and well-functioning supply chain. This is essential for the development of local communities along the value chain as well as for meeting new requirements from stakeholders and regulations governing ethics and human rights.

Axford strives to have a positive impact by conducting or participating in local social projects. These projects are carried out by the Group itself as well as through partnerships with the goal of having a positive influence on the industry. Axford also advocates that employers bear all costs associated with the recruitment of Thai berry pickers in Sweden and Finland. This means that seasonal workers do not need to go into debt and that they are able to improve their economic conditions for themselves and their families. Axford's commitment to

migrant workers in Thailand has also prompted suppliers to become involved, which has led to their own initiatives for the children of migrant workers who are particularly vulnerable.

A project conducted in Morocco between 2023 and 2024 helped Axford and relevant suppliers better understand the situation for seasonal women workers. In Morocco, dialogues between civil society and farmers have increased, which promotes good labour conditions locally.

There is a risk that problems could return when the project is concluded, which sets demands for continued engagement and focus. There is also a risk that Axford might not have a correct understanding of the communities that are impacted, since this requires information from suppliers who may not always have sufficient contact with the local populations.

### Management of material impacts, risks and opportunities

#### Policies and guidelines

Axford's impact on affected communities is governed primarily by the Supplier Code of Conduct.

#### Supplier Code of Conduct

Axford's Supplier Code of Conduct requires an assessment of the impact on local communities and populations in order to take necessary measures and avoid negative impacts. Axford's negotiations in conflicts with local communities over land or natural resources are to ensure respect for individual and collective rights based on local customs and traditions, even if these rights are not formally registered. When there is a risk that indigenous people's rights may be violated, the principle of the right to free, prior and informed consent (FPIC) is always followed, as per the UN Declaration on the Rights of Indigenous Peoples.

Axford's Supplier Code of Conduct is available in Swedish and English on the Group's website and can be provided to suppliers in around 20 other languages.

Together with other support processes, a due diligence system is maintained as described by the OECD's guidelines as well as other internationally recognised conventions on working conditions in the value chain. Ensuring that its business partners respect human rights is also a priority for Axford, as is ensuring good working conditions for its own employees and denouncing all forms of abuse. The obligations in the Code of Conduct stipulate, among other things, that suppliers are to allow regular social audits of the working conditions of their workers and visits to their operations. If the outcome of these audits are not satisfactory or if there is a risk of human rights violations, Axford can ask the supplier to implement an action plan, which is also followed up. This enables remediation for workers.

#### Code of Conduct for human rights

Axford's Code of Conduct describes the Group's approach to human rights. The target is to continuously detect, prevent and minimise risks of human rights violations. Axford strives to address all negative impacts on human rights caused by, or related to, its business operations.

The Group educates its employees, suppliers and other business partners about the importance of respecting human rights. Ensuring that its business partners respect human rights is also a priority for Axford, as is ensuring good working conditions for its own employees and denouncing all forms of abuse. For more information about Axford's Codes of Conduct, see page 92.



**Axford aims to be a positive force in society by integrating sustainability into all parts of its operations, with both a local and a global perspective.**



SOCIAL INFORMATION

Contact with affected communities

Axfood does not currently have any fixed procedures for direct contacts with affected communities upstream in the value chain. Instead, contact primarily takes place through memberships and supplier contacts, as well as projects that the Group is involved with in various industry organisations and networks.

Sustainability assessments

According to the Group’s procedures, sustainability assessments are to be carried out for purchases of private label products where at least 5% of ingredients come from risk countries. Suppliers must follow the principle of due diligence to ensure that production does not have a negative impact on workers and local populations in the value chain. Sustainability officers weigh the information against known risks for the various supply chains using systematic support such as Maplecroft’s Global Risk Dashboard (GRiD), Amfori BSCI and participation in ETI. Interactions with local communities take place through organisations and initiatives such as ETI Sweden or other ETI organisations. Axfood is a member of initiatives such as Global Deal, Amfori BSCI and ETI Sweden, which are committed to human rights for workers in the value chain and thereby also have an impact on local communities. For more information about how these initiatives interact with local communities, see the section ESRS S2 on page 80.

The effectiveness of these interactions is followed up through projects conducted by, for example, ETI Sweden or ETI UK. Within Axfood, the Head of Quality and Sustainability at Dagab has operational responsibility for ensuring that these interactions happen.

Remediation procedures

All suppliers and sub-suppliers in risk countries or categories are to undergo social audits. See the G1 section on page 90. These audits ensure that grievance mechanisms are in place, which are also checked during the audits.

Grievance mechanisms

Grievance mechanisms that are integrated into local operations, such as workers’ committees or representatives, are more effective than international work tools introduced externally, like company-specific phone numbers. Grievance mechanisms are also available in countries where Amfori BSCI has implemented its Speak for Change tool, including Vietnam, Turkey and India.

It can admittedly be difficult for local stakeholders who are not workers in the value chain to access these mechanisms. Partnerships with industry initiatives are essential, since Axfood is a relatively small purchaser globally. This is why the Group also participates in projects such as the Improved Mechanism Project in Italy and Spain through ETI UK.

Procedure in the event of human rights violations

Axfood has a remediation procedure that follows up on human rights violations detected in the supply chain. For more information about this procedure, see ESRS S2 on page 81. This procedure covers cases that have not been addressed through social audits or existing systems, and are instead escalated so that the victims seek external support, often beyond the typical processes. When Axfood becomes aware of a serious deviation outside the typical processes, a checklist is used to act quickly and effectively. The most important principle is to focus on the individual whose rights have been violated, meaning that victims should feel a sense of relief and security, and then remediation should become the focus. Another principle is to carry out effective remediation through partnerships in the entire value chain.

Vulnerable groups

There is a particular risk that vulnerable groups, such as migrant workers, may not share their grievances or desire for remediation. To investigate worker awareness and trust in grievance mechanisms, Axfood has participated in a project started by ETI since 2023. The project aims to improve the availability of these functions for workers and to provide them with accurate information about work-related rights.

Axfood is also advocating to improve the Svenskt Sigill’s IP Arbetsvillkor standard for guest workers in the Swedish fruit and vegetable industry. As of 2024, IP Arbetsvillkor includes information in several languages about the standard and where guest workers can turn to with any grievances. Svenskt Sigill is also working with SLU to evaluate what guest workers think of the standard and how it has affected their working conditions.

Axfood does not have its own policy to ensure protection from retaliation for stakeholders in the local community who file grievances.

Taking action

Axfood works continuously to account for and reduce its negative impact on local communities in the supply chain. Improving working conditions and sustainability, especially in risk countries and industries with seasonal workers, is prioritised. Sustainability assessments and visits to, for example, berry pickers in Thailand are carried out to ensure compliance with the Group’s Code of Conduct.

Improvement projects

In 2024, Axfood joined a project to improve conditions for the local community surrounding the farming operations of its hazelnut supplier from Turkey. The project aims to improve traceability and social infrastructure as well as to prevent, for example, child labour. Berry pickers in Thailand were also visited to better understand their situation and how their families and communities would be impacted if it becomes more difficult to work in Sweden.

Several projects are being carried out within ETI to follow up on goals and action plans. Axfood continuously monitors sustainability risks and collaborates with various organisations to ensure human rights compliance. In cases of serious violations, immediate action is taken. For more information about how Axfood’s works with measures for local communities in the value chain, see pages 81–82.

Targets and metrics

Axfood currently has no quantitative, measurable targets in this area due to challenges with measuring and receiving reliable data in this part of the value chain. More information about these challenges is presented in the ESRS 2 section on page 45.

As future targets are developed, Axfood’s current projects are crucial for ensuring that they are formulated in consultation with local communities. For example, this is one of the ambitions of the project for grievance mechanisms and Axfood’s work to advocate that employers to bear all costs associated with the recruitment of berry pickers. To guide its purchasing, Axfood has a process whereby only approved suppliers and sub-suppliers are permitted to move forward in the procurement process. Over time, this means that suppliers with strong due diligence concerning their own risks and who respect human rights are favoured. Development work is ongoing to improve performance measures and governance.



## SOCIAL INFORMATION

## ESRS S4: Consumers and end-users

### Description of material impacts, risks and opportunities

Axford's material impacts apply to its own operations as well as consumers downstream in the value chain who shop at the Group's retail chains. End-users in this context are wholesalers and restaurant customers in the wholesale operations. End-users account for a much smaller share of total sales than consumers.

All of Axford's consumers and end-users that may be affected by the Group's material impacts, risks and opportunities are covered by this sustainability report.

### Material impacts

The majority of Axford's operations consist of food sales, which can impact the physical health of consumers and end-users. There is a risk that substandard handling of food could directly harm consumers. Additionally, unhealthy food is the second most common cause of lifestyle-related diseases in Sweden after tobacco.

To promote healthy consumption and avoid negative impacts on health, Axford works actively to make healthy products more affordable and available.

The loyalty programmes of Axford's retail chains provide the Group access to customer information. The threat to consumer privacy, in the form of leaked personal data or fraud, is growing in pace with developments in digital technology.

Axford can have a positive influence on consumer behaviour by offering more sustainable and healthy foods as well as clear information about labels and ingredient origins. Through a broad assortment that appeals to different socioeconomic groups, even more consumers have access to healthy and sustainable food.

Unclear or inaccurate labelling and marketing can have a negative impact on older consumers, or those with severe allergies or illnesses. Insufficient consumption of fruits, vegetables and wholegrain products, along with an excess of saturated fat and sugars, can have a negative impact on the health of children and young people according to a study from the Public Health Agency of Sweden. According to the 2024 report from Generation Pep, only 3% of children in Sweden have a healthy diet, which is low based on recommendations for physical activity and dietary guidelines.

### Risks and opportunities

Labels and marketing of goods constitute risks for Axford's operations. If these are perceived as misleading or do not meet expected requirements, this could result in legal disputes, penalties or lost revenue. Insufficient transparency is another reputational risk. Ensuring that communication is clear and accurate is therefore essential for minimising these risks and maintaining credibility in the market.

Axford's materiality assessment set out categories of consumers and end-users based on how they are defined in Axford's business model and overall business strategy.

### Management of material impacts, risks and opportunities

#### Policies and guidelines

Axford works actively to offer healthy and food-safe products while protecting human rights and customer privacy through policies and guidelines.

### Guidelines for products

Axford's guidelines for products are integrated into the Group's purchasing process through multiple commitments to ensure that healthy and safe food reaches consumers. This means developing and offering a broad assortment of food.

When new products are launched or checks are carried out of the existing assortment of private label products, the quality of the product is assessed, including its sugar and salt levels and other contents, to ensure it is in line with the Group's guidelines. The contents of the product are reviewed by quality assurance staff who systematically go through the ingredients, chemical contents and production conditions.

For private label products, work is ongoing to certify more products according to the Keyhole label. Sugar and salt levels are to be lowered if it is possible to do so without affecting the taste. There is an internal sugar policy to guide the work on lowering sugar levels.

Consumer health was taken into consideration when Axford established the guidelines for products, which require the levels of salt, sugar and unnecessary additives in products sold in stores be reduced. Products that meet the criteria and are sold under private-label brands are to be Keyhole-labelled.

### Supplier Code of Conduct

Axford's Supplier Code of Conduct focuses on food and product safety for consumers as well as human rights. Meeting these standards requires active work in the areas of food safety, hygiene, cold chains and product liability. Arrival controls, hygiene procedures and cold chain controls are actively carried out to ensure proper operations. If deficiencies are detected, an investigation is conducted to determine whether a product needs to be fully or partially recalled.

The Code of Conduct emphasises that customers are to feel comfortable with how their personal data is processed and that information is to be processed confidentially.

While the greatest threats to human rights in the supply chain are upstream, the Code of Conduct states that Axford is to actively safeguard human rights throughout the entire value chain, including those of consumers and end-users. Work to prevent human rights violations is based on a due diligence process. This means that the Group continuously identifies and risk-assesses possible violations, manages these risks and works proactively to minimise future risks, in addition to rectifying any violations detected. Any negative impact on human rights caused by its operations must always be addressed. Serious violations and irregularities are to be reported through the Group's whistleblower service.

### Processing personal data

Axford's policy and guidelines for processing personal data aim to ensure responsible processing and data protection in order to protect consumer privacy. All processing of personal data is subject to applicable technical and organisational protective measures. Systems and processes are designed to follow the principles of data protection. Customers have the right to know what personal data is stored by the Group's companies, for example through loyalty programmes. When new customers join a customer programme, information is provided to them digitally.

For more information about Axford's policies and guidelines, see pages 92–93.



**Axford strives to develop products and to promote campaigns that guide consumers towards better, healthier and more sustainable choices.**



SOCIAL INFORMATION

Processes for engaging

The most common interaction with customers takes place in stores when they buy food.

Customer surveys

To gain a better understanding of customer viewpoints and behaviour, Axfood continuously carries out customer surveys with members of the loyalty programmes at its retail chains. These surveys are often conducted by an external supplier and the results are thoroughly analysed using customer satisfaction indices. Based on this analysis, exercises are then held with store employees to provide constructive feedback and improve the customer experience. Unlike traditional methods, where the survey is carried out once per year with multiple questions, Snabbgross uses a system of microsurveys: emails containing only a few questions directly linked to a recent purchase. Examples of insights from these surveys include whether the store was out of particular products, what time of day the lines at the checkout are longest and how customers are treated by staff.

Returns

The quality and sustainability strategy governs how returns from consumers and end-users are handled. The strategy addresses delivery reliability, quality guarantees and communications in direct contacts with consumers. All private label products are labelled with the contact details for Axfood’s consumer contact department, which guides consumers to help them find the relevant person to contact. The consumer contact department consists of five case managers who address matters from consumers and end-users every day. The department is run by the Head of Communication and Quality at Dagab.

All returns and viewpoints from consumers are processed in a special system, which logs all cases, monitors trends and provides feedback to consumers and end-users. Trend monitoring is part of the preventive work to avoid selling products that are hazardous to health. Written processes are in place to provide guidance, forming part of the internal documents that govern this work.

Generation Pep

Axfood works with Generation Pep to better understand and counteract negative impacts on children’s health as well as to promote good health. Generation Pep is a non-profit organisation that works to develop tools to improve the health of children and young people using an evidence-based methodology.

In 2024, Generation Pep released its annual report on the health habits of children and young people in Sweden. Through the collaboration, Axfood aims to help spread information and support activities that encourage children and young people to make healthier choices. The foundation of good eating habits is set at an early age and together with Generation Pep, Axfood aims to create conditions for children and young people to eat a healthy diet for the rest of their lives.

Processes to remediate

Axfood has no general process to directly compensate consumers for negative impacts or to address problems raised by consumers and end-users. Consumers can contact customer service at the individual retail chain regarding complaints, returns and questions. Returns of branded products are handled by the supplier in question, while Axfood’s consumer contact department handles cases concerning private label products. The written procedures used are internal. The Group’s service policy determines whether compensation is to be paid.

Taking action

Healthy offerings

Axfood’s goal is to contribute to a healthier Sweden by offering a wide and varied assortment of healthy products. Product development and price value allow Axfood to guide consumers to choose more fruits, vegetables, vegetable fats and products with less added sugar and salt.

Axfood works preventively as well as operationally to offer affordable, healthy food while also working to reduce negative impacts. In the ongoing development of its own assortment, Axfood focuses on expanding the number of organic, Swedish-labelled, healthy and sustainability-labelled products. The overall goal is to offer affordable, good and sustainable food.

The store chains invest in various initiatives to support healthy choices. For example, organic products are being offered at attractive prices through campaigns. Hemköp encourages customers to buy sustainable food by offering double points on all organic products in its loyalty programme.

Partnership with Generation Pep

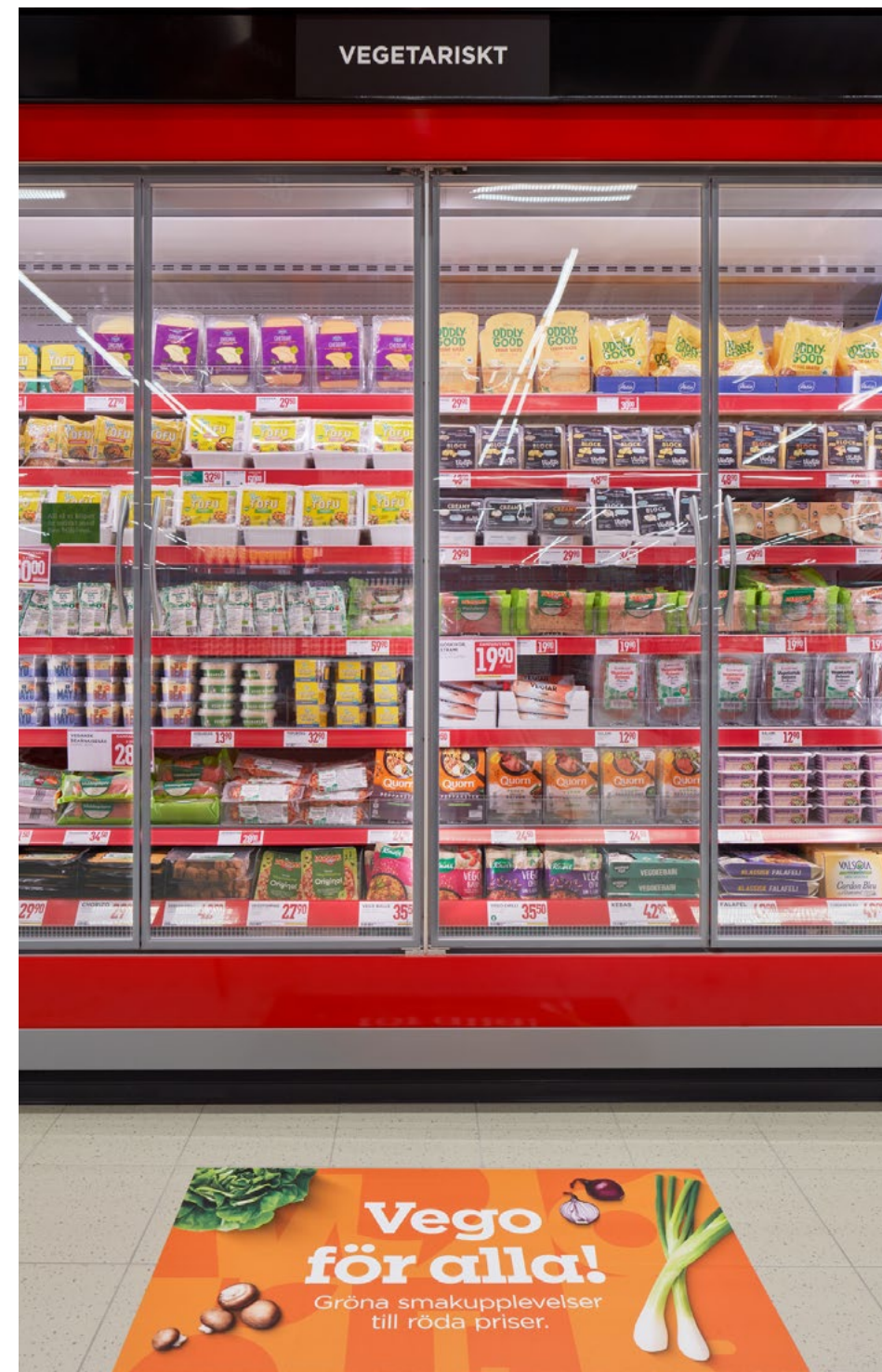
Another way to address the Group’s positive and negative impacts is through external partnerships.

Since 2023, Axfood has worked with Generation Pep to inspire young people to engage in physical activity and develop healthy habits by spreading knowledge and encouraging engagement. With joint efforts across all sectors of society, Generation Pep aims to reduce the barriers that currently lead to health inequalities. Together, Axfood and Generation Pep have developed and launched products such as Nöt & Grönt hybrid mince and hamburgers, which contain equal amounts of minced beef and vegetables. These products are better for people’s health and the climate, in addition to costing less than regular minced beef. Axfood and Generation Pep also partner for the Pep Day event and several other activities and initiatives to promote the health of young people.

The partnership with Generation Pep also includes Axfood’s store chains. Hemköp has set up snack shelves with three different kinds of healthy snacks in the majority of its stores. Willys’ online store introduced a digital snack shelf with inspiration for good and healthy snack products, such as bread, rusks, sandwich toppings, nuts, yoghurt and cereals with the Keyhole label. The same time of snack list is also available on Hemköp’s online store. Snabbgross has developed a shopping list to help canteens at local sports facilities offer healthier products, such as smoothies, fruits and berries, nuts and ready-to-eat crispbread sandwiches.

Social impact

Axfood works to influence policy by presenting sustainable and healthy proposals in its annual Food 2030 report, Axfood’s proposal for a sustainable food strategy for Sweden, first published in 2016. Sugar and salt have well-known negative impacts on health and are often present in products where consumers do not expect them to be added at all. One proposal in Food 2030 is to introduce mandatory limits for sugar and salt in certain foods and to remove or reduce VAT on sustainability-labelled goods. The proposal that Sweden should avail itself of the EU’s support for fruit and vegetables in schools was accepted by politicians in 2024.



SOCIAL INFORMATION

*Product alerts and labelling*

To prevent and reduce health risks for consumers, continuous preventive work is carried out as described in the Group’s quality and sustainability strategy. Additionally, the Group has established procedures for product recalls, a chemical and microbiological analysis programme for products and measures to address food fraud. All of these have been documented as internal procedures.

Despite Axfood’s quality work and internal inspection programme, products are sometimes recalled. Clear internal procedures and action plans are in place to handle these. Serious recalls are communicated to the public via press releases.

Product alerts are issued to recall a product deemed to pose a health risk due to incorrect labelling or a quality defect. There are clear internal procedures and action plans for product alerts that aim to create a system for uniform handling and registration of alerts. Dagab’s quality department issues product alerts and the quality and sustainability manager ensures that all quality assurance staff and experts, for example in over-the-counter medicine, receive continuous education and training in assessing various alerts.

Quality assurance staff assess the severity of the alerts by sorting them according to different categories. The highest classification category entails a negative impact on consumer health and may include cases of salmonella, high levels of aflatoxin, indications of sabotage, allergy risks due to mislabelling or similar. Recalls are only carried out when harm can be confirmed. They are then communicated to the general public.

The quality department reviews and makes internal decisions regarding appropriate measures according to the applicable procedures. The supplier is informed of the chosen measure and may be given the opportunity to review the press release before publication. In cases of a serious alert regarding a private label product where a press release is to be issued, a record is made of decisions and actions. Each product category has its own clear procedures for determining which authority is to be alerted.

Food fraud is when a player violates food legislation for financial gain. The most common forms of this type of fraud are food that is deliberately mislabelled or so-called substitution, where ingredients and raw materials in food products have been replaced with other, uncontrolled substances. Food fraud is categorised into two main types:

- The sale of unsafe food that may pose a risk to human health
- Deliberately misleading labelling or inaccurate description of food

To counteract food and product fraud among private label products, there are procedures in place for carrying out vulnerability assessments. These procedures are intended to ensure a uniform approach to management and checks of high-risk products, and cover all categories of food, special goods and consumables. The procedures also include sustainability-labelled products, such as products with KRAV, EU organic, Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) and Rainforest Alliance certification. Risk products and risk suppliers are to be included in the vulnerability assessment.

The quality and sustainability manager has ultimate responsibility for ensuring compliance with the procedures. Follow-up is carried out by the Group Manager for Quality Assurance, while quality assurance staff are responsible for carrying out the vulnerability assessment according to established procedures.

*Personal data*

To ensure that personal data is not stored longer than necessary, Axfood organises one week every year where employees delete sensitive information about customers, suppliers and employees in accordance with the GDPR. Axfood conducts regular purges of personal data by identifying and erasing inactive or superfluous data from its systems in accordance with applicable data protection regulations, thereby ensuring the privacy and security of all data subjects. In 2024, the Group’s data protection organisation was available to provide help and support with clearing stored personal data.

Axfood is carefully evaluating various possibilities when it comes to using AI to facilitate and streamline employees’ daily work. AI tools have great potential and can be used in many areas, but they also entail a risk that the Group could lose control over sensitive customer information. To ensure consumer privacy, the Group’s evaluations are focused on security. Confidential information, such as personal data, is only processed by Axfood’s approved IT solutions, where the Group has stringent requirements for copyright, security and processing of personal data.

Identification of appropriate measures as well as follow-up and evaluations of the effectiveness of existing measures are all carried out continuously through customer surveys, the consumer contact department, external partnerships, evidence-based reports and studies, and through websites and social media.

No serious human rights issues or incidents related to consumers and end-users were identified in 2024.

*Targets and metrics*

In 2024, Axfood had no quantified target directly related to consumers and end-users but follows up material impacts, risks and opportunities through the number of product recalls and the share of sales of healthy food.

The Executive Committee has decided that, starting in 2025, the share of sales of healthy food will be one of the sustainability targets. The target states that Axfood is to offer a large and highly varied assortment of healthy products by developing the assortment and promoting campaigns that guide consumers toward more fruits, vegetables, vegetable fats and products with less added sugar and salt. At least 25% of food sales are to comprise Keyhole-labelled products by no later than 2030. The ambition is for sales to reflect efforts to promote and market a sustainable and healthy assortment.

*Share of sales of healthy food*

With effective and clear marketing, Axfood aims to guide consumers and end-users towards more healthy consumption of food. Sustainable consumption in this case pertains to a higher intake of fruits, vegetables and vegetable fats and a reduced intake of food that contains added sugar and salt. To follow up this work, sales of healthy food are measured. Follow-up is carried out at the Group level. The metric is in line with national goals for sustainable and healthy food consumption and is connected to the UN SDGs, in particular SDG 3 and SDG 12.

Key ratio	2024	2023
Keyhole-labelled food, share of sales, %	21.7	21.7

In 2024, the share of sales attributable to Keyhole-labelled food was in line with the prior year and amounted to 21.7% (21.7).

The metric is measured as the share of Axfood’s total food sales attributable to sales of healthy food. The definition of healthy food includes food items with the Keyhole sustainability label, both in the Group’s private label assortment and in its assortment of branded products. To calculate the share of sales, sales of Keyhole-labelled food (excluding VAT) are divided by total food sales. The metric includes upstream activities and the Group’s own operations through sales in Group-owned stores in the companies Willys, Eurocash, Hemköp (including retailer-owned stores), City Gross and Snabbgross.

