

Mekonomen Group

Year-end report January - December 2020

12 February 2021

Significant improvement in profitability through focus on costs

1 October–31 December 2020

- Net sales declined 3 per cent to SEK 2,879 M (2,954). Organic growth was flat. Net sales were negatively impacted 5 per cent due to currency effects.
- Insurance compensation of SEK 56 M is included in earnings for the quarter.
- Adjusted EBIT amounted to SEK 287 M (149) and the adjusted EBIT margin was 10 per cent (5).
- EBIT totalled SEK 260 M (104) and the EBIT margin was 9 per cent (3). EBIT was positively impacted in the quarter by items affecting comparability of SEK 11 M (neg: 6).
- Earnings per share, before and after dilution, amounted to SEK 3.29 (1.00).
- Cash flow from operating activities amounted to SEK 373 M (202).
- Net debt was SEK 2,673 M (3,709) at the end of the period, compared with SEK 2,964 M at 30 September 2020.
- Covid-19 had a limited impact on the quarter.

1 January–31 December 2020

- Net sales declined 3 per cent to SEK 11,511 M (11,842). Organic growth was negative 1 per cent. Net sales were negatively impacted by currency effects of 3 per cent.
- Adjusted EBIT amounted to SEK 937 M (874) and the adjusted EBIT margin was 8 per cent (7).
- EBIT totalled SEK 738 M (705) and the EBIT margin was 6 per cent (6). EBIT was negatively impacted by items affecting comparability of SEK 44 M (neg: 11).
- Earnings per share, before and after dilution, amounted to SEK 7.67 (7.34).
- Cash flow from operating activities amounted to SEK 1,625 M (1,142).
- The Board of Directors proposes no dividend (last year 0.00).
- Covid-19 affected the period negatively.
- Data breaches affected the year, but insurance compensation totalling SEK 63 M largely compensated for the financial impact.

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Oct-Dec 2020	Oct-Dec 2019	Change, %	Jan-Dec 2020	Jan-Dec 2019	Change, %
	Net sales	2 879		2 954	-3	
Adjusted EBIT	287	149	92	937	874	7
EBIT	260	104	150	738	705	5
Profit after financial items	247	77	221	596	555	8
Profit after tax	187	55	238	446	421	6
Earnings per share, SEK	3,29	1,00	228	7,67	7,34	4
Adjusted EBIT margin, %	10	5		8	7	
EBIT margin, %	9	3		6	6	

ADJUSTED EBIT SEK M	Oct-Dec 2020	Oct-Dec 2019	Change, %	Jan-Dec 2020	Jan-Dec 2019	Change, %
	EBIT	260		104	150	
Costs attributable to restructuring at MECA/Mekonomen	5			-50		
Gains from a sale of property FTZ	6			6		
Costs related to the integration of FTZ and Inter-Team		-9			-14	
Impairment of inventory DAB products ¹⁾		3			3	
Items affecting comparability, total	11	-6		-44	-11	
"Other items", material acquisition-related items ²⁾	-38	-39		-155	-157	
Adjusted EBIT	287	149	92	937	874	7

¹⁾ Digital Audio Broadcasting.

²⁾ Other items include material acquisition-related items. Current acquisition-related items are amortisation of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

CEO comments

We conclude a challenging year with a significant improvement in profitability and stable demand for our products and services in the fourth quarter. Our financial position has improved through strong cash flow and lower net debt/equity ratio. This comes as a result of our diligent and focused work of lowering our costs in combination with our digital capabilities and strong market position. The rise in the spread of Covid-19 and the reintroduction of national restrictions in our markets has had a limited impact on our business in the quarter. I see this as confirmation of the strength of our operations, with a robust business model and flexible organisation that has the ability to effectively manage unexpected situations. I am proud of the determination and commitment demonstrated by all our employees. Looking forward, we can see clear signs that we have further strengthened our position in our markets during the year and see great potential for continued profitable growth.

Stable demand despite rise in spread of Covid-19

The fourth quarter was characterised by continued healthy demand in most of our markets, despite the increased spread of Covid-19 and reintroduction of national restrictions. Organic net sales growth was unchanged, while reported growth was affected by currency effects, ending at a negative 3 per cent. Following a slightly cautious start to the quarter, activity has gradually improved and clearly stabilised in the latter part of the quarter. This reflects favourable underlying demand for our products and services, even if market developments in the short-term remain difficult to assess. Our main priority is to preserve the health and safety of our employees and customers, while we continue to strive to reduce the impact on our operations. We achieve this by taking various preventive measures and through initiatives to stimulate demand.

Significant improvement in profitability through focus on costs

Our determined work resulted in a sharp improvement in profitability in the fourth quarter. EBIT more than doubled to SEK 260 M (104) and the EBIT margin rose to 9 per cent (3). EBIT includes items affecting comparability of SEK 11 M (neg: 6) linked to the divestment of a property in Denmark and the reversal of a restructuring reserve related to the closure of the central warehouse in Eskilstuna. Other operating revenues and EBIT were positively affected by the payment of insurance compensation of SEK 56 M with reference to loss of sales following the data breach that the MECA/Mekonomen business area was impacted by in the spring of 2020. The structural initiatives and extensive measures implemented to increase efficiency have significantly improved profitability. The gross margin improved to 45.9 per cent (44.1), with positive contribution from the previously implemented currency-related price increases together with a slightly weaker EUR.

Adjusted long-term financial targets

In December, the Board of Directors resolved to update the long-term financial targets and our dividend policy for operations, with a clearer link to our strategy. The Group's targets are to achieve:

- An average annual sales increase of at least 5 per cent, through a combination of organic growth and smaller acquisitions.
- Adjusted EBIT margin of 10 per cent.
- Net debt/EBITDA in the range 2.0-3.0 times.

Our dividend policy means Mekonomen Group has an unchanged goal to pay dividends corresponding to not less than 50 per cent of profit after tax to the shareholders, but consideration should be given to the company's potential acquisition opportunities, financial position, investment needs and future prospects.

Strong financial position but no dividend proposed

We are pleased with our recent operational performance and satisfied that we have strengthened our financial position. Cash flow from operating activities rose to SEK 1,625 M (1,142) and our cash and cash equivalents increased. Our net debt/EBITDA decreased to 2.54 (3.68), at the end of 2020, which is within the updated target range and offers an adequate headroom to our covenants. Mekonomen Group has navigated the challenges of 2020 extremely well and is positioned for future growth but there remains considerable uncertainty in some of our markets related to the future impact of Covid-19. The company remains committed to its long term dividend policy; however, out of an abundance of caution, the Board does not believe now is the time to reinstitute a dividend. The Board will reconsider the matter when the situation has stabilized in all our markets and all factors influencing the use of cash have been considered.

Good position for tomorrow's market

2020 demonstrated that Mekonomen Group stands strong even in challenging times. Our business model is solid and timeless – we enable mobility, which is a pillar of every society. As vehicle technology becomes greener and customer behaviour changes, new business opportunities are also created, where service needs not only remain but also evolve. Today we hold a leading position in our markets and we will build on this in our work to become even more sustainable and a stronger company moving forward. The work to integrate and realise full synergies from our most recently acquired operations, FTZ and Inter-Team, is now fulfilled and we can conclude a year with improved profitability in both business areas. Furthermore, Sørensen and Balchen has showed a strong earnings trend during the year and the structural initiatives implemented within MECA/Mekonomen have created good prospects for increased profitability down the road. Overall, we are well equipped for the future and I am looking forward to presenting our strategy in more detail and the way forward at our capital market day on 25 February. Mekonomen Group is to be the best and most comprehensive partner for everyone that services and maintains cars in our markets – and we will continue to deliver in line with our strategy for long-term and profitable growth.

Pehr Oscarson
President and CEO

THIS IS MEKONOMEN GROUP

Vision

We enable mobility – today, tomorrow and in the future.

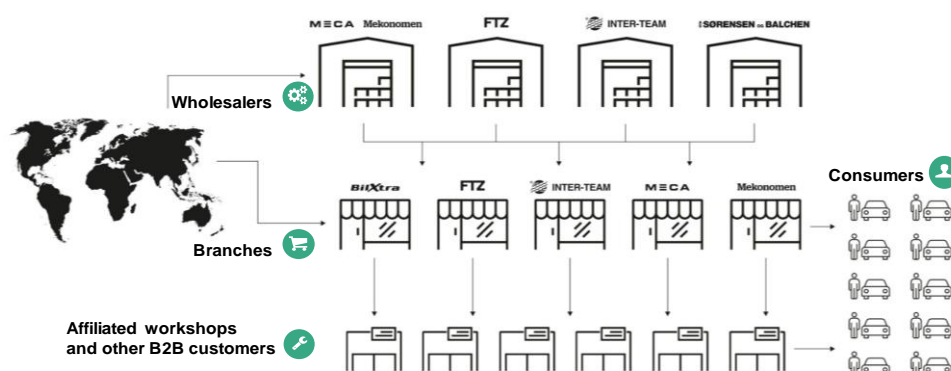
Business concept

We are an international Group that operates and develops business in the automotive aftermarket. We focus on growth, collaboration, synergies and driving sustainable and digital development in our industry. Our business concept is timeless and is based on enabling mobility – today, tomorrow and in the future – as technology evolves and vehicles are used in new ways.

