

# Mekonomen Group

## Second quarter Interim report January - June 2020

21 August 2020

### Strong performance in the quarter

#### 1 April – 30 June 2020

- Net sales declined 7 per cent to SEK 2,894 M (3,100). Organic net sales declined 5 per cent.
- Adjusted EBIT amounted to SEK 281 M (280) and the adjusted EBIT margin was 10 per cent (9).
- EBIT totalled SEK 211 M (240) and the EBIT margin was 7 per cent (8). EBIT was negatively impacted in the quarter by items affecting comparability of SEK 31 M (-).
- Earnings per share, before and after dilution, amounted to SEK 2.49 (2.71).
- Cash flow from operating activities amounted to SEK 669 M (357).
- Net debt was SEK 3,299 M (4,042) at the end of the period, compared with SEK 3,709 M at 31 December and SEK 3,928 M at 31 March.
- New bank agreements signed 30 June with adjusted covenants reflecting the financial uncertainty that Mekonomen Group's markets have had and may have due to Covid-19.
- Covid-19 and data breaches affected the quarter negatively.

#### 1 January – 30 June 2020

- Net sales declined 4 per cent to SEK 5,768 M (6,008). Organic net sales declined 3 per cent.
- Adjusted EBIT amounted to SEK 379 M (494).
- Earnings per share, before and after dilution, amounted to SEK 2.20 (4.39).
- Cash flow from operating activities amounted to SEK 731 M (515).
- Covid-19 and data breaches affected the quarter negatively.

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Apr–Jun 2020			Jan–Jun 2020			12 months Jul–Jun	
	Apr–Jun 2020	Apr–Jun 2019	Change, %	Jan–Jun 2020	Jan–Jun 2019	Change, %	12 months Jul–Jun	Full-year 2019
Net sales	2 894	3 100	-7	5 768	6 008	-4	11 602	11 842
Adjusted EBIT	281	280	0	379	494	-23	759	874
EBIT	211	240	-12	270	410	-34	565	705
Profit after financial items	194	202	-4	182	330	-45	406	555
Profit after tax	148	157	-6	133	253	-48	301	421
Earnings per share, SEK	2.49	2.71	-8	2.20	4.39	-50	5.16	7.34
Adjusted EBIT margin, %	10	9		6	8		6	7
EBIT margin, %	7	8		5	7		5	6

ADJUSTED EBIT SEK M	Apr–Jun 2020			Jan–Jun 2020			12 months Jul–Jun	
	Apr–Jun 2020	Apr–Jun 2019	Change, %	Jan–Jun 2020	Jan–Jun 2019	Change, %	12 months Jul–Jun	Full-year 2019
<b>EBIT</b>	<b>211</b>	<b>240</b>	<b>-12</b>	<b>270</b>	<b>410</b>	<b>-34</b>	<b>565</b>	<b>705</b>
Costs attributable to restructuring at MECA/Mekonomen	-31			-31			-31	
Costs related to the integration of FTZ and Inter-Team					-5		-9	-14
Impairment of inventory DAB products <sup>1)</sup>							3	3
Items affecting comparability, total	-31			-31	-5		-37	-11
"Other items", material acquisition-related items <sup>2)</sup>	-39	-39		-78	-78		-157	-157
<b>Adjusted EBIT</b>	<b>281</b>	<b>280</b>	<b>0</b>	<b>379</b>	<b>494</b>	<b>-23</b>	<b>759</b>	<b>874</b>

<sup>1)</sup> Digital Audio Broadcasting.

<sup>2)</sup> 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.

## **Strong performance in the quarter**

I am pleased with the results of the second quarter as the company, despite numerous headwinds, maintained its profitability, generated strong cash flow and reduced leverage. We acted with great decisiveness when operations have been affected by both the Covid-19 pandemic and the consequences from the data breach in March. My firm belief is that Mekonomen Group, as an enabler of mobility, is well positioned when society becomes normalized in our different markets.

The pandemic is not over, and restrictions are still in effect in our markets. How long this situation will last is still unclear, even though we have seen restrictions being eased during the quarter. Therefore, it is not possible to predict the scope or impact on the company and potential financial effects the pandemic might have going forward. We believe that the negative consequences due to the pandemic will continue for some time and we are fully focused on mitigating the effects on our operations. The data breach caused extensive disruptions to our IT-systems within MECA/Mekonomen until mid-April and negative effects on our operations during April and May. As communicated earlier, our insurance will limit the financial impact.

### **Forceful actions to reduce costs and improve profitability**

During the quarter we acted resolute both to mitigate negative short-term effects of the pandemic, and by launching structural initiatives to increase profitability over time. We swiftly initiated temporary efficiency improvements and cost saving actions throughout our operations, including reduction of temporary workforce and consultants, short-term layoffs and work-time reduction, reduced marketing activities. We have also negotiated lower facilities rents when possible. To mitigate the impact on the Norwegian Krona we raised prices in Norway in the beginning of May.

To increase our long-term profitability, approximately one third of these temporary measures will be permanent. With the same purpose, we have now intensified our structural initiatives in MECA/Mekonomen during the quarter to address unprofitable branches and workshops. These initiatives will continue during 2020.

### **Solid financial position and successful discussions with our banks**

Activities were put in place to secure the operational cash flow and reduce our working capital, resulting in a strong cash flow in the second quarter. We have taken advantage of government aided tax deferrals of approximately 300 MSEK and scaled back investments when applicable.

During the quarter, we successfully concluded discussions with our banking group regarding adjustments of our bank covenants from the second quarter and onwards. This will better reflect the possible negative impact of the pandemic in the coming quarters. Our financial position is solid with improved available liquidity in the quarter and a lower leverage, supported by government reliefs.

### **Gradual recovery throughout the quarter**

The reported second quarter net sales declined by 7 per cent and by 5 per cent organically. We have noticed a gradual recovery in demand in most markets after a difficult start, where net sales in April alone was down by around 17 per cent. Sales and deliveries were negatively affected in April and May due to the data breach while demand was impacted by the strict restrictions initiated by governments from mid-March. Our most influential currencies weakened following the increased uncertainty. During May and June, we have seen our markets gradually improve as official restrictions are eased, and our most influential currencies has partially strengthened versus the euro. The Sørensen og Balchen business area excelled positively with a record strong quarter, partly benefiting from a robust do-it-yourself market throughout the quarter.

### **Strong profitability through cost focus**

Adjusted EBIT was unchanged compared with the year-earlier quarter, while EBIT decreased slightly to SEK 211 M (240) and the EBIT margin to 7 per cent (8). EBIT includes items affecting comparability of SEK -31 M (-) related to structural initiatives such as the closure of unprofitable stores and workshops. The gross margin increased to 45.3 (44.5) per cent, where currency related price increases in most of our markets compensated for lower volumes and currency headwind and thus higher purchasing prices. In the quarter, a smaller part of the expected data breach compensation was paid by the insurance company to partially cover direct IT consulting costs. The claims settlement process for the greater part of the insurance compensation is ongoing. EBIT has been positively affected by SEK 27 M regarding reduction of payroll taxes, support for sick pay and redundancy support in Sweden and Norway related to Covid-19.

### **Well positioned for the future market**

I am convinced we rapidly have taken the necessary steps to address the short-term challenges posed on us by the pandemic. We have also launched offensive structural actions to further strengthen our long-term profitability and to ensure Mekonomen Group to stand even stronger when society inevitably returns to a more normalized life. Mobility is one of the pillars of our culture, regardless of cycles. This safeguards an extensive and stable demand for workshop services and automotive spare parts, now and in the future. We are highly digitalized with a strong position within our footprint and will take advantage of the opportunities to further strengthen our customer relations. Together with all committed employees, we will be the best and most comprehensive partner for those who service and repair cars in our markets and we will continue to deliver on our long-term profitable growth strategy.