*Public product recalls*

Despite Axfood’s quality work and internal inspection programme, products sometimes need to be recalled. This happens when a product is deemed to pose a health risk or due to incorrect labelling or a quality defect. To follow up these events, the number of public product recalls is measured for Axfood’s private label products as well as branded products.

Number of recalls due to quality defects	2024	2023
Private label products	27	23
Branded products	94	78
<b>Total</b>	<b>121</b>	<b>101</b>

In 2024, a total of 121 (101) product recalls were conducted, most of which pertained to branded products.

The metric is measured as the number of public product recalls within the Group’s total assortment. All public product recalls within the Group’s total assortment are included.



# Governance information

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## GOVERNANCE INFORMATION

## ESRS G1: Business conduct

### Description of material impacts, risks and opportunities

As a major player in the Swedish food industry, Axford has an opportunity to promote the production and consumption of more healthy and sustainable food.

### Material impacts

Axford is a purpose-driven group and aims to offer a good working environment where the culture and values are followed up and spread throughout the organisation to promote employee health and safety.

Axford's structure, with various concepts that collaborate and complement each other, entails that ideas and initiatives can be carried out within one of the concepts without necessarily affecting the others. This promotes innovation and enables faster implementation of sustainable solutions.

Many issues in the industry cannot be solved independently and instead require long-term partnerships between various players, for example through industry organisations and networks. Given Axford's market share in Sweden, there are also significant opportunities to influence and to engage in dialogue with politicians and authorities in order to increase their knowledge about the food retail industry and drive development within prioritised sustainability and health issues.

Axford is responsible for ensuring that human rights are respected and strives to promote good work environments and social conditions for its own employees as well as workers in the food supply chain. Supply chains are complex and often built upon multiple tiers, with primary ingredients from several countries, which entails a risk that environmental and social standards may not always be upheld.

Maintaining good supplier relationships and transparency makes it easier to influence current and future work in the supply chain in a positive direction. Axford promotes sound business conduct by increasingly raising the bar for suppliers in the selection process.

While Axford has anti-corruption and bribery policies, the Group operates across a large value chain. Falsified or illegally obtained environmental, social responsibility or quality certifications represent risks. Pressure on buyers to choose a particular supplier despite access to better alternatives is another type of risk. In several countries where Axford has business relationships, there is a high risk of corruption, which could have a social and environmental impact on local communities.

Axford works actively on matters concerning animal welfare. Risks are primarily upstream in the value chain as animals can be harmed in primary production and in the food industry due to for example abuse or the overuse of antibiotics. More antibiotics are used in animal production than in healthcare. High use of antibiotics leads to antibiotic resistance and multiresistant bacteria, which is a major problem in healthcare. If the development continues, the possibility of curing various infections as well as cancer care and transplant surgery is threatened.

### Risks and opportunities

Axford's operations are being impacted by increasing legislative and regulatory demands, resulting in higher administrative costs. Insufficient regulatory compliance can also lead to operational, legal and reputational risks.

When it comes to policy advocacy, it is important to carefully consider which matters to pursue. Controversial or poorly investigated matters can entail brand, financial and legal risks that impact the other operations negatively.

A lack of transparency in the value chain increases the likelihood of improprieties such as corruption and bribery, which risks reputational and financial damage for Axford.

Any shortcomings in livestock farming mean that the Group could be negatively impacted through damage to its brand or reputation as well as through lost business opportunities and reduced revenue.

### Management of material impacts, risks and opportunities

#### Policies and guidelines

Axford's double materiality assessment covers the industries in which Axford operates, its stakeholders (primarily business partners, employees and suppliers), and the complexity inherent in the Group's comprehensive value chain, both upstream and downstream.

#### *Business conduct policies and corporate culture*

All individuals who perform work for Axford 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. Axford also has guidelines for handling corruption and bribery, which are outlined in Axford's ethical conduct rules, Supplier Code of Conduct and guidelines for business ethics adopted by the Executive Committee. These governance documents are in line with applicable Swedish legislation on corruption and meet the requirements specified in the EU's implementation of the United Nations Convention against Corruption (UNCAC) and the Code to Prevent Corruption in Business developed by the Swedish Anti-Corruption Institute (Swe: Institutet Mot Mutor, IMM). The guidelines for business ethics also emphasise that Axford, together with its relevant subsidiaries, is to have an active, preventive anti-corruption agenda.

#### *Internal knowledge and procedures*

The internal level of knowledge is maintained and improved through relevant and up-to-date training for employees. Each subsidiary is also responsible for establishing relevant procedures for employees who are particularly affected by business conduct risks. Those at greatest risk of corruption and bribery are employees with authorisation rights or who, in some other way, are in a position to influence purchasing decisions relating to products or services.

#### *Supplier Code of Conduct*

All of Axford's business partners, as a rule, are to sign the Group's Supplier Code of Conduct. Axford has the ability to evaluate business partners at and beyond the workplace, whether through Axford's own initiative, Amfori BSCI or an independent third party, such as an audit firm appointed for this purpose. For more information about these audits, refer to the following section on the management of relationships with suppliers.

#### *Employee Code of Conduct*

The goal of the Group-wide Code of Conduct is to communicate Axford's purpose, vision, values and requirements of its operations and employees in a clear and comprehensive manner. It also summarises Group-wide policies and guidelines as well as guiding employees to relevant information.

Each subsidiary is responsible for its own compliance with ethical commitments, including identifying which rules to comply with and delegating responsibility to the correct function,



**Axford works to ensure a high level of business conduct and sustainability throughout its operations.**



## GOVERNANCE INFORMATION

department or person within the Group. Legal advice, training and external monitoring are offered to support this. The Group-wide Code of Conduct is available to employees on the Group's intranet. Additional, more specific information about how employee health and safety is to be promoted is available in the Group's HR policy, occupational health and safety policy, and other governance documents. For more information, see the section ESRS S1 on pages 75–79.

### *Whistleblower function*

Axfod has a whistleblower function that consists of a Group-wide reporting channel as well as separate internal reporting channels for the subsidiaries that have, or are expected to have in the near future, a legal obligation to provide such a channel. Whistleblower cases can include information about criminality, irregularities and violations or other actions that violate legislation in a work-related context.

The Group's internal guidelines and procedures, which comply with the Swedish Whistleblowing Act, describe how the whistleblower function is to be handled and managed. They state that Axfod is to ensure that anyone who reports serious misconduct through the whistleblower service can do so safely and confidentially without any risk of reprisal. Reprisals, or attempts to prevent a whistleblower from turning to their employee organisation for advice on the matter, are also not permitted. The guidelines are available to employees on the Group's intranet.

### *Animal welfare*

Axfod's quality and sustainability strategy lays out guidelines for suppliers of private label products regarding good animal care and low use of antibiotics in meat, dairy products 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 for all types of animals.

Animal welfare is covered by Axfod's Supplier Code of Conduct, which has basic requirements for livestock farming. The Group has requirements in place for basic animal welfare certification, or the equivalent, for all private label products. Such requirements have been introduced for imported products, and work is now focused on introducing equivalent requirements for Swedish beef production, which currently lacks certification. With the exception of meat from natural grazing and the Svenskt Sigill, Svenskt Sigill Klimatcertifierad and KRAV labels, Swedish beef lacks animal protection certification. Axfod therefore advocates that the certification IP Nöt & Mjök Grundcertifiering be introduced.

When it comes to organic production, KRAV certifications are prioritised since they include rules for animal welfare. The share of KRAV-certified meat is also used as a key ratio.

For more information about Axfod's business ethics policies, see pages 92–93.

### *Taking action*

Axfod strives to ensure that all suppliers follow high standards when it comes to human rights, environmental protection and animal welfare. By requiring suppliers to sign a Code of Conduct and carrying out regular audits, the Group works to minimise risks and ensure sustainability across the entire supply chain.

### *Requirements for suppliers*

The foundation of Axfod's sustainability-related work with suppliers is set out in Axfod's Supplier Code of Conduct and a written commitment between Axfod and its partners to demonstrate due diligence in the matters of human rights, environmental protection and ani-

mal welfare in their supply chains in line with internationally recognised principles. Every supplier who enters into an agreement with Axfod as a rule must sign the Supplier Code of Conduct, regardless of whether they supply private label or branded products.

The risk of deviations from the Code of Conduct is believed to be greatest if products are manufactured in, or contain ingredients or materials from, risk countries. Risk countries are determined according to Amfori BSCI's classification. In addition, there are risk sectors in countries that are not traditionally classified as risk countries. Axfod's suppliers and sub-suppliers of private label products operate in approximately 40 such countries. Axfod requires that social audits be carried out in all risk countries to ensure compliance with the requirements laid out in the Code of Conduct. The same applies to the production of compound products (where at least 5% of food content includes a risk commodity). Read more about the Supplier Code of Conduct on Axfod's website.

The supplier base for the private label assortment is made up of 457 (447) suppliers and 1,546 (1,328) sub-suppliers. A total of 560 (582) suppliers and sub-suppliers in this group have production located in countries on Amfori BSCI's list of risk countries, which is why such purchases are thoroughly 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.

### *Control and follow-up*

All of Axfod's supplier agreements are negotiated centrally. By coordinating, Axfod gains strong purchasing power that contributes to greater knowledge and control throughout the entire value chain. Control is exercised through follow-up of the Supplier Code of Conduct, sustainability assessments in connection with purchases of private label products and social site audits of suppliers, primarily in risk countries.

Suppliers with production in risk countries need to demonstrate transparency in the supply chain, follow up systemically on the Code of Conduct and carry out analyses of both environmental and social risks in the value chain. Sustainability officers at Axfod assess the information, and suppliers with excessive deficiencies are excluded from the procurement process. By gaining insight into suppliers' operations at an early stage, Axfod has greater influence and a better opportunity to ensure compliance with standards. Insight also creates an understanding of which suppliers Axfod needs to work with more actively in order to reduce the risk of deficiencies.

When selecting and following up with suppliers, Axfod assesses whether the social and environmental requirements in the Code of Conduct are being complied with. Amfori BSCI performs many of Axfod'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 E require suppliers to submit an action plan and explain the main reasons for any deviations. These suppliers are also 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. Such actions are carried out within 12 months to ensure that adequate measures have been taken. There is a zero tolerance policy for particularly urgent cases of serious human rights violations, such as child labour and forced labour, or where there is an immediate danger to health and safety.

Serious deviations are followed up with the supplier in accordance with an established process. For suppliers and sub-suppliers that undergo Amfori BSCI audits, a meeting with the supplier and relevant purchaser is called promptly to agree on an action plan. If the supplier cannot ensure acceptable follow-up regarding the Code of Conduct, or does not comply with the prepared action plan, Axfod can choose to terminate the business relationship. For more information about the outcome of social audits in 2024, read ESRS S2 on pages 80–82.

### *Responsible payment processing*

The timing of invoice payments can have a major impact on the finances of smaller suppliers, which in turn can have a negative impact on remuneration to their employees. Axfod's guidelines for business ethics explain the importance of approving transactions within the agreed-upon payment timeframe and state that clear delegation and procedures are to ensure that transactions are correctly authorised, approved and registered. For more information about the guidelines for business ethics, see page 92.

### *Anti-corruption and bribery*

Axfod works actively to prevent corruption and bribery by requiring suppliers and employees to follow strict ethical guidelines. Regular checks, audits and a whistleblower function ensure compliance with business conduct in the entire value chain.

### *Preventive anti-corruption work*

To prevent the risk of corruption and bribery, every supplier is required to sign Axfod's Supplier Code of Conduct, which includes a clause on business conduct. All employees with authorisation rights or who, in some other way, are in a position to influence purchasing decisions relating to products or services, are required to sign the ethical conduct rules when they are hired and then every year thereafter.

To detect corruption and bribery in the value chain, supplier audits of companies in the Nordic region are conducted continuously along with social audits for suppliers operating in risk countries. A procedure for external monitoring and reviews of sanctions lists has also been implemented to create better opportunities for detecting poor business conduct among suppliers in risk countries.

### *Whistleblower function*

Employees can report improprieties such as bribery and corruption through Axfod's whistleblower function.

Axfod has an agreement with a supplier that provides web-based reporting channels with several alternatives for reporting. The law firm that has been hired to manage the whistleblower service receives, classifies and reviews legal considerations related to reported incidents. Their assessment is sent on to Axfod's internal, independent whistleblower committee, which reports the findings to the Board.

Matters that qualify as whistleblower cases are processed in consultation with the whistleblower committee. This includes matters such as who is to investigate the reported irregularity, who needs to be informed, who is to manage ongoing communication with the person who reported the irregularity, and which measures need to be taken.

Matters that do not qualify as whistleblower cases are handed over either to central HR or to the relevant function at the company in question to be addressed. This is typically done through the HR manager in charge, or by asking the whistleblower to make such contact themselves. To read more about the whistleblower function, visit Axfod's website.

### *Anti-corruption training*

Anti-corruption training will be developed in 2025 that will be mandatory for relevant Axfod employees on a recurrent basis, including salaried employees with authorisation rights and the Executive Committee. The training is preventive and raises employee awareness of the risks of corruption and bribery, with the aim to empower employees so that they feel confident in better identifying and avoiding corruption and bribery in their procurement work.

GOVERNANCE INFORMATION

Targets and metrics

Axfood has set targets to manage its material impacts, risks and opportunities through business conduct. These targets are based on increasing the total sales of sustainability-labelled products, with a particular focus on meat. They are also based on expectations from consumers and society at large that Axfood is to contribute to sustainable development.

Axfood’s targets include upstream activities in the value chain within primary production and in the Group’s own operations through sales in Group-owned stores in Willys, Eurocash, Hemköp (including retailer-owned stores), City Gross (only November–December) and Snabbgross.

Follow-up takes place at the Group level. The target is revised annually and approved by the Executive Committee, which ensures that outcomes continuously correspond with the original targets as well as any adjustments. The Group’s stakeholders did not contribute to formulating the target.

Targets were set on a voluntary basis as a part of the Group’s overall business strategy and are not a statutory requirement.

Targets are based on the scientific evidence used by external ecolabels to set their criteria.

Sustainability-labelled products, share of sales

Axfood is to increase the share of sales attributable to sustainability-labelled products by 2030 in order to promote products that contribute to a sustainable value chain for food production and consumption in various ways. This target is connected to the guidelines for products in the Group’s assortment, which state that labelling and certification are to help consumers to select products that have been produced with particular attention to people, animals and the environment. Placing demands on sustainability certification is a way of promoting more sustainable production.

Sustainability-labelled products are defined as food and non-food items (special goods) with approved sustainability labels. Approved labels mainly include ASC, Bra Miljöval/Falken, Ecocert Cosmos Organic, EU Flower, EU Ecolabel, Fairtrade, KRAV, MSC, Keyhole, Rainforest Alliance, Nordic Swan Ecolabel, Sustainable Rice Platform, Global Organic Textile Standard and UTZ-certified.

Key ratio	2024	2023	Target 2030	Base year 2020	Target period	Governance documents
Sustainability-labelled products, share of sales, %	27.2	26.7	30	28.3	Long-term (10 years)	• Guidelines for products in Axfood’s assortment

In 2024, the share of sustainability-labelled products amounted to 27.2% (26.7). The increase was primarily a result of label revisions for a larger number of products.

The products are considered to contribute to sustainable development since the target is based on credible and established labels with strict requirements for goods. The target is connected to the UN SDGs, in particular SDG 1, SDG 8, SDG 12, SDG 13, SDG 14 and SDG 15. The primary activities for achieving this target include campaigns, offerings of sustainability-labelled products and assortment development.

Axfood engages in industry partnerships and other social advocacy, such as the Food 2030 report, Axfood’s proposal for a sustainable food strategy for Sweden. Food 2030 includes proposals for lower VAT on sustainability-labelled food products and investments in sustainability labels such as ASC, Keyhole, MSC and organic products in order to promote sustainable production and consumption.

The target is measured as the share of Axfood’s retail- and wholesale sales attributable to sustainability-labelled products. The Group’s private label products and branded products are included. To calculate the share, sustainability-labelled product sales as measured in SEK (excluding VAT) are divided by retail- and wholesale sales.

The target was adopted in early 2025 by Axfood’s Board as part of the Group’s long-term strategy, since the target year was revised from 2025 to 2030. The Board validates and approves the target and confirms whether the outcome corresponds with the original target as well as any revisions. The target is also part of the Group’s long-term share-based incentive programme (LTIP) described in the section ESRs 2 on page 46.

Sustainability-labelled meat

Axfood is to increase the share of sales of KRAV-certified meat and/or Svenskt Sigill-labelled meat from natural grazing by 2025. The target helps the Group contribute to better animal welfare and reduced antibiotic use in primary production, which is in accordance with the commitments in the guidelines for products in the assortment regarding animal health and Swedish food production. Additionally, it helps prevent antibiotic resistance.

Key ratio	2024	2023	Target 2025	Base year 2020	Target period	Governance documents
KRAV-certified meat, share of sales, %	2.7	2.8	5	3.1	Medium-term (5 years)	• Guidelines for products in Axfood’s assortment

The share of KRAV-certified meat declined to 2.7% (2.8) compared with the previous period. The decrease was primarily due to fewer campaigns toward the end of the year and a lower share of sales at City Gross.

Target achievement is expected to contribute positively to Axfood’s value chain, since the target is based on credible and established labels with strict requirements. The target is also connected to the UN SDGs, in particular SDG 12.

The primary activities for achieving this target include campaigns and offerings of sustainability-labelled products, assortment development, strategic in-store placement, industry collaborations and social advocacy efforts through several proposals in Axfood’s Food 2030 report that promote organic production and consumption.

The target is measured as the share of Axfood’s total sales of meat attributable to KRAV-certified and Svenskt Sigill-labelled meat from natural grazing. The Group’s private label products and branded products are included. To calculate the share, sustainability-labelled product sales as measured in SEK (excluding VAT) are divided by total sales.

In 2024, Axfood’s Executive Committee set a target of 5% by 2030, compared with the previous target which only included Hemköp. The changes applied as of 1 January 2025.

Incidents of corruption or bribery

In 2024, Axfood had incidents reported through central and local channels of the whistleblower function. To date, no incidents have been confirmed as corruption, as validated by a law firm. As a result, there were no convictions for violations of applicable anti-corruption and anti-bribery laws.

Reported and confirmed breaches	2024
Confirmed incidents of corruption	0
Convictions for violation of anti-corruption and anti-bribery laws	0

Social impact

Axfood strives to be a positive force in society by promoting sustainability and influencing policy decisions in a direction that benefits the Company and society at large.

Axfood is non-partisan and does not make financial or other contributions to political parties. Nor had any of Axfood’s directors in 2024 held a comparable position at an authority, including any supervisory authorities, within the past two years. Axfood is not listed in the EU Transparency Register and input to EU institutions is primarily provided indirectly through industry organisations.

Axfood’s lobbying work is supervised by a formally established council, Axfood’s Policy Advocacy Council, which includes several members of the Executive Committee. The council was established through a decision by the Executive Committee in 2016, with the task of establishing priorities and forms for policy advocacy. This includes ensuring that work complies with any regulations that the Group has to follow, including rules in connection with political visits to stores or warehouses and meetings in general.

Advocacy is carried out through measures such as the Food 2030 report, Axfood’s proposal for a sustainable food strategy for Sweden with over one hundred solutions for business, authorities and policy. The report has been published since 2016 and is available in paper and digital format from the Group’s website.

Op-eds were written during the year about the importance of compensating farmers for voluntarily extending outdoor grazing time for cows, which is important for animal welfare. The proposal is included in the Food 2030 report.

Payment terms in the supply chain

In accordance with the Group’s guidelines for business conduct, Axfood is to work to ensure that payments are certified in time so that they are received by the Group’s suppliers within the agreed upon payment period. Axfood has grouped suppliers into four different categories based on the number of employees. This makes it possible to identify any differences in payment times according to the size of the supplier. All of the Group’s suppliers in Sweden as well as globally are included in the data. Information about the number of employees for Swedish suppliers was taken from the Swedish Companies Registration Office. The assumption for international suppliers is that they are all large companies with more than 250 employees.

Supplier payment terms

Type of supplier	Average actual payment time in contract (days)	Payment time applied as standard (days)	Share of payments made within the payment time (%)
Micro enterprises (0–9 employees)	30	28	58
Small enterprises (10–49 employees)	22	21	58
Medium-sized enterprises (50–249 employees)	28	26	60
Large enterprises (>250 employees)	20	19	65

The outcome for 2024 indicates that the share of payments made within the payment period was within a range of just over half of all payments. Late payments to smaller suppliers in risk countries in terms of social conditions can have a negative impact on the employees of these suppliers in the form of late or non-payment. Axfood will continue to streamline its procedures for payments, approval and follow up of payment times.



APPENDIX

# Sustainability policies and governance documents

Governance documents	Description	Scope	Connection to international frameworks and conventions	Document owner	Decision level	Available
Sustainability policy	Description of direction and principles of sustainability work.	Group	<ul style="list-style-type: none"> <li>• UN Sustainable Development Goals (the 2030 Agenda)</li> <li>• UN Guiding Principles on Business and Human Rights</li> <li>• Corporate Sustainability Reporting Directive (CSRD)</li> <li>• OECD Guidelines for Multinational Enterprises on Responsible Business Conduct</li> </ul>	Head of Corporate Communications	Board of Directors	Internal document
Guidelines for Axfood's sustainability work	Description of principles and requirements for sustainability work, including delegation of responsibilities, what is to be taken into consideration when developing sustainability targets, due diligence processes and sustainability reports.	Group	<ul style="list-style-type: none"> <li>• UN Sustainable Development Goals (the 2030 Agenda)</li> <li>• UN Guiding Principles on Business and Human Rights</li> <li>• OECD Guidelines for Multinational Enterprises on Responsible Business Conduct</li> <li>• Corporate Sustainability Reporting Directive (CSRD)</li> </ul>	Head of Corporate Communications	CEO/Executive Committee	Internal document
Supplier Code of Conduct	Written commitment established between Axfood's subsidiaries and their partners to demonstrate due diligence in the matters of human rights and environmental protection in supply chains in line with internationally recognised principles.	Upstream in the value chain	<ul style="list-style-type: none"> <li>• UN Universal Declaration of Human Rights</li> <li>• OECD Guidelines for Multinational Enterprises on Responsible Business Conduct</li> <li>• ILO Declaration on Fundamental Principles and Rights at Work</li> <li>• UN Guiding Principles on Business and Human Rights</li> <li>• UN Children's Rights and Business Principles</li> <li>• The Paris Agreement</li> <li>• Convention on Biological Diversity (CBD)</li> </ul>	General Counsel	Board of Directors	Website
Axfood's ethical conduct rules	Written annual commitment for employees with authorisation rights for cost centres or who otherwise influence purchasing decisions relating to products or services.	The entire value chain	<ul style="list-style-type: none"> <li>• The Code to Prevent Corruption in Business (Näringslivskoden)</li> </ul>	Head of Labour Relations and Compensation	CEO/Executive Committee	Website
Employee Code of Conduct	The goal is to communicate Axfood's purpose, vision, values and requirements of the Group's operations and employees in a clear and comprehensive manner as well as to summarise Group-wide policies and relevant guidelines and to point employees in the right direction to easily find relevant information.	Own operations	<ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• OECD Guidelines for Multinational Enterprises on Responsible Business Conduct</li> <li>• ILO Declaration on Fundamental Principles and Rights at Work</li> </ul>	General Counsel	Board of Directors	Internal document
Biodiversity strategy	Describes Axfood's strategic work to conserve and promote biodiversity and ecosystems and to limit the operations' negative impact on them.	Upstream in the value chain	<ul style="list-style-type: none"> <li>• Kunming-Montreal Global Biodiversity Framework</li> </ul>	Head of Sustainability	Head of Corporate Communications	Website
Guidelines for business ethics	Describes requirements and the overall responsibility of each company and established function within the Group. Addresses issues such as accurate accounting and reporting, anti-corruption, conflicts of interest, free competition, counteracting money laundering, international sanctions, political influence, and reporting and monitoring requirements.	Group	<ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• The Code to Prevent Corruption in Business (Näringslivskoden)</li> </ul>	General Counsel	CEO/Executive Committee	Internal document
Guidelines for products in Axfood's assortment	Summarises the requirements that govern operating activities in order to live up to the Group's vision of offering good and sustainable food.	Upstream in the value chain	—	Dagab's Head of Quality and Sustainability	CEO/Executive Committee	Website

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Governance documents	Description	Scope	Connection to international frameworks and conventions	Document owner	Decision level	Available
Guidelines for seafood	Supplements the sustainability requirements in the guidelines for products in Axfood's assortment and the guidelines governing the Group's procurement of seafood in the form of fish, shellfish and plant-based seafood.	Upstream in the value chain	–	Dagab's Head of Quality and Sustainability	CEO/Executive Committee	Website
Guidelines for sustainable store establishments and refurbishments	Describes how Axfood is to be a responsible and active social actor in the properties used by the Group.	Own operations	• UN Sustainable Development Goals (the 2030 Agenda)	Head of Business Development	CEO/Executive Committee	Website
Group occupational health and safety policy	Describes what Axfood considers to be important priorities when it comes to the work environment, alcohol and drugs, health and rehabilitation.	Own operations	–	HR specialist, work environment and health	CEO/Executive Committee	Internal document
HR and work environment policy	Describes the values that are to guide employees' actions and what defines the Group's corporate culture.	Own operations	–	Head of Human Resources	Board of Directors	Internal document
Equal treatment policy	Clarifies Axfood's views on equal treatment and diversity, and highlights the importance of including equal treatment and diversity as a natural part of the Group's way of working.	Own operations	• Swedish Work Environment Act • Swedish Discrimination Act	HR specialist, work environment and health	CEO/Executive Committee	Internal document
Guidelines and procedures for equal treatment and offensive treatment	Provides a more in-depth description of how employees are to act and the Group's procedures in the event that an employee feels that they have been discriminated against, subjected to offensive treatment, harassed, bullied or retaliated against.	Own operations	–	HR specialist, work environment and health	HR steering committee	Internal document
Guidelines and procedures for the whistleblower service	Describes how to correctly use the whistleblower service. Applies for companies in the Axfood Group, for franchise owners and for any associated companies with a direct connection to the Group.	The entire value chain	• The EU Whistleblowing Directive (2019/1937)	Head of Labour Relations and Compensation	CEO/Executive Committee	Internal document
Travel and meetings policy	Describes Axfood's overall view on the trade-off between travel-free meetings and travel, as well as applicable requirements and approaches.	Own operations	–	HR Specialist Process development	CEO/Executive Committee	Internal document
Guidelines for sustainable IT	Describes how Axfood will use a systematic tool to ensure a sustainable supply chain for selected existing suppliers of services, hardware and software.	Own operations	–	–	Head of IT	Website
Recruitment policy	Describes and clarifies Axfood's approach to external and internal recruitment. The Group is to promote equal opportunities and counteract discrimination when hiring new employees or when employees change positions within the Axfood Group.	Own operations	–	Head of Leadership Development and Executive Recruitment	CEO/Executive Committee	Internal document