We satisfy the need for services and products to vehicle workshops and other companies through our market-leading concepts, distribution network and our efficient logistics chain. Our concepts are directed at private and commercial vehicle owners, for whom we meet vehicle service and maintenance needs.

Business flow

Mekonomen Group has a central purchasing function supporting all four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen. The supply of goods is mainly from Europe and Asia via leading European suppliers. The business areas conduct wholesale and logistics operations as well as sales through our store and workshop concepts in each market. Sales to companies account for over 90 per cent of Group sales.



GROUP REVENUE

TOTAL REVENUE	Oct–Dec	Oct–Dec		Jan–Dec	Jan–Dec	
DISTRIBUTION, SEK M	2020	2019	Change, %	2020	2019	Change, %
Net sales, external per business area						
FTZ	867	875	-1	3 369	3 371	0
Inter-Team	457	524	-13	1 988	2 155	-8
MECA/Mekonomen	1 358	1 368	-1	5 326	5 527	-4
Sørensen og Balchen	187	176	6	791	759	4
Central functions	11	11	5	37	31	20
Total net sales, Group	2 879	2 954	-3	11 511	11 842	-3
Other operating revenue	121	40	200	253	174	45
GROUP REVENUE	3 000	2 995	0	11 763	12 017	-2

Revenue distribution per country and business area is presented in the table on page 15.

GROWTH NET SALES PER CENT	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Group	
2020	Q4	Jan–Dec	Q4	Jan–Dec	Q4	Jan–Dec	Q4	Jan–Dec	Q4	Jan–Dec
Organic growth	0,7	-0,1	-6,3	-4,9	0,3	-2,0	15,1	13,2	0,1	-0,9
Effect from acquisitions/divestments	0,0	0,0	0,0	0,0	1,2	1,0	0,0	0,0	0,6	0,5
Currency effect	-3,2	-0,8	-7,7	-3,9	-3,8	-3,6	-11,1	-10,2	-4,8	-3,3
Effect, workdays	1,6	0,8	1,4	1,1	1,5	0,9	1,7	1,2	1,6	0,9
Growth net sales	-1,0	-0,1	-12,6	-7,8	-0,8	-3,6	5,7	4,2	-2,5	-2,8

1 October–31 December 2020

Net sales declined 3 per cent to SEK 2,879 M (2,954). Organic growth was unchanged. Reduced sales are mainly due to currency effects that had a negative impact of 5 per cent, which corresponds to SEK 141 M. The number of workdays was one day more in Denmark, Norway, Poland and Sweden, and two days more in Finland, compared with the year-earlier period.

1 January–31 December 2020

Net sales declined 3 per cent to SEK 11,511 M (11,842). Organic growth was a negative 1 per cent. Reduced sales are mainly due to the effects of the Covid-19 pandemic, data breaches at the end of March and currency effects. Currency effects had a negative impact of 3 per cent, which corresponds to SEK 387 M. The number of workdays was two more in Denmark, Finland and Sweden, and three days more in Norway and Poland for the full-year compared with the preceding year.

GROUP PERFORMANCE

1 October–31 December 2020

Adjusted EBIT

Adjusted EBIT amounted to SEK 287 M (149) and the adjusted EBIT margin was 10 per cent (5). Currency effects in the balance sheet had a positive impact of SEK 8 M (pos: 6) on adjusted EBIT during the quarter. Adjusted EBIT was positively impacted by support due to the Covid-19 pandemic in the form of sick pay support and support for personnel-related costs totalling SEK 8 M in the Inter-Team and Sørensen og Balchen business areas. Adjusted EBIT includes insurance compensation of SEK 56 M, mainly pertaining to loss of income during the second quarter, which is recognised as other operating revenue.

EBIT

EBIT amounted to SEK 260 M (104) and the EBIT margin was 9 per cent (3). EBIT was positively impacted in the quarter by items affecting comparability of SEK 11 M (neg: 6), attributable to reversed items concerning previous reserves for structural measures implemented in the MECA/Mekonomen business area of SEK 5 M and gains from the sale of a property in FTZ totalling SEK 6 M. EBIT was positively affected by support due to the Covid-19 pandemic in the form of sick pay support and other personnel-related costs totalling SEK 8 M in the Inter-Team and Sørensen og Balchen business areas. During the quarter, currency effects in the balance sheet had a positive impact of SEK 8 M (pos: 6) on EBIT. EBIT includes insurance compensation of SEK 56 M, mainly pertaining to loss of income during the second quarter, which is recognised as other operating revenue.

Other earnings

Profit after financial items amounted to income of SEK 247 M (77). Net interest expense was SEK 28 M (expense: 31) and other financial items amounted to SEK 15 M (5) due to positive currency effects on balances in bank accounts. Profit after tax amounted to SEK 187 M (55). Earnings per share, before and after dilution, amounted to SEK 3.29 (1.00).

1 January–31 December 2020

Adjusted EBIT

Adjusted EBIT amounted to SEK 937 M (874) and the adjusted EBIT margin was 8 per cent (7). Currency effects in the balance sheet had a negative impact of SEK 18 M (neg: 2) on adjusted EBIT for the period. Adjusted EBIT was positively affected by support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs totalling SEK 48 M, in the Inter-Team, MECA/Mekonomen and Sørensen og Balchen business areas. Adjusted EBIT includes insurance compensation totalling SEK 63 M, of which SEK 7 M was paid in the second quarter for consultancy and other additional costs arising from the data breach. SEK 56 M mainly concerns loss of income and is recognised as other operating revenue in the fourth quarter.

EBIT

EBIT amounted to SEK 738 M (705) and the EBIT margin was 6 per cent (6). EBIT was negatively impacted by items affecting comparability of SEK 44 M (neg: 11), attributable to gains from the sale of a property in FTZ (6) and structural measures implemented in the MECA/Mekonomen business area. Measures encompass the disposal of IT systems attributable to the consolidation of e-commerce platforms (SEK 10 M), costs linked to the closure of the warehouse in Eskilstuna (SEK 7 M) and various costs resulting from the closure of stores and workshops (SEK 33 M). These costs include the impairment of rental contracts of SEK 20 M and minor amounts related to impairment of inventories, personnel expenses, the disposal of machinery and inventories and losses on the sale of a workshop. EBIT was positively affected by support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs totalling SEK 48 M, in the MECA/Mekonomen, Inter-Team and Sørensen og Balchen business areas. Currency effects in the balance sheet had a negative impact of SEK 18 M (neg: 2) on EBIT. EBIT includes insurance compensation totalling SEK 63 M, of which SEK 7 M was paid in the second quarter for consultancy and other additional costs arising from the data breach. SEK 56 M mainly concerns loss of income and is recognised as other operating revenue in the fourth quarter. The insurance compensation largely offset the losses in EBIT incurred in Q2 as a result of the data breach and as such while individual quarters and income statement line items were affected.

Other earnings

Profit after financial items amounted to SEK 596 M (555). Net interest expense amounted to SEK 123 M (expense: 139) and other financial items amounted to an expense of SEK 19 M (expense: 11). Profit after tax amounted to SEK 446 M (421). Earnings per share, before and after dilution, amounted to SEK 7.67 (7.34).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in the fourth quarter amounted to SEK 373 M (202) and for the full-year to SEK 1,625 M (1,142). Tax paid amounted to SEK 27 M (64) for the fourth quarter and for the full-year to SEK 170 M (226). Cash and cash equivalents amounted to SEK 420 M (355). The equity/assets ratio was 38 per cent (34). Excluding IFRS 16, the equity/assets ratio was 43 per cent (39). Long-term interest-bearing liabilities amounted to SEK 3,911 M (4,655) including a long-term lease liability of SEK 1,168 M (1,323). Current interest-bearing liabilities amounted to SEK 1 043 M (1,204), including a current lease liability of SEK 432 M (457). During the third and fourth quarter, part of the support utilised earlier in the year in Norway and Denmark was repaid as planned. In total, these deferred VAT, employer contributions and tax payments amount to approximately SEK 208 M. These deferred payments will be repaid in the next two quarters and will then have a negative impact on cash flow and debt/equity ratio.

Net debt amounted to SEK 2,673 M (3,709), compared with SEK 2,964 M at the end of the preceding quarter. Net debt decreased SEK 1,036 M in 2020. The changes to net debt during the year were primarily impacted by operating EBIT, change in working capital, investments and currency fluctuations. During the quarter, loan repayments according to plan totalled SEK 84 M. In the first quarter, a planned repayment on 31 March of EUR 5 M was postponed in agreement with lenders due to the uncertainty of the impact of the Covid-19 pandemic. This change was announced in a press release on 1 April. Mekonomen's available cash and unutilised credit facilities totalled approximately SEK 1,442 M at the end of December. The company fulfils all covenants in the loan agreements as of 31 December 2020.