Pehr Oscarson  
President and CEO

## THIS IS MEKONOMEN GROUP

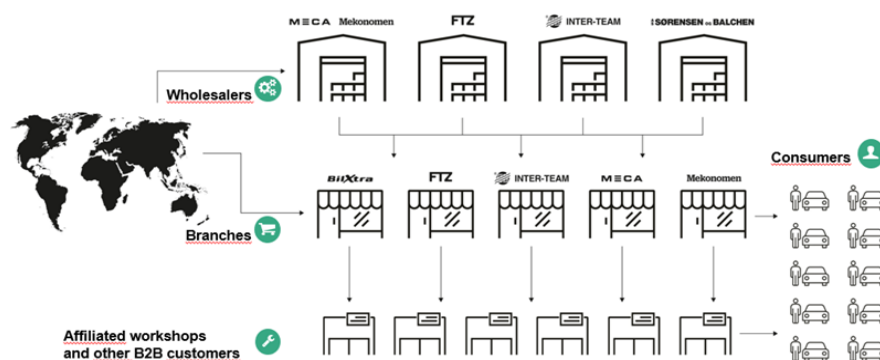
Mekonomen Group consists of the leading car service chains in northern Europe: FTZ, Inter-Team, MECA, Mekonomen and Sørensen og Balchen. The Group has its own wholesale operations, more than 470 stores and over 3,600 workshops operating under the Group's brands. We offer a wide and easily accessible range of affordable and innovative solutions and products for consumers and companies, where sales to companies account for over 90 per cent of the Group's sales.

### Business concept

Mekonomen Group's business concept is to offer consumers and companies solutions for a simpler and more affordable car life by using clear and innovative concepts, high quality and an efficient logistics chain.

### Business flow

Mekonomen Group has a shared purchasing function supporting all four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen. The business areas are responsible for their own wholesale operations. The supply of goods is mainly from suppliers in Europe and Asia. Through our stores, we sell and deliver spare parts and accessories to our affiliated workshops as well as other B2B customers, partner stores and consumers.



## GROUP REVENUE

TOTAL REVENUE	Apr–Jun	Apr–Jun		Jan–Jun	Jan–Jun		12 months	Full-year
DISTRIBUTION, SEK M	2020	2019	Change, %	2020	2019	Change, %	Jul–Jun	2019
<b>Net sales, external per business area</b>								
FTZ	841	860	-2	1 694	1 695	0	3 370	3 371
Inter-Team	490	582	-16	1 006	1 099	-8	2 062	2 155
MECA/Mekonomen	1 334	1 447	-8	2 658	2 809	-5	5 375	5 527
Sørensen og Balchen	221	207	7	394	391	1	762	759
Central functions	8	5	78	16	14	14	33	31
<b>Total net sales, Group</b>	<b>2 894</b>	<b>3 100</b>	<b>-7</b>	<b>5 768</b>	<b>6 008</b>	<b>-4</b>	<b>11 602</b>	<b>11 842</b>
Other operating revenue	53	44	20	96	84	14	186	174
<b>GROUP REVENUE</b>	<b>2 947</b>	<b>3 144</b>	<b>-6</b>	<b>5 864</b>	<b>6 092</b>	<b>-4</b>	<b>11 788</b>	<b>12 017</b>

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	Q2	Jan–Jun	Q2	Jan–Jun	Q2	Jan–Jun	Q2	Jan–Jun	Q2	Jan–Jun
Organic growth	-2,7	-2,2	-13,1	-7,9	-6,0	-4,2	18,9	7,9	-4,6	-3,5
Effect from acquisitions/divestments	0,0	0,0	0,0	0,0	1,3	0,8	0,0	0,0	0,6	0,4
Currency effect	0,5	1,3	-4,0	-1,3	-4,6	-3,1	-13,9	-8,7	-3,7	-1,9
Effect, workdays	0,0	0,8	1,4	0,7	1,5	1,0	1,8	1,6	1,1	1,0
<b>Growth net sales</b>	<b>-2,2</b>	<b>-0,1</b>	<b>-15,8</b>	<b>-8,4</b>	<b>-7,8</b>	<b>-5,4</b>	<b>6,8</b>	<b>0,8</b>	<b>-6,6</b>	<b>-4,0</b>

### 1 April – 30 June 2020

Net sales declined 7 per cent to SEK 2,894 M (3,100). Organic net sales declined 5 per cent. Reduced sales are mainly due to the effects of the Covid-19 pandemic and data breaches at the end of March. The number of workdays was one day more in Norway, Sweden and Poland, and unchanged in Denmark and Finland compared with the year-earlier period.

### 1 January – 30 June 2020

Net sales declined 4 per cent to SEK 5,768 M (6,008). Organic net sales declined 3 per cent. Reduced sales are mainly due to the effects of the Covid-19 pandemic and data breaches at the end of March. The number of workdays was two days more in Norway, one day more in Sweden, Denmark and Poland, and unchanged in Finland in the six-month period compared with the year-earlier period.

## **GROUP PERFORMANCE**

### **1 April – 30 June 2020**

#### *Adjusted EBIT*

Adjusted EBIT amounted to SEK 281 M (280) and the adjusted EBIT margin was 10 per cent (9). During the quarter, currency effects in the balance sheet had a positive impact of SEK 8 M (neg: 1) on adjusted EBIT. Adjusted EBIT was positively impacted by support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-term working support of SEK 27 M mainly in the MECA/Mekonomen business area.

#### *EBIT*

EBIT amounted to SEK 211 M (240) and the EBIT margin was 7 per cent (8). EBIT was negatively impacted in the quarter by items affecting comparability of SEK 31 M (–), attributable to structural measures implemented in the MECA/Mekonomen business area. Actions comprised disposal of IT systems attributable to a consolidation of E-commerce platforms (SEK 10 M) and other costs arising from closure of stores and workshops, of which the largest amount concerned the impairment of rental contracts (SEK 10 M). Other costs relating to the closure of stores and workshops concern the impairment of inventories, personnel expenses and the disposal of machinery and inventories. EBIT was positively affected from support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-term working support of SEK 27 M mainly in the MECA/Mekonomen business area. During the quarter, currency effects in the balance sheet had a positive impact of SEK 8 M (neg: 1) on EBIT.

#### *Other earnings*

Profit after financial items amounted to SEK 194 M (202). Net interest expense was SEK 32 M (expense: 36) and other financial items amounted to an expense of SEK 14 M (expense: 2). The main difference in other financial items compared with the year-earlier period arose from positive currency effects on balance in bank accounts. Profit after tax amounted to SEK 148 M (157). Earnings per share, before and after dilution, amounted to SEK 2.49 (2.71).

### **1 January – 30 June 2020**

#### *Adjusted EBIT*

Adjusted EBIT amounted to SEK 379 M (494) and the adjusted EBIT margin was 6 per cent (8). Currency effects in the balance sheet had a negative impact of SEK 21 M (neg: 3) on EBIT. Adjusted EBIT was positively impacted by support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-term working support of SEK 27 M mainly in the MECA/Mekonomen business area.

#### *EBIT*

EBIT amounted to SEK 270 M (410) and the EBIT margin was 5 per cent (7). EBIT was negatively impacted in the quarter by items affecting comparability of SEK 31 M (neg: 5), attributable to structural measures implemented in the MECA/Mekonomen business area. Actions comprised disposal of IT systems attributable to a consolidation of E-commerce platforms (SEK 10 M) and other costs arising from closure of stores and workshops, of which the largest amount concerned the impairment of rental contracts (SEK 10 M). Other costs relating to the closure of stores and workshops concern the impairment of inventories, personnel expenses and the disposal of machinery and inventories. EBIT was positively affected from support due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-term working support of SEK 27 M mainly in the MECA/Mekonomen business area. During the quarter, currency effects in the balance sheet had a negative impact of SEK 21 M (neg: 3) on EBIT.