APPENDIX

# Sources for emission factors

Emissions	Share of primary data	Metric	Source	Comments
<b>Scope 1</b>				
Own transports	100%	kg CO <sub>2</sub> eq/litre	• DEFRA. Conversion factors 2024	
Refrigerants	100%	kg CO <sub>2</sub> eq/kg	• IPPC fourth report (AR4)	
Company cars	100%	g CO <sub>2</sub> eq/km	• DEFRA. Conversion factors 2024	
<b>Scope 2</b>				
Purchased electricity	100%	g CO <sub>2</sub> eq/kWh	• AIB (2024). European Residual Mixes 2023. Version 1.0, 30 May 2024	
Purchased heat	100%	g CO <sub>2</sub> eq/kWh	• Energiföretagen and VMK (2024). Local environmental values of district heating, 2023.	
<b>Scope 3</b>				
Category 1: Purchased goods and services	0%	kg CO <sub>2</sub> eq/kg product	• RISE (2024). RISE food climate database • RISE (2024). Emissions factors for non-food items • IVL (2024) IVL Swedish Environmental Research Institute: Product databases: the environmental benefits of reuse, 2020 • BEIS (2024) • The Swedish National Agency for Public Procurement (2019)	
Category 2: Capital goods	0%	tonnes CO <sub>2</sub> e/tonne kg CO <sub>2</sub> eq/SEK kg CO <sub>2</sub> eq/SEK	• The Swedish National Agency for Public Procurement (2019)	
Category 3: Fuel- and energy-related activities	7%	g CO <sub>2</sub> eq/kWh kg CO <sub>2</sub> eq/kWh kg CO <sub>2</sub> eq/litre	• Energiföretagen and VMK (2024). Local environmental values of district heating, 2023. • DEFRA. Conversion factors 2021 • DEFRA. Conversion factors 2024	
Category 4: Upstream transports and distribution	31%	kg CO <sub>2</sub> eq/litre g CO <sub>2</sub> eq/tkm g CO <sub>2</sub> eq/kWh	• DEFRA. Conversion factors 2024 • The Swedish Energy Agency fuel statistics 2023 • NTM 2024 • SMED (2021)	
Category 5: Waste	0%	kg CO <sub>2</sub> eq/tonne	• DEFRA. Conversion factors 2024	
Category 6: Business travel	100%	kg CO <sub>2</sub> eq/transportation mode and accommodations	• DEFRA. Conversion factors 2024	
Category 7: Employee commuting	0%	kg CO <sub>2</sub> eq/km	• Transport Analysis, Transporternas energi och klimateffektivitet Rapport 2022:1	
Category 9: Downstream transports	0%	g CO <sub>2</sub> eq/km	• 2030 Miljöbarometern. Average CO <sub>2</sub> emissions from vehicles, 2023 • The Swedish Public Transport Association. Kollektivtrafikbarometern Annual Report 2023.	
Category 11: Use of sold products	0%	g CO <sub>2</sub> eq/kWh	• AIB (2024). European Residual Mix 2023. Version 1.0, 30 May 2024	
Category 12: End-of-life treatment of sold products	0%	kg CO <sub>2</sub> eq/unit	• BEIS (2024)	
Category 14: Franchises	72%	g CO <sub>2</sub> eq/kWh	• AIB (2024). European Residual Mix 2023. Version 1.0, 30 May 2024	

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S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	81	
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		Location	Other information
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ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	49, 83	
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S3-2	Processes for engaging with affected communities about impacts	84	
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	84	
S3-4	Taking action on material impacts on affected communities, and approaches	84	
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	84	
<b>ESRS S4</b>	<b>Consumers and end-users</b>		
ESRS 2, SBM-2	Interests and views of stakeholders	48	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	49, 85	
S4-1	Policies related to consumers and end-users	85	
S4-2	Processes for engaging with consumers and end-users about impacts	86	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	86	
S4-4	Taking action on material impacts on consumers and end-users, and approaches	86–87	
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ESRS 2, GOV-1	The role of the administrative, supervisory and management bodies	45–46	
ESRS 2, IRO-1	Description of materiality assessment	49–50	
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# Datapoints derived from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		45
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		45
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex I				46
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	54
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		54
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		55–57
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator number 5 Table #2 of Annex I				57
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex I				57
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex I				57
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		58
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		57
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	59



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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phased-in
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).					
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phased-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex I Indicator number 2 Table #2 of Annex I Indicator number 1 Table #2 of Annex I Indicator number 3 Table #2 of Annex I				60
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex I				61, 92–93
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #2 of Annex I				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex I				61
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex I				Not material
ESRS E3-4 Total water consumption in m <sup>3</sup> per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex I				Not material
ESRS 2 – SBM 3 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex I				65, 101–102
ESRS 2 – SBM 3 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex I				63–65
ESRS 2 – SBM 3 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex I				63–65
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex I				64
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex I				64
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex I				64
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex I				68
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex I				68
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				75
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				75

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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				75, 92
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation (ILO) Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		75, 92
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				75
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				76
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				76–77
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		79
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				79
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		79
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				79
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				79
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator number 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		79
ESRS 2- SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and 13 Table #3 of Annex I				80
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				80, 92
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicators number 11 and 4 Table #3 of Annex I				80
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		80, 92
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation (ILO) Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		80, 92
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I				82
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex I and Indicator number 11 Table #1 of Annex I				83, 92



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Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Location
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		83, 92
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex I				82
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				69, 85, 92
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		69, 85, 92
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I				87
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				89
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				90
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II)		91
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex I				91

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# List of facilities near nature conservation areas

Type of facility	Address	Postal code	City	Hectares	Nature conservation area's register ID with the Swedish Environmental Protection Agency
Office	Bataljonsgatan 10	553 05	Jönköping	0.05	2024850
Store	Truckvägen 2	142 53	Skogås	0.51	2000838, SE0110151
Store	Gunborg Nymans Väg 2	632 22	Eskilstuna	0.55	2001321, SE0220601
Store	Stortallsvägen 3	791 55	Falun	0.98	2042506
Store	Stormgatan 14	302 63	Halmstad	0.70	SE0510132
Store	Bagarbyvägen 61	191 62	Sollentuna	0.53	2000140, 2002740
Store	Midgårdsgatan 8	263 37	Höganäs	0.52	2052883
Store	Batterigatan 2	553 05	Jönköping	1.10	2001430, 2024850, SE0310806
Store	Erik Dahlbergsvägen 101	374 38	Karlshamn	0.55	SE0410195
Store	Foundationsvägen 9	291 28	Kristianstad	0.65	2060483, SE0420145
Store	Diagonalvägen 4	141 75	Kungens Kurva	1.25	2001392
Store	Drottninggatan 31	261 30	Landskrona	0.44	2001508
Store	Åsmestadsgatan 14	583 38	Linköping	0.72	2001460, 2014068, SE0230342
Store	Malmgatan 41	602 23	Norrköping	1.08	2014331, SE0230191
Store	Stenbocksvägen 30	611 67	Nyköping	0.92	2010858
Store	Engelbrektsgränd 113	231 34	Trelleborg	0.49	2063423
Store	Sambandsvägen 4	352 36	Växjö	1.35	2002389, SE0320106
Store	Torsbyvägen 12	442 50	Ytterby	1.00	2000793, SE0520035
Store	Rusthållsgatan 43	253 61	Helsingborg	0.70	2014743
Store	Tyllsnäsvägen 4	784 61	Borlänge	0.40	2002068, 2027069
Warehouse	Lillsjövägen 7	136 50	Haninge	5.14	2026470
Warehouse	Mästargatan 8	781 71	Borlänge	1.22	2052888
Warehouse	Frukthandlarvägen 5-7	120 44	Årsta	1.29	2048738
Warehouse	J A Pripps Gata 2	421 32	Västra Frölunda	0.93	2000801
Store	Svinesunds Handelsområde Skogar 8	452 71	Strömstad	0.34	SE0520172
Warehouse	Prästängsvägen 37	452 33	Strömstad	0.21	2000582, SE0520148
Store	Kanslikrivargatan 1	752 57	Uppsala	0.22	2014458, 2049141, 2057244
Store	Skarprättarvägen 36-38	175 77	Järfälla	0.26	2002740
Store	Riddarplatsen 14	177 30	Järfälla	0.25	2002198
Store	Karhögstorg 2 A	223 58	Lund	0.12	SE0430156
Store	Ringvägen 100B	118 60	Stockholm	0.37	2048738
Store	Prästängsvägen 40	171 45	Solna	0.22	2048600
Store	Leksandsvägen 24	793 31	Leksand	0.24	2014669, 2060781, SE0620258
Store	Gråhundsvägen 82-84	128 62	Sköndal	0.28	2002963
Store	Fabriksgränd 1	172 31	Sundbyberg	0.25	2047946
Store	Alléplan 2	135 53	Tyresö	0.14	2002963
Store	Prästkragens Väg 3	132 45	Saltsjö-Boo	0.21	2014892, 2041886
Store	Stores Gränd 26	136 46	Handen	0.23	2026470
Store	Forumvägen 1	131 53	Nacka	0.32	2055382
Store	Mejeritorget 16C	703 80	Örebro	0.25	2023972
Store	Tröskgatan 8	216 33	Limhamn	0.19	2025349, SE0430157
Store	Södergatan 32	252 25	Helsingborg	0.22	2054621
Store	Jämtlandsgatan 105	162 60	Vällingby	0.19	2002907
Store	Opalgatan 79 A	421 62	Västra Frölunda	0.22	2032389
Store	Jaktfalksgatan 5	177 67	Järfälla	0.21	2002198, 2049442
Store	Ljuragatan 1	603 51	Norrköping	0.10	2001776

Type of facility	Address	Postal code	City	Hectares	Nature conservation area's register ID with the Swedish Environmental Protection Agency
Store	Mörbyleden 6	182 32	Danderyd	0.21	2014285
Store	Domsjövägen 2	892 30	Domsjö	0.10	SE0710164
Store	Melinsgatan 14	776 33	Hedemora	0.30	2002086, SE0620256, SE0620257
Store	Ångermannagatan 173	162 13	Vällingby	0.29	2002907
Store	Stattena Centrum 6	254 44	Helsingborg	0.33	2045268
Store	Ekdalavägen 3	435 30	Mölnlycke	0.25	2002946
Store	Solrosogatan 1	644 30	Torshälla	0.11	2001237
Store	Klövervägen 1A	305 71	Haverdal	0.09	2001415, SE0510020
Store	Pinnharvsgatan 11	431 47	Möndal	0.14	2000801, 2000803
Store	Kristers Väg 23	247 50	Dalby	0.15	2028929
Store	Doktor Bondesons Gata 10	413 23	Gothenburg	0.09	2000801
Store	Linnéatorget 4	734 50	Kolbäck	0.08	2001340, SE0250137
Store	Serpentinvägen 3	254 82	Helsingborg	0.08	2045268
Store	Storgatan 8	264 52	Ljungbyhed	0.08	2027429
Store	Löjtnantsgatan 2	585 71	Ljungsbro	0.14	2049965, SE0230391
Store	Uddarne Industriväg 4	455 35	Munkedal	0.20	2048878
Store	Onsala Kyrkby 2	439 23	Onsala	0.15	SE0510058
Store	Torget 5	570 03	Vrigstad	0.09	SE0310402
Store	Västertorg 3	752 43	Uppsala	0.09	2002622, 2014458
Store	Forellvägen 14	141 47	Huddinge	0.16	2001393
Store	Gröna Vägen 48	541 54	Skövde	0.05	2000605, 2002904, SE0540150
Store	Sköndalsvägen 91	128 66	Sköndal	0.15	2002963
Store	Kalkkärrsvägen 66	141 41	Huddinge	0.05	2001392
Store	Vultejusvägen 29	168 56	Bromma	0.04	2000019, 2000619, SE0110172, SE0110173
Store	Kyrkvägen 4	137 38	Västerhaninge	0.14	2002724
Store	Gullmarsplan 4 - 6	121 40	Johanneshov	0.17	2048738
Store	Bredängstorget 1 - 3	127 32	Skärholmen	0.20	2005537, 2024689
Store	Hammargatan 8	781 71	Borlänge	0.32	2052888
Store	Bagartorpsringen 53 - 55	170 65	Solna	0.07	2001391, 2002909, 2048600
Store	Gustav III:s Boulevard 47	169 73	Solna	0.07	2001391
Store	Hjulstorget 30	793 41	Insjön	0.20	2002516
Store	Sveagatan 8	441 32	Alingsås	0.08	2021653
Store	Wergelandsgatan 3	168 48	Bromma	0.09	2002907
Store	Odelbergs Väg 1	134 40	Gustavsberg	0.14	2005584
Store	Arnöleden 5	611 31	Nyköping	0.18	2001308, SE0220017
Store	Ågatan 2	614 34	Söderköping	0.12	2001762, SE0230368
Store	Barnarpsgatan 10	553 16	Jönköping	0.15	SE0310432
Store	Högstorp svägen 98	352 42	Växjö	0.14	2002583
Store	Bagaregatan 46	611 32	Nyköping	0.08	2001308, 2010858, SE0220017
Store	Centralvägen 7	791 46	Falun	0.07	2002892
Store	Sundsgatan 19 B	462 33	Vänernborg	0.15	SE0530217
Store	Södra Kungsvägen 240	181 62	Lidingö	0.11	2001396
Store	Maltesholmsvägen 6	165 62	Hässelby	0.11	2002907, 2024689
Store	Lomvägen 25B	192 56	Sollentuna	0.06	2022409, 2058901
Store	Verkstadsstorget 6	591 60	Motala	0.13	SE0230391
Store	Råssnäs vägen 14	591 73	Motala	0.20	SE0230268
Store	Kung Starbyvägen 1	592 40	Vadstena	0.18	SE0230268



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Type of facility	Address	Postal code	City	Hectares	Nature conservation area's register ID with the Swedish Environmental Protection Agency
Store	Nådendalsvägen 11	592 32	Vadstena	0.05	SE0230268
Store	Myntgatan 2	591 61	Motala	0.09	SE0230391
Store	Luxorgatan 1	591 39	Motala	0.15	SE0230268
Store	Järnvägsgatan 11 Lastkaj 1-2	131 54	Nacka	0.17	2005484, 2005488
Store	Råsta Strandväg 13C	169 79	Solna	0.32	2048600
Store	Holmtorpsvägen 10	603 79	Norrköping	0.22	2001776
Store	Krusbodavägen 1	135 35	Tyresö	0.07	2001110, 2002725
Store	Sjättenovembervägen 208	125 34	Älvsjö	0.05	2044877, 2055601
Store	Kungsgatan 12	461 31	Trollhättan	0.11	2014782
Store	Prästgatan 26	774 33	Avesta	0.23	2024592
Office	Åkersjövägen 10	461 53	Trollhättan	0.00	2014781, 2014782
Store	Hejargatan 1	781 71	Borlänge	0.20	2052888
Store	Östanvindsgatan 14	652 21	Karlstad	0.26	2002159, SE0610141
Store	Uppköparvägen 1-5	120 44	Årsta	0.49	2048738
Store	Grönsaksgatan 3A	411 04	Gothenburg	0.45	SE0520183
Store	Birger Svenssons Väg 6	432 40	Varberg	0.22	2001978, SE0510049
Store	Ekslingan 3	254 67	Helsingborg	0.19	2001468, 2021989, 2062801
Store	Porfyrvägen 1	553 03	Jönköping	0.25	2001430, 2024850, SE0310806
Store	Sunnanängsvägen 8-10	182 36	Danderyd	0.30	2058901
Store	Malmgatan 25	602 23	Norrköping	0.28	2014331, SE0230191
Store	Ålgårdsvägen 5-9	506 30	Borås	0.44	2000398
Store	Vikingagatan 1	442 36	Kungälv	0.30	2000793, SE0520035
Store	Rörvägen 2	291 59	Kristianstad	0.43	2001477, 2025971, SE0420146
Store	Alekärrsgatan 6	415 25	Gothenburg	0.44	SE0520183
Store	Nyckelvägen 4	142 50	Skogås	0.53	2000838, 2043288, SE0110151
Store	Skogsuddevägen 1	352 51	Växjö	0.45	2002389, SE0320106
Store	Birkagatan 8	554 65	Jönköping	0.55	2001426, 2001429, SE0310806
Store	Tunnlandsgatan 2-4	703 46	Örebro	0.37	2014919
Store	Nymärsta Torg 3	195 30	Märsta	0.36	2005702, 2020185
Store	Centrumleden 25	691 31	Karlskoga	0.31	2005499
Store	Hagavägen 3	441 34	Alingsås	0.32	2021653
Store	Stationsvägen 21	371 62	Lyckeby	0.36	2000049, SE0410129
Store	Gumsbackevägen 15	611 38	Nyköping	0.35	2001308, SE0220017, SE0220304
Store	Fenix Väg 4-14	134 44	Gustavsberg	0.33	2005584
Store	Mirum Galleria Lidaleden 12	603 59	Norrköping	0.44	2001776
Store	Kungsgatan 23	561 31	Huskvarna	0.33	SE0310806
Store	Oxtorsgatan 1	597 30	Åtvidaberg	0.27	SE0230301
Store	Storhedsvägen 5	973 45	Luleå	0.39	2001252, SE0820042
Store	Madenvägen 7	174 55	Sundbyberg	0.64	2002898
Store	Kyrktorget 14	433 33	Partille	0.36	SE0520183
Store	Baldersgatan 27	761 50	Norrtälje	0.37	2000840, 2052889
Store	Kungsgatan 95	753 18	Uppsala	0.39	2057244
Store	Valthornsvägen 3	756 50	Uppsala	0.29	2002622, 2057244, SE0210291
Store	Dialoggatan 2	141 75	Kungens Kurva	0.32	2001392
Store	Örbyvägen 27	511 61	Skene	0.31	2000354
Store	Ekenleden 3	428 36	Källered	0.34	2000805, SE0520033
Store	Hantverkarvägen 2	187 66	Täby	0.40	2000878
Store	Kromgatan 3 A	602 23	Norrköping	0.48	2014331, SE0230191
Store	Siroccogatan 11	131 54	Nacka	0.43	2005484, 2005488, 2055382
Store	Älvsjö Ångsväg 2-6	125 30	Älvsjö	0.58	2044877, 2055601
Store	Konsumentvägen 1	192 68	Sollentuna	0.43	2022049
Store	Norra Järnvägsgatan 25	791 35	Falun	0.39	2059761

Type of facility	Address	Postal code	City	Hectares	Nature conservation area's register ID with the Swedish Environmental Protection Agency
Store	Aulingatan 24B	271 39	Ystad	0.39	2013483
Store	Bataljongsatan 2	553 05	Jönköping	0.36	2024850
Store	Ormingeplan 2-4	132 30	Saltsjö-Boo	0.25	2049439, 2056981
Store	Kungsgatan 34-38	374 36	Karlshamn	0.24	SE0410195
Store	Margaretagatan 45	614 31	Söderköping	0.35	2001762, SE0230368
Store	Tvärgatan 11	438 32	Landvetter	0.20	2000800
Store	Skäggebyvägen 31	612 44	Finspång	0.29	2001740, SE0230272
Store	Stenhusvägen 7 A	269 36	Båstad	0.27	2000964, SE0420283
Store	Östra Vägen 1	462 32	Vänersborg	0.34	SE0530217
Store	Markenterivägen 27	352 36	Växjö	0.31	2002389, SE0320106
Store	Ostmästargatan 8	741 39	Knivsta	0.27	2050485, 2058962
Store	Get Johannas Väg 22	774 63	Avesta	0.31	2002099
Store	Ekslingan 3 B	254 67	Helsingborg	0.33	2001468, 2062801
Store	Herrhagsvägen 1	752 67	Uppsala	0.35	2002622
Store	Krossgatan 18 Lastkaj A	162 50	Vällingby	0.32	2002907
Store	Flygfältsgatan 29	423 37	Torslanda	0.34	SE0520055
Store	Marknadsgatan 7	904 22	Umeå	0.40	SE0810475
Store	Hyvelgatan 12	572 36	Oskarshamn	0.32	2029070
Store	Kungsvägen 66	595 30	Mjölby	0.31	2001689
Store	Tackjärnsgatan 11	703 83	Örebro	0.37	2023972
Store	Skanshillsgatan 2	272 36	Simrishamn	0.29	2014606
Store	Bagarbyvägen 61	191 62	Sollentuna	0.35	2000140, 2002740
Store	Korrehusgatan 12	274 30	Skurup	0.32	2001798, 2050978, 2063521, SE0430096
Store	Torggatan 6	447 30	Vårgårda	0.26	2001135, SE0530148
Store	Harvargatan 73	566 37	Habo	0.31	2001382, 2002186, SE0310432, SE0310533, SE0310642
Store	Gunnestorpsgatan 11	521 40	Falköping	0.32	SE0540179
Store	Fittjavägen 20-22	145 53	Norsborg	0.37	2001392
Store	Galjalyckevägen 10	294 77	Sölvesborg	0.31	2000078, 2043969, 2060802, SE0410062, SE0410153, SE0420267
Store	Landskronavägen 16	252 32	Helsingborg	0.34	2014743
Store	Kalkbruksvägen 1	619 71	Vagnhärad	0.30	2044690, SE0220203
Store	Vilhelminagatan 7	162 61	Vällingby	0.37	2002907
Store	Medicingatan 1 C	242 31	Hörby	0.31	2001510
Store	Eldholmsbacken 7	127 48	Skärholmen	0.31	2005537
Warehouses	Peter Åbergs väg 1	311 42	Falkenberg	0.12	SE0510185
Store	Nybohovsbacken 40	117 61	Stockholm	0.13	2048738
Store	Strandgatan 10-12	952 33	Kalix	0.16	SE0820430
Store	Kanalgatan 50	291 34	Kristianstad	0.12	2025971, SE0420146
Store	Vikdalsvägen 4-6	131 53	Nacka	0.13	2004479, 2005484, 2055382
Store	Storgatan 26	668 30	Ed	0.14	2000516
Store	Torggatan 2	133 31	Saltsjöbaden	0.25	2000836, 2002030
Store	Moravägen 14	794 34	Orsa	0.11	2042060, SE0620250
Store	Göteborgsvägen 88	433 63	Sävedalen	0.19	SE0520183
Store	Torggatan 2	783 30	Säter	0.08	2002903, SE0620311
Store	Götgatan 79	116 62	Stockholm	0.04	2048738
Store	Skogsvägen 41	665 31	Kil	0.13	2010921
Store	Kattesund 4	222 23	Lund	0.11	SE0430156
Store	Vaniljgatan 3	424 45	Angered	0.11	2000406, SE0520107
Store	Strandvägen 80	234 31	Lomma	0.13	2014610, 2049264, 2050303
Store	Tärnvägen 17	475 40	Hönö	0.11	2056681
Store	Gustavslundsvägen 2C	256 55	Helsingborg	0.14	2054621
Store	Varbergagatan 72	703 51	Örebro	0.11	2014919



# Strong financial position and stable cash flow





## Financial statements

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## GROUP

## Financial statements

Axfod is a leading food retail group in Sweden, including the grocery chains Willys, Hemköp, Eurocash and City Gross as well as Tempo, Handlar'n and Matöppet. B2B sales are conducted through Snabbgross, and Dagab is responsible for the assortment, purchasing and logistics. Axfod's operations are divided into five operating segments – Willys, Hemköp, City Gross, Snabbgross and Dagab.

### Important events

In February, Klas Balkow announced his decision to leave his role as President and CEO of Axfod. In April, it was announced that Simone Margulies, Managing Director of Hemköpskedjan, had been appointed as the new President and CEO of Axfod. Simone Margulies took office on August 15.

During the second quarter of 2024, Axfod entered into an agreement with Bergendahl Food Holding AB to acquire a stake corresponding to 90.1% of the shares in City Gross Sverige AB ("City Gross"), meaning that Axfod would increase its holding in City Gross from 9.9% to 100%. The acquisition was completed on 1 November. City Gross has been consolidated as of this date and is recognised as a separate operating segment in the financial state-

ments. Until the completion of the acquisition, City Gross was recognised as an associated company in the Willys operating segment.

### Future development

Axfod's vision is to be the leader in affordable, good and sustainable food. This is how Axfod creates a greater quality of life for everyone, which is the Group's purpose. Four objectives guide the Group's long-term development. Its strategy rests upon a values-steered culture and core values, and consists of six growth-promoting and efficiency-enhancing focus areas.

Sustainability is integrated into Axfod's business model and operating activities. On the strength of the long-term work and commitment of its employees, Axfod aims to be the leading driving force for

sustainable food in Sweden. Ambitious sustainability efforts lay the foundation to strengthen the Group's market position and for long-term profitable growth.

Changing consumption patterns, digitalisation and the importance of ensuring competitiveness are driving the development of a more sustainable and efficient product supply. Axfod'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 in the Group's logistics structure to increase capacity and productivity through more automated processes. In addition to the investments made in the new, highly automated logistics centre in Bålsta, the Group has also made good progress on the expansion of the existing high-bay warehouse in Backa, Gothenburg and the optimisation of the fruit and vegetable warehouse in Landskrona.

Along with logistics initiatives, ongoing development projects include new tools for planning and optimising prices, campaigns and the assortment. In 2025, the focus will continue on improving the way of working in stores through the implementation of a new store platform. New customer offerings are also constantly being developed through continuous concept development in the store chains as well as ongoing work to update and modernise existing stores.