INVESTMENTS

During the fourth quarter, investments in fixed assets amounted to SEK 132 M (199) including leases of SEK 77 M (169) and for the full-year, investments were SEK 510 M (457), including leases of SEK 358 M (326). Investments mainly related to workshop profiling, workshop customisation, workshop equipment, inventories to stores and workshops and IT investments. Depreciation and impairment of tangible fixed assets and right-of-use assets amounted to SEK 145 M (154) for the fourth quarter and to SEK 606 M (611) for the full-year, of which SEK 20 M pertained to the impairment of rental contracts relating to closed stores and workshops.

Company and business acquisitions amounted to SEK - M (3) in the fourth quarter and to SEK 52 M (73) in the full-year, of which SEK - M (-) pertained to an estimated supplementary purchase consideration for the fourth quarter and SEK 5 M (8) for the full-year. No supplementary purchase considerations (-) were paid in the quarter, and supplementary purchase considerations of SEK 2 M (8) were paid in the full-year. Acquired assets totalled SEK 33 M (40) and assumed liabilities SEK 22 M (20) for the full-year. Aside from goodwill, which amounted to SEK 25 M (35), intangible surplus values of SEK 47 M (17) were identified for the full-year pertaining to customer relationships. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 8 M (1) for the full-year. Acquired non-controlling interests amounted to SEK - M (-) in the fourth quarter and SEK 11 M (6) for the full-year. Divested non-controlling interests amounted to SEK - M (1) in the fourth quarter and SEK - M (1) in the full-year. Divested business amounted to SEK - M (-) in the fourth quarter and SEK 1 M (-) in the full-year.

ACQUISITIONS AND START-UPS

Fourth quarter

MECA/Mekonomen established a store in Järfälla.

Earlier in the year

MECA/Mekonomen conducted a number of acquisitions during the year. In Sweden, five stores were acquired in Kalix, Boden, Järfälla, Linköping and Finspång as well as the acquisition of a 75 per cent share of a store in Örkelljunga. Four of these acquired stores were previously partner stores. In Norway, a 51 per cent shareholding was acquired in Tores Auto AS, which includes seven workshops located in the Bergen region, and an acquisition of one workshop near Oslo. Sørensen og Balchen acquired one workshop in the Oslo region, Norway.

Sørensen og Balchen established a workshop in Hamar in Norway.

Other than the above, MECA/Mekonomen acquired the remaining 25 per cent holdings in three partly-owned stores in Sweden and one in Norway as well as a further 35 per cent in AlltiBil Västra Sverige AB, so that these are now wholly owned. It also acquired additional holdings in Mekster AB, with ownership now totalling 75 per cent.

Number of stores and workshops

At the end of the period, the total number of stores in the chains was 475 (469), of which 396 (397) were proprietary stores. The number of affiliated workshops totalled 3,568 (3,564). See the distribution in the table on page 17.

EMPLOYEES

During the period, the average number of employees was 4,912 (4,953). See the distribution in the table on page 17.

PERFORMANCE BY BUSINESS AREA

As of the first quarter of 2019, the Group reports in four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

BUSINESS AREA FTZ

FTZ SEK M	Oct-Dec 2020	Oct-Dec 2019	Change, %	Jan-Dec 2020	Jan-Dec 2019	Change, %
Net sales, external	867	875	-1	3 369	3 371	0
EBIT	76	51	51	331	299	11
EBIT margin, %	9	6		10	9	
No. of stores/of which proprietary				51 / 51	51 / 51	
No. of AutoMester				409	421	
No. of Hella Service Partner				322	331	
No. of Din BilPartner				152	153	
No. of CarPeople				47	38	

The FTZ business area mainly includes wholesale and branch operations in Denmark.

Net sales for the fourth quarter fell 1 per cent to SEK 867 M (875), negatively impacted by currency effects of SEK 28 M. Organic growth was 1 per cent.

The sales trend was relatively stable during the quarter, despite generally lower market activity in conjunction with the increase in the spread of Covid-19 and the reintroduction of restrictions in Denmark. Uncertainty about market developments remains significant in the short term, after Denmark introduced a full lockdown on 25 December. New car sales decreased by more than 12 per cent during the year, while sales of used cars increased by almost 8 per cent.

EBIT improved to SEK 76 M (51) for the quarter, while the EBIT margin increased to 9 per cent (6). The earnings improvement is largely due to cost savings pertaining to personnel and marketing activities. Earnings were positively affected by SEK 6 M (-) from the sale of a property. Gross margin improved slightly compared with the year-earlier period. No EBIT-impacting government relief was utilised during the quarter.

In the fourth quarter, there was one more workday in Denmark compared with the year-earlier quarter.

BUSINESS AREA INTER-TEAM

INTER-TEAM SEK M	Oct-Dec 2020	Oct-Dec 2019	Change, %	Jan-Dec 2020	Jan-Dec 2019	Change, %
Net sales, external	457	524	-13	1 988	2 155	-8
EBIT	38	20	85	86	43	101
EBIT margin, %	8	4		4	2	
No. of stores/of which proprietary				82 / 79	82 / 79	
No. of Inter Data Service				450	404	
No. of O.K. Serwis				211	199	

The Inter-Team business area mainly includes wholesale and branch operations in Poland and export business.

Net sales declined 13 per cent to SEK 457 M (524) in the fourth quarter. Currency effects had a negative impact on net sales of SEK 40 M and organic net sales decreased 6 per cent. Sales in the domestic market were weak during the quarter, as a direct result of the increased spread of Covid-19 and the reintroduction of restrictions in Poland, which has been severely hit by the pandemic. Both sales of new cars and the import of used cars were weak during the quarter and passenger car traffic decreased by more than 10 per cent. Export operations reported slightly positive growth during the quarter, primarily due to continued positive sales in the German market.

EBIT increased to SEK 38 M (20) for the quarter and the EBIT margin rose to 8 per cent (4). The increase in earnings was primarily due to a higher gross margin and substantial savings measures, pertaining primarily to personnel expenses. Support for personnel-related costs from the Polish government had a positive impact on EBIT of approximately SEK 7 M during the quarter.

Gross margin improved during the quarter, as higher supplier bonuses together with previously implemented price adjustments more than offset a higher percentage of export sales with lower margins and negative currency fluctuations.

In the fourth quarter, there was one more workday in Poland compared with the year-earlier quarter.

BUSINESS AREA MECA/MEKONOMEN

MECA/MEKONOMEN SEK M	Oct-Dec 2020	Oct-Dec 2019	Change, %	Jan-Dec 2020	Jan-Dec 2019	Change, %
Net sales, external	1 358	1 368	-1	5 326	5 527	-4
EBIT	160	63	155	354	438	-19
EBIT margin, %	11	5		6	8	
No. of stores/of which proprietary				277 / 229	271 / 230	
No. of Mekonomen Bilverkstad				759	795	
No. of MECA Car Service				725	709	
No. of MekoPartners				191	208	
No. of Speedy				42	40	
No. of AlltiBil				7	8	

The MECA/Mekonomen business area mainly includes wholesale, store, workshop and fleet operations in Sweden, Norway and Finland. The business area comprises MECA, Mekonomen and a number of smaller operations.

Net sales for the fourth quarter declined 1 per cent to SEK 1,358 M (1,368), of which SEK 844 M (862) in the Swedish operations, SEK 489 M (486) in the Norwegian operations and SEK 25 M (19) in the Finnish operations. Currency effects had a negative impact on net sales of SEK 52 M. Organic growth was unchanged.

Market developments were relatively stable, despite generally lower activity in conjunction with the increase in the spread of Covid-19 and the reintroduction of restrictions in Sweden and Norway during the quarter. Sales development in the Swedish market was slightly negative during the quarter compared with the year-earlier quarter, mainly due to the previous closure of unprofitable stores and workshops. In the Norwegian operations, previously implemented currency-related price increases together with continued healthy market activity resulted in positive organic sales growth for the quarter.

EBIT for the fourth quarter totalled SEK 160 M (63) and the EBIT margin was 11 per cent (5). Earnings were positively affected by the forceful measures implemented earlier in the financial year. Savings measures mainly related to personnel and marketing activities. EBIT was positively affected by the payment of insurance compensation of SEK 56 M following the data breach the business area experienced in spring 2020. EBIT was positively impacted by items affecting comparability totalling SEK 5 M (1) in the quarter, which is attributable to the reversal of a restructuring reserve following the closure of the central warehouse in Eskilstuna. EBIT adjusted for items affecting comparability was SEK 155 M (61).

Gross margin improved compared with the year-earlier quarter, mainly due to the previously implemented price increases and the positive impact on purchasing prices of a strong SEK against the EUR in recent months.

In the fourth quarter, the number of workdays was one day more in Norway and Sweden, and two days more in Finland, compared with the year-earlier quarter.

BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN SEK M	Oct-Dec 2020	Oct-Dec 2019	Change, %	Jan-Dec 2020	Jan-Dec 2019	Change, %
Net sales, external	187	176	6	791	759	4
EBIT	34	28	21	170	121	41
EBIT margin, %	18	16		21	16	
No. of stores/of which proprietary				65 / 37	65 / 37	
No. of BilXtra workshops				253	258	

The Sørensen og Balchen business area mainly includes wholesale and store operations in Norway. Sørensen og Balchen is the business area in the Group with the largest share of direct sales to consumers and is therefore more exposed to increasing competition in the retail trade than the Group as a whole.