#### *Other earnings*

Profit after financial items amounted to SEK 182 M (330). Net interest expense amounted to SEK 62 M (expense: 72) and other financial items an expense of SEK 26 M (expense: 8). The main difference in other financial items compared with the year-earlier period is due to negative currency effects on balance in bank accounts. Profit after tax amounted to SEK 133 M (253). Earnings per share, before and after dilution, amounted to SEK 2.20 (4.39).

## **FINANCIAL POSITION AND CASH FLOW**

Cash flow from operating activities amounted to SEK 669 M (357) for the second quarter and to SEK 731 M (515) for the six-month period. Tax paid amounted to SEK 28 M (59) for the second quarter and to SEK 85 M (141) for the six-month period. Cash and cash equivalents amounted to SEK 352 M (153) compared with SEK 355 M at the end of the year. The equity/assets ratio was 35 per cent (32). Excluding IFRS 16, the equity/assets ratio was 40 per cent (38). Long-term interest-bearing liabilities amounted to SEK 4,367 M (5,149) including a long-term lease liability of SEK 1,134 M (1,439), compared with SEK 4,655 M at year end. Current interest-bearing liabilities amounted to SEK 882 M (960), including a current lease liability of SEK 441 M (459), compared with SEK 1,204 M at year end. Cash flow for the quarter was positively impacted by support from different countries relating to the postponement of mainly VAT and tax payments totalling approximately 300 MSEK. These postponements will be repaid the coming quarters and will negatively impact our cash flow and leverage at that time.

Net debt amounted to SEK 3,299 M (4,042), compared with SEK 3,709 M at year end, representing a decrease of SEK 410 M since year end. The changes to net debt during the year were primarily impacted by working capital, investments and currency fluctuations. During the quarter, loan repayments according to plan totalled SEK 87 M. During the first quarter, a planned repayment on 31 March of EUR 5 M was postponed in agreement with lenders due to the uncertainty following 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 1,080 M at the end of June. The company fulfils all covenants in the loan agreements as of 30 June 2020.

## **INVESTMENTS**

During the second quarter, investments in fixed assets amounted to SEK 66 M (78) including leases of SEK 38 M and during the six-month period investments were SEK 150 M (151), including leases of SEK 84 M (84). Depreciation and impairment of tangible fixed assets and right-of-use assets amounted to SEK 157 M (151) in the second quarter and to SEK 306 M (303) for the six-month period, of which SEK 10 M pertained to the impairment of rental contracts relating to closed stores and workshops.

Company and business combinations amounted to SEK 2 M (–) in the second quarter and to SEK 51 M (64) for the six-month period, of which SEK – M (–) pertained to an estimated supplementary purchase consideration for the second quarter and SEK 5 M (8) for the six-month period. In addition, supplementary purchase considerations of SEK 2 M (7) were paid in the quarter. Acquired assets totalled SEK 32 M (35) and assumed liabilities SEK 22 M (16) for the six-month period. Aside from goodwill, which amounted to SEK 24 M (33), intangible surplus values of SEK 48 M (15) were identified for the six-month period pertaining to customer relations. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 8 M (0) for the six-month period. Acquired non-controlling interests amounted to SEK – M (–) for the second quarter and SEK 5 (6) M for the six-month period. Neither during the first half of 2019 nor in 2020 were any non-controlling interests divested. There were no divestments of operations during the first half of 2019 and 2020.

## **ACQUISITIONS AND START-UPS**

### **Second quarter**

During the quarter, MECA/Mekonomen acquired one store in Finspång, Sweden.

### **Earlier in the year**

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

Sørensen og Balchen established a workshop in Hamar in Norway.

Other than the above, MECA/Mekonomen acquired the remaining 25 per cent holdings in two partly-owned stores and these are now wholly owned. It also acquired an additional 8 per cent holding in Mekster AB.

### **Number of stores and workshops**

At the end of the period, the total number of stores in the chains was 471 (466), of which 396 (395) were proprietary stores. The number of affiliated workshops totalled 3,655 (3,479). See the distribution in the table on page 17.

## **EMPLOYEES**

During the period, the average number of employees was 4,891 (4,978). 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	Apr–Jun 2020	Apr–Jun 2019	Change, %	Jan–Jun 2020	Jan–Jun 2019	Change, %	12 months Jul– Jun	Full-year 2019
Net sales, external	841	860	-2	1 694	1 695	0	3 370	3 371
EBIT	80	87	-8	164	180	-9	283	299
EBIT margin, %	10	10		10	11		8	9
No. of stores/of which proprietary				51 / 51	51 / 51			51 / 51
No. of AutoMester				417	425			421
No. of Din BilPartner				154	148			153
No. of HELLA Service Partner				331	329			331
No. of CarPeople				62	27			38

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

Net sales for the second quarter declined 2 per cent to SEK 841 M (860), positively impacted by currency effects of SEK 4 M. Organic net sales declined 3 per cent. The Covid-19 pandemic had a clear negative impact on sales, but the effects have slowly diminished as Denmark has reopened following the lockdown in March. Sales to affiliated workshops and larger customers have remained healthy in a market that has generally been characterised by a weak demand for car accessories and workshop services and continued price competition.

EBIT totalled SEK 80 M (87) for the quarter, while the EBIT margin remained unchanged at 10 per cent (10). The decrease in profit was primarily due to negative volume and mix effects and lower supplier bonuses as a direct result of the pandemic. Cost savings primarily pertaining to personnel and marketing activities combined with the previously implemented price increases have had a positive impact on earnings. No EBIT-affecting government reliefs have been utilised during the quarter.

The number of workdays was unchanged in Denmark compared with the year-earlier quarter.

### BUSINESS AREA INTER-TEAM

INTER-TEAM SEK M	Apr–Jun 2020	Apr–Jun 2019	Change, %	Jan–Jun 2020	Jan–Jun 2019	Change, %	12 months Jul– Jun	Full-year 2019
Net sales, external	490	582	-16	1 006	1 099	-8	2 062	2 155
EBIT	19	15	27	18	14	28	47	43
EBIT margin, %	4	3		2	1		2	2
No. of stores/of which proprietary				82 / 79	82 / 79			82 / 79
No. of O.K. Serwis				209	182			199
No. of INTER DATA SERVICE				438	338			404

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

Net sales declined 16 per cent to SEK 490 M (582) in the second quarter. Currency effects had a negative impact on net sales of SEK 24 M and organic sales declined 13 per cent. Sales in the domestic market has been heavily impacted by the Covid-19 pandemic since the restrictions were introduced in Poland in March, with a somewhat slower recovery compared with the Group's other markets. Following a weak beginning, export markets have shown a strong recovery during the latter part of the quarter, particularly in Germany.

EBIT increased to SEK 19 M (15) for the quarter and the EBIT margin rose to 4 per cent (3). The increase in profit was primarily due to substantial saving measures, pertaining primarily to personnel expenses, reduced marketing activities and rent reductions. Lower sales volumes and supplier bonuses have, combined with a higher share of export sales with lower margins, had a negative effect on earnings. No EBIT-affecting government reliefs have been utilised during the quarter.

The number of workdays was one more workday in Poland compared with the year-earlier quarter.