To encourage even more customers to shop at Axfod's chains, the Group plans to maintain a high rate of establishment in 2025 and beyond. The ambition for 2025 is to expand the store network by 10–15 new Group-owned stores, the majority of which will be Willys. Axfod has a strong financial position, and the Group's 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.

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

The 2024 AGM resolved to adopt a new long-term share-based incentive programme that runs over a three-year period, LTIP 2024. Allotment was carried out for LTIP 2021 in April using treasury shares.

To secure the Company's obligations under LTIP 2024, Axfod repurchased 148,000 shares for a total of SEK 38.6 m during the third quarter of 2024, at an average price of SEK 260.48 per share. The holding of treasury shares amounts to 1,098,345 shares, which is sufficient to secure the delivery of shares for all of the Company's incentive programmes.

A proposal has been drafted for the 2025 AGM to introduce a new long-term share-based incentive programme, LTIP 2025, which corresponds in all essential respects to LTIP 2024, except for the change that the previous Class A will be removed and the previous Class C will instead be expanded. It is also proposed that the return target for Class C be lowered. It is proposed that the programme includes approximately 85 employees.

### 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	1,791,851,017
Net profit for the year	1,198,036,280
<b>Total</b>	<b>4,466,040,298</b>
Be disposed as follows:	
SEK	
SEK 8.75 per share to be distributed to shareholders	1,887,767,831
To be carried forward	2,578,272,467
<b>Total</b>	<b>4,466,040,298</b>

The Board proposes a dividend of SEK 8.75 (8.50) per share. The dividend is to be split into two payments, SEK 4.50 per share in March 2025 and SEK 4.25 per share in September 2025. The proposed dividend amounts to a total of SEK 1,887,767,831.

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 2022 framework and in part as a result of the proposal for a LTIP 2025, 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	2024	2023	Change	Change in like-for-like sales
Willys	45,782	43,763	4.6%	3.1%
Hemköp (Group-owned, retailer-owned and Tempo)	20,642	19,940	3.5%	5.1%
City Gross <sup>1)</sup>	1,629	–	100%	100%
<b>Total</b>	<b>68,052</b>	<b>63,703</b>	<b>6.8%</b>	<b>3.7%</b>

1) Pertains to the period 1 November–31 December 2024

### Change in store structure

Number of stores	31 Dec 2023	New establishment/ acquisitions	Divestments/ discontinuations	Conversions	31 Dec 2024
Willys/Willys Hemma/Eurocash	241	8	-1	–	248
Hemköp/Tempo, Group-owned stores	66	3	–	-1	68
City Gross	–	42	–	–	42
Snabbgross/Snabbgross Club	30	1	–	–	31
<b>Total, Group-owned stores</b>	<b>337</b>	<b>54</b>	<b>-1</b>	<b>-1</b>	<b>389</b>
Hemköp, retailer-owned stores	136	–	-4	2	134
Tempo, retailer-owned stores <sup>1)</sup>	124	7	-6	-1	124
<b>Total, retailer-owned stores</b>	<b>260</b>	<b>7</b>	<b>-10</b>	<b>1</b>	<b>258</b>
<b>Total, Group-owned and retailer-owned stores</b>	<b>597</b>	<b>61</b>	<b>-11</b>	<b>0</b>	<b>647</b>

1) The comparison figures for the number of retailer-owned Tempo stores have been adjusted downward by six stores due to an adjustment of historical periods. The adjustment had no other impact on the financial statements.



OPERATING SEGMENT – WILLYS

# Willys – leader in the discount segment

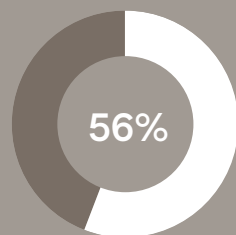
Willys is Sweden’s leading discount grocery chain, offering a broad range of products in both Group-owned stores and online. With the ambition to offer the country’s cheapest bag of groceries, Willys aspires to lead and develop the discount segment of food retail. The Willys operating segment also includes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

“ We look back on another year in which we increased our market share and strengthened the customer offering. Our market position has never been stronger, which gives us a great starting point to further expand our presence so that even more people can shop with us.

Nicholas Pettersson, Managing Director, Willys<sup>1)</sup>

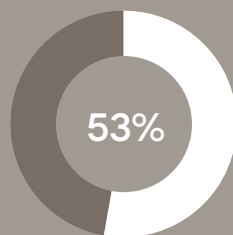
1) On 1 February 2024, Nicholas Pettersson succeeded Thomas Evertsson as the Managing Director of Willys.

Share of external net sales



Excluding City Gross and Joint-Group.

Share of operating profit



Excluding City Gross and Joint-Group.

## Willys

- 241 stores, of which 184 Willys and 57 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 166 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 and updated stock of 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 nearly 3.8 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 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’ mini-mart concept where customers can find good food at low prices near residential areas, city centres or in smaller cities.



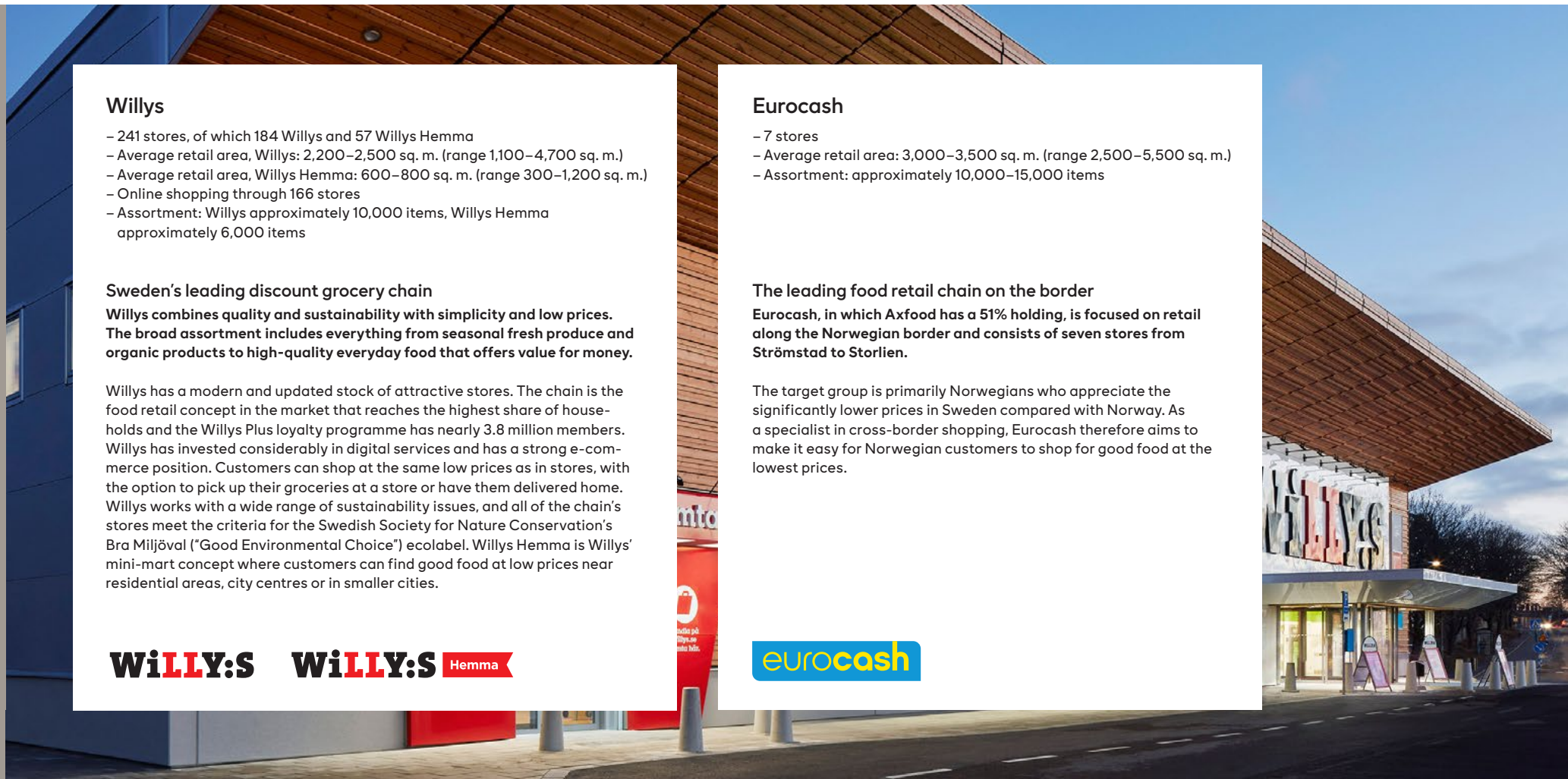
## Eurocash

- 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 primarily 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 Norwegian customers to shop for good food at the lowest prices.



OPERATING SEGMENT – WILLYS

Development during the year

Willys' net sales amounted to SEK 45,775 m (43,757), an increase of 4.6% compared with the preceding year, which was more than the market despite high comparison figures. Like-for-like sales increased 3.1% (13.9). Volume growth was the primary contributor to the Willys chain's positive trend. Price value remained relevant to the consumer, which benefited Willys as Sweden's leading discount grocery chain. This contributed to loyalty among existing customers and an increased inflow of new customers. Willys continued to develop its offering and concept with expansion through new stores and online and modernisation of existing stores. Eurocash delivered strong growth in terms of both total and like-for-like sales.

In total, 8 new stores were established during the year. The number of stores at year-end was 248 (241), of which 241 (234) were Willys and 7 (7) were Eurocash. At year-end, Willys offered online shopping through 166 (158) stores. The share of sales attributable to private label products amounted to 34.6% (34.2).

Operating profit amounted to SEK 1,992 m (2,077), corresponding to an operating margin of 4.4% (4.7). An increased sales volume had a positive impact on earnings, but a somewhat lower gross margin and high cost inflation, mainly pertaining to personnel costs and rent levels, had a negative impact on earnings.

Business highlights

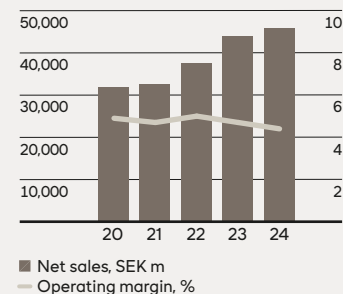
- High rate of new store establishments and re-establishments as well as pilot test of the new Willys 5.0 store concept.
- Continued progress in e-commerce, with a focus on the omni-channel experience and Willys Hämta.
- The number of new members in the Willys Plus loyalty programme continued to increase, and the number of members at year-end was almost 3.8 million.
- Food waste was reduced by 1,850 tonnes by offering customers waste-smart bargain boxes with fruits and vegetables and by 740 tonnes through clearance sales of daily-fresh bread. Food waste was further reduced through donations of 400 tonnes of food to charity organisations.



Net sales  
**SEK 45.8 bn**

Operating profit  
**SEK 2.0 bn**

Net sales, Operating margin



Key ratios

	2024	2023	Change
Net sales, SEK m	45,775	43,757	4.6%
Like-for-like sales growth, %	3.1	13.9	-10.8
Operating profit, SEK m	1,992	2,077	-4.1%
Operating margin, %	4.4	4.7	-0.4
Group-owned stores, number	248	241	7
Average number of employees during the year	7,273	7,052	221
Private label products, share of sales, %	34.6	34.2	0.4
Sustainability-labelled products, share of sales, %	28.3	28.1	0.2
Organic products, share of sales, %	4.0	4.2	-0.2
Carbon footprint per kg of food sold, kg CO <sub>2</sub> eq	2.02	1.96	0.06



OPERATING SEGMENT – HEMKÖP

# 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, tasty meals in a simple and well thought-out manner. The operating segment Hemköp also includes Tempo, a mini-mart format comprising retailer-owned stores.

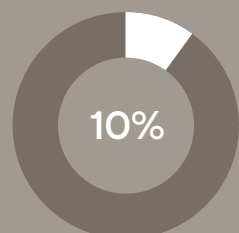


Our focus on assortment, price value, sustainability and strengthening the customer meeting has yielded results. During the year, we attracted more customers and had strong like-for-like growth, growing more than the market.

Shoan Etemadi, Managing Director, Hemköpskedjan<sup>1)</sup>

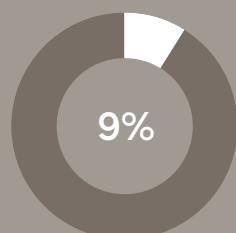
1) On 15 August 2024, Shoan Etemadi succeeded Simone Margulies as the Managing Director of Hemköpskedjan.

Share of external net sales

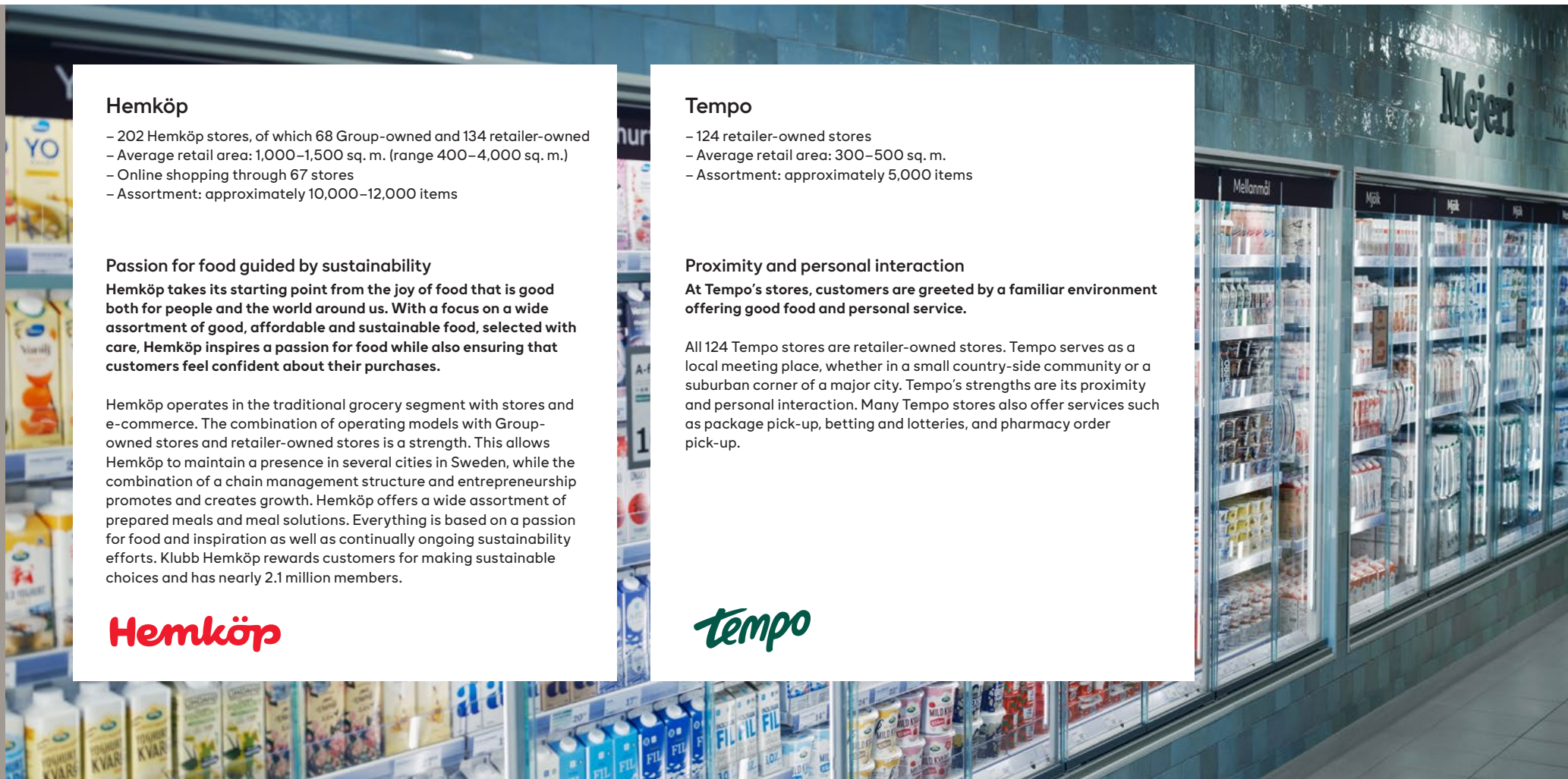


Excluding City Gross and Joint-Group.

Share of operating profit



Excluding City Gross and Joint-Group.



## Hemköp

- 202 Hemköp stores, of which 68 Group-owned and 134 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. This allows Hemköp to maintain a presence in several cities in Sweden, while the combination of a chain management structure and entrepreneurship promotes and creates growth. Hemköp offers a wide assortment of prepared meals and meal solutions. Everything 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 nearly 2.1 million members.



## Tempo

- 124 retailer-owned stores
- Average retail area: 300–500 sq. m.
- Assortment: approximately 5,000 items

### Proximity and personal interaction

**At Tempo's stores, customers are greeted by a familiar environment offering good food and personal service.**

All 124 Tempo stores are retailer-owned stores. Tempo serves as a local meeting place, whether in a small country-side 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.



OPERATING SEGMENT – HEMKÖP

Development during the year

Hemköp’s net sales totalled SEK 7,878 m (7,432). Retail sales including retailer-owned Hemköp and Tempo stores was SEK 20,642 m (19,940), an increase of 3.5% compared with the preceding year. Like-for-like sales increased 5.1% (7.9), which was more than the market. Hemköp is continuing to strengthen its position with a focus on price value, fresh products and meal solutions. Hemköp is also investing in modernisations of existing stores and strengthening its sustainability profile.

In total, 3 new Hemköp stores and 7 new Tempo stores were established during the year. The number of stores at year-end was 326 (326), of which 202 (202) were Hemköp and 124 (124) were Tempo. The comparison figures for the number of Tempo stores have been adjusted downward by 6 stores due to an adjustment of historical periods. The adjustment had no other impact on the financial statements. Of the Hemköp stores, 134 (136) were retailer-owned and 68 (66) were Group-owned. Hemköp offered online shopping through 67 stores (67) at the end of the year. The share of sales attributable to private label products amounted to 26.9% (27.2).

Operating profit amounted to SEK 343 m (300), corresponding to an operating margin of 4.4% (4.0). The higher operating profit was primarily attributable to growth in like-for-like sales and healthy cost control.

Business highlights

- A new store concept continued to be rolled out with a high number of modernisations.
- Launch of the Hemköp Matkonto payment solution to enhance the customer experience and contribute to increased loyalty.
- Development of Hemköp’s omnichannel experience combining stores and e-commerce and increased investment in hybrid stores in Tempo.
- New launches within meal solutions with a focus on innovation, simplicity and scalability.
- Continued focus on helping customers make sustainable and healthy choices.
- The number of members in the Klubb Hemköp loyalty programme increased to nearly 2.1 million at year-end.
- Waste of fruits and vegetables was reduced by approximately 1,000 tonnes by offering customers waste-smart bags. Food waste was further reduced through donations of 74 tonnes of food to charity organisations.



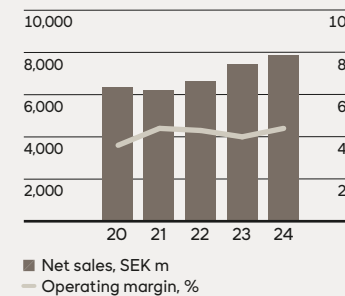
Net sales

SEK 7.9 bn

Operating profit

SEK 343 m

Net sales, Operating margin



Key ratios

	2024	2023	Change
Net sales, SEK m	7,878	7,432	6.0%
Like-for-like sales growth, %	5.1	7.9	-2.8
Operating profit/loss, SEK m	343	300	14.4%
Operating margin, %	4.4	4.0	0.3
Group-owned stores, number	68	66	2
Average number of employees during the year	1,697	1,649	48
Private label products, share of sales, %	26.9	27.2	-0.3
Sustainability-labelled products, share of sales, %	27.2	26.7	0.5
Organic products, share of sales, %	6.1	6.5	-0.5
Carbon footprint per kg of food sold, kg CO <sub>2</sub> eq	1.78	1.75	0.03



## OPERATING SEGMENT – CITY GROSS

## City Gross – challenger in the hypermarket segment

City Gross' stores and e-commerce offer customers a combination of a food market hall and hypermarket, along with one of the market's widest assortments of food. With knowledge and extensive commitment to food, City Gross challenges the other players in the hypermarket segment of the food retail market. Axfood acquired City Gross on 1 November 2024, and City Gross was consolidated into the Group's financial statements as of this date.



What has struck me most during my first time as Managing Director is the pride and commitment in the organisation. There is great potential, and together with our employees and management, I look forward to developing City Gross in the future.

Patrick Grabenbauer, Managing Director, City Gross<sup>1)</sup>

1) On 4 November 2024, Patrick Grabenbauer succeeded Anders Wennerberg as the Managing Director of City Gross.

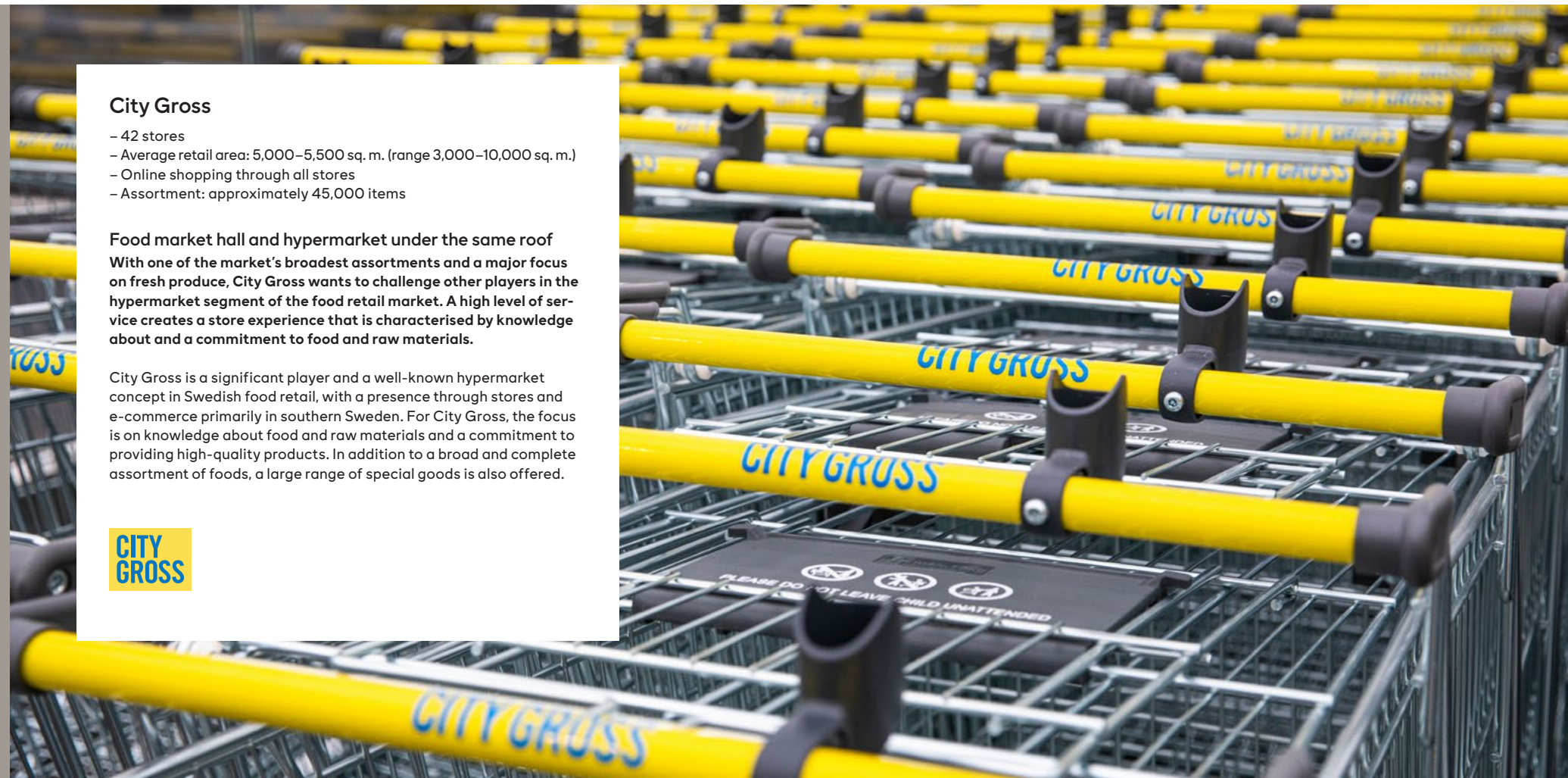
### City Gross

- 42 stores
- Average retail area: 5,000–5,500 sq. m. (range 3,000–10,000 sq. m.)
- Online shopping through all stores
- Assortment: approximately 45,000 items

### Food market hall and hypermarket under the same roof

With one of the market's broadest assortments and a major focus on fresh produce, City Gross wants to challenge other players in the hypermarket segment of the food retail market. A high level of service creates a store experience that is characterised by knowledge about and a commitment to food and raw materials.

City Gross is a significant player and a well-known hypermarket concept in Swedish food retail, with a presence through stores and e-commerce primarily in southern Sweden. For City Gross, the focus is on knowledge about food and raw materials and a commitment to providing high-quality products. In addition to a broad and complete assortment of foods, a large range of special goods is also offered.





## OPERATING SEGMENT – CITY GROSS

On 1 November the acquisition of City Gross Sverige AB was completed. Reported figures for 2024 pertains to the 1 November - 31 December period. Comparison figures are not presented. Information regarding 2023 refers to non-consolidated and non IFRS-adjusted figures.

### Development during the year

City Gross' net sales for the 1 November–31 December period amounted to SEK 1,646 m. Retail sales totalled SEK 1,629 m, a year-on-year decline of -1.7%. Like-for-like sales increased marginally by 0.1%, mainly due to lower volumes and the closure of one store.

The number of stores amounted to 42. One store was re-established toward the end of the year. Online shopping is offered through all stores. The share of sales attributable to private label products amounted to 20.0%.

The company posted an operating loss of SEK -40 m, corresponding to an operating margin of -2.4%. This negative result was attributable to low like-for-like sales growth combined with a lower gross margin due to a negative inventory effect and an increased share of sales from campaigns.