Net sales in the fourth quarter increased 6 per cent to SEK 187 M (176). Currency effects had a negative impact on net sales of SEK 20 M. The organic growth was 15 per cent, as a result of strong sales in the consumer and wholesaler segments in combination with currency-related price increases. The business has benefited from continued healthy market activity despite the increased spread of Covid-19 and the reintroduction of restrictions in Norway during the quarter.

EBIT rose to SEK 34 M (28) and the EBIT margin increased to 18 per cent (16) in the quarter, mainly driven by higher sales and strict cost control. The gross margin was in line with the year-earlier quarter as price increases together with higher volumes compensated for a weak NOK and the resulting higher purchasing prices. Support for personnel-related costs from the Norwegian government had a positive impact on EBIT of approximately SEK 1 M during the quarter.

In the fourth quarter, there was one more workday in Norway compared with the year-earlier quarter.

NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

Mekonomen has limited seasonal effects in its operations. However, the number of workdays affects sales and earnings and extreme summer or winter weather can also impact sales.

WORKDAYS BY COUNTRY	Q1			Q2			Q3			Q4			Full-year		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Sweden	63	63	63	60	59	60	66	66	65	63	62	62	252	250	250
Norway	64	63	62	59	58	60	66	66	65	63	62	62	252	249	249
Denmark	64	63	-	59	59	-	66	66	65	63	62	62	252	250	250
Poland	63	63	-	62	61	-	66	65	64	63	62	62	254	251	250
Finland	63	63	63	60	60	61	66	66	65	63	61	61	252	250	250

SIGNIFICANT RISKS AND UNCERTAINTIES

Mekonomen Group is exposed to a number of external, operating and financial risks. All identified risks are monitored continuously and, if necessary, risk-reducing measures are taken to limit the effects. The most relevant risk factors are described in the 2019 Annual Report – page 18 and Note 11 – that describes risks relating to market competitors, operational risks and financial risks.

Compared with the Annual Report, which was published on 3 April 2020, Mekonomen Group's risk profile has changed due to the outbreak of Covid-19 in almost all identified risk categories. This is described in the quarterly report published 29 May 2020. Regarding external risks, we foresee continued, if somewhat less noticeable, behavioural changes among both store and workshop customers, towards more online interaction, which could continue in the long term. Furthermore, operators in the industry have been affected by the consequences of the pandemic, which may result in disruptive changes that must be managed. The operating risks include continued risk in terms of employee health and availability, and the vulnerability of our IT environments as well as, to a certain extent, our supply of goods depending on how the Covid-19 pandemic develops in the world around us. The recent lockdowns in Denmark and Norway have required us to adapt our operations and work methods in these markets similar to changes carried out in spring 2020.

Mekonomen Group has, through its Risk and Compliance Committee (RCC), which consists of Group Management and the Group's risk manager, a particular focus on identifying critical changes in the area of risk. The risk manager and CFO maintain frequent dialogues with business area managers to limit the risks and prevent these from occurring. This process is conducted with various stakeholders, the Board and the Audit Committee.

PARENT COMPANY, "CENTRAL FUNCTIONS" AND "OTHER ITEMS"

The Parent Company's operations mainly comprise Group Management and functions that support the Group's work, such as Group Finance/controlling, internal audit, sustainability, legal and joint purchasing. The Parent Company's earnings after financial items amounted to SEK 81 M (57) for the fourth quarter, and SEK 4 M (neg: 117) for the full-year, excluding dividends from subsidiaries of SEK 474 M (332) for the full-year. The difference in earnings after financial items compared with the year-earlier period was largely due to currency effects on long-term loans and balances in bank accounts. The average number of employees in the Parent Company was 6 (5). During the fourth quarter, Mekonomen AB sold goods and services to Group companies for SEK 17 M (3) and for SEK 43 M (33) in the full-year.

"Central functions" comprise Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions. The units reported in "Central functions" do not reach the quantitative thresholds for separate reporting, and the benefits of reporting these segments separately are considered limited for users of financial statements. EBIT for "Central functions" was a negative SEK 10 M (neg: 19) for the fourth quarter and negative SEK 49 M (neg: 39) for the full-year.

"Other items" includes acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items are amortisations of acquired intangible assets pertaining to the acquisitions of MECA, Sørensen og Balchen, FTZ and Inter-Team totalling an expense of SEK 38 M (expense: 39) for the fourth quarter, and an expense of SEK 155 M (expense: 157) for the full-year.

EVENTS DURING THE PERIOD

A new bank agreement was signed on 30 June. The revised bank agreement stipulates that bank covenants for the second quarter of 2020 and henceforth are to be adjusted to reflect the financial uncertainty that Covid-19 has had and will have on Mekonomen Group's markets. Due to the uncertainty of the financial impact of Covid-19 on Mekonomen's markets, the company's planned repayment of EUR 5 M in the first quarter that would have been paid on 31 March 2020 has been postponed until the end of the loan period (August 2023). During the remaining quarters, repayment of Mekonomen Group's debt has occurred according to plan. The terms no longer entail restrictions on dividend payments to shareholders.

On 28 March, the company became aware of data breaches within the MECA/Mekonomen business area, which caused comprehensive disruptions to the IT systems within the business area in Sweden and Norway. The systems were restored in mid-April and Mekonomen possesses cyber insurance that limited the financial damage. Insurance compensation totalled SEK 63 M, of which SEK 7 M was paid in the second quarter for consultancy and other additional costs arising from the data breach. SEK 56 M mainly concerns loss of income during the second quarter and is recognised in the fourth quarter as other revenue. Payments of SEK 56 M were made in January 2021.

During the period, Covid-19 has impacted markets where Mekonomen Group conducts business. For further information, refer to the separate sections "Covid-19 and its impact on financial statements in the fourth quarter," "significant risks and uncertainties," "Financial position and cash flow" and the description of developments given by each business area.

During the third quarter, Geir Hoff was recruited as new Country Manager in Norway in the MECA/Mekonomen business area. He takes over after Torhild Barlaup left the Group during the quarter. Geir will begin his assignment for Mekonomen Group during the first quarter of 2021.

In December, Mekonomen Group adjusted its long-term financial targets with a focus on growth and to clarify its dividend policy. The adjustment was made in order to reflect the company's current operating structure and enable a higher growth rate in the future. The goals assume no major acquisitions.

*Average annual sales increase of at least 5 per cent, through a combination of organic growth and smaller acquisitions.

*To reach adjusted EBIT margin of 10 per cent.

*Net debt/EBITDA in the range 2.0-3.0 times.

*Mekonomen Group has a goal to pay dividends corresponding to not less than 50 per cent of profit after tax (Consideration should be given to the company's potential acquisition opportunities, financial position, investment needs and future prospects).

Mekonomen's Nomination Committee proposes Robert M. Hanser as new Chairman of Mekonomen AB for the 2021 Annual General Meeting. John S Quinn, the current Chairman, has notified the Nomination Committee that he is declining re-election at the Annual General Meeting (AGM). The Nomination Committee's proposal for the complete Board will be announced as soon as the Committee's work is completed.

LTIP 2020

During the third quarter, a long-term, share-based incentive programme was launched as resolved by the AGM on 7 May 2020, LTIP 2020. The main motivation for establishing LTIP 2020 is to connect the shareholders' and company management and other key individuals' interests to ensure maximum long-term value generation and to encourage individual share ownership in Mekonomen.

The maximum number of shares in Mekonomen that can be allocated as part of LTIP 2020 is according to the AGM resolution of 7 May limited to 255,000 (including any dividend compensation) to 30 participants. The actual number of participants is 26 and the number of shares required to cover the company's commitment according to LTIP amounts to 200,000 shares.

LTIP 2020 encompasses 26 employees comprising company management in Mekonomen as well as certain other key individuals in the Group. Participation in LTIP 2020 requires some individual share ownership in Mekonomen. After the established vesting period, which runs until 31 March 2023, participants will be allocated shares free of charge in Mekonomen provided certain conditions are met. These conditions are linked to continuing employment in Mekonomen Group, individual share ownership in Mekonomen as well as the performance of total shareholder return (TSR) and growth in adjusted EBIT and also a decrease of net debt/EBITDA. The expected average cost per year amounts to SEK 4 M for the programme, over three years. The cost exceeds the stated amount at the AGM on 7 May due to the significantly higher share price at the launch of LTIP 2020.

For a more detailed description of LTIP 2020, refer to information from the AGM on 7 May 2020 at www.mekonomen.com

To ensure the supply of shares in accordance with LTIP 2020, the company entered into an equity swap agreement for 200,000 shares in the third quarter. The equity swap agreement matures on 31 May 2023. The company already holds a total of 93,250 own shares intended to ensure the supply of shares for the previously launched LTIP 2019.