## BUSINESS AREA MECA/MEKONOMEN

MECA/MEKONOMEN SEK M	Apr–Jun 2020	Apr–Jun 2019	Change, %	Jan–Jun 2020	Jan–Jun 2019	Change, %	12 months Jul–Jun	Full-year 2019
Net sales, external	1 334	1 447	-8	2 658	2 809	-5	5 375	5 527
EBIT	100	145	-31	105	248	-58	295	438
EBIT margin, %	7	10		4	9		5	8
No. of stores/of which proprietary				273 / 229	267 / 227			271 / 230
No. of Mekonomen Service Centres				804	792			795
No. of MekoPartners				211	212			208
No. of Speedy				43	39			40
No. of MECA Car Service				722	718			709
No. of AlltiBil				8	8			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 second quarter declined 8 per cent to SEK 1,334 M (1,447), of which SEK 798 M (889) in the Swedish operations, SEK 512 M (544) in the Norwegian operations and SEK 24 M (14) in the Finnish operations. Currency effects had a negative impact on net sales of SEK 66 M. Organic net sales declined 6 per cent. The Covid-19 pandemic has, together with the data breach at the end of March, had a substantial impact on sales during the beginning of the quarter. Demand has improved as governmental restrictions have eased during the quarter. In Norway, a strong finish combined with currency-related price increases has resulted in a positive organic sales growth in Norwegian operation for the quarter as a whole.

EBIT amounted to SEK 100 M (145) for the quarter and the EBIT margin was 7 per cent (10). As a direct result of the market situation, forceful actions have been taken during the quarter to adapt operations, partly with saving measures primarily in personnel and marketing activities, and partly through structural initiatives in the form of taking such measures as closing unprofitable stores and workshops among other. The latter has induced items affecting comparability with a total negative impact of SEK 31 M (–) in the quarter. Adjusted for this, the EBIT margin was on par with the previous year. The structural measures are expected to continue in 2020.

During the quarter, a small proportion (SEK 7 M) of the expected compensation was paid by the insurance company. This payment is intended to partially cover direct IT consultancy costs for the second quarter. The claims settlement process for the greater part of the insurance compensation is ongoing. EBIT was positively impacted with SEK 24 M through relief in the form of reduced payroll taxes, sick pay support and short-term working support. The gross margin declined slightly as the implemented price increases did not fully compensate for lower sales volumes and negative currency effects.

The number of workdays was one day more in Norway and Sweden, and unchanged in Finland compared with the year-earlier quarter.

## BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN SEK M	Apr–Jun 2020	Apr–Jun 2019	Change, %	Jan–Jun 2020	Jan–Jun 2019	Change, %	12 months Jul–Jun	Full-year 2019
Net sales, external	221	207	7	394	391	1	762	759
EBIT	60	38	57	83	62	34	142	121
EBIT margin, %	27	18		21	16		19	16
No. of stores/of which proprietary				65 / 37	66 / 38			65 / 37
No. of BilXtra workshops				256	261			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 second quarter increased 7 per cent to SEK 221 M (207). Currency effects had a negative impact on net sales of SEK 29 M. The organic growth in sales increased 19 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 a strong do-it-yourself market in the wake of the shutdown and the fact that many worked from home.

EBIT rose to SEK 60 M (38) and the EBIT margin increased to 27 per cent (18) in the quarter, which is the single strongest results in the operation's history. The gross margin improved slightly, as price increases and an improved product mix offset the weaker NOK and higher purchasing prices. Stringent cost control and the rapid adjustment of operations have had a positive impact on earnings. EBIT has been positively affected by approximately SEK 3 M through relief in the form of short-term working support. The Covid-19 pandemic had a limited impact on operations during the quarter as a whole.

There was one more workday in the quarter 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 both sales and earnings.

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 a company operating in North and Central Europe that 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 and 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 tangibly 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.

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, through weekly updates, with business area managers to limit the risks and prevent these from occurring. This process is conducted in close dialogue 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 were SEK 102 M (neg: 49) for the second quarter and a negative SEK 37 M (neg: 111) for the six-month period, excluding dividends from subsidiaries of SEK 474 M (–) for the quarter and of SEK 474 M (332) for the first six months of 2020. The large 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, which has a positive impact on the quarter and adversely affected the six-months period. The average number of employees in the Parent Company was six (six). Mekonomen AB sold goods and services to Group companies for a total of SEK 9 M (11), and for SEK 17 M (20) for the six-month period.

"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 9 M (neg: 6) for the second quarter and negative SEK 21 M (neg: 15) for the six-month period.

"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 39 M (expense: 39) for the second quarter and an expense of SEK 78 M (expense: 78) for the six-month period.



## **EVENTS DURING THE PERIOD**

In a press release dated 1 April, Mekonomen announced that the impact of Covid-19 on its financial earnings during the first and second quarters led to proactively undertaking discussions with Mekonomen Group's banking group.

These discussions have led to a revised bank agreement, that was signed on 30 June. In the revised bank agreement the bank covenants for the second quarter of 2020 and henceforth has been adjusted to reflect the financial uncertainty that Covid-19 has had and continued may have on Mekonomen Group's markets. The terms may entail restrictions on dividends to shareholders, depending on the future leverage.

During the second quarter, repayment of Mekonomen Group's debt has occurred according to plan. 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 from 31 March 2020 has been postponed until the end of the loan period (August 2023).

On 28 March, the company became aware of data breaches within the MECA/Mekonomen business area, which caused 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 will limit financial damage. The data breaches resulted in delays in reporting and work with the financial statements, which is why the report for the first quarter was postponed until 29 May, instead of the previously announced date of 7 May.

The rapid spread of Covid-19 during the first and second quarters 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 second quarter", "significant risks and uncertainties", "financial position and cash flow" and the description of developments given by each business area.

Mekonomen Group's Annual General Meeting was held on 7 May in Stockholm. All members of the Board of Directors were re-elected and John S. Quinn was re-elected as Chairman of the Board. The Meeting also resolved in accordance with the Board's proposal not to pay a dividend and that available funds be carried forward and, in accordance with the Board's proposal to amend paragraphs 1, 11 and 12 in the Articles of Association due to rules concerning shareholder rights. For other decisions and documentation, see the Mekonomen Group website, [www.mekonomen.com](http://www.mekonomen.com)

## **COVID-19 AND ITS IMPACT ON FINANCIAL STATEMENTS IN THE SECOND QUARTER**

At the end of the quarter, Mekonomen Group's markets in Denmark and Norway, and a little later in Poland, reopened to more or less normal levels of operation. Operations in Sweden have been affected to a lesser extent by Covid-19 during the quarter due to Sweden's strategy to refrain from locking down society to the same extent as other markets in which Mekonomen Group is operational.

Measures have been taken in all parts of the business, including forceful actions to reduce costs and adapt operations that were introduced in March. These measures had a limited effect on earnings in the first quarter, but have impacted the second quarter positively.

### **Goodwill**

In connection with the interim financial statements, we have reviewed our operations and goodwill values booked. We see no indication that a decrease in value may have taken place. The ordinary impairment test of goodwill will take place in the fourth quarter.

### **Reduced employer contributions, sick pay support and short-term working support**

EBIT for Mekonomen Group has positively been impacted by reliefs due to the Covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-term working support totalling SEK 27 M. This has been reported net and reduced personnel expenses pertaining mainly to the operations of the MECA/Mekonomen business area in Sweden and Norway.

### **Inventories**

As of 30 June, the effects of the Covid-19 pandemic have not had any significant impact on the valuation of inventories.

### **Credit losses**

As of 30 June, there is no indication of the need to expand credit loss reserves.

### **Financial position**

During the quarter, focus has been on securing financing, liquidity and cash flow. On 30 June, a revised bank agreement was signed with Mekonomen Group's banking group, leading to revised banking covenants starting from the second quarter. Liquidity and cash flow during the quarter were favourable, largely due to support from different countries and the reliefs concerning, mainly, the postponement of VAT and tax payments.

#### **EVENTS AFTER THE END OF THE PERIOD**

At the start of August, Inter-Team received a payment of governmental support of PLN 2 M, partly concerning the second quarter, related to the Covid-19 pandemic. Inter-Team has applied for additional support in relation to Covid-19 that has not yet been paid or formally approved.