Axfod's know-how and experience provide the conditions to further develop and strengthen the City Gross concept as well as its competitiveness in comparison with the other players in the hypermarket segment. The acquisition gives Axfod a clearer presence in hypermarkets, the fastest-growing segment in the market after discount, thereby expanding the Group's reach.

In connection with the takeover, a new Board was appointed and Patrick Grabenbauer, previously Head of Marketing at Willys, was appointed as Managing Director, effective immediately. Work has since focused on strengthening City Gross' competitiveness through several improvement initiatives to develop the customer offering and streamline operations in order to reach profitability at some point during the second half of 2026 and to thereafter gradually improve profitability.

Improvement initiatives pertain to developing the store concept and reviewing the customer offering with a focus on attractiveness, efficiency, price value and private label products. To streamline operations, a chain management structure is now being implemented, including a new operational model as well as new routines and procedures. Structural measures are also planned at a handful of stores in 2025, mainly pertaining to conversions to other store concepts.



### Key ratios

	2024 <sup>1)</sup>	2023	Change
Net sales, SEK m	1,646	–	–
Like-for-like sales growth, %	-1.7	–	–
Operating profit/loss, SEK m	-40	–	–
Operating margin, %	-2.4	–	–
Group-owned stores, number	42	–	–
Average number of employees during the year <sup>2)</sup>	305	–	–
Private label products, share of sales, %	20.0	–	–
Sustainability-labelled products, share of sales, %	20.6	–	–
Organic products, share of sales, %	3.0	–	–
Carbon footprint per kg of food sold, kg CO <sub>2</sub> eq	2.23	–	–

1) Pertains to the 1 November 2024–31 December 2024 period.

2) Pertains to the average number of employees for the 1 November 2024–31 December 2024 period in relation to the number of hours worked per year. The average number of employees for the 12-month period was 1,828.

Net sales

SEK 1.6 bn

Operating loss

SEK -40 m



OPERATING SEGMENT – SNABBGROSS

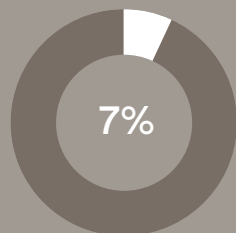
# Snabbgross – restaurant wholesaler with a unique position

Snabbgross is one of Sweden’s leading restaurant wholesalers with a customer base of restaurants, fast food operators and cafés. Through a broad presence with physical stores, Snabbgross has a unique position in the market, and along with online shopping, it offers personal service, accessibility and quality. The Snabbgross operating segment also includes the Snabbgross Club concept, which targets consumers.

“ This was a challenging but successful year for us at Snabbgross. Despite a recession and intense competition, we attracted more customers and managed to strengthen our position, gaining market share.

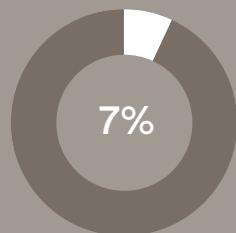
Eva Pettersson, Managing Director, Snabbgross

Share of external net sales



Excluding City Gross and Joint-Group.

Share of operating profit



Excluding City Gross and Joint-Group.

## Snabbgross and Snabbgross Club

- 31 stores, of which 10 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.

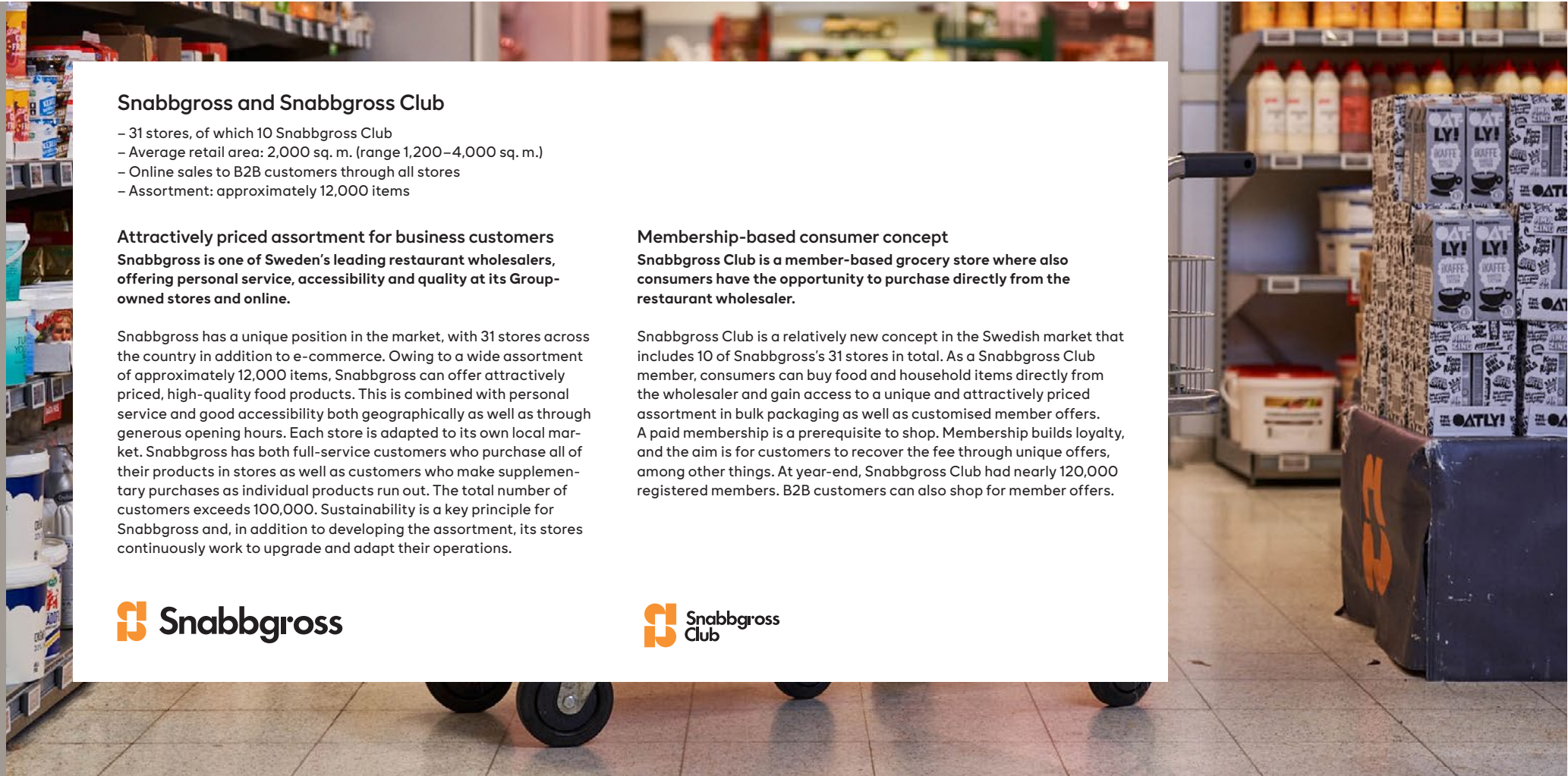
Snabbgross has a unique position in the market, with 31 stores across the country in addition to e-commerce. Owing to a wide assortment of approximately 12,000 items, Snabbgross can offer attractively priced, high-quality food products. This is combined with personal service and good accessibility both 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. The total number of customers exceeds 100,000. 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 relatively new concept in the Swedish market that includes 10 of Snabbgross’s 31 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 nearly 120,000 registered members. B2B customers can also shop for member offers.



OPERATING SEGMENT – SNABBGROSS

Development during the year

Snabbgross' net sales totalled SEK 5,533 m (5,317), an increase of 4.1% compared with the preceding year. Like-for-like sales increased 3.3% (10.4). With its positive development and volume growth, Snabbgross strengthened its position and gained market share, thereby navigating a challenging restaurant and café market. Sales in newly established stores and to consumers through the member-based Snabbgross Club store concept also contributed to this performance. Snabbgross' accessibility through its store network and attractive customer offerings resulted in a continued 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 31 (30), of which 10 (7) Snabbgross Club.

Operating profit amounted to SEK 253 m (265), corresponding to an operating margin of 4.6% (5.0). An increased sales volume had a positive impact on earnings, but high cost inflation, mainly pertaining to personnel costs and rent levels, had a negative earnings impact.

Business highlights

- Continued customer growth and more than 100,000 active B2B customers.
- Development of Snabbgross Club through conversions of three stores. Strong growth in memberships, and the total number of registered private customers was nearly 120,000 at year-end.
- Investments in private label products with the brand Gastrino.
- Ambitious sustainability efforts continued, including reducing food waste with a particular focus on fruits and vegetables, sustainable stores and eco-labelled electricity. During the year, the business also ensured that all of the stores in the chain had donation partnerships. In addition, the business is MSC and ASC certified and has already chosen to exclusively sell organic bananas and stopped selling fruit, vegetables, meat and fish transported by air.



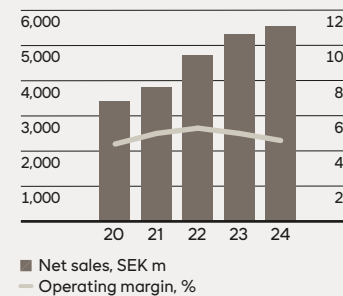
Net sales

SEK 5.5 bn

Operating profit

SEK 253 m

Net sales, Operating margin



Key ratios

	2024	2023	Change
Net sales, SEK m	5,533	5,317	4.1%
Like-for-like sales growth, %	3.3	10.4	-7.1
Operating profit/loss, SEK m	253	265	-4.7%
Operating margin, %	4.6	5.0	-0.4
Group-owned stores, number	31	30	1
Average number of employees during the year	598	568	30
Sustainability-labelled products, share of sales, %	20.7	19.9	0.8
Organic products, share of sales, %	1.6	1.3	0.3
Carbon footprint per kg of food sold, kg CO <sub>2</sub> eq	2.53	2.35	0.18



OPERATING SEGMENT – DAGAB

# Dagab – sustainable and efficient product supply

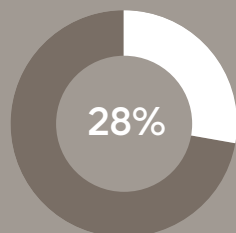
Dagab handles the assortment, purchasing and logistics for all of Axfood as well as for external B2B customers. The Dagab operating segment also includes the retailer concepts Handlar'n and Matöppet as well as the partly owned online pharmacy Apohem and the Urban Deli restaurant chain.

// We have made progress with the logistics structure during the year, at the same time as productivity has increased. In parallel, we have continued to develop the offering for all of our customers.

Hans Bax, Managing Director, Dagab<sup>1)</sup>

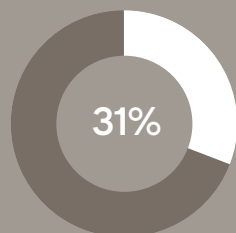
1) On 1 February 2024, Hans Bax succeeded Nicholas Pettersson as the Managing Director of Dagab.

Share of external net sales

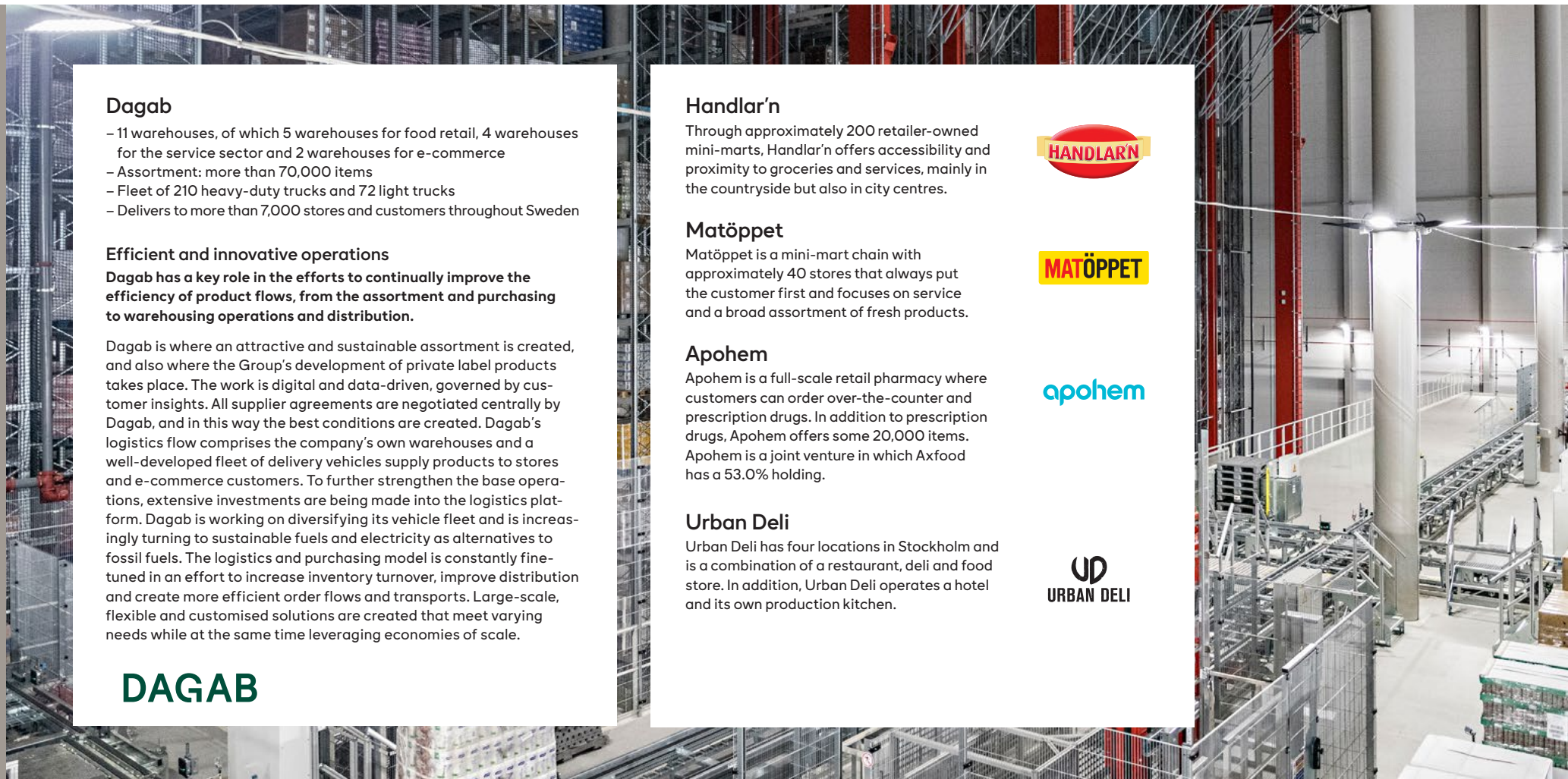


Excluding City Gross and Joint-Group.

Share of operating profit



Excluding City Gross and Joint-Group.



## Dagab

- 11 warehouses, of which 5 warehouses for food retail, 4 warehouses for the service sector and 2 warehouses for e-commerce
- Assortment: more than 70,000 items
- Fleet of 210 heavy-duty trucks and 72 light trucks
- Delivers to more than 7,000 stores and customers throughout 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 vehicle 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 200 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 40 stores that always put the customer first and focuses on service and a broad assortment of fresh products.



## Apohem

Apohem is a full-scale retail pharmacy where customers can order over-the-counter and prescription drugs. In addition to prescription drugs, Apohem offers some 20,000 items. Apohem is a joint venture in which Axfood has a 53.0% holding.



## Urban Deli

Urban Deli has four locations in Stockholm and is a combination of a restaurant, deli and food store. In addition, Urban Deli operates a hotel and its own production kitchen.





OPERATING SEGMENT – DAGAB

Development during the year

Dagab's net sales for the year totalled SEK 76,589 m (74,175), an increase of 3.3%. This growth was mainly attributable to sales to Axfood's own concepts Willys, Hemköp and Snabbgross. External sales amounted to SEK 23,024 m (24,388). In connection with the acquisition of City Gross on 1 November, Dagab's sales to City Gross were reclassified to internal from external.

Operating profit amounted to SEK 1,156 m (1,021), corresponding to an operating margin of 1.5% (1.4). The previous year's operating profit included items affecting comparability of SEK -249 m, which pertained to parallel warehouse operations during the transition to the new logistics centre in Bålsta. Operating profit excluding items affecting comparability amounted to SEK 1,156 m (1,271), corresponding to an operating margin excluding items affecting comparability of 1.5% (1.7). Sales growth contributed positively to this development. Earnings were however charged with costs related to the transition of the logistics operations and by certain related disruptions in the product supply. However, cost levels improved toward the end of the year as a result of the progress achieved on the transition.

Business highlights

- Work proceeded on the new, highly automated logistics centre in Bålsta outside Stockholm, with the ramp-up for all stores completed. In addition, the roll-out of e-commerce began.
- Continued expansion of the existing high-bay warehouse in Backa in Gothenburg to increase capacity and efficiency.
- The automation solution at the fruit and vegetable warehouse in Landskrona was put into operation and thereafter optimised.
- Accelerated transition to renewable fuels in transports, with a sharp reduction in the carbon footprint from transports.
- 280 new private label products were launched.



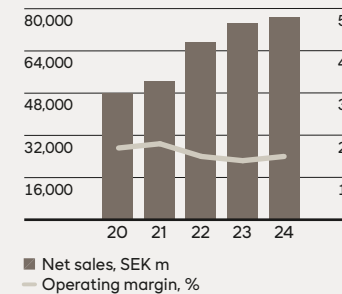
Net sales

SEK 76.6 bn

Operating profit

SEK 1.2 bn

Net sales, Operating margin



Key ratios

	2024	2023	Change
Net sales, SEK m	76,589	74,175	3.3%
Operating profit/loss, SEK m	1,156	1,021	13.2%
Operating profit excl. items affecting comparability <sup>1)</sup>	1,156	1,271	-9.0%
Operating margin, %	1.5	1.4	0.1
Operating margin excl. items affecting comparability, % <sup>1)</sup>	1.5	1.7	-0.2
Average number of employees during the year	3,208	3,351	-143

1) Refer to Note 8 for more information.



## GROUP

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

SEK m	Note	2024	2023
Net sales	3	84,057	81,111
Cost of goods sold	5, 6, 8	-71,826	-69,785
<b>Gross profit</b>		<b>12,231</b>	<b>11,326</b>
Selling expenses	5, 6, 9	-4,388	-4,015
Administrative expenses	5, 6, 7	-5,087	-4,625
Share of profit/loss in associated companies and joint ventures	19	-58	-59
Other operating income	9	768	743
Other operating expenses	4, 5, 8	-176	-18
<b>Operating profit</b>	<b>3</b>	<b>3,290</b>	<b>3,353</b>
Interest income and similar profit/loss items	12	51	69
Interest expense and similar profit/loss items	12	-456	-384
<b>Net financial items</b>		<b>-405</b>	<b>-315</b>
<b>Profit before tax</b>		<b>2,885</b>	<b>3,037</b>
Current tax	14	-586	-582
Deferred tax	14	-80	-82
<b>Net profit for the year</b>		<b>2,219</b>	<b>2,373</b>

SEK m	Note	2024	2023
<b>Other comprehensive income</b>			
<i>Items that cannot be reclassified to profit or loss for the period</i>			
Revaluation defined benefit pensions	21	-53	10
Change in holdings measured at fair value	23	-156	-273
Tax	14	11	-2
<i>Items that can be reclassified to profit or loss for the period</i>			
Change in hedging reserve	22	26	-81
Tax	14	-5	17
<b>Other comprehensive income for the year</b>		<b>-177</b>	<b>-329</b>
<b>Comprehensive income for the year</b>		<b>2,042</b>	<b>2,044</b>
<b>Net profit for the year attributable to:</b>			
Owners of the parent		2,192	2,357
Non-controlling interests		27	16
<b>Net profit for the year</b>		<b>2,219</b>	<b>2,373</b>
<b>Comprehensive income for the year attributable to:</b>			
Owners of the parent		2,015	2,028
Non-controlling interests		27	16
<b>Comprehensive income for the year</b>		<b>2,042</b>	<b>2,044</b>
Earnings per share before dilution, SEK	20	10.16	10.92
Earnings per share after dilution, SEK	20	10.11	10.87

## Comments

Net sales increased 3.6% (10.4), with an increase noted in all segments despite high comparison figures. Volume growth was the primary contributor to this trend. The acquisition of City Gross had a somewhat positive impact on sales. Until the acquisition, Dagab's external B2B sales to City Gross were included in sales, while as of the acquisition date these are considered internal sales. Store and online sales accounted for 72% (70) of net sales and external B2B sales for 27% (30). Retail sales rose 6.8% (14.3), with a 3.7% (12.0) rise in like-for-like sales. Online sales totalled SEK 3,559 m (3,285), an increase of 8.4% (4.6).

Operating profit decreased -1.9% (8.1). The operating margin was 3.9% (4.1). The implementation of price campaigns, high cost inflation, restructuring costs for logistics and the acquisition of City Gross, including revaluation of the previous minority stake, acquisition costs as well as the latter's operating loss, had a negative impact on operating profit. Operating profit includes items totalling SEK -143 m (-249) that have been reclassified as items affecting comparability in the operational earnings monitoring. For 2024 these items comprised in its entirety of the revaluation of the previous minority stake in City Gross and last year comprised in its entirety of parallel warehouse operations.

Net financial items amounted to SEK -405 m (-315), with a negative impact mainly from increased interest expenses from borrowing and for leases. The tax expense was SEK 666 m (664), corresponding to an effective tax rate of 23.1% (21.9).

## GROUP

## Statement of financial position Group

SEK m	Note	31 Dec 2024	31 Dec 2023
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>	15		
Goodwill		4,769	3,606
Other intangible assets		2,439	1,459
		<b>7,208</b>	<b>5,065</b>
<i>Property, plant and equipment</i>	16		
Land and buildings		251	256
Equipment, tools, fixtures and fittings		6,023	4,811
Construction in progress		252	952
		<b>6,525</b>	<b>6,019</b>
Right-of-use assets	17	12,488	9,210
<i>Financial assets</i>			
Participations in associated companies and joint ventures	19	35	384
Other long-term securities holdings	23	8	135
Other non-current receivables	23	134	105
		<b>178</b>	<b>625</b>
Deferred tax assets	14	227	249
<b>Total non-current assets</b>		<b>26,627</b>	<b>21,167</b>
<b>Current assets</b>			
Inventories		4,887	4,247
<i>Current receivables</i>			
Trade receivables	22, 23	1,532	2,195
Current tax asset		–	42
Other current receivables	23	70	171
Prepaid expenses and accrued income	24	1,581	1,508
		<b>3,184</b>	<b>3,916</b>
Cash and cash equivalents	23, 25	735	688
<b>Total current assets</b>		<b>8,805</b>	<b>8,851</b>
<b>Total assets</b>		<b>35,432</b>	<b>30,018</b>

SEK m	Note	31 Dec 2024	31 Dec 2023
<b>Equity and liabilities</b>			
<b>Equity</b>	20		
Share capital		271	271
Other capital contributions		1,973	1,973
Reserves		2	-18
Profit brought forward		4,807	4,652
		<b>7,053</b>	<b>6,877</b>
Non-controlling interests		335	308
<b>Total equity</b>		<b>7,388</b>	<b>7,185</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities	17, 22, 23, 25	10,161	7,497
Non-current interest-bearing liabilities	22, 23, 25	2,900	–
Provisions for pensions	21, 25	300	262
Deferred tax liabilities	14	1,509	1,348
Other non-current liabilities	23	8	7
<b>Total non-current liabilities</b>		<b>14,878</b>	<b>9,114</b>
<b>Current liabilities</b>			
Current lease liabilities	17, 22, 23, 25	2,233	1,748
Current interest-bearing liabilities	22, 23, 25	2	519
Trade payables	22, 23	7,229	7,538
Current tax liability		10	–
Other current liabilities	23	474	634
Accrued expenses and deferred income	26	3,218	3,278
<b>Total current liabilities</b>		<b>13,166</b>	<b>13,718</b>
<b>Total equity and liabilities</b>		<b>35,432</b>	<b>30,018</b>

## Comments

The Group's total cash investments in intangible assets and property, plant and equipment as well as acquisitions amounted to SEK 3,100 m (1,946). Of this, SEK 177 m (493) pertained to investments in automation. Investments in right-of-use assets amounted to SEK 3,416 m (2,141), of which SEK 810 m (632) pertained to newly acquired assets and SEK 2,607 m (1,509) pertained to revaluations of existing leases, mainly due to upward indexation and extensions of leases. An additional SEK 2,016 m in right-of-use assets was added through the acquisition of City Gross.

Interest-bearing liabilities and provisions amounted to SEK 15,596 m (10,027), impacted by higher loans raised and lease liabilities. Interest-bearing net debt amounted to SEK 14,861 m (9,339). Net debt/EBITDA amounted to a multiple of 2.2 (1.5). Net debt/EBITDA excluding IFRS 16 was a multiple of 0.6 (0.0)

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 2024, the equity ratio amounted to 20.9% (23.9).