COVID-19 AND ITS IMPACT ON FINANCIAL STATEMENTS IN THE FOURTH QUARTER

At the end of the third and during the fourth quarter, the spread of Covid-19 increased in all of Mekonomen Group's markets. While our operations were affected by Covid-19 during the fourth quarter, it was less severe than in the second quarter, when restrictions imposed on society were more strict. Our operations have been conducted as usual. However, demand is still adversely affected in Denmark, Poland and Sweden.

Mekonomen Group has continued to carefully monitor the development of Covid-19 and any additional restrictions imposed in the Group's markets. Further measures in addition to those already taken may therefore be needed. The forceful actions to reduce costs and adapt operations that were introduced in March remain. These measures had a positive effect on earnings in the fourth quarter.

Goodwill

In conjunction with the annual accounts, we conducted standard assessments of the impairment requirement for goodwill and other intangible assets with an indefinite useful life. According to these assessments, there is no indication of impairment for goodwill and other intangible assets with indefinite useful period as at 31 December 2020.

Reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs

EBIT for Mekonomen Group was positively affected by relief granted due to Covid-19 in the form of compensation from the Polish government of approximately SEK 7 M for personnel-related costs. In other markets, little or no support has been received. The support has been recorded net and reduced personnel expenses, and mainly pertains to the Inter-Team business area with operations in Poland.

Inventories

As of 31 December, the effects of the Covid-19 pandemic have not had any significant impact on the valuation of inventories.

Credit losses

As of 31 December, there is no indication of the need to expand credit loss reserves.

Financial position

During the quarter, focus has been on securing liquidity and cash flow. Liquidity and cash flow during the quarter were favourable, largely due to positive earnings and continued support and relief concerning mainly the postponement of VAT and tax payments totalling approximately SEK 208 M.

EVENTS AFTER THE END OF THE PERIOD

No significant events occurred after the end of the period.

ACCOUNTING POLICIES

Mekonomen Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting. The same accounting policies and measurement methods were applied as in the most recent Annual Report. This interim report consists of pages 1-23 and should be read in its entirety.

The Parent Company prepares its accounts in accordance with the Swedish Annual Accounts Act and RFR 2 and applies the same accounting policies and measurement methods as in the most recent Annual Report.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line should correspond to its source, and rounding differences may therefore arise.

Government grants

Government support that has been received is recognised in profit or loss and in the balance sheet at fair value when there is reasonable certainty that the conditions for receiving the support will be met. State contributions are reported in the income statement as a reduction of personnel expenses and is accrued over the same periods as the costs the support is intended to cover.

FORTHCOMING FINANCIAL REPORTING DATES

Information	Period	Date
Interim report	January–March 2021	2021-05-07
Interim report	January–June 2021	2021-08-20
Interim report	January–September 2021	2021-10-29
Year-end report	January–December 2021	2022-02-11

ANNUAL GENERAL MEETING

The 2020 Annual General Meeting will be held at 11:00 a.m. on 7 May 2021 in Stockholm. The Annual Report will be published and available on Mekonomen's website by 31 March 2021. It is the company's aim that the General Meeting be a consummate body for shareholders, in accordance with the intentions of the, for example, Swedish Companies Act, which is why the objective is normally that the Board in its entirety, the representative of the Nomination Committee, the President and CEO, other members of Group Management and auditor must always be present at the Meeting. With regard to participation in the 2021 Annual General Meeting, the Board has decided to apply the Swedish Corporate Governance Board's special application of rules due to Covid-19, meaning the General Meeting will be held through postal votes without physical participation. More information will be made available in the official notification of the Annual General Meeting, which is published on the company's website mekonomen.com not later than four weeks prior to the Annual General Meeting.

NOMINATION COMMITTEE

In accordance with the guidelines established at the AGM on 7 May 2020, Mekonomen has established a Nomination Committee. The Nomination Committee shall prepare and submit proposals to the AGM on 7 May 2021 pertaining to the election of a Chairman of the AGM, the number of Board members and deputy members, the election of a Chairman of the Board and other members to the company's Board of Directors, Board fees, as well as any remuneration for committee work, election of and fees paid to auditors, and guidelines for the appointment of the Nomination Committee.

Prior to the 2021 AGM, the Nomination Committee consists of John Quinn (LKQ Corporation), Arne Löw (Fourth Swedish National Pension Fund), Kristian Åkesson (Didner & Gerge Fonder AB), and Caroline Sjösten (Swedbank Robur Fonder). Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee. At the first Nomination Committee meeting John Quinn was appointed as Chairman of the Nomination Committee.

Stockholm 12 February 2021
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Pehr Oscarson
President and CEO

This report has not been subject to review by the Company's auditors.

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This information is such information that Mekonomen AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act.

The information was submitted for publication, through the agency of the contactperson set out above, on 12 February 2021 at 07:30.

The interim report is published in Swedish and English. The Swedish version is the original version and has been translated into English.

CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	2 879	2 954	11 511	11 842
Other operating revenue	121	40	253	174
Total revenue	3 000	2 995	11 763	12 017
Goods for resale	-1 558	-1 652	-6 318	-6 535
Other external costs	-349	-360	-1 403	-1 375
Personnel expenses	-631	-669	-2 469	-2 576
Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)	463	313	1 574	1 531
Depreciation and impairment of tangible fixed assets and right-of-use assets	-145	-154	-606	-611
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)	318	159	968	920
Amortisation and impairment of intangible fixed assets	-58	-56	-230	-215
EBIT	260	104	738	705
Interest income	3	3	10	12
Interest expenses	-30	-35	-133	-151
Other financial items	15	5	-19	-11
Profit after financial items	247	77	596	555
Tax	-60	-22	-150	-134
PROFIT FOR THE PERIOD	187	55	446	421
Profit for the period attributable to:				
Parent Company's shareholders	185	56	432	413
Non-controlling interests	2	-1	15	8
PROFIT FOR THE PERIOD	187	55	446	421
Earnings per share before and after dilution, SEK	3,29	1,00	7,67	7,34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Profit for the period	187	55	446	421
Other comprehensive income:				
<i>Components that will not be reclassified to profit/loss for the year:</i>				
– Actuarial gains and losses	0	-2	5	-4
<i>Components that may later be reclassified to profit/loss for the year:</i>				
– Exchange-rate differences from translation of foreign subsidiaries	-201	-133	-291	106
– Loan hedging of net investments ¹⁾	85	63	108	-27
– Cash-flow hedges ²⁾	2	3	-4	-3
Other comprehensive income, net after tax	-113	-68	-182	71
COMPREHENSIVE INCOME FOR THE PERIOD	74	-13	265	492
Comprehensive income for the period attributable to:				
Parent Company's shareholders	72	-11	253	484
Non-controlling interests	1	-2	12	8
COMPREHENSIVE INCOME FOR THE PERIOD	74	-13	265	492

¹⁾ Loans raised in EUR in conjunction with acquisitions in Denmark hedge the currency risk in the net investment and loans renewed in NOK in the first quarter of 2019 hedge net investment in Norway and the currency translation is recognised in accordance with IFRS 9.

²⁾ Holding of financial interest-rate derivatives for hedging purposes, according to Level 2 measurements defined in IFRS 13.

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	31 December 2020	31 December 2019	31 December 2018
ASSETS ¹⁾			
Intangible fixed assets	5 410	5 697	5 745
Tangible fixed assets	448	465	490
Right-of-use assets	1 606	1 818	-
Financial fixed assets	98	101	77
Deferred tax assets	1	-	-
Goods for resale	2 704	2 854	2 816
Current receivables	1 506	1 580	1 530
Cash and cash equivalents	420	355	205
TOTAL ASSETS	12 193	12 870	10 863
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	4 595	4 335	3 853
Long-term liabilities, interest-bearing	2 743	3 333	3 232
Long-term lease liabilities	1 168	1 323	-
Deferred tax liabilities	388	428	474
Long-term liabilities, non-interest-bearing	16	20	20
Current liabilities, interest-bearing	611	748	1 081
Current lease liabilities	432	457	-
Current liabilities, non-interest-bearing	2 240	2 227	2 203
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	12 193	12 870	10 863

¹⁾ The carrying amounts of financial assets and liabilities are measured at either fair value or a reasonable approximation of fair value.

CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY, SEK M	31 December 2020	31 December 2019	31 December 2018
Shareholders' equity at the beginning of the year	4 335	3 853	2 379
Comprehensive income for the period	265	492	143
New issue, net including issue costs	-	-	1 588
Share swap	-18	-	-
Repurchase of own shares	-	-2	-6
Acquisition/divestment of non-controlling interests	13	-6	6
Shareholders' contributions from minority shareholders	2	7	3
Dividend to shareholders	-4	-9	-260
Share savings programme	2	1	-
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	4 595	4 335	3 853
Of which non-controlling interests	68	32	25

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	449	296	1 494	1 416
Tax paid	-27	-64	-170	-226
Cash flow from operating activities before changes in working capital	422	232	1 324	1 190
Cash flow from changes in working capital:				
Changes in inventory	-113	-83	2	6
Changes in receivables	228	200	15	-53
Changes in liabilities	-163	-148	284	-2
<i>Increase (-)/Decrease (+) working capital</i>	<i>-49</i>	<i>-30</i>	<i>301</i>	<i>-48</i>
Cash-flow from operating activities	373	202	1 625	1 142
Cash flow from investing activities	-48	-34	-186	-199
Cash flow from financing activities	-298	-11	-1 339	-798
CASH FLOW FOR THE PERIOD	27	156	100	146
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	423	213	355	205
Exchange-rate difference in cash and cash equivalents	-30	-14	-35	5
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	420	355	420	355

INFORMATION ABOUT FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE IN THE BALANCE SHEET

The financial instruments measured at fair value in the balance sheet are shown below. This was carried out by dividing the measurements into three levels, which is described in the 2019 Annual Report, Note 11. All of Mekonomen's financial instruments measured to fair value are included in Level 2, excluding supplementary purchase considerations, which are included in Level 3. However, current supplementary purchase considerations do not represent material amounts.