At present, it is too early to assess the total impact of Covid-19 on Mekonomen Group's financial earnings in the third quarter and the full-year of 2020.

#### **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 item should correspond to its source, and rounding differences may therefore arise.

#### **Government grants**

Governmental support that has been received is recognised in profit or loss in the balance sheet at fair value when there is reasonable certainty that the conditions for receiving the support will be met. State contributions is 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**

<b>Information</b>	<b>Period</b>	<b>Date</b>
Interim report	January–September 2020	2020-11-06
Year-end report	January–December 2020	2021-02-12

## **BOARD OF DIRECTORS' ASSURANCE**

The Board of Directors and CEO affirm that this interim report presents a true and fair view of the Parent Company's and the Group's operations, financial position and earnings and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 21 August 2020

Mekonomen AB (publ), Corp. Reg. No. 556392-1971

John S. Quinn  
Chairman

Helena Skåntorp  
Executive Vice Chairman

Eivor Andersson  
Board member

Kenny Bräck  
Board member

Joseph M. Holsten  
Board member

Magnus Håkansson  
Board member

Arja Taaveniku  
Board member

Pehr Oscarson  
President and CEO

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

For further information, please contact:

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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 21 August 2020 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	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
Net sales	2 894	3 100	5 768	6 008	11 602	11 842
Other operating revenue	53	44	96	84	186	174
<b>Total revenue</b>	<b>2 947</b>	<b>3 144</b>	<b>5 864</b>	<b>6 092</b>	<b>11 788</b>	<b>12 017</b>
Goods for resale	-1 582	-1 721	-3 192	-3 307	-6 420	-6 535
Other external costs	-340	-331	-725	-676	-1 424	-1 375
Personnel expenses	-600	-648	-1 256	-1 291	-2 541	-2 576
<b>Operating profit before depreciation/ amortisation and impairment of tangible and intangible fixed assets (EBITDA)</b>	<b>426</b>	<b>443</b>	<b>690</b>	<b>818</b>	<b>1 402</b>	<b>1 531</b>
Depreciation and impairment of tangible fixed assets and right-of-use assets	-157	-151	-306	-303	-613	-611
<b>Operating profit before amortisation and impairment of intangible fixed assets (EBITA)</b>	<b>268</b>	<b>292</b>	<b>384</b>	<b>515</b>	<b>789</b>	<b>920</b>
Amortisation and impairment of intangible fixed assets	-57	-52	-114	-105	-224	-215
<b>EBIT</b>	<b>211</b>	<b>240</b>	<b>270</b>	<b>410</b>	<b>565</b>	<b>705</b>
Interest income	2	3	5	6	11	12
Interest expenses	-34	-39	-67	-78	-140	-151
Other financial items	14	-2	-26	-8	-30	-11
<b>Profit after financial items</b>	<b>194</b>	<b>202</b>	<b>182</b>	<b>330</b>	<b>406</b>	<b>555</b>
Tax	-46	-45	-49	-77	-105	-134
<b>PROFIT FOR THE PERIOD</b>	<b>148</b>	<b>157</b>	<b>133</b>	<b>253</b>	<b>301</b>	<b>421</b>
<b>Profit for the period attributable to:</b>						
Parent Company's shareholders	140	153	124	247	290	413
Non-controlling interests	7	4	9	6	10	8
<b>PROFIT FOR THE PERIOD</b>	<b>148</b>	<b>157</b>	<b>133</b>	<b>253</b>	<b>301</b>	<b>421</b>
Earnings per share before and after dilution, SEK	2,49	2,71	2,20	4,39	5,16	7,34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
<b>Profit for the period</b>	<b>148</b>	<b>157</b>	<b>133</b>	<b>253</b>	<b>301</b>	<b>421</b>
<b>Other comprehensive income:</b>						
<i>Components that will not be reclassified to profit/loss for the year:</i>						
– Actuarial gains and losses	–	–	–	–	-4	-4
<i>Components that may later be reclassified to profit/loss for the year:</i>						
– Exchange-rate differences from translation of foreign subsidiaries	-221	80	-100	201	-196	106
– Loan hedging of net investments <sup>1)</sup>	108	-32	30	-62	65	-27
– Cash-flow hedges <sup>2)</sup>	0	-2	-7	-6	-4	-3
<b>Other comprehensive income, net after tax</b>	<b>-114</b>	<b>46</b>	<b>-76</b>	<b>133</b>	<b>-138</b>	<b>71</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>34</b>	<b>203</b>	<b>56</b>	<b>386</b>	<b>162</b>	<b>492</b>
<b>Comprehensive income for the period attributable to:</b>						
Parent Company's shareholders	27	198	50	379	155	484
Non-controlling interests	7	5	7	7	8	8
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>34</b>	<b>203</b>	<b>56</b>	<b>386</b>	<b>162</b>	<b>492</b>

<sup>1)</sup> 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.

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

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	30 June 2020	30 June 2019	31 December 2019
<b>ASSETS <sup>1)</sup></b>			
Intangible fixed assets	5 621	5 833	5 697
Tangible fixed assets	457	486	465
Right-of-use assets	1 598	1 947	1 818
Financial fixed assets	96	81	101
Deferred tax assets	–	0	–
Goods for resale	2 632	2 835	2 854
Current receivables	1 784	1 782	1 580
Cash and cash equivalents	352	153	355
<b>TOTAL ASSETS</b>	<b>12 540</b>	<b>13 118</b>	<b>12 870</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES <sup>1)</sup></b>			
Shareholders' equity	4 410	4 228	4 335
Long-term liabilities, interest-bearing	3 232	3 710	3 333
Long-term lease liabilities	1 134	1 439	1 323
Deferred tax liabilities	385	439	428
Long-term liabilities, non-interest-bearing	82	20	20
Current liabilities, interest-bearing	441	501	748
Current lease liabilities	441	459	457
Current liabilities, non-interest-bearing	2 414	2 323	2 227
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>12 540</b>	<b>13 118</b>	<b>12 870</b>

<sup>1)</sup> 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	30 June 2020	30 June 2019	31 December 2019
Shareholders' equity at the beginning of the year	4 335	3 853	3 853
Comprehensive income for the period	56	386	492
Repurchase of own shares	–	–	-2
Acquisition/divestment of non-controlling interests	19	-6	-6
Shareholders' contributions from minority shareholders	2	4	7
Dividend to shareholders	-4	-10	-9
Share savings programme	1	0	1
<b>SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>4 410</b>	<b>4 228</b>	<b>4 335</b>
Of which non-controlling interests	63	29	32

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
<b>Operating activities</b>						
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	437	412	639	761	1 294	1 416
Tax paid	-28	-59	-85	-141	-170	-226
<b>Cash flow from operating activities before changes in working capital</b>	<b>409</b>	<b>353</b>	<b>554</b>	<b>621</b>	<b>1 123</b>	<b>1 190</b>
Cash flow from changes in working capital:						
Changes in inventory	126	12	150	72	84	6
Changes in receivables	-159	-47	-202	-217	-37	-53
Changes in liabilities	294	39	229	39	188	-2
<i>Increase (-)/Decrease (+) working capital</i>	260	4	177	-106	235	-48
<b>Cash-flow from operating activities</b>	<b>669</b>	<b>357</b>	<b>731</b>	<b>515</b>	<b>1 358</b>	<b>1 142</b>
<b>Cash flow from investing activities</b>	<b>-35</b>	<b>-42</b>	<b>-102</b>	<b>-125</b>	<b>-176</b>	<b>-199</b>
<b>Cash flow from financing activities</b>	<b>-469</b>	<b>-341</b>	<b>-630</b>	<b>-453</b>	<b>-975</b>	<b>-798</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>165</b>	<b>-26</b>	<b>-1</b>	<b>-62</b>	<b>207</b>	<b>146</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>207</b>	<b>177</b>	<b>355</b>	<b>205</b>	<b>153</b>	<b>205</b>
Exchange-rate difference in cash and cash equivalents	-19	2	-2	10	-8	5
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>352</b>	<b>153</b>	<b>352</b>	<b>153</b>	<b>352</b>	<b>355</b>