## GROUP

## Statement of cash flows Group

SEK m	Note	2024	2023
<b>Operating activities</b>			
Operating profit		3,290	3,353
Depreciation/amortisation/impairment	5, 15, 16, 17	3,375	2,993
Interest paid and similar items		-453	-381
Interest received and similar items		51	69
Adjustments for non-cash items		461	188
Paid tax		-587	-584
<b>Cash flow from operating activities before changes in working capital</b>		<b>6,137</b>	<b>5,638</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-28	-415
Change in current receivables		740	22
Change in current liabilities		-1,390	562
<b>Cash flow from operating activities</b>		<b>5,459</b>	<b>5,807</b>
<b>Investing activities</b>			
Acquisitions of intangible assets		-430	-423
Acquisitions of property, plant and equipment		-1,109	-1,523
Acquisitions of financial assets		-89	-274
Acquisitions of operations	4	-1,561	-3
Sales of property, plant and equipment		4	3
Sales of operations	4	0	–
Dividend from associated companies		–	10
<b>Cash flow from investing activities</b>		<b>-3,184</b>	<b>-2,210</b>
<b>Financing activities</b>			
Loans raised		4,682	3,558
Amortisation of loans		-2,715	-3,239
Amortisation of lease liability		-2,294	-1,969
Share repurchases		-66	-59
Dividend paid out		-1,834	-1,759
<b>Cash flow from financing activities</b>		<b>-2,227</b>	<b>-3,468</b>
<b>Cash flow for the year</b>		<b>47</b>	<b>129</b>
Cash and cash equivalents at start of year		688	559
Cash and cash equivalents at year-end		735	688

## 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 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 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>	
<b>Opening equity 2024</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>	
Net profit for the year	–	–	–	2,192	2,192	27	2,219	
Other comprehensive income for the year	–	–	20	-197	-177	–	-177	
<b>Comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>20</b>	<b>1,995</b>	<b>2,015</b>	<b>27</b>	<b>2,042</b>	
Shareholder dividend	–	–	–	-1,834	-1,834	–	-1,834	
Share repurchases	–	–	–	-66	-66	–	-66	
Share-based payments	–	–	–	61	61	–	61	
<b>Closing equity 2024</b>	<b>271</b>	<b>1,973</b>	<b>2</b>	<b>4,807</b>	<b>7,053</b>	<b>335</b>	<b>7,388</b>	

## PARENT COMPANY

## Income statement Parent Company

SEK m	Note	2024	2023
Net sales		22	22
Selling expenses		-2	-2
Administrative expenses	6, 7, 11, 16	-655	-574
Other operating income	11	433	379
<b>Operating loss</b>		<b>-203</b>	<b>-176</b>
Interest income and similar profit/loss items	12	212	782
Interest expense and similar profit/loss items	12	-516	-57
<b>Profit after financial items</b>		<b>-508</b>	<b>550</b>
Appropriations	13	2,132	2,818
<b>Profit before tax</b>		<b>1,625</b>	<b>3,367</b>
Current tax	14	-427	-561
Deferred tax	14	0	-1
<b>Net profit for the year</b>		<b>1,198</b>	<b>2,805</b>

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

## Balance sheet Parent Company

SEK m	Note	31 Dec 2024	31 Dec 2023
<b>Assets</b>			
<b>Property, plant and equipment</b>			
Equipment, tools, fixtures and fittings	16	28	34
		<b>28</b>	<b>34</b>
<b>Financial assets</b>			
Participations in Group companies	18	4,020	4,421
Deferred tax assets	14	7	7
Other non-current receivables		2	1
		<b>4,029</b>	<b>4,429</b>
<b>Total non-current assets</b>		<b>4,057</b>	<b>4,463</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Trade receivables		3	4
Receivables from Group companies	25	10,189	8,123
Other current receivables		1	0
Prepaid expenses and accrued income	24	35	22
		<b>10,229</b>	<b>8,149</b>
Cash and bank balances	25	14	12
<b>Total current assets</b>		<b>10,243</b>	<b>8,161</b>
<b>Total assets</b>		<b>14,300</b>	<b>12,624</b>

SEK m	Note	31 Dec 2024	31 Dec 2023
<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		1,792	826
Net profit for the year		1,198	2,805
		<b>4,466</b>	<b>5,107</b>
<b>Total equity</b>		<b>4,762</b>	<b>5,403</b>
<b>Untaxed reserves</b>	13	<b>4,032</b>	<b>3,965</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	22, 25	2,900	—
Other non-current liabilities		10	9
		<b>2,910</b>	<b>9</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	22, 25	2	519
Trade payables		25	23
Liabilities to Group companies	25	2,406	2,505
Current tax liabilities		24	98
Other current liabilities		19	12
Accrued expenses and deferred income	26	120	91
		<b>2,596</b>	<b>3,247</b>
<b>Total equity and liabilities</b>		<b>14,300</b>	<b>12,624</b>



PARENT COMPANY

## Cash flow statement Parent Company

SEK m	2024	2023
<b>Operating activities</b>		
Operating loss	-203	-176
Interest paid and similar items	-81	-57
Interest received and similar items	212	47
Dividends from participations in Group companies	—	735
Depreciation/amortisation	9	9
Adjustments for non-cash items	63	53
Paid tax	-501	-521
<b>Cash flow from operating activities before changes in working capital</b>	<b>-502</b>	<b>91</b>
<b>Cash flow from changes in working capital</b>		
Change in current receivables	-2,376	-1,097
Change in current liabilities	-687	136
<b>Cash flow from operating activities</b>	<b>-3,564</b>	<b>-870</b>
<b>Investing activities</b>		
Acquisitions of property, plant and equipment	-3	-10
Sales of property, plant and equipment	—	0
Acquisitions of financial assets	-35	-33
<b>Cash flow from investing activities</b>	<b>-38</b>	<b>-43</b>
<b>Financing activities</b>		
Loans raised	4,682	3,558
Amortisation of loans	-2,299	-3,239
Dividend	-1,834	-1,759
Share repurchases	-66	-59
Group contribution received	3,179	2,399
Group contribution paid	-57	-72
<b>Cash flow from financing activities</b>	<b>3,605</b>	<b>828</b>
<b>Cash flow for the year</b>	<b>2</b>	<b>-85</b>
Cash and cash equivalents at start of year	12	96
Cash and cash equivalents at year-end	14	12

## 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 2023</b>	<b>271</b>	<b>25</b>	<b>1,476</b>	<b>2,585</b>	<b>4,358</b>
Net profit 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>
<b>Opening equity 2024</b>	<b>271</b>	<b>25</b>	<b>1,476</b>	<b>3,631</b>	<b>5,403</b>
Net profit for the year	—	—	—	1,198	1,198
Shareholder dividend	—	—	—	-1,834	-1,834
Share repurchases	—	—	—	-66	-66
Share-based payments	—	—	—	61	61
<b>Closing equity 2024</b>	<b>271</b>	<b>25</b>	<b>1,476</b>	<b>2,990</b>	<b>4,762</b>

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

## NOTES

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## NOTES

## Notes to the financial statements

### 1. Accounting principles

Axfood AB, corporate registration number 556542-0824, is a Swedish-registered limited liability company, 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.

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 A Johnson & Co. AB, corporate registration number 559506-5789, 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 17 February 2025. 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 19 March 2025.

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. Totals may be affected by rounding.

#### 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 2024 have not had any material effect on the consolidated financial statements. The amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities as current or non-current impacted the classification of the Group's interest-bearing liabilities, resulting in those interest-bearing liabilities that do not pertain to bank overdraft facilities being classified as non-current, see Note 25. The amendment has not been applied retrospectively. The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures regarding new disclosure requirements for supplier finance arrangements only impacted disclosures in Note.

#### Pillar II

The Group is subject to the OECD's Pillar II Model Rules, which have been enacted through the new Swedish Top-up Tax Act, 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 Axel Johnson Group's exposure to the legislation through a safe harbour test based on the latest available data, which is the 2023 Country-by-Country Report. Based on the safe harbour test, top-up tax is deemed to be zero.

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 2025 and later

No new or amended standards or interpretations that have been endorsed for application in 2025 or later are 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, City Gross, 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, City Gross and Eurocash, and B2B of groceries through Snabbgross and Dagab. Sales in Willys, Hemköp, City Gross, 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. There are no equivalent point systems in the other chains' customer loyalty programmes.

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.

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

**NOTES** Note 1, cont.

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 was recognised as an associated company until the acquisition of an additional 90.1% on 1 November 2024, despite the fact that Axfood held 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.

In a step acquisition, previously owned minority stakes are revalued to fair value in accordance with the valuation made in conjunction with obtaining control. Any gain or loss, compared with the previously reported value, is recognised in the income statement.

**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 at lease once a year.

Estimated useful lives:	
IT development	5–10 years
Leaseholds	Remainder of lease term
Customer relationships	Length of relationship/contract
Other intangible assets	3–7 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.

**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



**NOTES** Note 1, cont.

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. Axfod has chosen to classify the holding in Oda Group (formerly 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. In the chains, cost is calculated applying the first-in, first-out (FIFO) method. In Dagab, cost is calculated according to the weighted average cost method.

**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 2024 have been amended in accordance with what is stated for the Group.

**Amended accounting policies 2025 and later**

No new or amended standards or interpretations that have been endorsed for application in 2025 or later are deemed to have had any material effect on the Parent Company 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**

Axfod 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.

In 2024, the Group made a new likelihood assessment of its guarantee commitments to government authorities such as the Swedish Customs Service and the Swedish Board of Agriculture. The new assessment is that it is extremely unlikely that the commitments will be utilised, and the commitments are therefore not recognised as a contingent asset or contingent liability.

**Holdings in City Gross and Apohem**

Until the acquisition of an additional 90.1% of City Gross on 1 November 2024, Axfod recognised its holding in City Gross as an associated company, despite the fact that Axfod held less than 20% of the shares in the company. Axfod determined that a significant influence over City Gross existed 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 Axfod is represented on City Gross's Board and that material transactions occur between the companies; and on other contractual relationships between the companies.

Axfod recognises its holding in Apohem as a joint venture, despite the fact that Axfod holds more than 50% of the shares in the company. Axfod 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

	Willys		Hemköp		City Gross <sup>1)</sup>		Snabbgross		Dagab		Joint-Group		Eliminations		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
External net sales	45,775	43,757	7,878	7,432	1,646	–	5,532	5,317	23,025	24,388	202	216			84,057	81,111
Internal net sales	–	–	0	–	–	–	1	0	53,565	49,786	1,318	1,149	-54,884	-50,934	–	–
<b>Net sales</b>	<b>45,775</b>	<b>43,757</b>	<b>7,878</b>	<b>7,432</b>	<b>1,646</b>	<b>–</b>	<b>5,533</b>	<b>5,317</b>	<b>76,589</b>	<b>74,175</b>	<b>1,519</b>	<b>1,365</b>	<b>-54,884</b>	<b>-50,934</b>	<b>84,057</b>	<b>81,111</b>
Depreciation of property, plant and equipment, and amortisation of intangible non-current assets	-366	-336	-105	-110	-20	–	-38	-36	-401	-271	-301	-289			-1,231	-1,042
Depreciation of right-of-use assets	-1,089	-990	-448	-403	-71	–	-110	-101	-358	-405	-62	-51			-2,138	-1,950
<b>Total depreciation/amortisation</b>	<b>-1,455</b>	<b>-1,326</b>	<b>-553</b>	<b>-513</b>	<b>-91</b>	<b>–</b>	<b>-148</b>	<b>-137</b>	<b>-760</b>	<b>-676</b>	<b>-363</b>	<b>-340</b>			<b>-3,369</b>	<b>-2,993</b>
Share of profit in associated companies and joint ventures	-15	-6	–	–	–	–	–	–	-43	-53	–	–			-58	-59
Operating profit excl. items affecting comparability	1,992	2,077	343	300	-40	–	253	265	1,156	1,271	-271	-311			3,433	3,602
Items affecting comparability	–	–	–	–	–	–	–	–	–	-249	-143	–			-143	-249
Operating profit/loss	1,992	2,077	343	300	-40	–	253	265	1,156	1,021	-414	-311			3,290	3,353
Financial items, net															-405	-315
Consolidated profit before tax															2,885	3,037
<b>Other disclosures</b>																
Investments in non-current assets	485	511	140	126	21	–	46	35	408	843	439	430			1,539	1,946
Investments in right-of-use assets	1,982	1,238	779	556	–	–	139	125	453	172	63	50			3,416	2,141
<b>Total investments in non-current assets</b>	<b>2,467</b>	<b>1,749</b>	<b>919</b>	<b>682</b>	<b>21</b>	<b>–</b>	<b>185</b>	<b>161</b>	<b>862</b>	<b>1,015</b>	<b>502</b>	<b>480</b>			<b>4,956</b>	<b>4,087</b>

1) Pertains to the period 1 November 2024–31 December 2024. Comparison figures are not presented.

Axfod's operations are divided into five operating segments: Willys, Hemköp, City Gross, Snabbgross and Dagab. In addition to Willys and Willys Hemma, the Willys segment includes partly owned Eurocash. The Hemköp segment includes the Group-owned Hemköp stores and the central functions that support the Hemköp and Tempo retailer-owned stores. City Gross is a subsidiary in the Axfod Group as of 1 November 2024 and is recognised as a separate segment from this date. City Gross is a new segment as of 2024. 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 Urban Deli, the retailer-owned concepts Handlar'n and Matöppet as well as Apohem, which is a joint venture. Approximately 70% 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 106–115. Joint-Group pertains to head office support functions, such as the Executive Committee, Finance, Legal Affairs, Communications, Business Development, HR and IT.



## NOTES

## 4. Acquired and divested operations

### Acquired operations

During the second quarter of 2024, Axfood entered into an agreement with Bergendahl Food Holding AB to acquire a stake corresponding to 90.1% of the shares in City Gross Sverige AB ("City Gross"), meaning that Axfood would increase its holding in City Gross from 9.9% to 100% following the transaction.

Completion of the acquisition was subject to approval by the Swedish Competition Authority and the European Commission. The European Commission's investigation concluded on 10 September, and on 15 October, the Swedish Competition Authority announced that the acquisition had been left without any further actions, which meant that the deal had been approved. The acquisition was completed on 1 November. City Gross, which has been consolidated as of this date, was previously recognised as an associated company. City Gross is recognised as a separate segment.

The purchase consideration for the 90.1% stake in City Gross amounted to SEK 2 bn on a cash and debt free basis, and the acquisition was financed through a combination of existing cash and credit facilities.

The total consideration for City Gross Sverige AB amounted to SEK 1,823 m, which exceeded the net of the fair value of all identifiable assets and liabilities by SEK 1,847 m. Acquisition-related costs of SEK 27 m were expensed in the Group as other operating expense in the statement of profit or loss and other comprehensive income. The surplus values are primarily attributable to brand (City Gross) and goodwill (buyer-specific synergies, future customers and market position) and, to a lesser extent, customer relationships (members of the Prio customer programme). Goodwill is not deemed to be tax deductible.

In connection with the completion of the transaction, the previous minority stake of 9.9% in City Gross was revalued in accordance with the valuation carried out in conjunction with the acquisition, which resulted in a negative earnings effect of SEK -143 m, which has been recognised under other operating expenses and has been charged to the joint-Group segment. In the operational earnings follow-up, this item is recognised as an item affecting comparability.

The acquisition of City Gross had an impact of SEK 323 m on consolidated net sales and SEK -40 m on consolidated operating profit for the year, including adjustments for the transition to IFRS and consolidated amortisation of customer relationships but excluding the impact of acquisition costs and the revaluation of the previous minority stake. City Gross did not report according to IFRS prior to the acquisition. City Gross's net sales for the 1 January 2024–31 October 2024 period amounted to SEK 7,356 m and its operating loss to SEK -147 m, reported in accordance with previous accounting policies. Prior to the acquisition of the additional 90.1% of the shares, City Gross had been an external customer of several of the companies in the Axfood Group and had not reported according to IFRS. Additionally, the company's financial year changed in conjunction with the transaction, making the effect of the acquisition on Axfood Group if it had taken place on 1 January 2024 difficult to assess.

The fair value according to the preliminary purchase price allocation is presented in the table to the right. The purchase price allocation may change after the valuation of the acquired assets is complete.

Fair value according to preliminary purchase price allocation, SEK m	
Trademarks	710
Customer relationships	8
Intangible assets	111
Property, plant and equipment	404
Right-of-use assets	2,016
Inventories	610
Trade receivables	7
Other current assets	196
Cash and bank balances	82
Deferred tax, net	-109
Lease liabilities	-2,016
Current financial liabilities	-416
Trade payables	-560
Other current liabilities	-350
<b>Total acquired identifiable net assets</b>	<b>694</b>
Goodwill	1,129
<b>Total acquired identifiable net assets including goodwill</b>	<b>1,823</b>
<b>Purchase consideration paid 100%</b>	<b>1,823</b>
Less value of previously owner minority stake 9.9%	-180
Cash and cash equivalents in City Gross Sverige AB	-82
<b>Change in consolidated cash and cash equivalents</b>	<b>1,561</b>
<b>Cash consideration paid</b>	<b>1,645</b>

### Acquired operations in the preceding year

Axfood did not carry out any material acquisitions in 2023.

### Divested operations

The meal kit company Middagsfrid was discontinued in the third quarter of 2024. Discontinuation costs of SEK 11 m have been charged to the Dagab segment.

No significant divestments took place.

### Divested operations in the preceding year

Axfood did not carry out any material divestments in 2023.

## 5. Costs by type of cost

Group	2024	2023
Cost of goods for resale	61,810	60,357
Personnel costs	9,642	9,070
Depreciation/amortisation/impairment	3,375	2,993
Other	6,649	6,023
<b>Total</b>	<b>81,477</b>	<b>78,443</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	2024	2023
Cost of goods sold	1,970	1,764
Selling expenses	1,111	969
Administrative expenses	288	260
Other operating expenses	6	—
<b>Total depreciation/amortisation and impairment</b>	<b>3,375</b>	<b>2,993</b>

NOTES

6. Employees and senior executives

Average number of employees	2024			2023		
	Women	Men	Total	Women	Men	Total
<b>Parent Company</b>						
Average number of employees	199	84	283	180	70	250
<b>Subsidiaries</b>						
Average number of employees	6,894	6,532	13,426	6,693	6,242	12,935
<b>Total, Group</b>	<b>7,093</b>	<b>6,616</b>	<b>13,709</b>	<b>6,873</b>	<b>6,312</b>	<b>13,185</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	2024			2023		
	Salaries and remuneration	Social security expenses	Of which, pension costs	Salaries and remuneration	Social security expenses	Of which, pension costs
Parent Company	225	123	37	207	108	32
Subsidiaries	6,230	2,482	516	5,827	2,284	465
<b>Total, Group</b>	<b>6,455</b>	<b>2,605</b>	<b>553</b>	<b>6,034</b>	<b>2,392</b>	<b>497</b>

Gender breakdown of the Board of Directors and senior executives in the Group	2024		2023	
	Women	Men	Women	Men
Board of Directors (AGM-elected), Parent Company	43%	57%	43%	57%
Boards of directors (AGM-elected) and managing directors, Group	28%	72%	26%	74%
Executive Committee	55%	45%	55%	45%



## 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 2024 AGM, the annual fee payable to directors was set at KSEK 3,970 (3,860), of which KSEK 820 (800) is payable to the Chairman. Fees for the Audit Committee for 2024 were set at KSEK 440 (400), of which KSEK 230 (200) pertains to the fee for the Chairman of the committee. Fees for the Remuneration Committee for 2024 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 2024, with the remainder paid out after year-end.

Board of Directors, Parent Company Expensed remuneration to members of the Board of Directors, KSEK	2024			2023		
	Directors' fees	Committee fees	Total fees	Directors' fees	Committee fees	Total fees
Thomas Ekman (Chairman) <sup>1) 2)</sup>	743	56	799	383	—	383
Mia Brunell Livfors (Chairman) <sup>2)</sup>	594	19	613	793	75	868
Fabian Bengtsson	521	50	571	505	38	543
Caroline Berg	521	50	571	505	50	555
Christian Luiga	521	223	744	505	200	705
Peter Ruzicka	521	104	625	505	88	593
Christer Åberg <sup>3)</sup>	—	—	—	123	25	148
Sara Öhrvall	521	104	625	505	100	605
<b>Total</b>	<b>3,943</b>	<b>605</b>	<b>4,548</b>	<b>3,823</b>	<b>575</b>	<b>4,398</b>

1) Newly elected in connection with the 2023 AGM.

2) Mia Brunell Livfors resigned as Chairman of the Board and left the Remuneration Committee in connection with the 2024 AGM, at which point Thomas Ekman took office as Chairman and was elected to the Remuneration Committee.

3) Resigned in connection with the 2023 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.

For notice of termination served by Axfood, 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 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. In addition to this, the Company pays an extra pension premium of 30% of fixed salary amounts between 30 and 50 times the income base amount. The President and CEO is entitled to retirement pension provisions corresponding to 35% of fixed yearly cash salary.

**Senior executives**

The Executive Committee consists of 11 (11) individuals. For the composition of the Executive Committee, see page 42.

Expensed remuneration and other benefits, KSEK	2024						2023					
	Fixed salary <sup>3)</sup>	Variable remunera- tion	Other benefits	Pension cost	Total	Share- based payments <sup>4)</sup>	Fixed salary <sup>3)</sup>	Variable remunera- tion	Other benefits	Pension cost	Total	Share- based payments <sup>4)</sup>
President and CEO, Simone Margulies (from 15 August) <sup>1)</sup>	2,762	891	18	973	<b>4,644</b>	866	—	—	—	—	—	—
President and CEO, Klas Balkow (until 14 August) <sup>1)</sup>	5,624	1,767	123	1,944	<b>9,458</b>	4,739	8,653	4,759	198	3,050	<b>16,660</b>	7,211
Other senior executives <sup>2)</sup>	27,868	9,265	959	8,017	<b>46,109</b>	20,643	30,041	15,720	998	7,850	<b>54,609</b>	20,471
<b>Total</b>	<b>36,254</b>	<b>11,923</b>	<b>1,099</b>	<b>10,934</b>	<b>60,211</b>	<b>26,248</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>

1) Expensed remuneration and other benefits to the President and CEO are presented for the period during which each individual held the role as President and CEO of Axfood.

2) Of expensed remuneration and benefits, KSEK 28,896 (34,989) pertains to remuneration that the senior executives received from other Group companies.

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

4) Pertains to the year's expensed, calculated outcomes for the incentive programmes LTIP 2022, LTIP 2023 and LTIP 2024, which will be settled in 2025 and later, and the year's expensed outcome for LTIP 2021, which was settled in April 2024.

## 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 added value 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 sal-

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



NOTES Note 6, cont.

**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 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 senior executives 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 the established 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 2024, Axfood repurchased 148,000 shares at an average price of SEK 260.48 per share, for a total of SEK 38.6 m. Allotment was carried out for LTIP 2021 in April 2024 using treasury shares. The holding of treasury shares amounts to 1,098,345 shares and is sufficient to secure the delivery of shares for all of the Company's incentive programmes.

**Vesting terms in brief**

**LTIP2024**

- 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 2024-2026 (TSR for groups of reference companies) (1-2 share rights)
- Accumulated sales of sustainability-labelled products during the 2024-2026 period reach a level of up to 10% higher than the level as of 31 December 2023 (0-1 share right)

**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)

Group	LTIP 2024	LTIP 2023	LTIP 2022	LTIP 2021
Base value, share price, SEK	286.9	241.6	275.0	229.2
Number of participants at start of programme	83	72	75	70
Number of participants on balance sheet date	82	71	70	—
of whom, senior executives <sup>1)</sup>	11	11	11	—
Number of outstanding share rights on 1 Jan 2024	—	261,219	434,756	227,150
Number of share rights allotted during the period	309,050	—	—	—
Number of share rights forfeited during the period	25,203	17,567	2,158	13,857
Number of share rights redeemed during the period	—	—	—	213,293
Number of outstanding share rights on 31 Dec 2024	283,847	243,652	432,598	—
of whom, senior executives <sup>1)</sup>	89,250	82,250	143,500	—
Maximum number of share rights	309,462	266,095	509,986	—
Average share price on redemption date, SEK	—	—	—	282.37
Weighted average fair value for entire term, SEK m	64.1	46.7	96.5	—
of whom, senior executives, SEK m <sup>1)</sup>	20.3	15.8	32.0	—
Cost for the year, SEK m	20.4	24.9	47.8	-2.5
Accumulated cost, SEK m	20.4	40.4	122.8	58.5
Liability (social security contributions), SEK m	5.8	13.0	36.4	—
Vesting period	3 years	3 years	3 years	3 years
Term	May 2024-April 2027	May 2023-April 2026	May 2022-April 2025	May 2021-April 2024

1) Pertains to senior executives as of 31 December 2024

Parent Company	LTIP 2024	LTIP 2023	LTIP 2022	LTIP 2021
Weighted average fair value for entire term, SEK m	23.2	19.9	39.3	—
of whom, senior executives, SEK m <sup>1)</sup>	11.7	9.4	16.3	—
Cost for the year, SEK m	8.1	10.9	19.6	-0.9
Accumulated cost, SEK m	8.1	17.4	49.5	27.1
Liability (social security contributions), SEK m	2.3	5.6	14.7	—

1) Pertains to senior executives as of 31 December 2024

NOTES

7. Auditors' fees

	Group		Parent Company	
	2024	2023	2024	2023
<b>Deloitte</b>				
Auditing fees	7	8	3	4
Auditing activities in addition to the audit assignment	0	–	0	–
<b>PwC (pertains to the audit of City Gross Sverige AB)</b>				
Auditing fees	1	–	–	–
<b>Total</b>	<b>8</b>	<b>8</b>	<b>3</b>	<b>4</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	2024	2023
Revaluation of City Gross	-143	–
Parallel warehouse operations	–	-249
<b>Total</b>	<b>-143</b>	<b>-249</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 2024 amounted to SEK -143 m and pertained in their entirety to the revaluation of the previous 9.9% minority stake in accordance with the valuation conducted in connection with the acquisition of the remaining shares in City Gross. The cost was included in other operating expenses.

Items affecting comparability in 2023 totalled SEK -249 m and pertained in their entirety to parallel 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.

9. Government assistance and grants

The Group has received labour market policy grants amounting to SEK 43 m (44), which has been recognised as a reduction in personnel costs. The Group has received electricity support for businesses of SEK 2 m (16) and other government grants of SEK 2 m (–), which has been recognised as other revenue. 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. These transactions are recognised as transactions with related parties until 31 October.

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

Group	Sales to related parties		Purchases from related parties		Receivables from related parties		Liabilities to related parties	
	2024	2023	2024	2023	2024	2023	2024	2023
Associated companies	5,733	7,372	–	–	–	616	–	–
Joint ventures	48	42	–	–	4	1	–	–
Other related parties	44	34	171	168	3	1	19	16
<b>Total</b>	<b>5,825</b>	<b>7,447</b>	<b>171</b>	<b>168</b>	<b>6</b>	<b>618</b>	<b>19</b>	<b>16</b>

11. Intra-Group purchases and sales

The Parent Company's revenue from Group companies amounted to SEK 373 m (323). The Parent Company's expenses from Group companies amounted to SEK 117 m (101). 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	
	2024	2023	2024	2023
Interest income	17	19	8	7
Dividends from participations in Group companies	–	–	–	735
Interest income from Group companies	–	–	203	38
Other financial income	34	49	1	3
	<b>51</b>	<b>69</b>	<b>212</b>	<b>782</b>
Interest expenses	-54	-49	-41	-37
Interest expenses to Group companies	–	–	-29	-10
Interest expenses for leases	-364	-310	–	–
Impairment	–	–	-436	–
Other financial expenses	-37	-25	-10	-9
	<b>-456</b>	<b>-384</b>	<b>-516</b>	<b>-57</b>
<b>Net financial items</b>	<b>-405</b>	<b>-315</b>	<b>-304</b>	<b>725</b>

All interest income and interest expenses pertain to financial assets and liabilities recognised at amortised cost.