The main methods and assumptions used to determine the fair value of the financial instruments shown in the table below are described in the 2019 Annual Report, Note 11. The financial instruments contained in the interim report are the same as those in the 2019 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	31 December 2020	31 December 2019
FINANCIAL ASSETS		
Derivatives: Currency swaps	-	-
Interest-rate swaps	-	2
TOTAL	-	2
FINANCIAL LIABILITIES		
Derivatives: Currency swaps	-	-
Interest-rate swaps	12	10
TOTAL	12	10

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 31 December 2020							
SEK M	Instruments measured at fair value through Income Statement	Financial assets accrued acquisition value	Financial liabilities accrued acquisition value	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	-	67	-	67	67	31	98
Accounts receivable	-	828	-	828	828	-	828
Other current receivables	-	-	-	-	-	678	678
Cash and cash equivalents	-	420	-	420	420	-	420
TOTAL	-	1 316	-	1 316	1 316	708	2 024
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing ¹⁾	-	-	2 730	2 730	2 730	-	2 730
Long-term lease liabilities	-	-	1 168	1 168	-	-	1 168
Long-term liabilities, non-interest-bearing	-	-	-	-	-	10	10
Derivative instruments ²⁾	12	-	-	12	12	-	12
Supplementary purchase considerations, long-term	6	-	-	6	6	-	6
Current liabilities, interest-bearing	-	-	384	384	384	227	611
Current lease liabilities	-	-	432	432	-	-	432
Accounts payable	-	-	1 321	1 321	1 321	-	1 321
Other current liabilities	-	-	-	-	-	914	914
Supplementary purchase considerations, short-term	6	-	-	6	6	-	6
TOTAL	24	-	6 035	6 059	4 459	1 151	7 210

¹⁾ The amount includes a liability related to share swap SEK 18 M

²⁾ Derivative instruments used for hedging purposes.

QUARTERLY DATA, BUSINESS AREA	2020					2019				
	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
NET SALES, SEK M ¹⁾										
FTZ	3 369	867	808	841	853	3 371	875	800	860	836
Inter-Team	1 988	457	524	490	516	2 155	524	532	582	517
MECA/Mekonomen	5 326	1 358	1 310	1 334	1 324	5 527	1 368	1 349	1 447	1 362
Sørensen og Balchen	791	187	210	221	172	759	176	192	207	183
Central functions ²⁾	37	11	10	8	8	31	11	6	5	10
GROUP	11 511	2 879	2 863	2 894	2 874	11 842	2 954	2 879	3 100	2 909
EBIT, SEK M										
FTZ	331	76	91	80	84	299	51	69	87	93
Inter-Team	86	38	31	19	-1	43	20	9	15	-1
MECA/Mekonomen	354	160	89	100	5	438	63	128	145	103
Sørensen og Balchen	170	34	53	60	23	121	28	30	38	24
Central functions ²⁾	-49	-10	-18	-9	-13	-39	-19	-5	-6	-10
Other items ³⁾	-155	-38	-38	-39	-39	-157	-39	-39	-39	-39
GROUP	738	260	208	211	59	705	104	191	240	170
EBIT MARGIN, %										
FTZ	10	9	11	10	10	9	6	9	10	11
Inter-Team	4	8	6	4	0	2	4	2	3	0
MECA/Mekonomen	6	11	7	7	0	8	5	9	10	7
Sørensen og Balchen	21	18	25	27	13	16	16	16	18	13
GROUP	6	9	7	7	2	6	3	7	8	6
INVESTMENTS, SEK M ⁴⁾										
FTZ	25	8	8	6	3	10	3	1	5	1
Inter-Team	18	7	3	1	7	13	5	5	2	1
MECA/Mekonomen	91	35	16	17	23	91	20	22	27	22
Sørensen og Balchen	6	1	1	1	3	5	0	-	1	4
Central functions ²⁾	11	5	2	2	2	12	2	6	0	4
GROUP	152	55	31	28	38	131	30	34	35	32

¹⁾ Net sales for each business area are from external customers.

²⁾ Central functions includes Group-wide functions that also include Mekonomen AB and operations in ProMeister Solutions.

³⁾ "Other items" includes acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items pertain to amortisation of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

⁴⁾ Investments do not include company and business combinations and exclude leases according to IFRS 16.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Oct-Dec 2020						Oct-Dec 2019					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
Revenue distribution per country												
FTZ	867					867	875					875
Inter-Team		457				457		524				524
MECA/Mekonomen			25	489	844	1 358			19	486	862	1 368
Sørensen og Balchen				187		187				176		176
Central functions						11						11
Total net sales, Group						2 879						2 954
Other revenue						121						40
GROUP REVENUE						3 000						2 995

Distribution of revenue per country based on the country that generates revenue for each segment.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan-Dec 2020						Jan-Dec 2019					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
Revenue distribution per country												
FTZ	3 369					3 369	3 371					3 371
Inter-Team		1 988				1 988		2 155				2 155
MECA/Mekonomen			91	2 010	3 225	5 326			60	2 063	3 404	5 527
Sørensen og Balchen				791		791				759		759
Central functions						37						31
Total net sales, Group						11 511						11 842
Other revenue						253						174
GROUP REVENUE						11 763						12 017

QUARTERLY DATA SEK M	FY	2020					2019					2018				
		Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	
Revenue	11 763	3 000	2 899	2 947	2 917	12 017	2 995	2 929	3 144	2 948	7 951	2 922	1 887	1 673	1 469	
EBITDA	1 574	463	421	426	265	1 531	313	400	443	375	637	134	177	219	106	
EBITDA excl. IFRS 16 ¹⁾	1 052	340	287	289	136	1 008	180	268	315	245						
Adjusted EBIT	937	287	270	281	98	874	149	231	280	214	599	148	148	217	99	
EBIT	738	260	208	211	59	705	104	191	240	170	407	57	118	173	60	
Net financial items	-141	-13	-41	-17	-71	-150	-27	-44	-38	-41	70	-39	114	-3	-2	
Profit after financial items	596	247	167	194	-11	555	77	147	202	129	477	17	233	170	58	
Tax	-150	-60	-40	-46	-3	-134	-22	-34	-45	-33	-209	-9	-147	-38	-15	
Profit for the period	446	187	127	148	-15	421	55	113	157	96	268	8	85	131	43	
EBITDA margin, %	13	15	15	14	9	13	10	14	14	13	8	5	9	13	7	
Adj. EBIT margin, %	8	10	9	10	3	7	5	8	9	7	8	5	8	13	7	
EBIT margin, %	6	9	7	7	2	6	3	7	8	6	5	2	6	10	4	
Earnings per share before and after dilution, SEK	7,67	3,29	2,18	2,49	-0,29	7,34	1,00	1,95	2,71	1,68	6,56	0,18	2,30	3,53	1,15	
Shareholders' equity per share, SEK	80,4	80,4	79,1	77,2	76,7	76,4	76,4	76,6	74,5	71,0	67,9	67,9	64,4	66,3	68,8	
Cash flow per share, SEK ²⁾	28,9	6,6	9,2	11,9	1,1	20,3	3,6	7,5	6,3	2,8	8,3	0,9	1,2	6,5	0,2	
Return on shareholders' equity, % ³⁾	9,8	9,8	7,0	6,8	7,2	10,0	10,0	9,8	10,1	10,5	9,7	9,7	13,7	14,0	13,6	
Share price at the end of the period	91,1	91,1	93,3	66,0	44,4	93,1	93,1	82,8	77,4	64,9	91,5	91,5	126,4	123,8	142,6	

¹⁾ EBITDA excl. IFRS 16, see alternative performance measures for calculation. IFRS 16 is applied as of 2019.

²⁾ Cash flow per share for the third quarter of 2018 is recognised after reclassification of SEK 132 M between operating activities and financing activities. For further information, refer to the press release on 14 November 2018.

³⁾ The key figures for return on shareholders' equity are calculated on a rolling 12-month basis for each quarter.