**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	30 June 2020	30 June 2019
<b>FINANCIAL ASSETS</b>		
Derivatives: Currency swaps	-	-
Interest-rate swaps	-	0
<b>TOTAL</b>	<b>-</b>	<b>0</b>
<b>FINANCIAL LIABILITIES</b>		
Derivatives: Currency swaps	-	-
Interest-rate swaps	16	11
<b>TOTAL</b>	<b>16</b>	<b>11</b>

**GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, 30 June 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
<b>FINANCIAL ASSETS</b>							
Financial fixed assets	-	73	-	73	73	23	96
Accounts receivable	-	1 235	-	1 235	1 235	-	1 235
Other current receivables	-	-	-	-	-	549	549
Cash and cash equivalents	-	352	-	352	352	-	352
<b>TOTAL</b>	<b>-</b>	<b>1 660</b>	<b>-</b>	<b>1 660</b>	<b>1 660</b>	<b>572</b>	<b>2 232</b>
<b>FINANCIAL LIABILITIES</b>							
Long-term liabilities, interest-bearing	-	-	3 216	3 216	3 216	-	3 216
Long-term lease liabilities	-	-	1 134	1 134	-	-	1 134
Long-term liabilities, non-interest-bearing	-	-	-	-	-	76	76
Derivative instruments <sup>1)</sup>	16	-	-	16	16	-	16
Supplementary purchase considerations, long-term	6	-	-	6	6	-	6
Current liabilities, interest-bearing	-	-	441	441	441	-	441
Current lease liabilities	-	-	441	441	-	-	441
Accounts payable	-	-	1 099	1 099	1 099	-	1 099
Other current liabilities	-	-	-	-	-	1 309	1 309
Supplementary purchase considerations, short-term	6	-	-	6	6	-	6
<b>TOTAL</b>	<b>28</b>	<b>-</b>	<b>6 332</b>	<b>6 360</b>	<b>4 785</b>	<b>1 385</b>	<b>7 745</b>

<sup>1)</sup> Derivative instruments used for hedging purposes.

QUARTERLY DATA, BUSINESS AREA	2020				2019				2018			
	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
<b>NET SALES, SEK M <sup>1)</sup></b>												
FTZ	841	853	3 371	875	800	860	836	1 088	836	252	–	–
Inter-Team	490	516	2 155	524	532	582	517	638	490	147	–	–
MECA/Mekonomen	1 334	1 324	5 527	1 368	1 349	1 447	1 362	5 301	1 363	1 267	1 422	1 249
Sørensen og Balchen	221	172	759	176	192	207	183	739	168	180	209	182
Central functions <sup>2)</sup>	8	8	31	11	6	5	10	14	6	4	2	2
<b>GROUP</b>	<b>2 894</b>	<b>2 874</b>	<b>11 842</b>	<b>2 954</b>	<b>2 879</b>	<b>3 100</b>	<b>2 909</b>	<b>7 779</b>	<b>2 864</b>	<b>1 850</b>	<b>1 633</b>	<b>1 432</b>
<b>EBIT, SEK M</b>												
FTZ	80	84	299	51	69	87	93	49	36	13	–	–
Inter-Team	19	-1	43	20	9	15	-1	-1	0	0	–	–
MECA/Mekonomen <sup>3)</sup>	100	5	438	63	128	145	103	428	54	116	186	73
Sørensen og Balchen	60	23	121	28	30	38	24	106	24	29	39	14
Central functions <sup>2) 3)</sup>	-9	-13	-39	-19	-5	-6	-10	-73	-19	-14	-33	-8
Other items <sup>4)</sup>	-39	-39	-157	-39	-39	-39	-39	-103	-39	-26	-19	-19
<b>GROUP</b>	<b>211</b>	<b>59</b>	<b>705</b>	<b>104</b>	<b>191</b>	<b>240</b>	<b>170</b>	<b>407</b>	<b>57</b>	<b>118</b>	<b>173</b>	<b>60</b>
<b>EBIT MARGIN, %</b>												
FTZ	10	10	9	6	9	10	11	5	4	5	–	–
Inter-Team	4	0	2	4	2	3	0	0	0	0	–	–
MECA/Mekonomen <sup>3)</sup>	7	0	8	5	9	10	7	8	4	9	13	6
Sørensen og Balchen	27	13	16	16	16	18	13	14	15	16	18	8
<b>GROUP</b>	<b>7</b>	<b>2</b>	<b>6</b>	<b>3</b>	<b>7</b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>4</b>
<b>INVESTMENTS, SEK M <sup>5)</sup></b>												
FTZ	6	3	10	3	1	5	1	10	10	0	–	–
Inter-Team	1	7	13	5	5	2	1	3	2	1	–	–
MECA/Mekonomen	17	23	91	20	22	27	22	191	36	21	72	61
Sørensen og Balchen	1	3	5	0	–	1	4	6	0	1	3	2
Central functions <sup>2)</sup>	2	2	12	2	6	0	4	12	4	2	3	3
<b>GROUP</b>	<b>28</b>	<b>38</b>	<b>131</b>	<b>30</b>	<b>34</b>	<b>35</b>	<b>32</b>	<b>221</b>	<b>52</b>	<b>25</b>	<b>78</b>	<b>66</b>

<sup>1)</sup> Net sales for each business area are from external customers.

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

<sup>3)</sup> Acquisition costs pertaining to the second quarter of 2018 of SEK 19 M and pertaining to the third quarter of 2018 of SEK 4 M have been transferred from MECA/Mekonomen to central functions.

<sup>4)</sup> "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.

<sup>5)</sup> Investments do not include company and business combinations and exclude leases according to IFRS 16.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Apr–Jun 2020						Apr–Jun 2019					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
<b>Revenue distribution per country</b>												
FTZ	841					841	860					860
Inter-Team		490				490		582				582
MECA/Mekonomen			24	512	798	1 334			14	544	889	1 447
Sørensen og Balchen				221		221				207		207
Central functions						8						5
<b>Total net sales, Group</b>						<b>2 894</b>						<b>3 100</b>
Other revenue						53						44
<b>GROUP REVENUE</b>						<b>2 947</b>						<b>3 144</b>

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

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan–Jun 2020						Jan–Jun 2019					
	Denm	Poland	Finland	Norway	Sweden	Total	Denm	Poland	Finland	Norway	Sweden	Total
<b>Revenue distribution per country</b>												
FTZ	1 694					1 694	1 695					1 695
Inter-Team		1 006				1 006		1 099				1 099
MECA/Mekonomen			41	1 007	1 611	2 658			26	1 063	1 720	2 809
Sørensen og Balchen				394		394				391		391
Central functions						16						14
<b>Total net sales, Group</b>						<b>5 768</b>						<b>6 008</b>
Other revenue						96						84
<b>GROUP REVENUE</b>						<b>5 864</b>						<b>6 092</b>

QUARTERLY DATA SEK M	2020			2019			2018					
	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
Revenue	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	426	265	1 531	313	400	443	375	637	134	177	219	106
EBITDA excl. IFRS 16 <sup>1)</sup>	289	136	1 008	180	268	315	245					
Adjusted EBIT	281	98	874	149	231	280	214	599	148	148	217	99
EBIT	211	59	705	104	191	240	170	407	57	118	173	60
Net financial items	-17	-71	-150	-27	-44	-38	-41	70	-39	114	-3	-2
Profit after financial items	194	-11	555	77	147	202	129	477	17	233	170	58
Tax	-46	-3	-134	-22	-34	-45	-33	-209	-9	-147	-38	-15
Profit for the period	148	-15	421	55	113	157	96	268	8	85	131	43
EBITDA margin, %	14	9	13	10	14	14	13	8	5	9	13	7
Adjusted EBIT margin, %	10	3	7	5	8	9	7	8	5	8	13	7
EBIT margin, %	7	2	6	3	7	8	6	5	2	6	10	4
Earnings per share before and after dilution, SEK	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	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 <sup>2)</sup>	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, % <sup>3)</sup>	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	66,0	44,4	93,1	93,1	82,8	77,4	64,9	91,5	91,5	126,4	123,8	142,6

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

<sup>2)</sup> 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.