13. Appropriations and untaxed reserves

	2024	2023
<b>Parent Company</b>		
<b>Appropriations</b>		
Group contribution received	2,883	3,179
Group contribution paid	-683	-57
Provision to tax allocation reserve	-600	-850
Dissolution of tax allocation reserve	532	546
Change in accumulated excess depreciation	0	0
<b>Total</b>	<b>2,132</b>	<b>2,818</b>
<b>Untaxed reserves</b>		
Tax allocation reserves	4,020	3,953
Accumulated excess depreciation	12	12
<b>Total</b>	<b>4,032</b>	<b>3,965</b>



NOTES

14. Taxes

	Group		Parent Company	
	2024	2023	2024	2023
<b>Current tax</b>				
Current tax on net profit for the year	-585	-575	-427	-563
Adjustment of current tax from previous years	-1	-7	–	2
Deferred tax on temporary differences	-80	-82	0	-1
<b>Recognised tax expense</b>	<b>-666</b>	<b>-664</b>	<b>-427</b>	<b>-562</b>

Group, reconciliation of effective tax rate

	2024	%	2023	%
Recognised profit before tax	2,885		3,037	
Tax based on applicable tax rate	-594	-20.6	-626	-20.6
Tax effect and percentage impact of:				
Non-deductible expenses	-38	-1.3	-7	-0.2
Tax-exempt revenue	1	0.0	4	0.1
Taxable income and expenses not recognised in the income statement	-28	-1.0	-21	-0.7
Profit participations recognised in accordance with the equity method	-12	-0.4	-14	-0.5
Other	6	0.2	-1	0.0
<b>Recognised tax expense/effective tax rate</b>	<b>-666</b>	<b>-23.1</b>	<b>-664</b>	<b>-21.9</b>
Tax attributable to other comprehensive income	6		15	

Parent Company, reconciliation of effective tax rate

	2024	%	2023	%
Recognised profit before tax	1,625		3,367	
Tax based on applicable tax rate	-335	-20.6	-694	-20.6
Tax effect and percentage impact of:				
Non-deductible expenses	-1	-0.1	-1	-0.0
Impairment of participations in Group companies	-90	-5.5	–	–
Tax-exempt revenue	0	0.0	1	0.0
Tax-exempt dividend	–	–	151	4.5
Taxable income and expenses not recognised in the income statement	-1	-0.1	-21	-0.6
Other	–	–	2	0.1
<b>Recognised tax expense/effective tax rate</b>	<b>-427</b>	<b>-26.3</b>	<b>562</b>	<b>-16.7</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	-1	–	–	20
Equipment, tools, fixtures and fittings	1	0	–	–	1
Deficit	111	-66	39	–	84
Provisions	10	-7	–	11	14
Right-of-use assets/ Lease liabilities	78	11	0	–	90
Other liabilities	28	-1	–	-9	18
<b>Total deferred tax assets</b>	<b>249</b>	<b>-63</b>	<b>39</b>	<b>2</b>	<b>227</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	7	0	–	–	7
<b>Total deferred tax assets</b>	<b>7</b>	<b>0</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	-226	-4	-148	–	-377
Equipment, tools, fixtures and fittings	0	–	–	–	0
Other receivables	-4	–	–	4	-1
Untaxed reserves	-1,114	-17	–	–	-1,131
Provisions	-3	3	–	–	0
<b>Total deferred tax assets</b>	<b>-1,348</b>	<b>-18</b>	<b>-148</b>	<b>4</b>	<b>-1,509</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 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Opening cost	3,606	3,526	485	582	3,186	2,919
Business combinations	1,129	–	–	–	829	–
Investments	34	80	394	336	2	7
Sales and disposals	–	–	–	–	-357	-6
Reclassifications	–	–	-566	-432	531	266
<b>Closing accumulated cost</b>	<b>4,769</b>	<b>3,606</b>	<b>313</b>	<b>485</b>	<b>4,192</b>	<b>3,186</b>
Opening amortisation	–	–	–	–	-2,136	-1,960
Sales and disposals	–	–	–	–	352	4
Amortisation for the year	–	–	–	–	-205	-180
<b>Closing accumulated amortisation</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-1,990</b>	<b>-2,136</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>4,769</b>	<b>3,606</b>	<b>313</b>	<b>485</b>	<b>2,126</b>	<b>974</b>

1) Of other intangible assets, SEK 469 m (503) pertains to customer relationships, SEK 864 m (388) to IT development, SEK 793 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 Axfood's operating segments. The Group's recognised goodwill is broken down as follows:

	31 Dec 2024	31 Dec 2023
Willlys	1,188	1,164
Hemköp	634	624
City Gross	1,129	–
Snabbgross	57	57
Dagab	1,762	1,762
<b>Total</b>	<b>4,769</b>	<b>3,606</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 6.4% after tax (6.3), which corresponds to a discount rate before tax of approximately 7.6% (7.5). The discount rate corresponds to Axfood's estimated average cost of capital. The newly acquired City Gross is not included in the impairment test since the transaction was completed recently. Instead, management has assessed whether there is any indication that the value has been negatively affected. No such indications were identified.

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.



NOTES

16. Property, plant and equipment

Group	Land and buildings		Equipment, tools, fixtures and fittings		Construction in progress	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Opening cost	282	245	10,911	7,816	952	2,640
Business combinations	–	–	386	–	18	–
Investments	–	–	308	627	801	896
Sales and disposals	-1	–	-478	-146	–	–
Reclassifications	–	37	1,553	2,613	-1,519	-2,584
<b>Closing accumulated cost</b>	<b>281</b>	<b>282</b>	<b>12,682</b>	<b>10,911</b>	<b>252</b>	<b>952</b>
Opening depreciation	-26	-21	-6,100	-5,386	–	–
Sales and disposals	–	–	464	144	–	–
Depreciation for the year	-5	-5	-1,021	-857	–	–
<b>Closing accumulated depreciation</b>	<b>-30</b>	<b>-26</b>	<b>-6,659</b>	<b>-6,100</b>	<b>–</b>	<b>–</b>
Opening impairment	–	–	–	–	–	–
Sales and disposals	–	–	–	–	–	–
<b>Closing accumulated impairment</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Closing planned residual value</b>	<b>251</b>	<b>256</b>	<b>6,023</b>	<b>4,811</b>	<b>252</b>	<b>952</b>

Parent Company	Equipment, tools, fixtures and fittings	
	31 Dec 2024	31 Dec 2023
Opening cost	66	60
Investments	3	10
Sales and disposals	-2	-4
<b>Closing accumulated cost</b>	<b>67</b>	<b>66</b>
Opening depreciation	-32	-27
Sales and disposals	2	4
Depreciation for the year	-9	-9
<b>Closing accumulated depreciation</b>	<b>-39</b>	<b>-32</b>
<b>Closing planned residual value</b>	<b>28</b>	<b>34</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 three 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 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Opening right-of-use assets	9,045	8,876	158	140	6	9
Business combinations	2,003	–	13	–	–	–
Newly acquired assets	698	549	108	82	4	1
Sales and disposals	-1	-3	-5	-3	–	–
Remeasurements	2,598	1,499	6	9	0	0
Depreciation	-2,051	-1,876	-81	-70	-6	-4
Impairment	-6	–	–	–	–	–
<b>Closing right-of-use assets</b>	<b>12,286</b>	<b>9,045</b>	<b>199</b>	<b>158</b>	<b>3</b>	<b>6</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	2024	2023
Depreciation of right-of-use assets	-2,138	-1,950
Impairment of right-of-use assets	-6	–
Interest on lease liabilities	-364	-310
Variable lease payments	-146	-146
Revenue from sub-letting of right-of-use assets	170	163
Costs for short-term leases	-8	-9
Costs for low-value leases	-49	-47

## Amounts recognised in the Statement of cash flows

Group	2024	2023
Total outgoing cash flow attributable to leases	-2,656	-2,400

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	2024	2023
Within one year	67	48
Between one and five years	201	202
Longer than five years	4	5

Expensed payments	2024	2023
Minimum lease payments	67	48
Variable payments	–	–
<b>Total lease fees</b>	<b>67</b>	<b>48</b>
<i>of which, rents for premises</i>	60	41
Lease income pertaining to sub-let premises	52	37

## 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	2024	2023
Within one year	166	142
Between one and two years	115	110
Between two and three years	77	66
Between three and four years	50	36
Between four and five years	32	24
Later than five years	104	63
<b>Total undiscounted lease payments</b>	<b>543</b>	<b>440</b>



## NOTES

## 18. Participations in Group companies

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

Parent Company	2024	2023	Parent Company	Corp. reg. no.	Registered office	No. of participations	Capital and voting rights, %	Book value 31 Dec 2024	Book value 31 Dec 2023
Opening cost	4,771	4,739	Willys AB	556163-2232	Gothenburg	1,000	100	473	463
Acquisitions during the year	0	–	NAX AB	559029-7809	Stockholm	510	51	363	363
Shareholder contribution	35	32	Eurocash Food AB	556503-6141	Strömstad	45,000,000	100	712	712
<b>Closing accumulated cost</b>	<b>4,806</b>	<b>4,771</b>	Hemköpskedjan AB	556113-8826	Stockholm	100,000	100	587	582
<b>Opening accumulated impairment</b>	<b>-350</b>	<b>-350</b>	Hemköp i Lerum AB	559229-8904	Stockholm	910	91	0	0
Impairment for the year	-436	–	Hemköp i Härnösand AB	559069-0854	Stockholm	1,000	100	0	0
<b>Closing accumulated impairment</b>	<b>-786</b>	<b>-350</b>	Hemköp i Sollentuna AB	559155-7854	Stockholm	–	–	Sold 2024	0
<b>Closing accumulated book value</b>	<b>4,020</b>	<b>4,421</b>	Hemköp i Värnamo AB	559019-8833	Stockholm	910	91	0	0
			Hemköp i Örby AB	559329-4134	Stockholm	910	91	0	0
			Hemköp 122 AB	559339-8307	Stockholm	1,000	100	0	0
			Hemköp 124 AB	559406-3363	Stockholm	1,000	100	0	0
			Hemköp 125 AB	559406-3389	Stockholm	1,000	100	0	0
			Tempo i Vikarbyn AB	559329-5586	Stockholm	910	91	0	0
			Axfood Snabbgross AB	556000-3575	Stockholm	1,500	100	67	61
			Dagab Inköp & Logistik AB	556004-7903	Stockholm	3,434,656	100	2,167	2,159
			Axfood i Backa AB	556742-7942	Solna	1,000	100	50	50
			Axfood i Lund AB	556807-5310	Stockholm	500	100	0	0
			Dagab Hässleholm AB	556342-7698	Stockholm	–	–	Merged 2024	1,931
			Cold Cargo Sweden AB	556930-9460	Gothenburg	–	–	Merged 2024	12
			Falkenberg Seafood AB	556353-8973	Falkenberg	13,000	100	4	4
			Hall Miba AB	556865-8149	Alvesta	50,000	100	65	65
			Tempo AB	556261-6838	Stockholm	1,000	100	0	0
			Urban Deli Holding AB	556958-4781	Stockholm	1,360	91	33	33
			Urban Deli AB	556773-1228	Stockholm	125,000	100	0	36
			Axfood Investering och Utveckling AB	559229-8896	Stockholm	1,000	100	336	771
			City Gross Sverige AB	556597-2451	Hässleholm	3,000	100	1,828	–
			Middagsfrid AB	556752-4953	Stockholm	1,000	100	0	0
			Humla AB	559236-9341	Stockholm	100,000	100	3	3
			Axfood i Malmö AB (change of owner from Dagab Inköp & Logistik AB 2024)	556950-1199	Stockholm	1,000	100	0	0
			Axfood IT AB	556035-6163	Stockholm	1,000	100	28	21
			Dagab AB	556070-3166	Stockholm	20,000	100	0	0
			<b>Total direct ownership Axfood AB</b>					<b>4,020</b>	<b>4,421</b>

## 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% (53.0) of the company through a subsidiary in the Axfood Group. Based on all relevant information, Axfood assesses Apohem to be a joint venture.

During the second quarter, Axfood entered into an agreement with Bergendahl Food Holding AB to acquire a stake corresponding to 90.1% of the shares in City Gross Sverige AB ("City Gross"), meaning that Axfood would increase its holding in City Gross from 9.9% to 100% following the transaction. The acquisition was completed on 1 November 2024 and the previously owned shares were reclassified as participations in subsidiaries. In connection with the completion of the transaction, the previous minority stake of 9.9% in City Gross was revalued in accordance with the valuation carried out in conjunction with the acquisition, which resulted in a negative earnings effect of SEK -143 m.

	Group	
	2024	2023
<b>Reconciliation of book value and reported profit participation</b>		
Opening cost	627	556
New issue	16	65
Remeasurement	-143	—
Reclassification to subsidiary	-180	—
Shareholder contributions paid	16	6
<b>Closing cost</b>	<b>336</b>	<b>627</b>
<i>Adjustments of equity</i>		
Opening carrying amount	-243	-185
Share of profit	-58	-59
<b>Closing carrying amount</b>	<b>-302</b>	<b>-243</b>
<b>Book value</b>	<b>35</b>	<b>384</b>

Associated companies and joint ventures	Corp. reg. no.	Registered office	Share of voting capital, % 2024	Share of voting capital, % 2023	Book value 31 Dec 2024	Book value 31 Dec 2023
<b>Associated companies owned indirectly by Axfood AB</b>						
City Gross Sverige AB	556597-2451	Hässleholm	—	9.9	—	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	53.0	35	62
<b>Total</b>					<b>35</b>	<b>384</b>

	Apohem		City Gross	
	2024	2023	2024 <sup>1)</sup>	2023
<b>Reconciliation of reported profit participation</b>				
Net profit for the year	-81	-99	-155	-97
Share of profit <sup>2)</sup>	-43	-53	-15	-6
<b>Reported profit participation</b>	<b>-43</b>	<b>-53</b>	<b>-15</b>	<b>-6</b>
<b>Reconciliation of book value</b>				
Share of equity	14	42	—	19
Surplus value	21	20	—	304
<b>Book value</b>	<b>35</b>	<b>62</b>	<b>—</b>	<b>322</b>

1) Pertains to the period 1 January 2024–31 October 2024.

2) Corresponds to total comprehensive income.

	Apohem		City Gross	
	2024	2023	2024 <sup>1)</sup>	2023
<b>Condensed income statement and balance sheet</b>				
Sales	836	603	7,356	9,234
Net profit/loss for the year	-81	-99	-155	-97
Other comprehensive income	—	—	—	—
<b>Total comprehensive income</b>	<b>-81</b>	<b>-99</b>	<b>-155</b>	<b>-97</b>
Non-current assets	14	9	—	630
Current assets	147	137	—	1,114
<b>Total assets</b>	<b>161</b>	<b>146</b>	<b>—</b>	<b>1,744</b>
Equity	27	67	—	171
Non-current liabilities	20	—	—	436
Current liabilities	114	79	—	1,137
<b>Liabilities and equity</b>	<b>161</b>	<b>146</b>	<b>—</b>	<b>1,744</b>

1) Pertains to the period 1 January 2024 - 31 October 2024.



NOTES

20. Equity

Number of shares

	31 Dec 2024	31 Dec 2023
Number of shares	216,843,240	216,843,240
Number of treasury shares	1,098,345	1,065,652
Number of shares outstanding	215,744,895	215,777,588

Share capital

The share capital as per 31 December 2024 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 2024. As of 31 December 2024, there is deemed to be no risk that the covenant will not be met in 2025. 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	2024	2023
Earnings per share before dilution, SEK	10.16	10.92
Earnings per share after dilution, SEK	10.11	10.87
Average number of shares outstanding before dilution	215,787,900	215,798,253
Average number of shares outstanding after dilution	216,834,104	216,837,527

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	1,791,851,017
Net profit for the year	1,198,036,280
<b>Total</b>	<b>4,466,040,298</b>

Be disposed as follows:

SEK	
SEK 8.75 per share to be distributed to shareholders	1,887,767,831
To be carried forward	2,578,272,467
<b>Total</b>	<b>4,466,040,298</b>

## NOTES

## 21. Pensions

## Group

Defined benefit pension plans	31 Dec 2024	31 Dec 2023
Present value of funded obligations	7	6
Present value of unfunded obligations	282	253
<b>Total present value of obligations</b>	<b>289</b>	<b>259</b>
Fair value of plan assets	-7	-6
<b>Present value of net obligations</b>	<b>282</b>	<b>253</b>
Amounts recognised in statement of financial position		
– provisions	282	253
– assets	–	–
<b>Net liability in statement of financial position</b>	<b>282</b>	<b>253</b>

Of Axfood's net liability for defined benefit pension plans in Sweden, SEK 282 m (253) 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 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, 5 (7) are persons on disability pensions, 389 (407) are owners of paid-up policies and 1,169 (1,262) are retirees.

Changes in the present value of obligations for defined benefit plans	31 Dec 2024	31 Dec 2023
Opening balance	259	286
Benefits paid	-23	-29
Interest expenses	11	11
Remeasurements, gains (-)/losses (+):		
Actuarial gains and losses on changed financial assumptions	40	-20
Experience-based adjustments	2	11
<b>Obligations for defined benefit plans</b>	<b>289</b>	<b>259</b>

Change in net liability during the year	31 Dec 2024	31 Dec 2023
Opening balance	253	279
Compensation from pension foundation	-1	0
Net expense in net profit for the year	11	11
Pension disbursements	-23	-29
Actuarial losses/gains recognised as a liability	42	-9
<b>Net liability at year-end</b>	<b>282</b>	<b>253</b>

Actuarial assumptions	2024	2023
Discount rate	3.10%	4.30%
Future annual pension increases (inflation)	1.80%	1.70%
Duration <sup>1)</sup>	12.0 years	11.0 years
Longevity assumption after 65 years		
– men	21.9 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)	17	16
Inflation (+/- 0.5% change)	17	16
Longevity (+/- 1 year change)	13	13

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	2024	2023
<i>Defined benefit pension plans</i>		
Interest expense	11	11
Actual return on plan assets	-1	0
<b>Total</b>	<b>10</b>	<b>11</b>
<i>Defined contribution pension plans</i>		
Costs during the period	553	497
<b>Total</b>	<b>553</b>	<b>497</b>
<b>Total pension cost in net profit for the year</b>	<b>564</b>	<b>508</b>
Remeasurements recognised in other comprehensive income, gains (-)/losses (+)	53	-10
<b>Pension cost in comprehensive income for the year</b>	<b>617</b>	<b>498</b>

Pension insurance premiums paid during the year to Alecta for pension insurance under the ITP 2 plan amounted to SEK 54 m (43). Alecta's surplus can be apportioned among the policyholders and/or the insured. As of 31 December 2024, Alecta's surplus in the form of its collective funding ratio was according to preliminary information 162% (157).

## Effects on future cash flows

In 2025, approximately SEK 23 m (24) is expected to be paid into defined benefit plans.

## Parent Company

Pension costs	2024	2023
<i>Undertakings through insurance</i>		
Insurance premiums according to the ITP plan to Alecta	29	26
Special employer's payroll tax on pension contributions	7	6
<b>Pension costs for the year</b>	<b>37</b>	<b>32</b>



## NOTES

## 22. Financial risk management

### Framework for financial risk management

Axfood is exposed to financial risks, which are described under the respective type of risk below. Every year, the Board of Directors adopts a Group-wide finance policy that regulates the delegation of responsibility for financial matters between the Board and the President and CEO. The Group's external financing and financial risk management is handled by Group Treasury within 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.

### Group

Credit lines	31 Dec 2024	31 Dec 2023
<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	-2,900	-300
<b>Unutilised credit lines</b>	<b>600</b>	<b>3,200</b>
Available bank balances	14	12
<b>Liquidity reserve</b>	<b>614</b>	<b>3,212</b>
<b>Other credit lines</b>		
Bank overdraft facilities	1,200	800
Utilised bank overdraft facilities	-2	-219
<b>Unutilised bank overdraft facilities</b>	<b>1,198</b>	<b>581</b>

The Group's revolving credit facility amounts to SEK 3,500 m (3,500), with a term that extends until November 2026. The Group also has a bank overdraft facility of SEK 1,200 m (800).

### Group

Maturity structure for financial assets and liabilities	<1 year	1–2 years	3–5 years	>5 years
Forward exchange contracts	0	–	–	–
Trade payables	7,229	–	–	–
Interest-bearing loans	–	2,900	–	–
Utilised bank overdraft facilities	2	–	–	–
Lease liabilities <sup>1)</sup>	2,715	2,296	4,503	5,675
<b>Total</b>	<b>9,946</b>	<b>5,196</b>	<b>4,503</b>	<b>5,675</b>

1) Refers to undiscounted values.

Axfood has supplier finance arrangements defined in accordance with IAS 7. Supplier finance arrangements reduce liquidity risk by ensuring that suppliers covered by arrangements are paid on time by a financier. This allows the Axfood Group to extend its own payment terms and retain cash and cash equivalents for longer, thereby improving its cash flow and reducing the risk of liquidity problems.

The Axfood Group's average credit term within the framework of supplier financing to credit institutions was 72 days.

Supplier finance arrangements	31 Dec 2024
Recognised in trade payables	1,233
– of which suppliers that have received payment	1,233

### 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 2024, 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 0.5 m (0.1).

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 156.0 m (100.2), 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 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	8,916	95.1	+/- 891.6
USD	414	4.4	+/- 41.4
DKK	42	0.5	+/- 4.2
GBP	7	0.1	+/- 0.7
<b>Total</b>	<b>9,378</b>	<b>100</b>	
NOK	13	100	+/- 1.3
<b>Total</b>	<b>13</b>	<b>100</b>	

Of the recognised fair value in EUR, SEK -0.1 m (-2.7) 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>	1,201	52	1	–	1,253	11.51	109	-3
USD	71	27	2	–	100	10.60	9	4
DKK	7	–	–	–	7	1.54	5	0
NOK	21	–	–	–	21	0.98	21	0
<b>As of 31 Dec 2024</b>	<b>1,300</b>	<b>79</b>	<b>3</b>	<b>–</b>	<b>1,381</b>			<b>1</b>
<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>

1) Of the currency derivative's nominal amount, SEK 94 m (274) 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. 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 228 m (241) of outstanding trade receivables. Collateral received consists mainly of chattel mortgages, bank guarantees and guarantee commitments. In 2024, a total of SEK 1 m (3) of collateral received was utilised to settle unpaid trade receivables.

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 18 m (15), of which SEK 18 m (15) pertains to trade receivables that are more than 90 days past due.

Changes in provision for expected credit losses	31 Dec 2024	31 Dec 2023
Opening balance	-15	-17
Provisions	-11	-7
Reversals	5	7
Confirmed and recovered credit losses	2	3
<b>Closing balance</b>	<b>-18</b>	<b>-15</b>

Maturity analysis of trade receivables	31 Dec 2024	31 Dec 2023
Trade receivables not due	1,304	1,907
Trade receivables past due 0–30 days	156	242
Trade receivables past due >30–90 days	58	17
Trade receivables past due >90–180 days	15	10
Trade receivables past due >180–360 days	7	16
Trade receivables past due >360 days	10	17
<b>Total</b>	<b>1,551</b>	<b>2,210</b>



## NOTES

## 23. Financial assets and liabilities

Group	31 Dec 2024	31 Dec 2023
<b>Financial assets measured at fair value through profit or loss</b>		
Financial assets – Mathem (Level 3)	7	134
Other current receivables – Forward exchange contracts (Level 2)	1	–
<b>Financial assets measured at amortised cost</b>		
Other long-term securities holdings	2	2
Other non-current receivables	134	105
Trade receivables	1,532	2,195
Cash and cash equivalents	735	688
<b>Total financial assets</b>	<b>2,411</b>	<b>3,124</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)	0	45
<b>Financial liabilities measured at amortised cost</b>		
Non-current interest-bearing liabilities	2,900	–
Lease liabilities	12,394	9,246
Current interest-bearing liabilities	2	519
Trade payables	7,229	7,538
<b>Total financial liabilities</b>	<b>22,525</b>	<b>17,348</b>

## Fair value of financial instruments

Financial assets measured at fair value amounted to SEK 8 m (134). SEK 1 m (–) is attributable to Level 2 of the fair value hierarchy and SEK 7 m (134) is attributable to Level 3. Financial liabilities measured at fair value amounted to SEK 0 m (45). 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 call option agreement entered into with City Gross in conjunction with the acquisition in 2021 expired in its entirety in connection with the completion of the transaction on 1 November 2024. The carrying amount of the option agreement as of 31 December 2023 was SEK 0 m.

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 was transferred to a shareholding in the combined company Oda Group corresponding to the value of the previous shareholding in Mathem. The carrying amount of the participation in Oda Group (Mathem) amounted to SEK 7 m (134). Axfood's shareholding in Oda Group (Mathem) amounted to 2.3% (18.5). During the year, the holding in Oda Group (Mathem) was revalued by SEK -156 m (-273). The revaluation during the year resulted in an adjustment of the valuations of the company in connection with the issues carried out during the year.