KEY FIGURES	Oct–Dec		Jan–Dec	
	2020	2019	2020	2019
Return on shareholders' equity, %	-	-	9,8	10,0
Return on total capital, %	-	-	5,8	5,6
Return on capital employed, %	-	-	7,4	7,2
Equity/assets ratio, % ¹⁾	37,7	33,7	37,7	33,7
Net debt, SEK M	2 673	3 709	2 673	3 709
Net debt/EBITDA excl. IFRS 16 multiple	-	-	2,54	3,68
Net debt incl. IFRS 16 /EBITDA, multiple	-	-	2,71	3,59
Gross margin, %	45,9	44,1	45,1	44,8
EBITDA margin, % ²⁾	15,4	10,4	13,4	12,7
Adjusted EBIT margin, %	9,6	5,0	8,0	7,3
EBIT margin, %	8,7	3,5	6,3	5,9
Earnings per share before and after dilution, SEK	3,29	1,00	7,67	7,34
Shareholders' equity per share, SEK	-	-	80,4	76,4
Cash flow per share, SEK	6,6	3,6	28,9	20,3
Number of outstanding shares at the end of the period ³⁾	56 323 372	56 323 372	56 323 372	56 323 372
Average number of shares during the period	56 323 372	56 323 372	56 323 372	56 338 824

¹⁾ The equity/assets ratio has changed materially due to IFRS 16, which is applied as of 2019. The equity/assets ratio excl. IFRS 16 amounts to 43.4 per cent.

²⁾ The EBITDA margin has changed materially due to IFRS 16, which is applied as of 2019. The EBITDA margin excl. IFRS 16 amounts to 11,32 per cent for the quarter and 8,94 per cent for the full year.

³⁾ The total number of shares amounts to 56,416,622, of which 93,250 are own shares at the end of the quarter.

NUMBER OF STORES AND WORKSHOPS	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Group	
	31 December		31 December		31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Number of stores										
Proprietary stores	51	51	79	79	229	230	37	37	396	397
Partner stores	-	-	3	3	48	41	28	28	79	72
Total	51	51	82	82	277	271	65	65	475	469
Number of workshops ¹⁾										
AutoMester	409	421	-	-	-	-	-	-	409	421
Hella Service Partner	322	331	-	-	-	-	-	-	322	331
Din BilPartner	152	153	-	-	-	-	-	-	152	153
CarPeople	47	38	-	-	-	-	-	-	47	38
Inter Data Service	-	-	450	404	-	-	-	-	450	404
O.K. Serwis	-	-	211	199	-	-	-	-	211	199
Mekonomen Bilverkstad	-	-	-	-	759	795	-	-	759	795
MECA Car Service	-	-	-	-	725	709	-	-	725	709
MekoPartner	-	-	-	-	191	208	-	-	191	208
Speedy	-	-	-	-	42	40	-	-	42	40
AlltiBil	-	-	-	-	7	8	-	-	7	8
BilXtra	-	-	-	-	-	-	253	258	253	258
Total	930	943	661	603	1 724	1 760	253	258	3 568	3 564

¹⁾ Nosign has been excluded from the report. These workshops have access to a white label concept with services through the Group and are not operating under the Group's brands.

AVERAGE NUMBER OF EMPLOYEES	Jan-Dec 2020	Jan-Dec 2019
FTZ	1 126	1 148
Inter-Team	1 396	1 438
MECA/Mekonomen	2 064	2 031
Sørensen og Balchen	251	265
Central functions ^{1) 2)}	75	72
Total	4 912	4 953

¹⁾ Central functions includes Group-wide functions that also include the Parent Company Mekonomen AB and operations in ProMeister Solutions.

²⁾ Changes to Group-wide functions resulted in an adjustment to the number of employees, comparative figures have been restated.

FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Operating revenue	27	8	80	69
Operating expenses	-30	-21	-111	-101
EBIT	-3	-13	-31	-32
Net financial items ¹⁾	84	70	509	248
Profit after financial items	81	57	478	215
Appropriations	59	206	59	206
Tax	-31	-57	-15	-20
PROFIT FOR THE PERIOD	109	206	522	401

¹⁾ Net financial items include dividends on participations in subsidiaries totalling SEK 474 M (332) for the full-year.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SEK M	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Profit for the period	109	206	522	401
COMPREHENSIVE INCOME FOR THE PERIOD	109	206	522	401

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	31 December 2020	31 December 2019
ASSETS		
Fixed assets	9 149	9 037
Current receivables in Group companies	67	239
Other current receivables	79	13
Cash and cash equivalents	246	235
TOTAL ASSETS	9 541	9 524
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	5 670	5 164
Untaxed reserves	238	211
Provisions	3	3
Long-term liabilities	2 724	3 314
Current liabilities in Group companies	500	70
Other current liabilities	406	762
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9 541	9 524

SUMMARY OF CHANGES IN EQUITY FOR THE THE PARENT COMPANY, SEK M	31 December 2020	31 December 2019
Shareholders' equity at the beginning of the year	5 164	4 765
Comprehensive income for the period	522	401
Share swap	-18	-
Repurchase of own shares	-	-2
Share savings programme	2	1
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	5 670	5 164

ALTERNATIVE PERFORMANCE MEASURES

Mekonomen applies the Guidelines on Alternative Performance Measures issued by ESMA*. An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flows that is not defined or specified in IFRS. Mekonomen believes that these measures provide valuable supplementary information to company management, investors and other stakeholders in evaluating the company's performance. The alternative performance measures are not always comparable with measures used by other companies since not all companies calculate these measures in the same way. These should therefore be seen as a supplement to the measures defined according to IFRS. For definitions of key figures, refer to page 22. For relevant reconciliations of the alternative performance measures that cannot be directly read in or derived from the financial statements, refer to the tables below. For historical reconciliations of alternative performance measures, refer also to supplements to the 2016-2019 Annual Reports on our website:

<http://www.mekonomen.com/en/alternative-performance-measures/>.

*The European Securities and Markets Authority.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON SHAREHOLDERS' EQUITY SEK M	Jan-Dec 2020	Jan-Dec 2019
Profit for the period (rolling 12-month basis)	446	421
– Less non-controlling interest of profit for the period (rolling 12 months)	-15	-8
Profit for the period excluding non-controlling interest (rolling 12 months)	432	413
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters 1)	4 390	4 129
RETURN ON SHAREHOLDERS' EQUITY, %	9,8	10,0

1) SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2020	2019				2018						
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	4 595	4 520	4 410	4 375	4 335	4 347	4 228	4 034	3 853	2 340	2 398	2 487
– Less non-controlling interest of shareholders' equity	-68	-66	-63	-53	-32	-33	-29	-32	-25	-29	-18	-17
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	4 527	4 454	4 346	4 322	4 303	4 313	4 199	4 002	3 828	2 311	2 380	2 469
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters	4 390	4 348	4 297	4 228	4 129	3 731	3 344	2 998	2 670	2 366	2 347	2 347

RETURN ON TOTAL CAPITAL SEK M	Jan-Dec 2020	Jan-Dec 2019
Profit after financial items (rolling 12 months)	596	555
– Plus interest expenses (rolling 12 months)	133	151
Profit after financial items plus interest expenses (rolling 12 months)	729	706
– Divided by TOTAL ASSETS, average over the past five quarters 2)	12 616	12 616
RETURN ON TOTAL CAPITAL, %	5,8	5,6

2) TOTAL ASSETS SEK M	2020	2019				2018						
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	12 193	12 693	12 540	12 783	12 870	13 127	13 118	13 099	10 863	11 111	5 798	5 608
TOTAL ASSETS, average over the past five quarters	12 616	12 803	12 888	12 999	12 616	12 264	10 798	9 296	7 787	6 732	5 603	5 549

RETURN ON CAPITAL EMPLOYED SEK M	Jan-Dec 2020	Jan-Dec 2019
Profit after financial items (rolling 12 months)	596	555
– Plus interest expenses (rolling 12 months)	133	151
Profit after financial items plus interest expenses (rolling 12 months)	729	706
– Divided by CAPITAL EMPLOYED, average over the past five quarters 3)	9 839	9 856
RETURN ON CAPITAL EMPLOYED, %	7,4	7,2

CAPITAL EMPLOYED SEK M	2020				2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	12 193	12 693	12 540	12 783	12 870	13 127	13 118	13 099	10 863	11 111	5 798	5 608
– Less deferred tax liabilities	-388	-377	-385	-382	-428	-443	-439	-465	-474	-449	-147	-157
– Less long-term liabilities, non-interest-bearing	-16	-95	-82	-70	-20	-20	-20	-20	-20	-13	-11	-16
– Less current liabilities, non-interest-bearing	-2 240	-2 627	-2 414	-2 131	-2 227	-2 453	-2 323	-2 244	-2 203	-2 334	-1 370	-1 228
CAPITAL EMPLOYED	9 549	9 594	9 658	10 201	10 195	10 211	10 337	10 370	8 166	8 316	4 271	4 207
CAPITAL EMPLOYED, average over the past five quarters	9 839	9 972	10 120	10 263	9 856	9 480	8 292	7 066	5 809	5 007	4 167	4 146

GROSS MARGIN SEK M	Oct–Dec 2020		Oct–Dec 2019		Jan–Dec 2020		Jan–Dec 2019	
	Net sales	2 879	2 954	11 511	11 842			
– Less goods for resale	-1 558	-1 652	-6 318	-6 535				
Total	1 322	1 302	5 193	5 307				
– Divided by net sales	2 879	2 954	11 511	11 842				
GROSS MARGIN, %	45,9	44,1	45,1	44,8				