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

KEY FIGURES	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
Return on shareholders' equity, % <sup>1)</sup>	-	-	6,8	10,1	6,8	10,0
Return on total capital, % <sup>1)</sup>	-	-	4,2	6,4	4,2	5,6
Return on capital employed, % <sup>1)</sup>	-	-	5,4	8,4	5,4	7,2
Equity/assets ratio, % <sup>2)</sup>	35,2	32,2	35,2	32,2	35,2	33,7
Net debt, SEK M	3 299	4 042	3 299	4 042	3 299	3 709
Net debt/EBITDA excl. IFRS 16 multiple <sup>1)</sup>	-	-	3,78	4,64	3,78	3,68
Net debt incl. IFRS 16/EBITDA, multiple <sup>1)</sup>	-	-	3,48	5,26	3,48	3,59
Gross margin, %	45,3	44,5	44,7	45,0	44,7	44,8
EBITDA margin, % <sup>3)</sup>	14,4	14,1	11,8	13,4	11,9	12,7
Adjusted EBIT margin, %	9,5	8,9	6,5	8,1	6,4	7,3
EBIT margin, %	7,2	7,6	4,6	6,7	4,8	5,9
Earnings per share before and after dilution, SEK	2,49	2,71	2,20	4,39	5,16	7,34
Shareholders' equity per share, SEK	-	-	77,2	74,5	77,2	76,4
Cash flow per share, SEK	11,9	6,3	13,0	9,1	24,1	20,3
Number of outstanding shares at the end of the period <sup>4)</sup>	56 323 372	56 353 372	56 323 372	56 353 372	56 323 372	56 323 372
Average number of shares during the period	56 323 372	56 353 372	56 323 372	56 353 372	56 323 947	56 338 824

<sup>1)</sup> Key figures for return on shareholders' equity/total capital/capital employed and net debt/EBITDA are calculated on a rolling 12-month basis for the period January–June.

<sup>2)</sup> 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 40.3 per cent.

<sup>3)</sup> The EBITDA margin has changed materially due to IFRS 16, which is applied as of 2019. The EBITDA margin excl. IFRS 16 amounts to 9.81 per cent for the quarter.

<sup>4)</sup> 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 30 June		Inter-Team 30 June		MECA/ Mekonomen 30 June		Sørensen og Balchen 30 June		Group 30 June	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<b>Number of stores</b>									
Proprietary stores	51	51	79	79	229	227	37	38	396	395
Partner stores	-	-	3	3	44	40	28	28	75	71
<b>Total</b>	<b>51</b>	<b>51</b>	<b>82</b>	<b>82</b>	<b>273</b>	<b>267</b>	<b>65</b>	<b>66</b>	<b>471</b>	<b>466</b>
<b>Number of workshops <sup>1)</sup></b>										
AutoMester	417	425	-	-	-	-	-	-	417	425
HELLA Service Partner	331	329	-	-	-	-	-	-	331	329
Din BilPartner	154	148	-	-	-	-	-	-	154	148
CarPeople	62	27	-	-	-	-	-	-	62	27
INTER DATA SERVICE	-	-	438	338	-	-	-	-	438	338
O.K. Servis	-	-	209	182	-	-	-	-	209	182
Mekonomen Service Centres	-	-	-	-	804	792	-	-	804	792
MECA Car Service	-	-	-	-	722	718	-	-	722	718
MekoPartner	-	-	-	-	211	212	-	-	211	212
Speedy	-	-	-	-	43	39	-	-	43	39
AlltiBil	-	-	-	-	8	8	-	-	8	8
BilXtra	-	-	-	-	-	-	256	261	256	261
<b>Total</b>	<b>964</b>	<b>929</b>	<b>647</b>	<b>520</b>	<b>1 788</b>	<b>1 769</b>	<b>256</b>	<b>261</b>	<b>3 655</b>	<b>3 479</b>

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-Jun 2020	Jan-Jun 2019
FTZ	1 124	1 163
Inter-Team	1 363	1 433
MECA/Mekonomen	2 102	2 061
Sørensen og Balchen	243	268
Central functions <sup>1)</sup>	59	55
<b>Total</b>	<b>4 891</b>	<b>4 978</b>

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

## FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
Operating revenue	17	22	36	43	62	69
Operating expenses	-30	-27	-54	-58	-97	-101
<b>EBIT</b>	<b>-13</b>	<b>-5</b>	<b>-18</b>	<b>-15</b>	<b>-35</b>	<b>-32</b>
Net financial items <sup>1)</sup>	590	-44	455	236	466	248
<b>Profit after financial items</b>	<b>576</b>	<b>-49</b>	<b>437</b>	<b>221</b>	<b>431</b>	<b>215</b>
Appropriations	-	-	-	-	206	206
Tax	-22	11	8	23	-35	-20
<b>PROFIT FOR THE PERIOD</b>	<b>554</b>	<b>-39</b>	<b>445</b>	<b>245</b>	<b>601</b>	<b>401</b>

<sup>1)</sup> Net financial items include dividends on participations in subsidiaries totalling SEK 474 M (-) for the second quarter and SEK 474 M (332) for the six-month period.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SEK M	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
<b>Profit for the period</b>	<b>554</b>	<b>-39</b>	<b>445</b>	<b>245</b>	<b>601</b>	<b>401</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>554</b>	<b>-39</b>	<b>445</b>	<b>245</b>	<b>601</b>	<b>401</b>

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	30 June 2020	30 June 2019	31 December 2019
<b>ASSETS</b>			
Fixed assets	9 026	8 014	9 037
Current receivables in Group companies	244	1 391	239
Other current receivables	30	64	13
Cash and cash equivalents	206	19	235
<b>TOTAL ASSETS</b>	<b>9 507</b>	<b>9 488</b>	<b>9 524</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity	5 610	5 010	5 164
Untaxed reserves	211	247	211
Provisions	3	3	3
Long-term liabilities	3 206	3 691	3 314
Current liabilities in Group companies	14	0	70
Other current liabilities	462	537	762
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>9 507</b>	<b>9 488</b>	<b>9 524</b>

SUMMARY OF CHANGES IN EQUITY FOR THE PARENT COMPANY, SEK M	30 June 2020	30 June 2019	31 December 2019
Shareholders' equity at the beginning of the year	5 164	4 765	4 765
Comprehensive income for the period	445	245	401
Repurchase of own shares	-	-	-2
Share savings programme	1	-	1
<b>SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD</b>	<b>5 610</b>	<b>5 010</b>	<b>5 164</b>

## 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–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
Profit for the period (rolling 12-month basis)	301	347	301	421
– Less non-controlling interest of profit for the period (rolling 12 months)	-10	-7	-10	-8
<b>Profit for the period excluding non-controlling interest (rolling 12 months)</b>	<b>290</b>	<b>339</b>	<b>290</b>	<b>413</b>
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters <sup>1)</sup>	4 297	3 344	4 297	4 129
<b>RETURN ON SHAREHOLDERS' EQUITY, %</b>	<b>6,8</b>	<b>10,1</b>	<b>6,8</b>	<b>10,0</b>