## Changes in the fair value of financial assets attributable to Level 3

	31 Dec 2024	31 Dec 2023
Fair value at start of year	134	206
Convertible loans	–	101
Revaluation via other comprehensive income	-156	-273
Conversion of convertible loans/issue of convertibles	–	17
New issue	29	83
<b>Fair value at end of period</b>	<b>7</b>	<b>134</b>

## 24. Prepaid expenses and accrued income

	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Prepaid rents	174	165	–	–
Accrued bonuses and similar	1,086	1,007	13	–
Other prepaid expenses	266	305	22	15
Other accrued income	55	31	0	7
<b>Total</b>	<b>1,581</b>	<b>1,508</b>	<b>35</b>	<b>22</b>

## NOTES

## 25. Interest-bearing receivables and liabilities

	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	2023 -12-31
Non-current interest-bearing liabilities	2,900	–	2,900	–
Non-current lease liabilities	10,161	7,497	–	–
Provisions for pensions	300	262	–	–
<b>Total non-current interest-bearing liabilities</b>	<b>13,361</b>	<b>7,760</b>	<b>2,900</b>	<b>–</b>
<b>Current interest-bearing liabilities</b>				
Current liabilities to credit institutions	2	519	2	519
Current lease liabilities	2,233	1,748	–	–
Liabilities to Group companies <sup>1)</sup>	–	–	1,727	2,447
<b>Total current interest-bearing liabilities</b>	<b>2,235</b>	<b>2,267</b>	<b>1,729</b>	<b>2,966</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 2024	31 Dec 2023	2024 -12-31	2023 -12-31
Non-current interest-bearing liabilities	13,361	7,760	2,900	–
Current interest-bearing liabilities	2,235	2,267	1,729	2,966
Current interest-bearing receivables <sup>1)</sup>	–	–	-7,317	-4,949
Cash and cash equivalents	-735	-688	-14	-12
<b>Net debt (+)/net receivable (-)</b>	<b>14,861</b>	<b>9,339</b>	<b>-2,702</b>	<b>-1,995</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	
	2024	2023	2024	2023
Personnel-related items	2,236	1,969	89	84
Accrued bonuses and similar	239	254	–	–
Accrued real estate costs	95	27	–	–
Received, uninvoiced	269	420	–	–
Other accrued expenses	275	423	25	2
Other deferred income	104	185	6	4
<b>Total</b>	<b>3,218</b>	<b>3,278</b>	<b>120</b>	<b>91</b>

## Group

Reconciliation of liabilities attributable to financing activities	31 Dec 2023	Reclassification	Cash changes	Non-cash changes	31 Dec 2024
Non-current interest-bearing liabilities excl. lease liabilities	–	300	2,600	–	2,900
Current interest-bearing liabilities excl. lease liabilities	519	-300	-217	–	2
Lease liabilities	9,246	–	-2,294	5,422	12,394
<b>Reconciliation of liabilities attributable to financing activities</b>	<b>9,765</b>	<b>0</b>	<b>89</b>	<b>5,442</b>	<b>15,296</b>

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>

## 27. Pledged assets and contingent liabilities

	Group		Parent Company	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
<b>Contingent liabilities</b>				
Guarantees for subsidiaries	–	–	264	263
Guarantees for others	2	2	–	–
PRI	5	5	–	–
Other contingent liabilities	11	12	11	1
<b>Total</b>	<b>18</b>	<b>19</b>	<b>275</b>	<b>264</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.

There are no pledged securities in either the parent company or the Group.

## 28. Events after the balance sheet date

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

## 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 material 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 17 February 2025. 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 19 March 2025.

Stockholm, 17 February 2025

Thomas Ekman  
*Chairman of the Board*

Fabian Bengtsson  
*Director*

Caroline Berg  
*Director*

Christian Luiga  
*Director*

Mia Brunell Livfors  
*Director*

Peter Ruzicka  
*Director*

Sara Öhrvall  
*Director*

Anders Helsing  
*Director, employee representative*

Michael Sjören  
*Director, employee representative*

Lars Östberg  
*Director, employee representative*

Simone Margulies  
*President and CEO*

Our auditor's opinion was submitted the date  
as evidenced by our digital signature.

Deloitte AB

Didrik Roos  
*Authorised Public Accountant*



## 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 2024-01-01 - 2024-12-31 with the exception of the corporate governance statement and the sustainability report on pages 33–39 and 43-102. The annual accounts and consolidated accounts of the company are included on pages 9-144 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 31 December 2024 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 31 December 2024 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. Our opinions do not cover the corporate governance statement and the sustainability report on pages 33–39 and 43–102.

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, Eurocash, City Gross 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 MSEK 4 769 as of 31 December 2024. Goodwill has resulted from business combinations. The value of the reported goodwill depends on estimated cost of capital, sales growth and profitability 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 2024.

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 1–8 and 149–158 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.

### 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

## AUDITOR'S REPORT

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.

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 also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual

accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

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.

### 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 Axfood AB (publ) for the financial year 2024-01-01–2024-12-31 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 accor-

dance 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 violations 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 Axfood AB (publ) for the financial year 2024-01-01–2024-12-31.

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.

## AUDITOR'S REPORT

## 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 Axfood 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 Axfood AB (publ) by the general meeting of the shareholders on the 2024-03-20 and has been the company's auditor since 2016-03-16.

## The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 43–102, and that it is prepared in accordance with the Annual Accounts Act according to the previous version applied before 1 July 2024.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability 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 opinion.

A statutory sustainability report has been prepared.

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.





## Auditor's limited assurance report of Axfood AB's voluntarily prepared sustainability statement

To Axfood AB (publ), corporate identity number 556542-0824

### Conclusion

We have been appointed by the Board of Directors to conduct a limited assurance engagement of the sustainability statement for Axfood AB (publ) for the financial year 2024. The sustainability statement is included on page 43–102 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability report does not, in all material respects, meet the requirements of Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act which includes,

- whether the sustainability report meets the requirements of European Sustainability Reporting Standards (ESRS),
- whether the process the company has carried out to identify reported sustainability information has been conducted as described on page 49–52 of the sustainability report,
- compliance with the reporting requirements of the EU's Green Taxonomy Regulation Article 8 (EU Taxonomy)

### Basis for conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

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

### Other information than the sustainability statement

This document also contains other information than the sustainability statement and is found on pages 1–42, 103–144 and 149–158. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement 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.

### Other matter

The prior year's sustainability report has not been in scope for limited assurance procedures in accordance with RevR 19 and consequently the prior years' information in the sustainability report 2024 have not been in scope for limited assurance procedures in accordance with RevR 19.

### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for ensuring that the sustainability statement has been prepared in accordance with Chapter 6, paragraphs 12–12f of the Swedish Annual Accounts Act, and for such internal control as they determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to draw a conclusion whether the sustainability statement is free from material misstatement based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. This recommendation requires that we plan and perform our limited assurance procedures to obtain limited assurance that the sustainability report is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

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

We are independent of Axfood AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability information. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Chief Executive Officer prepare the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures with respect to the process the company has undertaken to identify reported sustainability information included but were not limited to the following:

- Obtained an understanding of the process by:
  - Performing inquiries to understand the sources of the information used by management, and
  - Reviewing the Company's internal documentation of its process
- Evaluated whether the evidence obtained from our procedures about the process implemented by the Company is consistent with the description of the process set out on page 49–52 in the sustainability statement.

The review procedures with respect to the Sustainability Statement included but were not limited to the following:

- Obtained an understanding of the Company's control environment, reporting processes, and information systems relevant to the preparation of its Sustainability Statement
- Evaluated whether material information identified by the process to identify the information reported in the Sustainability Statement is included

- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the requirements in ESRS
- Performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement
- Performed substantive assurance procedures on a sample basis on selected disclosures in the Sustainability Statement
- Performed inquiries and analytical procedures to evaluate the methods for developing material estimates and forward-looking information and on how these methods were applied

The review procedures with respect to the EU Taxonomy included but were not limited to the following:

- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement
- Evaluated whether the activities within the EU Taxonomy are consistent to the financial statements and related notes
- Evaluate processes, documentation and assessment of eligibility and alignment with the economic activities and technical screening criteria within the EU Taxonomy
- Evaluated whether the reporting is in accordance with the requirements in EU Taxonomy

### Inherent limitations

In reporting forward-looking information in accordance with ESRS, Axfood AB (publ) is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

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.

# 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	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Result of operations</b>										
Net sales	84,057	81,111	73,474	57,891	53,696	50,740	48,085	45,968	43,355	41,247
Operating profit	3,290	3,353	3,101	2,704	2,510	2,288	2,025	1,886	1,902	1,760
Profit after financial items	2,885	3,037	2,935	2,582	2,394	2,173	2,016	1,881	1,894	1,749
Tax	-666	-664	-564	-488	-531	-494	-439	-414	-421	-388
<b>Net profit for the year</b>	<b>2,219</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>Financial position</b>										
Intangible assets	7,208	5,065	4,990	5,295	3,519	3,472	3,449	3,388	2,478	2,528
Property, plant and equipment	6,525	6,019	5,294	3,815	2,912	2,744	2,202	2,032	1,799	1,930
Right-of-use assets	12,488	9,210	9,025	6,384	5,656	5,407	—	—	—	—
Financial and other non-current assets	405	874	850	731	286	259	168	215	199	155
Inventories and other current assets	8,070	8,163	7,900	6,772	4,906	4,614	4,750	4,458	4,337	3,991
Cash and cash equivalents and assets held for sale	735	688	559	734	1,534	798	1,675	1,376	1,726	1,933
<b>Assets</b>	<b>35,432</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>
Equity	7,053	6,877	6,609	4,952	4,331	4,020	4,304	4,266	4,117	4,530
Non-controlling interests	335	308	292	224	232	229	224	212	1	1
Lease liabilities	12,394	9,246	9,050	6,404	5,708	5,509	—	—	—	—
Other interest-bearing liabilities and provisions	3,203	781	492	1,971	403	421	524	528	498	504
Other liabilities	12,448	12,805	12,176	10,181	8,139	7,115	7,192	6,463	5,923	5,502
<b>Equity and liabilities</b>	<b>35,432</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>Cash flow</b>										
Cash flow from operating activities	5,459	5,807	5,927	4,590	4,851	3,555	2,702	2,534	2,241	2,495
Cash flow from investing activities	-3,184	-2,210	-2,778	-3,842	-1,080	-1,386	-992	-1,500	-559	-751
Cash flow from financing activities	-2,227	-3,468	-3,324	-1,548	-3,036	-2,943	-1,515	-1,384	-1,889	-920
<b>Cash flow for the year</b>	<b>47</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>

## TEN-YEAR OVERVIEW

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Key ratios</b>										
Operating margin, %	3.9	4.1	4.2	4.7	4.7	4.5	4.2	4.1	4.4	4.3
Equity ratio, %	20.9	23.9	24.1	21.8	24.3	24.6	37.0	39.0	39.1	43.0
Net debt (+)/net receivable (-), SEK m	14,861	9,339	8,982	7,640	4,577	5,131	—	—	—	—
Net debt (+)/net receivable (-) excl. IFRS 16, SEK m	2,467	93	-68	1,236	-1,131	-377	-1,047	-871	-1,249	-1,449
Net debt/EBITDA, multiple	2.2	1.5	1.6	1.5	1.0	1.2	—	—	—	—
Net debt/EBITDA excl. IFRS 16, multiple	0.6	0.0	0.0	0.4	-0.4	-0.1	-0.4	-0.3	-0.5	-0.6
Net debt-equity ratio (+)/net receivable-equity ratio (-), multiple	2.0	1.3	1.3	1.5	1.0	1.2	—	—	—	—
Net debt-equity ratio (+)/net receivable-equity ratio (-) excl. IFRS 16, multiple	0.3	0.0	0.0	0.2	-0.2	-0.1	-0.2	-0.2	-0.3	-0.3
Capital employed, SEK m	22,985	17,212	16,442	13,550	10,674	10,178	5,052	5,006	4,616	5,035
Return on capital employed, %	16.6	20.3	20.9	22.4	24.2	30.1	40.4	39.4	39.5	36.5
Return on equity, %	31.5	35.0	40.8	46.3	45.7	39.6	36.2	34.9	34.1	31.8
Average number of employees during the year	13,709	13,185	12,772	12,202	11,451	10,854	10,215	9,903	9,211	8,803
Total capital expenditures, SEK m	6,516	4,087	6,967	3,565	2,755	2,452	1,021	1,934	580	764
Investments in intangible assets and in property, plant and equipment, SEK m	1,539	1,946	2,593	1,825	1,031	1,481	1,021	1,934	580	764
Depreciation/amortisation, SEK m	-3,369	-2,993	-2,580	-2,399	-2,252	-2,146	-760	-744	-719	-696
Number of shares outstanding at end of period	215,744,895	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
<b>Key data per share</b>										
Earnings per share before dilution, SEK	10.16	10.92	11.04	10.20 <sup>1)</sup>	9.12	7.87	7.41	6.98	7.02	6.48
Earnings per share after dilution, SEK	10.11	10.87	10.99	10.16 <sup>1)</sup>	9.09	7.85	7.40	6.98	7.02	6.48
Ordinary dividend per share, SEK	8.75 <sup>2)</sup>	8.50	8.15	7.75	7.50	7.25	7.00	7.00	6.00	5.00
Extra dividend per share, SEK	—	—	—	—	—	—	—	—	—	4.00
Equity per share, SEK	32.69	31.87	30.62	23.68	20.70	19.21	20.54	20.35	19.62	21.58
Cash flow per share, SEK	0.22	0.60	-0.82	-3.82	3.51	-3.70	0.93	-1.67	-0.99	3.93
Cash flow from operating activities per share, SEK	25.30	26.91	27.81	21.95	23.18	16.98	12.89	12.08	10.68	11.89

1) 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.

2) Proposed by the Board of Directors.



# 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	2024	2023
<b>Operating profit (EBIT)</b>	<b>3,290</b>	<b>3,353</b>
Depreciation/amortisation/impairment	3,375	2,993
<b>EBITDA</b>	<b>6,665</b>	<b>6,345</b>
IFRS 16 Lease fees	-2,452	-2,198
<b>EBITDA excl. IFRS 16</b>	<b>4,213</b>	<b>4,148</b>

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.

**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.

**Working capital:** Average of current assets less current liabilities (adjusted for dividends), rolling 12 months. Shows the average financing requirement for the Group's working capital.

## 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 ratio:** 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, Hemköp retailer-owned stores and City Gross.

**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, Tempo and City Gross, 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.

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

## 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. 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.

**Corporate Sustainability Reporting Directive (CSRD):** EU Directive for sustainability reporting.

**European Sustainability Reporting Standards (ESRS):** Common reporting framework for sustainability reporting within the EU.

**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.

**Greenhouse Gas Protocol (GHG):** Global standard to calculate, handle and report GHG emissions.

**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 GHG emissions and global warming.

**Substitute it Now (SIN):** Database of particularly hazardous substances that are not covered by legislation.

**TCFD (Task Force on Climate-Related Financial Disclosures):** Framework of recommendations that guides the work of identifying climate-related financial risks and opportunities.

**TNFD (The Taskforce on Nature-related Financial Disclosures):** Framework for measuring and reporting risks, impacts and dependencies on biodiversity.



# Shareholder information





# Investment case

Axfood is a stable company and one of the leading players in food retail in Sweden. A broad presence, strong brands and efficiency through collaboration create the conditions for long-term 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 businesses and concepts with strong market positions and offerings that meet varying customer needs. Willys is the leader in the discount segment, Hemköp is a strong player in traditional grocery, and City Gross operates in the hyper-market segment. With Tempo, Handlar'n and Matöppet, Axfood also has a position in mini-marts, while Eurocash operates stores in cross-border shopping adjacent to Norway. 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 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 averaged just over 3% on an annual basis. Axfood's gearing is low, and excluding the accounting effects of IFRS 16, the Group's net debt divided by EBITDA amounted to 0.6 at year-end 2024.

## 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. 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.



# The share and ownership structure

**LISTING:** NASDAQ STOCKHOLM, LARGE CAP

**SYMBOL:** AXFO

**MARKET CAPITALISATION AT YEAR-END:** SEK 51 BILLION

**NUMBER OF SHARES:** 216,843,240

**ISIN:** SE0006993770

Axfood's shares are listed on Nasdaq Stockholm. The share capital as of 31 December 2024 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 170.0 million (226.8) Axfood shares were traded in all marketplaces in 2024, with an average daily trading volume of 677,484 shares (903,657). Trading on Nasdaq Stockholm accounted for 37% (32) of the total trading volume in Axfood shares. Daily trading in relation to Axfood's market capitalisation on Nasdaq Stockholm amounted to 0.12% (0.13), compared with an average of 0.15% (0.18) for the Large Cap list. Daily trading in relation to Axfood's market capitalisation on all marketplaces amounted to 0.31% (0.41), compared with an average of 0.41% (0.53) for the Large Cap list.

## Share performance and market capitalisation

Based on the closing share price on 31 December 2024, SEK 234.00, Axfood's market capitalisation was SEK 50,741 m (59,198). The share price development was -14.3% during the year, while the trend for the total index (OMXSPI) was +5.7%. The total return, including reinvested dividends, was -11.7%. The highest closing price quoted during the year was SEK 311.60 on 2 April. The lowest closing price quoted during the year was SEK 229.70 on 16 December.

## Ownership structure

The number of shareholders in 2024 increased to 129,953 at year-end (124,252). The Axel Johnson Group remains the principal owner, 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). Foreign ownership at year-end corresponded to 12.7% of the share capital, a decrease of -1.5 percentage points compared with the previous year. Swedish ownership, which corresponded to 87.3% of the share capital, was distributed between Axel Johnson, institutional shareholders (18.8%), private persons (15.2%) and other Swedish owners (3.3%). The largest foreign ownership is in the US, Norway, Finland, France and Canada.

## Dividend

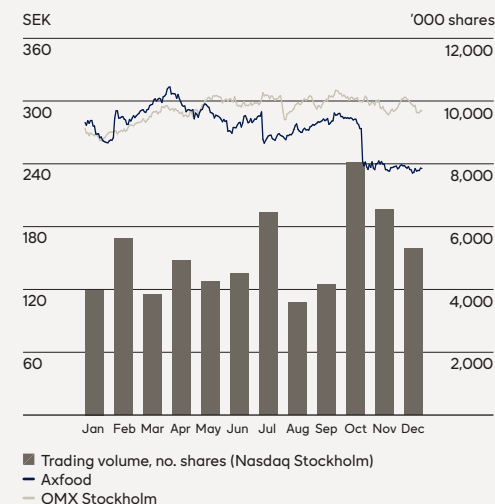
The Board of Directors proposes that the AGM resolve in favour of an increased dividend for the 2024 financial year of SEK 8.75 per share (8.50), corresponding to 86% of net profit for the year. During the last five years, the ordinary dividend has averaged approximately 79% of profit after tax.

## Share repurchases

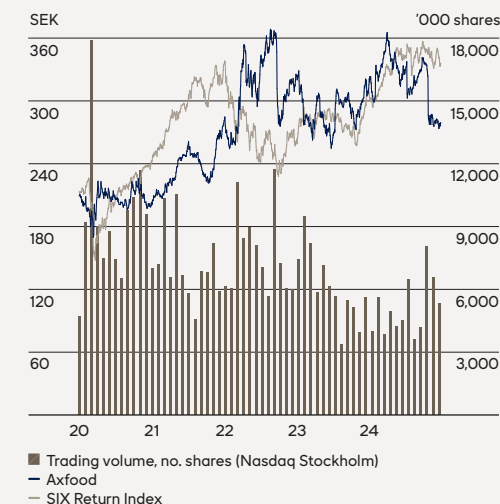
To secure delivery of shares linked to Axfood's long-term share-based incentive programmes, Axfood conducts share repurchases. At year-end, Axfood's holding of treasury shares amounted to 1,098,345 shares, corresponding to 0.5% of the total number of shares. More information about the share repurchase programmes is provided in Note 6.



Axfood share price and trading volume, 2024



Total return, Axfood share, index



THE SHARE AND OWNERSHIP STRUCTURE

Breakdown of ownership

Size class	No. shareholders	Shareholders, %	No. of shares	Share of votes and capital, %
1 – 500	117,182	90.2	8,689,166	4.0
501 – 1,000	6,157	4.7	4,560,646	2.1
1,001 – 5,000	5,541	4.3	11,146,341	5.1
5,001 – 10,000	545	0.4	3,800,924	1.8
10,001 – 20,000	233	0.2	3,258,818	1.5
20,001 –	295	0.2	183,820,235	84.8
Breakdown unknown	–	–	1,567,110	0.7
<b>Total</b>	<b>129,953</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 2024. Totals may be affected by rounding.

Ten largest shareholders

Name	No. of shares	Capital and votes, %
Ax:son Johnson (family and companies)	108,541,606	50.1
Swedbank Robur Funds	8,634,731	4.0
Handelsbanken Funds	5,271,838	2.4
Lannebo Funds	4,425,358	2.0
Vanguard	4,258,913	2.0
Odin Funds	3,730,602	1.7
Nordea Funds	2,917,978	1.3
Spiltan Funds	2,386,869	1.1
BlackRock	2,168,319	1.0
SEB Funds	2,104,875	1.0
<b>Total</b>	<b>144,441,089</b>	<b>66.6</b>
Others	72,402,151	33.4
<b>Total</b>	<b>216,843,240</b>	<b>100.0</b>

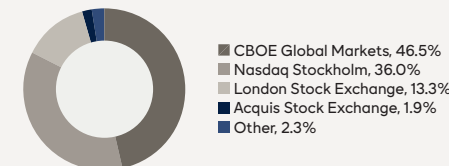
Source: Monitor by Modular Finance AB, with data from various sources, including Euroclear Sweden AB and Morningstar as of 31 December 2024. Totals may be affected by rounding.

Key data per share

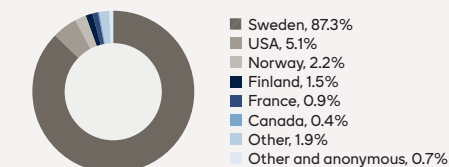
Amounts in SEK	2024	2023	2022	2021	2020
Ordinary dividend	8.75 <sup>1)</sup>	8.50	8.15	7.75	7.50
Dividend payout, %	86.1 <sup>1)</sup>	77.8	73.8	76.0 <sup>2)</sup>	82.2
Number of shares outstanding	215,744,895	215,777,588	215,805,384	209,104,732	209,198,604
Share price at year-end	234.00	273.00	285.90	260.40	191.80
Market capitalisation at year-end, SEK m	50,741	59,198	61,995	54,650	40,253
Highest/lowest closing share price	311.60/ 229.70	293.70/ 223.60	333.60/ 233.20	260.40/ 192.70	217.60/ 168.40
Dividend yield, %	3.7 <sup>1)</sup>	3.1	2.9	3.0	3.9
Earnings per share before dilution	10.16	10.92	11.04	10.20 <sup>2)</sup>	9.12
Equity per share	32.69	31.87	30.62	23.68	20.70
P/E ratio	23.0	25.0	25.9	25.5 <sup>2)</sup>	21.0
Daily trading in relation to market capitalisation, all marketplaces, %	0.31	0.41	0.51	0.44	0.51
Volatility, standard deviation, %	22.6	22.7	28.6	14.7	27.6
Beta	0.16	0.15	0.30	0.27	0.23
Number of shareholders	129,953	124,252	117,685	97,249	80,342

- 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.

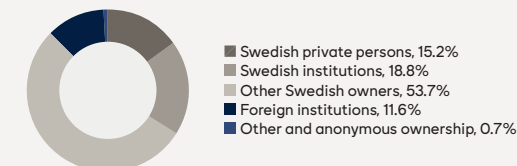
Trading volume for Axfood shares on various marketplaces



Geographic distribution of shareholders



Shareholder information



Source: Monitor by Modular Finance AB, with data from various sources, including Euroclear Sweden AB and Morningstar as of 31 December 2024. Totals may be affected by rounding.



# Shareholder communication

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. As a rule, a Capital Markets Day is held every other year to update the market in detail regarding the Group's long-term strategic progress.

One topic of particular interest for investors and analysts in 2024 was the extent to which Axfood's various operations have developed and handled the changing market dynamics in the wake of high inflation in recent years. Additionally, there was focus on the establishment of a new logistics structure, digital development and sustainability.

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.

## 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 Annual General Meeting 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 the Group 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	Robert Joyce
Carnegie Investment Bank	Niklas Ekman
Danske Bank	Daniel Schmidt
DNB	Simen Aas
Kepler Chevreux	Magnus Råman
Nordea	Nicklas Skogman
SEB	Gustav Hagéus

## Axfood wins Listed Company of the Year 2024

Axfood won the Listed Company of the Year 2024 award. The competition began in 1980, initiated by the Swedish Shareholders Association, and has been organised by Kanton communication agency since 2007. The competition – the most comprehensive in financial communication and investor relations (IR) in Sweden – awarded Axfood maximum points in the category of Best Interim Report, and the highest points in the categories Best Annual Report and Best IR Website. The jury particularly highlighted the scope and high quality of Axfood's financial communication regardless of channel.



## Financial calendar 2025

- 11 March**  
Record date for Annual General Meeting
- 19 March**  
Annual General Meeting
- 20 March**  
Ex-dividend date
- 21 March**  
Proposed record date for payment of dividend
- 26 March**  
Proposed date for payment of dividend
- 24 April**  
Interim report January–March
- 11 July**  
Interim report January–June
- 18 September**  
Ex-dividend date
- 19 September**  
Proposed record date for payment of dividend
- 24 September**  
Proposed date for payment of dividend
- 23 October**  
Interim report January–September

## Contact

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alexander.bergendorf@axfood.se

# 2025 AGM

The Annual General Meeting (AGM) of Axfood AB (publ) will be held on Wednesday, 19 March 2025 at 5:00 p.m. at Münchenbryggeriet (Torkel Knutssongatan 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 11 March 2025, and must notify the Company of their intention to participate in the AGM not later than 13 March 2025. Shareholders who wish to participate at the AGM venue must notify the Company by 13 March 2025. Notifications may be submitted by post to Computershare AB, Attn: "Årsstämma Axfood", Gustav III:s Boulevard 34, SE-169 73 Solna, Sweden, by telephone at +46 771 24 64 00, by email to proxy@computershare.se 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 13 March 2025. A special form shall be used for postal voting. 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 11 March 2025. Voting rights registrations made by the nominee not later than 13 March 2025 will be taken into account in the production of the register of shareholders.

## Dividend

The Board of Directors recommends that the AGM resolve in favour of a dividend of SEK 8.75 per share (8.50) for the 2024 financial year. To be split into two payments, SEK 4.50 per share in March 2025 and SEK 4.25 per share in September 2025. 21 March and 19 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 26 March and 24 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 Axfood's website. Documents that will be presented at the AGM are made available on the website. They will also be sent, upon request, to shareholders who provide their postal address.





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