EARNINGS PER SHARE SEK M	Oct–Dec 2020		Oct–Dec 2019		Jan–Dec 2020		Jan–Dec 2019	
	Profit for the period	187	55	446	421			
– Less non-controlling interests' share	-2	1	-15	-8				
Profit for the period attributable to Parent Company's shareholders	185	56	432	413				
– Divided by Average number of shares ⁴⁾	56 323 372	56 323 372	56 323 372	56 338 824				
EARNINGS PER SHARE, SEK	3,29	1,00	7,67	7,34				

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan–Dec 2020		Jan–Dec 2019	
	Shareholders' equity	4 595	4 335	
– Less non-controlling interest of shareholders' equity	-68	-32		
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	4 527	4 303		
– Divided by number of shares at the end of the period ⁴⁾	56 323 372	56 323 372		
SHAREHOLDERS' EQUITY PER SHARE, SEK	80,4	76,4		

CASH FLOW PER SHARE SEK M	Oct–Dec 2020		Oct–Dec 2019		Jan–Dec 2020		Jan–Dec 2019	
	Cash flow from operating activities	373	202	1 625	1 142			
– Divided by Average number of shares ⁴⁾	56 323 372	56 323 372	56 323 372	56 338 824				
CASH FLOW PER SHARE, SEK	6,6	3,6	28,9	20,3				

⁴⁾ AVERAGE NUMBER OF SHARES	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Number of shares at the end of the period	56 323 372	56 323 372	56 323 372	56 323 372
– Multiplied by the number of days that the Number of shares at the end of the period has remained unchanged during the period	92	92	365	177
Number of shares on another date during the period		56 353 372		56 353 372
– Multiplied by the number of days that the Number of shares on another date has existed during the period				188
– Total divided by the number of days during the period	92	92	365	365
AVERAGE NUMBER OF SHARES	56 323 372	56 323 372	56 323 372	56 338 824

NET DEBT SEK M	31 December 2020	31 December 2019	31 December 2018
Long-term liabilities, interest-bearing incl. lease liability	3 911	4 655	3 232
– Less interest-bearing long-term liabilities and provisions for pensions, leases, derivatives and similar obligations	-1 202	-1 339	-7
Current liabilities, interest-bearing incl. lease liability	1 043	1 204	1 081
– Less interest-bearing current liabilities and provisions for pensions, leases, derivatives and similar obligations	-659	-457	-3
– Less cash and cash equivalents	-420	-355	-205
NET DEBT	2 673	3 709	4 098

NET DEBT INCL. IFRS 16 SEK M	31 December 2020	31 December 2019	31 December 2018
NET DEBT	2 673	3 709	4 098
– Plus long-term lease liabilities according to IFRS 16	1 168	1 323	-
– Plus current lease liabilities according to IFRS 16	432	457	-
NET DEBT INCL. IFRS 16	4 273	5 489	4 098

EBITDA EXCL. IFRS 16	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
EBITDA according to income statement	463	313	1 574	1 531
– less change relating to lease expenses in accordance with IFRS 16	-123	-133	-522	-523
EBITDA excluding IFRS 16	340	180	1 052	1 008

FINANCIAL DEFINITIONS

Return on shareholders' equity	Profit for the period, excluding non-controlling interests, as a percentage of average shareholders' equity attributable to Parent Company's shareholders. Average shareholders' equity attributable to Parent Company's shareholders is calculated as shareholders' equity attributable to Parent Company's shareholders at the end of the period plus the shareholders' equity for the four immediately preceding quarters attributable to Parent Company's shareholders at the end of the periods divided by five.
Return on capital capital	Profit after financial items plus interest expenses as a percentage of average capital employed. Average employed is calculated as capital employed at the end of the period plus the capital employed for the four immediately preceding quarters divided by five.
Return on total capital	Profit after financial items plus interest expenses as a percentage of average total assets. Average total assets is calculated as total assets at the end of the period plus the total assets for the four immediately preceding quarters at the end of the periods divided by five.
Gross margin	Net sales less costs for goods for resale, as a percentage of net sales.
Gross profit	Revenue less cost for goods for resale.
EBIT margin	Operating profit after depreciation/amortisation (EBIT) as a percentage of total revenue.
EBITA	Operating profit after depreciation according to plan but before amortisation and impairment of intangible fixed assets.
EBITDA	Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets.
EBITDA excl. IFRS 16	Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets excl. effects of IFRS 16.
EBITDA margin	EBITDA as a percentage of total revenue.
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests, in relation to the number of shares at the end of the period.
Adjusted EBIT	EBIT adjusted for items affecting comparability (see definition under company-specific terms and definitions) and material acquisition-related items. Current acquisition-related items are depreciation of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.
Adjusted EBIT margin	Adjusted EBIT as a percentage of total revenue.
Cash flow per share	Cash flow from operating activities in relation to the average number of shares. Average number of shares is calculated as the number of shares at the end of the period multiplied by the number of days that this number existed during the period, plus any other number of shares during the period multiplied by the number of days that this or these numbers existed during the period, divided by the number of days during the period.
Cash and cash equivalents	Cash and cash equivalents comprise cash funds held at financial institutions and current liquid investments with a term from the date of acquisition of less than three months, which are exposed to only an insignificant risk of fluctuations in value. Cash and cash equivalents are recognised at nominal amounts.
Net debt	Short-term and long-term interest-bearing liabilities for borrowing, i.e. excluding short and long-term lease liabilities, pensions, derivatives and similar obligations, less cash and cash equivalents.
Net debt incl. IFRS 16	Short-term and long-term interest-bearing liabilities for borrowing, and long-term and current lease liabilities according to IFRS 16, i.e. excluding pensions, derivatives and similar obligations, less cash and cash equivalents.
Organic sales	Net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.
Organic growth	Change in net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.
Earnings per share	Profit for the period excluding non-controlling interests, in relation to the average number of shares. Average number of shares is calculated as the number of shares at the end of the period multiplied by the number of days that this number existed during the period, plus any other number of shares during the period multiplied by the number of days that this or these numbers existed during the period, divided by the number of days during the period.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of total assets.
Capital employed	Total assets less non-interest-bearing liabilities and provisions, including deferred tax liabilities.

COMPANY-SPECIFIC TERMS AND DEFINITIONS

Business area	Reportable segment
Affiliated workshops	Workshops that are not proprietary owned, but conduct business under the Group's brands/workshop concepts
B2B	Sales of goods and services between companies (business-to-business).
B2C	Sales of goods and services between companies and consumers (business-to-consumer).
DAB products	Car accessories with solutions for receiving digital radio broadcasts. DAB is an abbreviation for Digital Audio Broadcasting.
Proprietary stores	Stores with operations in subsidiaries, directly or indirectly majority-owned by Mekonomen AB.
Proprietary workshops	Workshops with operations in subsidiaries, directly or indirectly majority-owned by Mekonomen AB.
OBP	Proprietary products, such as Mekonomen Group's proprietary products ProMeister, Carwise, Kraft, Sakura, Vehcare and ForumLine.
Fleet operations	Mekonomen Group's offering to business customers comprising service and repairs of cars, sales of spare parts and accessories, and tyre storage.
Sales to Customer Group Affiliated workshops	Sales to affiliated workshops and sales to proprietary workshops.
Sales to Customer Group Consumer	Cash sales from proprietary stores to customer groups other than Affiliated Workshops and Other B2B Customers, as well as the Group's e-commerce sales to consumers.
Sales to Customer Group Partner stores	Sales to partner stores.
Sales to Customer Group Other B2B Customers	Sales to business customers that are not affiliated with any of Mekonomen Group's concepts, including sales in Fleet operations.
Items affecting comparability	Events or transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including restructuring programmes, expenses relating to major legal disputes, impairments and gains and losses from the acquisitions or disposals of businesses, subsidiaries, associates and joint ventures or items of a similar nature.
Concept workshops	Affiliated workshops.
LTIP	Long-term Incentive Programme.
Mobility	The ability to move from A to B is a fundamental freedom and a driving force in society. Demand is timeless, and independent of the type of vehicle used.
ProMeister	Mekonomen Group's proprietary brand for high-quality spare parts with five-year guarantees, and the name of the services we offer affiliated workshops.
Spare parts for cars	Parts that are necessary for a car to function.
Partner stores	Stores that are not proprietary, but conduct business under the Group's brands/store concepts.
Accessories for cars	Products that are not necessary for a car to function, but enhance the experience or extend use of the car, such as car-care products, roof boxes, car child seats, etc.
TSR	Total shareholders return
Currency effects in the balance sheet	Impact of currency with respect to realised and unrealised revaluations of foreign current non-interest-bearing receivables and liabilities.
Currency transaction effects	Impact of currency with respect to internal sales from Bileko Car Parts AB, and from MECA CarParts AB to each country.
Currency translation effects	Impact of currency from translation of earnings from foreign subsidiaries to SEK.
Other operating revenue	Mainly comprises rental income, marketing subsidies and exchange-rate gains.
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