<sup>1)</sup> SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2020		2019			2018				
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	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	-63	-53	-32	-33	-29	-32	-25	-29	-18	-17
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<b>4 346</b>	<b>4 322</b>	<b>4 303</b>	<b>4 313</b>	<b>4 199</b>	<b>4 002</b>	<b>3 828</b>	<b>2 311</b>	<b>2 380</b>	<b>2 469</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters</b>	<b>4 297</b>	<b>4 228</b>	<b>4 129</b>	<b>3 731</b>	<b>3 344</b>	<b>2 998</b>	<b>2 670</b>	<b>2 366</b>	<b>2 347</b>	<b>2 347</b>

RETURN ON TOTAL CAPITAL SEK M	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
Profit after financial items (rolling 12 months)	406	580	406	555
– Plus interest expenses (rolling 12 months)	140	116	140	151
<b>Profit after financial items plus interest expenses (rolling 12 months)</b>	<b>547</b>	<b>696</b>	<b>547</b>	<b>706</b>
– Divided by TOTAL ASSETS, average over the past five quarters <sup>2)</sup>	12 888	10 798	12 888	12 616
<b>RETURN ON TOTAL CAPITAL, %</b>	<b>4,2</b>	<b>6,4</b>	<b>4,2</b>	<b>5,6</b>

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

RETURN ON CAPITAL EMPLOYED SEK M	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
Profit after financial items (rolling 12 months)	406	580	406	555
– Plus interest expenses (rolling 12 months)	140	116	140	151
<b>Profit after financial items plus interest expenses (rolling 12 months)</b>	<b>547</b>	<b>696</b>	<b>547</b>	<b>706</b>
– Divided by CAPITAL EMPLOYED, average over the past five quarters <sup>3)</sup>	10 120	8 292	10 120	9 856
<b>RETURN ON CAPITAL EMPLOYED, %</b>	<b>5,4</b>	<b>8,4</b>	<b>5,4</b>	<b>7,2</b>

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

GROSS MARGIN SEK M	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	12 months	Full-year
	2020	2019	2020	2019	Jul– Jun	2019
Net sales	2 894	3 100	5 768	6 008	11 602	11 842
– Less goods for resale	-1 582	-1 721	-3 192	-3 307	-6 420	-6 535
<b>Total</b>	<b>1 312</b>	<b>1 378</b>	<b>2 576</b>	<b>2 702</b>	<b>5 181</b>	<b>5 307</b>
– Divided by net sales	2 894	3 100	5 768	6 008	11 602	11 842
<b>GROSS MARGIN, %</b>	<b>45,3</b>	<b>44,5</b>	<b>44,7</b>	<b>45,0</b>	<b>44,7</b>	<b>44,8</b>

EARNINGS PER SHARE SEK M	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	12 months	Full-year
	2020	2019	2020	2019	Jul– Jun	2019
Profit for the period	148	157	133	253	301	421
– Less non-controlling interests' share	-7	-4	-9	-6	-10	-8
<b>Profit for the period attributable to Parent Company's shareholders</b>	<b>140</b>	<b>153</b>	<b>124</b>	<b>247</b>	<b>290</b>	<b>413</b>
– Divided by Average number of shares <sup>4)</sup>	56 323 372	56 353 372	56 323 372	56 353 372	56 323 947	56 338 824
<b>EARNINGS PER SHARE, SEK</b>	<b>2,49</b>	<b>2,71</b>	<b>2,20</b>	<b>4,39</b>	<b>5,16</b>	<b>7,34</b>

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan–Jun	Jan–Jun	12 months	Full-year
	2020	2019	Jul– Jun	2019
Shareholders' equity	4 410	4 228	4 410	4 335
– Less non-controlling interest of shareholders' equity	-63	-29	-63	-32
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS</b>	<b>4 346</b>	<b>4 199</b>	<b>4 346</b>	<b>4 303</b>
– Divided by number of shares at the end of the period <sup>4)</sup>	56 323 372	56 353 372	56 323 372	56 323 372
<b>SHAREHOLDERS' EQUITY PER SHARE, SEK</b>	<b>77,2</b>	<b>74,5</b>	<b>77,2</b>	<b>76,4</b>

CASH FLOW PER SHARE SEK M	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	12 months	Full-year
	2020	2019	2020	2019	Jul– Jun	2019
Cash flow from operating activities	669	357	731	515	1 358	1 142
– Divided by Average number of shares <sup>4)</sup>	56 323 372	56 353 372	56 323 372	56 353 372	56 323 947	56 338 824
<b>CASH FLOW PER SHARE, SEK</b>	<b>11,9</b>	<b>6,3</b>	<b>13,0</b>	<b>9,1</b>	<b>24,1</b>	<b>20,3</b>

4) AVERAGE NUMBER OF SHARES	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
Number of shares at the end of the period	56 323 372	56 353 372	56 323 372	56 353 372	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	91	91	181	181	358	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					7	188
– Total divided by the number of days during the period	91	91	181	181	365	365
<b>AVERAGE NUMBER OF SHARES</b>	<b>56 323 372</b>	<b>56 353 372</b>	<b>56 323 372</b>	<b>56 353 372</b>	<b>56 323 947</b>	<b>56 338 824</b>

NET DEBT SEK M	30 June 2020	30 June 2019	31 December 2019
Long-term liabilities, interest-bearing incl. lease liability	4 367	5 149	4 655
– Less interest-bearing long-term liabilities and provisions for pensions, leases, derivatives and similar obligations	-1 156	-1 455	-1 339
Current liabilities, interest-bearing incl. lease liability	882	960	1 204
– Less interest-bearing current liabilities and provisions for pensions, leases, derivatives and similar obligations	-441	-459	-457
– Less cash and cash equivalents	-352	-153	-355
<b>NET DEBT</b>	<b>3 299</b>	<b>4 042</b>	<b>3 709</b>

NET DEBT INCL. IFRS 16 SEK M	30 June 2020	30 June 2019	31 December 2019
NET DEBT	3 299	4 042	3 709
– Plus long-term lease liabilities according to IFRS 16	1 134	1 439	1 323
– Plus current lease liabilities according to IFRS 16	441	459	457
<b>NET DEBT INCL. IFRS 16</b>	<b>4 875</b>	<b>5 940</b>	<b>5 489</b>

EBITDA EXCL. IFRS 16	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	12 months Jul– Jun	Full-year 2019
EBITDA according to income statement	426	443	690	818	1 402	1 531
– less change relating to lease expenses in accordance with IFRS 16	-136	-129	-265	-258	-530	-523
<b>EBITDA excluding IFRS 16</b>	<b>289</b>	<b>315</b>	<b>425</b>	<b>560</b>	<b>872</b>	<b>1 008</b>

## 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	Profit after financial items plus interest expenses as a percentage of average capital employed. Average capital 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	EBIT after depreciation/amortisation as a percentage of total revenue.
EBITA	EBIT after depreciation according to plan but before amortisation and impairment of intangible fixed assets.
EBITDA	EBIT before depreciation/amortisation and impairment of tangible and intangible fixed assets.
EBITDA excl. IFRS 16	EBIT 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 average 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, with the total 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 and short-term 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 average 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, with the total 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, but conduct business under the Group's brands/workshop concepts (Mekonomen Service Centre, MekoPartner, MECA Car Service, BiXtra and Speedy).
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 and Vehcare.
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 in comparable units	Sales in comparable units comprise external sales, in local currency, in majority-owned stores, wholesale sales to partner stores, external sales in majority-owned workshops and Internet sales.
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.
Comparable units	Stores, majority-owned workshops and Internet sales that have been in operation over the past 12-month period and throughout the entire preceding comparative period.
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 programs, 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.
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.
Currency effects in the balance sheet	Impact of currency with respect to realised and unrealised revaluations of foreign short-term 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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